ANNUAL REPORT ON
EXCHANGE ARRANGEMENTS
AND EXCHANGE RESTRICTIONS

2020
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Kenya
Kiribati
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1 These chapters are available on AREAER Online (www.elibrary-areaer.imf.org/). The term “country,” as used in this publication, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.
Kuwait
Kyrgyz Republic
Lao P.D.R.
Latvia
Lebanon
Lesotho
Liberia
Libya
Lithuania
Luxembourg
Madagascar
Malawi
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Mexico
Micronesia
Moldova
Mongolia
Montenegro
Morocco
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Myanmar
Namibia
Nauru
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Republic of North Macedonia
Norway
Oman
Pakistan
Palau
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russian Federation
Rwanda
Samoa
San Marino
São Tomé and Príncipe
Saudi Arabia
Senegal
Serbia
Seychelles
Sierra Leone
Singapore
Slovak Republic
Slovenia
Solomon Islands
Somalia
South Africa
South Sudan
Spain
Sri Lanka
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Sudan
Suriname
Sweden
Switzerland
Syria
Tajikistan
Tanzania
Thailand
Timor-Leste
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Tuvalu
Uganda
Ukraine
United Arab Emirates
United Kingdom
United States
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Yemen
Zambia
Zimbabwe
Preface

The *Annual Report on Exchange Arrangements and Exchange Restrictions* has been published by the IMF since 1950. It draws on information available to the IMF from a number of sources, including that provided in the course of official staff visits to member countries, and has been prepared in close consultation with national authorities.

This project was coordinated in the Monetary and Capital Markets Department under the guidance of Annamaria Kokenyne by a staff team led by Salim M. Darbar and comprising Apoorv Bhargava, Ricardo Cervantes, Pornpinun Chantapaclepong, Gergana Gencheva, Ingibjoerg Gudbjartsdottir, Thorvardur Tjoervi Olafsson, Gurnain Kaur Pasricha, Svetlana Popova, Hanqing Ye, and Viktoriya Zotova (external consultant), with overall supervision by Gaston Gelos. It draws on the specialized contributions of that department (for specific countries), with assistance from staff members of the IMF’s five area departments, together with staff of other departments. The report was edited and produced by Rumit Pancholi, David Appleman, and Lucy Scott Morales of the Communications Department.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACU</td>
<td>Asian Clearing Union (Bangladesh, Bhutan, India, Islamic Republic of Iran, Myanmar, Nepal, Pakistan, Sri Lanka)</td>
</tr>
<tr>
<td>AD</td>
<td>Authorized dealer</td>
</tr>
<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Area (see ASEAN, below)</td>
</tr>
<tr>
<td>AGOA</td>
<td>African Growth and Opportunity Act (United States)</td>
</tr>
<tr>
<td>AIFMD</td>
<td>Alternative Investment Fund Managers Directive</td>
</tr>
<tr>
<td>AIFs</td>
<td>Alternative investment funds</td>
</tr>
<tr>
<td>AMU</td>
<td>Asian monetary unit</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand)</td>
</tr>
<tr>
<td>BCEAO</td>
<td>Central Bank of West African States (Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo)</td>
</tr>
<tr>
<td>BEAC</td>
<td>Bank of Central African States (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)</td>
</tr>
<tr>
<td>CACM</td>
<td>Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua)</td>
</tr>
<tr>
<td>CAMU</td>
<td>Central African Monetary Union</td>
</tr>
<tr>
<td>CAFTA</td>
<td>Central American Free Trade Agreement</td>
</tr>
<tr>
<td>CAP</td>
<td>Common agricultural policy (of the EU)</td>
</tr>
<tr>
<td>CARICOM</td>
<td>Caribbean Community and Common Market (Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago); The Bahamas is also a member of CARICOM, but it does not participate in the Common Market</td>
</tr>
<tr>
<td>CB</td>
<td>Central bank</td>
</tr>
<tr>
<td>CD</td>
<td>Certificate of deposit</td>
</tr>
<tr>
<td>CEFTA</td>
<td>Central European Free Trade Area (Bulgaria, Hungary, Poland, Romania, Slovak Republic, Slovenia)</td>
</tr>
<tr>
<td>CEMAC</td>
<td>Central African Economic and Monetary Community (members of the BEAC)</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Economic Community of the Great Lakes Countries (Burundi, Democratic Republic of the Congo, Rwanda)</td>
</tr>
<tr>
<td>CET</td>
<td>Common external tariff</td>
</tr>
<tr>
<td>CFA</td>
<td>Communauté financière d’Afrique (administered by the BCEAO) and Coopération financière en Afrique centrale (administered by the BEAC)</td>
</tr>
<tr>
<td>CIMA Code</td>
<td>Chartered Institute of Management Accountants Code of Ethics for Professional Accountants</td>
</tr>
<tr>
<td>CIS</td>
<td>Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan)</td>
</tr>
<tr>
<td>CITES</td>
<td>Convention on International Trade in Endangered Species of Wild Fauna and Flora</td>
</tr>
<tr>
<td>CMA</td>
<td>Common Monetary Area (a single exchange control territory comprising Eswatini, Lesotho, Namibia, and South Africa)</td>
</tr>
</tbody>
</table>

1 Note: This list does not include acronyms of purely national institutions mentioned in the country chapters.
GCC Gulf Cooperation Council (Cooperation Council for the Arab States of the Gulf; Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates)

GDP Gross domestic product

GSP Generalized System of Preferences

HIPC Heavily Indebted Poor Countries

IAS International Accounting Standards

IBRD International Bank for Reconstruction and Development (World Bank)

IFRS International Financial Reporting Standards

IMF International Monetary Fund

IRB Internal ratings-based approach

IORP Institutions for Occupational Retirement Provision

ISIL Islamic State of Iraq and the Levant

LAIA Latin American Integration Association (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela)

LC Letter of credit

LCR Liquidity coverage ratio

LIBID London interbank bid rate

LIBOR London interbank offered rate

LTD Loan-to-deposit

MCP Multiple currency practice

MERCOSUR Southern Cone Common Market (Argentina, Brazil, Paraguay, Uruguay)

MFN Most favored nation

MOF Ministry of finance

MoU Memorandum of Understanding

MPC Monetary policy committee

NAFTA North American Free Trade Agreement

NAV Net asset value

NPL Non performing loans

OECD Organization for Economic Cooperation and Development

OECS Organization of Eastern Caribbean States (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)

OGL Open general license

OTC Over the counter

PACER Pacific Agreement on Closer Economic Relations (of the Pacific Islands Forum; Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)

PICTA Pacific Island Countries Trade Agreement (of the Pacific Islands Forum); Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)

RCPSFM Regional Council on Public Savings and Financial Markets (an institution of WAEMU countries that is involved in issuance and marketing of securities authorization)

RIFF Regional Integration Facilitation Forum (formerly Cross-Border Initiative); Burundi, Comoros, Eswatini, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Tanzania, Uganda, Zambia, Zimbabwe)
SACU Southern African Customs Union (Botswana, Eswatini, Lesotho, Namibia, South Africa)

SADC Southern Africa Development Community (Angola, Botswana, Democratic Republic of the Congo, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, Zimbabwe)

SDR Special drawing right

SWIFT Society for Worldwide Interbank Financial Telecommunication

UCITS Undertakings for the Collective Investment of Transferable Securities

UDEAC Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)

UN United Nations

UNSC UN Security Council

VAT Value-added tax

WAEMU West African Economic and Monetary Union (formerly WAMU; members of the BCEAO)

WAMA West African Monetary Agency (formerly WACH)

WAMZ West African Monetary Zone

W-ERM II Exchange rate mechanism (of the WAMZ)

WTO World Trade Organization
Overview

This is the 71st issue of the *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER), which provides a yearly description of the foreign exchange arrangements, exchange and trade systems, and capital controls of all IMF member countries.1 The AREAER reports on restrictions in effect under Article XIV, Section 2, of the IMF’s Articles of Agreement in accordance with Section 3 of Article XIV, which mandates annual reporting on such restrictions.2 It also provides information relating to paragraph 25 of the 2012 Integrated Surveillance Decision, which restates the obligation of each member country under the IMF’s Articles of Agreement to notify the IMF of the exchange arrangement it intends to apply and any changes in that arrangement.3

The AREAER provides a description of global exchange and trade systems. It covers restrictions on current international payments and transfers and multiple currency practices (MCPs) subject to the IMF’s jurisdiction in accordance with Article VIII, Sections 2(a) and 3, in addition to those maintained under Article XIV of the IMF’s Articles of Agreement.4 The report also provides information on the operation of foreign exchange markets, controls on international trade, controls on capital transactions, and measures implemented in the financial sector, including prudential measures. In addition, the AREAER reports on exchange measures imposed by member countries solely for national and/or international security reasons, including those reported to the IMF in accordance with relevant decisions by the IMF Executive Board.5

The AREAER provides information, relating to paragraph 25 of the 2012 Integrated Surveillance Decision, on exchange rate arrangements of member countries: the de jure arrangements as described by the countries and the de facto arrangements, which are classified into 10 categories (Table 1). This classification is based on the information available on members’ de facto arrangements, as analyzed by IMF staff, which may differ from countries’ officially announced (de jure) arrangements. The methodology and the characteristics of the categories are described in the Compilation Guide included in this report.

<table>
<thead>
<tr>
<th>Type</th>
<th>Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard pegs</td>
<td>Exchange arrangement with no separate legal tender</td>
</tr>
<tr>
<td></td>
<td>Currency board arrangement</td>
</tr>
<tr>
<td>Soft pegs</td>
<td>Conventional pegged arrangement</td>
</tr>
<tr>
<td></td>
<td>Pegged exchange rate within horizontal bands</td>
</tr>
<tr>
<td></td>
<td>Stabilized arrangement</td>
</tr>
<tr>
<td></td>
<td>Crawling peg</td>
</tr>
<tr>
<td></td>
<td>Crawl-like arrangement</td>
</tr>
<tr>
<td>Floating regimes (market-determined rates)</td>
<td>Floating</td>
</tr>
<tr>
<td>Residual</td>
<td>Other managed arrangement</td>
</tr>
</tbody>
</table>

Note: This methodology became effective February 2, 2009, and reflects an attempt to provide greater consistency and objectivity of exchange rate classifications across countries and to improve the transparency of the IMF’s bilateral and multilateral surveillance in this area. For further details, see IMF Working Paper 09/211.

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1 In addition to the 189 IMF member countries, the report includes information on Hong Kong SAR (People’s Republic of China) as well as Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands). Andorra, which is the 190th member country, joined the IMF on October 16, 2020, and is not included in the 2020 AREAER.


4 The information on exchange restrictions and MCPs consists of verbatim quotes from each country’s most recent published IMF staff report as of December 31, 2019. In cases in which the information is drawn from IMF staff reports that have not been made public, the quotes have been included with the express consent of the member country. In the absence of such consent, the relevant information is reported as “not publicly available.” Any changes to these restrictions and MCPs implemented after the relevant IMF report has been issued will be reflected in the subsequent issue of the AREAER that covers the year during which the IMF staff report with information on such changes is issued.

5 The information on exchange measures imposed for security reasons is based solely on information provided by country authorities.
Several tools help navigate and interpret the findings of this report. A single table compares the characteristics of the exchange and trade systems of all IMF member countries: Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in IMF Member Countries. The Country Table Matrix lists the categories of data reported for each country, and the Compilation Guide includes definitions and explanations used to report the data.

The AREAER is available online. Starting January 1, 2020, access to AREAER Online is freely available to all; previously a subscription was required. The AREAER Online database includes the overview and detailed information for each of the 189 member countries and separately for a few of their territories. In addition, AREAER Online contains data published in previous issues of the AREAER and is searchable by year, country, and category of measure; it also allows cross-country comparisons for time series.

In general, previous vintages of the AREAER published in a particular year included a description of exchange and trade systems as of the end of December of the previous year, with some reporting data through part of the publication year and de facto exchange rate arrangements as of April of the publication year. Exceptionally, the 2020 AREAER includes a description of exchange and trade systems as of June 30, 2020, for virtually all members; some report developments through August 31, 2020. Nevertheless, in keeping with past AREAERs, information on member countries’ de facto exchange rate arrangements in this report are as of April 30, 2020.

### Overall Developments

In 2019, the trend in liberalizing foreign exchange transactions continued despite subdued economic growth. Global GDP slowed to 2.9 percent, compared with 3.6 percent in 2018, as a consequence of policy uncertainty mainly owing to trade tensions, idiosyncratic factors causing macroeconomic strain in several emerging market economies, and low productivity growth in advanced economies. Against the backdrop of weakening economic activity, monetary conditions were eased across the globe, including in the United States, where policy rates were cut twice by a total of 50 basis points. Given the low-interest-rate environment, investors searched for higher yields. In particular, the easing in financial conditions in advanced economies supported a pickup in portfolio flows to emerging markets in 2019, reversing the trend seen during the fourth quarter of 2018. However, given the policy uncertainty during the year, portfolio flows remained volatile.

The severe economic shock to global activity from the COVID-19 pandemic in 2020 was reflected in the trend in actions taken by countries regarding foreign exchange transactions. In the first quarter of 2020, there was an immediate deterioration in the economic outlook worldwide, and emerging market economies experienced unprecedented portfolio outflows. In response to the pandemic, sizable and swift actions both in the fiscal and monetary sphere were taken by advanced and emerging market economies. Emerging market and developing economies responded to the capital outflows and the outlook for a severe recession, including by permitting exchange rates to depreciate, intervening in the foreign exchange market, and tightening administrative controls on foreign exchange transactions. Since the onset of the pandemic, a large number of member countries have resorted to IMF financing through its emergency lending facilities to shore up their international reserves. In addition, some countries imposed capital controls to protect reserves in anticipation of a severe downturn in economic activity, particularly economies dependent on travel and tourism.

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6 Aruba, Curacao and Sint Maarten (all in the Kingdom of the Netherlands; information for Curacao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China). Hence, detailed information is available for 192 jurisdictions.


8 The number of yearly changes reported by each country can be compared directly with the previous three reporting periods but not with years before that because of the update to the format of the yearly changes table, which was introduced with the 2017 publication (see 2017 AREAER).

9 The date of the latest reported development is indicated as the position date for each country in the country chapters in the AREAER Online database. A few countries reported developments beyond August 2020. Data for Syria and Venezuela are as of the end of 2018 and the end of May 2019, respectively.
The 2020 AREAER documents the following major trends and significant developments:

- There was no significant shift in de facto exchange rate arrangements during the reporting period, with about the same number of economies moving toward more flexibility as those moving toward reduced flexibility. These changes are more a reflection of individual country circumstances than any global shock. The onset of the pandemic in early 2020 resulted in increased volatility in financial markets and significant interventions by a number of central banks in their foreign exchange markets; however, the impact of this volatile period on the de facto classification reported in this AREAER is limited since the cutoff date for the classifications is April 30, 2020.

- In contrast to the previous period, the share of countries that target a monetary aggregate decreased as some countries moved to the “other monetary framework” category. The number of member countries following an inflation-targeting framework increased slightly, and those anchored to a composite of currencies remained unchanged.

- More countries reported using derivatives as an alternative instrument to intervene in the foreign exchange market. Among the instruments most frequently used were options, nondeliverable forwards, and interventions through swaps triggered when the exchange rate moves above or below a specified range with respect to the previous day’s closing rate.

- Foreign exchange market activities continued to expand. In a number of countries, market structure became more sophisticated through the inclusion of new instruments in the central bank’s toolkit or liberalization in the forward exchange market. Several countries tightened controls on exchange rate flexibility in the interbank- and retail markets because of COVID-19–related volatility and stress. On the other hand, countries also implemented a variety of measures to support market liquidity and allow greater flexibility for market participants to manage their foreign exchange exposure.

- The number of IMF member countries accepting the obligations of Article VIII, Sections 2(a), 3, and 4 and members that make use of the transitional arrangement under Article XIV remained unchanged at the end of 2019: 172 and 17, respectively. Of these 17 Article XIV members, 3 maintain no restrictions but have not yet decided to accept the obligations under Article VIII.

- The number of countries maintaining restrictive exchange measures fell from 50 in 2018 to 48 at the end of 2019. Four members removed all previously identified restrictive measures, while in two other members whose exchange system had previously been free of restrictions and MCPs a few such measures were identified in 2019. Overall, the number of restrictive exchange measures decreased by 1 in 2019—mostly in Article VIII countries. Developments in restrictive exchange measures during the pandemic in 2020 will be reflected in the next report.

- Restrictive actions dominated the current account in 2019, amid an increased number of measures. Trade-related tightening measures reached a record high, reflecting the subdued global economic conditions and an uncertain political outlook. The strong liberalization trend in payments and proceeds for invisible transactions and current transfers observed in 2018 reversed in 2019, with slightly more tightening than easing measures. However, the overall trend appears to have turned in 2020, albeit based on partial data, in part because countries responded to the pandemic by easing restrictions on imports of essential goods.

- The liberalization trend related to capital transactions seen in the previous three years slowed significantly in 2019 and may have reversed in 2020. The share of tightening actions increased markedly in 2019 compared with 2018, reflecting in part the slowdown in global growth, political uncertainty, and idiosyncratic factors. Emerging market and developing economies, followed by low-income developing countries, undertook virtually all of the tightening measures in 2019, with outflow tightening measures outnumbering those on inflows.10 Both advanced and emerging market and developing economies took more liberalizing than tightening measures in 2019, unlike low-income developing countries, which exhibited the opposite trend. Reflecting the large shock and stress of the global pandemic, the trend in 2020, based on partial data,

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10 References to country income groups are based on IMF World Economic Outlook (WEO) country groupings: advanced economies; emerging market and developing economies (excluding low-income developing countries); and low-income developing countries. Of the 192 economies covered in the AREAER, 36 are advanced economies, 97 are emerging market and developing economies, and 59 are low-income developing countries.
switched, with the majority of measures consisting of a tightening action. Emerging market and developing economies took the bulk of total tightening actions in 2020, more than half of which were on outflows. Tightening measures by advanced economies were exclusively on limiting inflows, particularly on foreign direct investment (FDI).

- Overall regulatory developments in the financial sector continued to show an easing trend in the reporting period. While easing measures on commercial banks indicate in part some scaling back of reforms following the global financial crisis, there was a marked increase in tightening measures on institutional investors, reflecting a combination of increased momentum on strengthening regulations governing their operations and regulatory responses to COVID-19 in 2020. To address the financial stability challenges posed by the pandemic, reserve requirements and liquidity coverage or asset ratio requirements were eased, supplying liquidity to banks to facilitate the provision of credit. On the other hand, capital outflow measures were tightened, particularly, by a few countries, on institutional investors, in the face of expected decline in capital inflows as a consequence of tightening global financial conditions and the sharp slowdown in global activity.

The remainder of this overview highlights the major developments covered in the individual country chapters that are part of this report.

**Developments in Exchange Arrangements**

This section documents major changes and trends in the following related areas: exchange rate arrangements, intervention, monetary anchors, and the operation and structure of foreign exchange markets. It also reports on significant developments with respect to exchange taxes, exchange rate structures, and national currencies. There are five tables in this section. Table 2 highlights changes in the reclassification of the de facto exchange rate arrangements between May 1, 2019, and April 30, 2020. Table 3 breaks down countries’ de facto exchange rate arrangements for 2011–20. Table 4 summarizes the detailed descriptions in the country chapters by reporting each IMF member country’s monetary policy framework as indicated by country officials and the classification of their de facto exchange rate arrangements. Table 5 outlines IMF member countries’ monetary policy frameworks as reported by country authorities and exchange rate anchors for 2011–20, and Table 6 reports the foreign exchange market structure among the membership for 2016–20.

**Exchange Rate Arrangements**

In 2019, developments in exchange rates in many emerging market economies reflected the strengthening US dollar during the year, political uncertainty in various parts of the world, and expectations of lower economic growth at the global level. Other factors that affected the dynamics of exchange rates include the behavior of prices for various commodities and idiosyncratic factors. In contrast to the previous reporting period, which indicated a slight move toward more flexible exchange rate regimes, changes in de facto exchange rate arrangements during this reporting period were more balanced, with almost the same number of countries moving from less to more flexible exchange rate arrangements than in the opposite direction. Of the 15 countries whose exchange rate arrangement was reclassified as of April 2020,12 (see Table 2), 7 countries (47 percent) were reclassified to a more flexible arrangement (compared with 15 of 27 countries, or 55 percent, during the previous reporting period); 8 countries (53 percent) were classified to a more managed arrangement (compared with 11 of 27 countries, or 41 percent, during the previous reporting period).13

The sharp currency movements generally reflect the capital outflow pressure emerging markets faced and a rapidly worsening global economic environment during the reporting period. A number of central banks increased their participation in the foreign exchange market through interventions to reduce the pace of

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11 This section summarizes developments between May 1, 2018, and April 30, 2019.
12 Excludes countries whose exchange rates were reclassified twice during this AREAER’s reporting period, reverting to the same classification as in April 2019.
13 One country, or 4 percent with respect to the 27 reclassifications in the 2019 AREAER, was reclassified from “conventional peg” to “stabilized arrangement.”
depreciation of their currency amid high uncertainty associated with the global spread of COVID-19 and concerns regarding its potential impact on health and the economy, which generated exceptionally high volatility in financial markets. Global financial market volatility spiked at the onset of the pandemic in March 2020. The policy responses, particularly in advanced economies, eased global financial market uncertainty and reduced the intensity of capital outflows from emerging market and developing economies, dampening pressure on their exchange rates. The impact of the COVID-19 crisis on the de facto classifications is not captured in this AREAER since the peak of depreciation pressure occurred mostly during March and April 2020—only one month or less before the cutoff date of classifications, April 30, 2020. Since at least six months of observation are needed for a reclassification, these movements will be captured in the next AREAER.

Table 2. Changes and Resulting Reclassifications of Exchange Rate Arrangements, May 1, 2019–April 30, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>De jure arrangement</th>
<th>Previous arrangement¹</th>
<th>Current (2020 AREAER)</th>
<th>Effective date of reclassification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola²</td>
<td>Floating</td>
<td>Other managed</td>
<td>Crawl-like</td>
<td>December 17, 2018</td>
</tr>
<tr>
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<td></td>
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<tr>
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<td>Crawl-like</td>
<td>January 2, 2019</td>
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<td></td>
<td></td>
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<td>August 12, 2019</td>
</tr>
<tr>
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<td>Crawl-like</td>
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<td>Floating</td>
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<td>Free floating</td>
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<td>Crawl-like</td>
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<td>Floating</td>
<td>Other managed</td>
<td>February 20, 2019</td>
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</table>

Source: AREAER database.

¹ This column refers to the arrangements as reported in the 2019 AREAER, except when a reclassification took place during January 1–April 30, 2019, in which case it refers to the arrangement preceding such a reclassification.

² The exchange rate arrangement was reclassified retroactively, overriding a previously published classification for the entire reporting period or part of the period.

³ Cells in the column “Previous arrangement” are blank if there was a subsequent reclassification during the reporting period.

The number of reclassifications (as of April 30, 2020) was significantly lower (15) than during the previous reporting period (27) and more balanced (Figure 1). The share of countries whose exchange rate arrangement was reclassified to a soft peg fell by only 1 percentage point, from 59 percent in the previous period. Similarly, trivial adjustments took place in other categories as well: reclassifications to the residual, other managed
category rose by 1 percentage point, from 26 percent, while the floating category had a modest decrease of 2 percentage points, from 15 percent in the previous AREAER. With these changes, the trend of an increasing move to soft pegs observed from 2016 to 2018 reversed in 2019 and then stabilized in 2020.

Figure 1. Reclassification of De Facto Exchange Rate Arrangements, 2015–20
(Percent of total reclassifications as of April 30)

The changes in individual categories are as follows:

• **Soft pegs**—The total number of countries with soft pegs increased by 1, to 90, compared with the previous reporting period. This group had the largest share of reclassifications from May 2019 through April 2020, with most of the changes in crawl-like and stabilized arrangements. Countries with soft pegs continue to make up the single largest type of exchange rate arrangement, accounting for 46.4 percent of all members (Table 3).

  • **Crawl-like arrangements**—The number of countries with crawl-like arrangements grew by 5, to 23 (Figure 2; Table 4). This category had the same changes within the soft peg group; having stayed on an increasing trend since 2018, this year it reached the highest number of countries of the past decade, surpassing the previous record registered in 2015 (20). Seven countries were added: 4 were reclassified from a stabilized arrangement (Democratic Republic of the Congo, Egypt, Guinea, Romania), 2 from "other managed" (Cambodia, Mongolia), and 1 from floating (Costa Rica). Two countries exited this classification: both moved to a stabilized arrangement (Sri Lanka, Tanzania). One country was reclassified twice during this reporting period, reverting to a crawl-like arrangement (Paraguay) following a temporary reclassification to "other managed." Countries adopting stabilized and crawl-like arrangements often adjust their exchange rates in response to external events, including differences in inflation across countries, capital flow pressures, and new trends in world trade. As a result, they are often reclassified to other categories within the soft peg group.

  • **Stabilized arrangements**—The number of countries with stabilized arrangements fell by 2, to 23. Four countries left the group to classification as crawl-like arrangements (Democratic Republic of the Congo, Egypt, Guinea, Romania). Two countries were reclassified twice during this reporting period, reverting to a stabilized arrangement (Armenia, Malawi). Two additional countries joined from the crawl-like arrangement group (Sri Lanka, Tanzania). The category "stabilized arrangement" steadily decreased by 1 percentage point each year since 2018, when it reached its highest number during the past 10 years.

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14 Guinea was reclassified retroactively to "crawl-like" from "stabilized" in June 2018. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s AREAER.

15 Sri Lanka was reclassified twice—to "other managed" in January 2019 and to "stabilized" in April 2019.

16 Paraguay was reclassified twice—to "other managed" in May 2019 and back to "crawl-like" in July 2019.

17 Armenia was reclassified twice—to "crawl-like" in January 2019 and back to "stabilized" in August 2019.

18 Malawi was reclassified twice—to "other managed" in March 2019 and back to "stabilized" in August 2019.
o **Conventional pegs**—The number of countries in this category dropped by 1, to 41. Kuwait left the group for “other managed” because the composition of its currency basket could not be confirmed. The conventional peg arrangement holds the largest share among soft pegs, with 45.6 percent; it has been decreasing gradually since April 2016 from its peak of 58 percent.

o **Pegged exchange rates within horizontal bands**—There are no countries in this category, as Tonga was reclassified to “other managed.” Three countries have de jure pegged exchange rates within horizontal bands, but two have a de facto stabilized arrangement (Maldives, Morocco), and one has a de facto other managed arrangement (Syria).

- **Other managed arrangements**—The number of countries in this residual category rose by 2, to 15. There were six changes from May 2019 through April 2020. Two countries abandoned this category and were reclassified to crawl-like arrangement (Cambodia, Mongolia). In contrast, four countries were added: two were reclassified from a floating arrangement (Argentina, Zimbabwe), one from a conventional peg arrangement (Kuwait), and one from a pegged exchange rate with horizontal bands (Tonga). One country was reclassified twice during this reporting period, reverting to “other managed” (Angola19). The percentage of countries in this category increased by 1 percentage point to 7.8 percent.

- **Floating arrangement**—The number of countries classified as floating dropped by 3, to 32, with five changes in the group’s composition. Four abandoned this category: 2 were reclassified to other managed arrangement (Argentina, Zimbabwe), 1 to crawl-like arrangement (Costa Rica), and 1 to free floating (Czech Republic20). One country was added (Chile, from free floating). One country was reclassified twice during this reporting period, reverting to a floating arrangement (Switzerland21).

- **Free floating**—The number of countries with free-floating arrangements remained at 31. There were two changes in this category: one left the group (Chile), and one country was added (Czech Republic22).

- **Hard pegs (no separate legal tender and currency boards)**—The number of countries in this category remained unchanged at 24. Changes in this category are rare, because countries with such arrangements tend to maintain their exchange rate policies unless their economies undergo large structural changes that result in an exit.

**Figure 2. Exchange Rate Arrangements, 2010–20**

*Number of countries as of April 30*

![Graph showing the distribution of exchange rate arrangements from 2010 to 2020](image)

Source: AREAER database.

19 Angola was reclassified twice—to “crawl-like” retroactively in December 2018 and back to “other managed” in October 2019. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s AREAER.

20 The Czech Republic was reclassified retroactively to “free floating” from “floating” in April 2017. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s AREAER.

21 Switzerland was reclassified twice—to “crawl-like” retroactively in October 2018 and back to “floating” in September 2019. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s AREAER.

22 The Czech Republic was reclassified to free floating from floating retroactively as of April 2017. Retroactive changes are reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s AREAER.
Table 3. Exchange Rate Arrangements, 2012–20
(Percent of IMF members as of April 30)\(^1\)

<table>
<thead>
<tr>
<th>Exchange Rate Arrangement</th>
<th>2012(^2)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016(^3)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020(^4)</th>
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<td>Hard peg</td>
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<td>13.1</td>
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<td>12.5</td>
<td>12.5</td>
<td>12.5</td>
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<tr>
<td>No separate legal tender</td>
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<td>6.8</td>
<td>6.8</td>
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<tr>
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<td>6.3</td>
<td>6.3</td>
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<td>5.7</td>
<td>5.7</td>
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<tr>
<td>Soft peg</td>
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<td>42.9</td>
<td>43.5</td>
<td>47.1</td>
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<td>46.4</td>
<td>46.4</td>
<td>46.9</td>
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<td>23.0</td>
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<td>22.4</td>
<td>21.9</td>
<td>21.4</td>
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<td>1.0</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
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</tr>
<tr>
<td>Crawl-like arrangement</td>
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<td>7.9</td>
<td>10.5</td>
<td>5.2</td>
<td>5.2</td>
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<td>0.5</td>
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<td>18.2</td>
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<td>9.4</td>
<td>6.8</td>
<td>6.8</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Source: AREAER database.

\(^1\) Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands; information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

\(^2\) Does not include South Sudan, which became an IMF member on April 18, 2012.

\(^3\) Includes Nauru, which became an IMF member on April 12, 2016.

\(^4\) Andorra, which became an IMF member on October 16, 2020, is not included.

Table 4. De Facto Classification of Exchange Rate Arrangements, as of April 30, 2020, and Monetary Policy Frameworks

The classification system is based on the members’ actual, de facto arrangements as identified by the IMF staff, which may differ from their officially announced, de jure arrangements. The system classifies exchange rate arrangements primarily on the basis of the degree to which the exchange rate is determined by the market rather than by official action, with market-determined rates being on the whole more flexible. The system distinguishes among four major categories: hard pegs (such as exchange arrangements with no separate legal tender and currency board arrangements); soft pegs (including conventional pegged arrangements, pegged exchange rates within horizontal bands, crawling pegs, stabilized arrangements, and crawl-like arrangements); floating regimes (such as floating and free floating); and a residual category, other managed arrangements. This table presents members’ exchange rate arrangements against alternative monetary policy frameworks to highlight the role of the exchange rate in broad economic policy and illustrate that different exchange rate regimes can be consistent with similar monetary frameworks. The monetary policy frameworks are as follows:

**Exchange rate anchor**

The monetary authority buys or sells foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.

**Monetary aggregate target**

The monetary authority uses its instruments to achieve a target growth rate for a monetary aggregate, such as reserve money, M1, or M2, and the targeted aggregate becomes the nominal anchor or intermediate target of monetary policy.

**Inflation-targeting framework**

This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.

**Other**

The country has no explicitly stated nominal anchor; rather, it monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.
<table>
<thead>
<tr>
<th>Exchange rate arrangement (number of countries)</th>
<th>US dollar (38)</th>
<th>Exchange rate anchor</th>
<th>Composite (8)</th>
<th>Other (9)</th>
<th>Monetary aggregate target (22)</th>
<th>Inflation-targeting framework (43)</th>
<th>Other1 (47)</th>
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<th>Exchange rate anchor</th>
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<th>Inflation-targeting framework (43)</th>
<th>Other (47)</th>
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<td></td>
<td>Spain</td>
</tr>
</tbody>
</table>

Source: AREAER database.

Note: If the member country's de facto exchange rate arrangement has been reclassified during the reporting period, the date of change is indicated in parentheses (month, year).

CEMAC = Central African Economic and Monetary Community; ECCU = Eastern Caribbean Currency Union; EMU = European Economic and Monetary Union; WAEMU = West African Economic and Monetary Union.

1 Includes countries that have no explicitly stated nominal anchor, but rather monitor various indicators in conducting monetary policy.
2 The member participates in the European Exchange Rate Mechanism (ERM II).
3 Within the framework of an exchange rate fixed to a currency composite, the Bank Al-Maghrib adopted a monetary policy framework in 2006 based on various inflation indicators, with the overnight interest rate as its operational target to pursue its main objective of price stability.
4 The country maintains a de facto exchange rate anchor to a composite.
5 The country maintains a de facto exchange rate anchor to the US dollar.
6 The country maintains a de facto exchange rate anchor to the euro.
7 The central bank is in transition toward inflation targeting.
8 The authorities reported that their monetary policy framework is referred to as inflation targeting "lite."
9 The exchange rate arrangement or monetary policy framework was reclassified retroactively, overriding a previously published classification.
10 The exchange rate arrangement was reclassified twice during this reporting period.
11 Currently the Central Bank of Somalia does not have a monetary policy framework.
Monetary Anchors

The exchange rate remained the anchor for monetary policy for fewer than half of member countries—41.7 percent (Table 5). There were five changes in official monetary anchors, compared with two in the previous reporting period. Four countries moved from the group of countries with a monetary aggregate target (22): three to “other monetary framework” (47) and one to inflation-targeting framework (43). One country reported targeting inflation during 2019, switching from the “other monetary framework” classification (see Table 4).

Table 5. Monetary Policy Frameworks and Exchange Rate Anchors, 2012–20

<table>
<thead>
<tr>
<th>Year</th>
<th>US dollar</th>
<th>Euro</th>
<th>Composite</th>
<th>Other currency</th>
<th>Monetary aggregate</th>
<th>Inflation targeting</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>22.6</td>
<td>14.2</td>
<td>6.8</td>
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<td>15.3</td>
<td>16.8</td>
<td>20.0</td>
</tr>
<tr>
<td>2013</td>
<td>23.0</td>
<td>14.1</td>
<td>6.8</td>
<td>4.2</td>
<td>13.6</td>
<td>17.8</td>
<td>20.4</td>
</tr>
<tr>
<td>2014</td>
<td>22.5</td>
<td>13.6</td>
<td>6.3</td>
<td>4.2</td>
<td>13.1</td>
<td>17.8</td>
<td>22.5</td>
</tr>
<tr>
<td>2015</td>
<td>22.0</td>
<td>13.1</td>
<td>6.3</td>
<td>4.2</td>
<td>13.1</td>
<td>18.8</td>
<td>22.5</td>
</tr>
<tr>
<td>2016</td>
<td>20.3</td>
<td>13.0</td>
<td>4.7</td>
<td>4.7</td>
<td>12.5</td>
<td>19.8</td>
<td>25.0</td>
</tr>
<tr>
<td>2017</td>
<td>20.3</td>
<td>13.0</td>
<td>4.7</td>
<td>4.7</td>
<td>12.5</td>
<td>20.8</td>
<td>24.0</td>
</tr>
<tr>
<td>2018</td>
<td>19.8</td>
<td>13.0</td>
<td>4.7</td>
<td>4.7</td>
<td>12.5</td>
<td>21.4</td>
<td>24.0</td>
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<tr>
<td>2019</td>
<td>19.8</td>
<td>13.0</td>
<td>4.2</td>
<td>4.7</td>
<td>13.5</td>
<td>21.4</td>
<td>23.4</td>
</tr>
<tr>
<td>2020</td>
<td>19.8</td>
<td>13.0</td>
<td>4.2</td>
<td>4.7</td>
<td>11.5</td>
<td>22.4</td>
<td>24.5</td>
</tr>
</tbody>
</table>

Source: AREAER database.

1 Includes 189 member countries and the following territories: Aruba, Curacao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curacao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People's Republic of China).

2 Includes countries that have no explicitly stated nominal anchor but instead monitor various indicators in conducting monetary policy.

3 Does not include South Sudan, which became an IMF member on April 18, 2012.

4 Includes Nauru, which became an IMF member on April 12, 2016.

5 Does not include Andorra, which became an IMF member on October 16, 2020.

Fifty-two member countries report an officially announced fixed exchange rate policy—either a currency board or a conventional peg—which implies the use of the exchange rate as the unique monetary anchor, with two exceptions. Although the official (de jure) exchange rate regime of both Samoa and the Solomon Islands is a peg against a basket of currencies, the monetary policy framework was reported to comprise a mix of anchors, including the exchange rate. Among the 63 countries with de facto floating exchange rate arrangements—floating or free floating—the monetary anchor varies among monetary aggregates (2), inflation targeting (35), and other (26, including the 19 European Economic and Monetary Union [EMU] countries). Thirteen countries implementing soft pegs, seven countries in other managed arrangements, and two countries in a floating arrangement target monetary aggregates. Countries with either stabilized or crawl-like arrangements (46) report reliance on a variety of monetary frameworks, including monetary aggregates and inflation-targeting frameworks. Other managed arrangements are split among exchange rate anchors (2), monetary aggregate targets (7), and other monetary policy frameworks (6).

- The share of IMF members with the exchange rate as the main policy target remained unchanged at 41.7 percent. Countries with hard pegs and soft pegs make up 97.5 percent of this group. Three currency unions—the Central African Economic and Monetary Community, Eastern Caribbean Currency Union, and West African Economic and Monetary Union—have exchange rate anchors for their respective common currency.

23 Monetary anchors are defined as the main intermediate target the authorities pursue to achieve their policy goals (which, overwhelmingly, is price stability). The inventory of monetary anchors is based mainly on members’ declarations in the context of the yearly AREAER update or Article IV consultations and is not necessarily consistent with the de facto exchange rate arrangement.
• The US dollar maintained its position as the dominant exchange rate anchor at 19.8 percent. Following a steady decrease from 26.5 percent in 2010 to 19.8 percent in 2018, the number of countries using this anchor has stabilized, with no changes in this group from April 2018 to April 2020.

• The share or composition of countries using an exchange rate anchored to the euro remained unchanged at 13.0 percent. Countries whose currencies are anchored to the euro generally have historical ties with European countries—for example, the Communauté Financière d’Afrique (CFA) franc area countries—are part of the European Union, or have strong trade relations with western Europe, including central and eastern European countries—for example, Bulgaria, Montenegro, and North Macedonia.

• Nine countries maintain an exchange rate anchored to another single currency. Three of these countries (Kiribati, Nauru, Tuvalu) use the Australian dollar as their legal tender, and one (Brunei Darussalam) has a currency board arrangement with the Singapore dollar. The remaining five have conventional pegged arrangements: three (Eswatini, Lesotho, Namibia) with the South African rand and two (Bhutan, Nepal) with the Indian rupee. Half the countries in this group are landlocked, bordering either partially or exclusively the country whose currency they use as their exchange rate anchor. The anchor currency is typically freely usable in the country and is often legal tender.

• Eight countries reported having a monetary policy framework with the exchange rate anchored to a currency composite. Two track special drawing rights (SDRs) as the sole currency basket (Libya, Syria) and one the SDR and the rand (Botswana). Vietnam anchors to a broader reference basket and additionally specified that the dong may fluctuate within a daily transaction band of ±3 percent against the US dollar. Singapore is anchored to its nominal effective exchange rate. Morocco tracks a euro and US dollar basket. The Fiji dollar is anchored to a basket of four currencies (US dollar, Australian dollar, New Zealand dollar, Japanese yen). Kuwait does not disclose the composition of its reference currency basket.

Most IMF member countries, representing the overwhelming share of global output, are split among monetary aggregate targeting, inflation targeting, and “other” (which includes monetary policy not committed to a specific target).

• The number of countries targeting a monetary aggregate fell by 4, to 22, compared with the previous reporting period. Three countries switched from monetary aggregate targeting to “other monetary framework” (Argentina, Malawi, Rwanda), and one country moved to “inflation-targeting framework” (Seychelles). This category does not include any country with a free-floating exchange rate arrangement. In fact, monetary aggregates are often the choice of economies with less-developed financial markets and managed exchange rates. The objective of the arrangement is to influence consumer prices and, eventually, asset prices through the control of monetary aggregates. Reserve money is often used as the operational target to control credit growth through the credit multiplier.

• The number of countries that reported targeting inflation increased by 2, to 43. One country moved from targeting monetary aggregates (Seychelles) and one country from “other monetary framework” (Sri Lanka). As in the previous AREAER, Jamaica described its monetary policy framework as inflation targeting “lite” during this reporting period. Similarly, Sri Lanka reported having a “flexible inflation-targeting framework.” The countries in this group are mostly middle income but include some advanced economies as well. Of these, 35 have either a de facto floating or free-floating exchange rate arrangement.25 The central bank is responsible for setting the inflation target for 21 of the 43 countries in this category, and in 17 countries the central bank and the government jointly set the targets. More than half of the countries (25) have a target with a tolerance band, with only 4 countries targeting core inflation. Most of the countries report having inflation-targeting regime commitments to transparency and accountability, 43 and 38 countries, respectively.

24 Inflation targeting “lite” is viewed as a transitional regime that countries use before obtaining a legal mandate to operate a full-fledged inflation-targeting regime.

25 Inflation targeting aims to address the problem of monetary aggregates that do not have a stable relationship with prices, making intermediate monetary targets less suitable for inflation control.
• The “other monetary policy framework” category total grew by 2 to 47. The number of countries that are not committed to a specific target (the “other” column in Table 4) was affected by four changes during the reporting period: three countries (Argentina, Malawi, Rwanda) moved here from the monetary aggregate targeting group, and one country (Sri Lanka) moved from “other monetary policy framework” to an inflation-targeting framework. A few countries in this category are in transition to an inflation-targeting framework (Egypt, Kenya, Mongolia, Mozambique, Pakistan, Tajikistan, Tunisia, Uzbekistan). This category includes many of the largest economies, such as the euro area and the United States. It is also used as a residual classification for countries for which no relevant information is available and for those with alternative monetary policy frameworks not categorized in this report.

Foreign Exchange Interventions

IMF staff regularly assess whether the frequency of foreign exchange intervention is consistent with the de facto free-floating arrangements or whether classification as a soft peg is appropriate (see the Compilation Guide). These assessments draw on information that is publicly available, information reported to the IMF by member countries, market reports, and other sources, including information obtained during official staff visits to member countries.

Intervention purpose

Market conditions were volatile during 2019 amid concerns about trade tensions and economic growth, and many emerging market economies managed these pressures by allowing the exchange rate to adjust or by leaning against the wind with interventions. During the first half of 2019, a few currencies depreciated rapidly (Haiti, Liberia, Pakistan, Venezuela). Of these, two (Haiti and Venezuela) continued to depreciate during the second half of 2019, albeit at a reduced pace in the case of Haiti, and two experienced a trend reversal and saw their currency appreciate (Liberia, Pakistan). Some countries’ currency depreciated sharply during the second half of 2019 (Angola, Argentina). Costa Rica and Switzerland intervened in the foreign exchange market to reduce appreciation pressure or increase foreign exchange reserves during the first three quarters of 2019.

In general, central banks intervene to build reserves or to dampen excessive market volatility, but they may also intervene in the foreign exchange market to fight depreciation pressure on the country’s currency. During the first quarter of 2020, a number of central banks increased their participation in the foreign exchange market through interventions to reduce the pace of depreciation of their local currency in response to the high uncertainty associated with the global spread of COVID-19. This intervention contributed to reduced reserves in emerging market and developing economies during the first quarter of 2020. The COVID-19 pandemic affected global financial markets as uncertainty spiked in March and April 2020, when many members’ currency depreciated rapidly—most notably, Angola, Armenia, Brazil, Colombia, Eswatini, Iceland, Lesotho, Mexico, Namibia, Norway, Russia, Seychelles, South Africa, Turkey, and Zambia.

Intervention techniques

IMF members typically conduct foreign exchange interventions in the spot foreign exchange market, either by directly contacting market participants (all or only a selection—for example, market makers) or through foreign exchange auctions (for more information on auctions, see the Foreign Exchange Markets section of this report). However, foreign exchange interventions occasionally also take place in the forward- or options markets or through verbal interventions. Some countries may also intervene in the foreign exchange market to maintain the exchange rate at a certain target level or range, or within a fluctuation band with respect to a central rate (Croatia, Guatemala).

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26 Sri Lanka refers to its monetary policy framework as a “flexible inflation-targeting framework.”
Preannounced programs of future purchases and sales of foreign exchange typically are counted as one inter-
vention in the foreign exchange market for the purpose of the de facto classification, with the assumption that
the market prices the new information on the day the program is announced.27 To avoid influencing market
expectations about the exchange rate, the program of interventions should indicate in advance the nature,
frequency, and size of the central bank’s foreign exchange transactions. Among the mechanisms currently
used in preannounced intervention programs, countries may accumulate reserves following a preannounced
calendar of auctions (Albania) or conduct purchases and sales of foreign exchange for the government pension
fund (Norway). Similarly, a preannounced program is used by Russia, which bases its volume of interven-
tion on the difference in the projected and actual amount of oil and gas revenue in the federal budget. The
projected revenue is calculated using separate benchmark prices for oil and gas, respectively. As long as the
actual oil and gas revenue exceeds the amount projected, the Ministry of Finance purchases foreign exchange
through the Central Bank of Russia equal to the amount of additional oil and gas revenue. If actual oil and gas
revenue drops below the projected level, the Ministry of Finance sells foreign exchange equal to the amount
of the resulting shortfall in oil and gas revenue. A benchmark Urals oil price of US$40 a barrel (in real 2017
terms, adjusted for US inflation) is used in this framework. In addition, in 2020 the central bank introduced
a new mechanism for sales of foreign exchange, which it received from the National Wealth Fund (NWF) in
connection with the NWF’s purchase of Sberbank shares. Specifically, in response to the decline in proceeds
from oil exports, oil products, and natural gas, it sells foreign exchange in the market if the Urals crude oil
price falls below US$25 a barrel. The size of these operations is announced at the beginning of every month,
and purchases are evenly distributed within the month.

Some countries use derivatives as an alternative instrument to intervene in the foreign exchange market. In
January 2019, the National Bank of Georgia introduced foreign exchange put options to accumulate reserves,
which are sold via auctions. In November 2019, the Central Bank of Chile implemented a program of inter-
ventions in the foreign exchange spot market and in exchange hedging instruments through nondeliverable
forwards. The Central Bank of Mexico uses nondeliverable forwards with maturities of up to 12 months
and settled in pesos. Similarly, the Central Bank of Colombia can intervene in the foreign exchange market
through (1) direct uniform price auction sales of put or call options, (2) direct uniform price auctions (with
three minutes of bids) or discriminatory price auction sales of foreign exchange (with three minutes of bids),
(3) spot sales of foreign exchange by means of foreign exchange swap contracts at rates set by the central bank
in auctions or over the counter, and (4) since March 2020, forward dollar sales through forward contracts.
The Bank of Korea can also intervene in the market with its funds and funds from the Foreign Exchange
Equalization Fund when it is deemed necessary for market stability. The Central Reserve Bank of Peru can
intervene through dollar-indexed bonds, foreign exchange swaps, and repurchase agreements. The Central
Bank of Brazil intervenes mainly in the derivatives market using foreign exchange swaps. Other countries,
including Albania, Armenia, Denmark,28 New Zealand, the Philippines, and Tunisia, have also reported for-
eign exchange swaps as an intervention method.

Official Exchange Rates

The vast majority (167) of IMF member countries report that they publish official exchange rates. This
includes not only countries that have officially determined exchange rates; but by definition, also those
countries that report a reference or indicative exchange rate that is computed and/or published by the central
bank (see the Compilation Guide). The calculation of these exchange rates is often based on market exchange
rates, such as those used in interbank market transactions or in a combination of interbank and bank-client
transactions in a specified observation period. The published exchange rate is used as a guide for market partic-
ipants in their foreign exchange transactions, for accounting and customs valuation purposes, in exchange
transactions with the government, and sometimes mandatorily in specific exchange transactions.

During the 2019–20 reporting period, several countries adopted new methods for calculating their official
exchange rates (Honduras, Myanmar, Paraguay, Tunisia, Ukraine, Venezuela). Countries from all income lev-
els and various geographic regions are represented among the 25 members that report no official or reference

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27 Very small, retail-type transactions are disregarded.
28 Denmark has a conventional peg arrangement to the euro.
exchange rates; about half (12) are countries with no separate legal tender, 3 are soft pegs, 7 are floating or free floating, and 3 have the residual other managed de facto exchange rate arrangement. Among the countries that do not compute an official exchange rate, some, including Japan, Peru, and Singapore, publish the market-determined rates on their monetary authority’s website to promote information transparency.

**Foreign Exchange Markets**

The liberalization of foreign exchange markets continued during 2019 and through August 2020.29 Changes in the structure and operation of members’ foreign exchange markets are summarized in Table 6. Foreign exchange market practices remained largely similar overall to those during the previous reporting period.

Member countries reported 119 changes related to foreign exchange markets, slightly more than in the previous reporting period. Measures easing constraints on the operation of foreign exchange markets (47, or 39.5 percent) were almost double the number of tightening measures (24, or 20.2 percent); the remainder were neutral measures (48). In the previous reporting period, member countries reported 99 changes related to foreign exchange markets, of which 57.5 percent were easing measures and 15.2 percent were tightening measures. Although easing measures continued to exceed tightening measures among member countries, the pace of liberalization has slowed, along with an increase in restrictions in foreign exchange markets. Compared with the previous reporting period, member countries implemented greater liberalization in foreign exchange auctions, while more restrictions have been introduced in the interbank market. The liberalization of forward exchange market continued across countries.

Table 6. Foreign Exchange Market Structure, 2017–201

<table>
<thead>
<tr>
<th>Market type</th>
<th>2017</th>
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<tr>
<td>Spot exchange market</td>
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<td>Operated by the central bank</td>
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<td>190</td>
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<td>Foreign exchange standing facility</td>
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<td>Fixing</td>
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<td>Interbank market</td>
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<td>51</td>
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<td>Market making</td>
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<td>72</td>
<td>71</td>
<td>71</td>
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<tr>
<td>Forward exchange market</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>139</td>
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</table>

Source: AREAER database.

1 Includes 189 member countries and the following territories: Aruba, Curacao and Sint Maarten (all in the Kingdom of the Netherlands; information for Curacao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People’s Republic of China). Andorra, which became a member of the IMF on October 16, 2020, is not included in this report.

2 The years in this table represent the publication year of the AREAER and cover developments during the previous year and through part of the publication year (for example, the 2020 report has full-year data for 2019 and partial data for 2020).

Of the tightening measures, slightly more than half are attributable to five countries: Serbia (3), Angola (2), Argentina (2), Iraq (2), and Zimbabwe (2). Of the easing measures, six countries account for nearly half of the changes: Malaysia (7), Morocco (4), Angola (3), India (3), Serbia (3), and Colombia (2). In Malaysia, which reported the largest number of changes, liberalization in the derivatives market and revamped hedging rules aimed at deepening the foreign exchange market. Serbia reported equal numbers of tightening and easing changes in this reporting period: in 2019, the exchange rate spreads and commissions were tightened for

29 A few countries reported developments beyond August 2020.
the public postal operator, and since the onset of COVID-19, the central bank has applied favorable rates in its foreign exchange swap auctions to ease pressure in the foreign exchange market. Across countries, foreign exchange market easing measures helped facilitate trading in the foreign exchange market by loosening restrictions on setting prices, broadening market participation, and for hedging purposes.

Foreign exchange standing facility, allocations, auctions, and fixing

The number of countries that reported some type of official central bank facility increased by 1, to 120, compared with the previous reporting period. Central banks may provide foreign exchange access to market participants through a standing facility, allocation to certain market participants, or the purchase and sale of foreign exchange through auctions or fixing sessions.

• Foreign exchange standing facilities—Sixty-nine countries reported standing facilities in their jurisdictions. When a country has a foreign exchange standing facility it means that the central bank typically stands ready to buy or sell foreign exchange to banks, thus providing a maximum and minimum exchange rate for their currency for a given day. Such facilities are usually instrumental in maintaining a hard or soft peg arrangement. Compared with the previous issue of the AREAER, the number of countries reporting a standing facility increased by one as Trinidad and Tobago indicated that it operated a foreign exchange standing facility. A relatively stable pattern has been observed in recent years: the number of countries operating standing facilities has either declined by one or two or remained steady from year to year.

The countries with foreign exchange standing facilities include all those with currency boards (11); all conventional pegs, except Iraq, and São Tomé and Príncipe (39); all crawling pegs, except Honduras (2); countries with crawl-like arrangements (4); countries classified as stabilized arrangements (8); and countries with other managed arrangements (3). The credibility of such arrangements depends largely on the availability of foreign exchange reserves backing the facility. Two countries with flexible exchange rates reported that they had foreign exchange standing facilities, similar to last year’s report. These countries are Turkey (floating) and Russia (free floating).

• Foreign exchange auctions—The number of countries reporting official foreign exchange auctions remained unchanged at 41. The composition of countries that conducted auctions remains largely similar to the previous year except for four countries: Albania indicated that foreign exchange auctions were used by the central bank for intervention purposes; Zimbabwe introduced a foreign exchange trading system in which the central bank regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate; Liberia, on the other hand, discontinued foreign exchange auctions in the context of the newly introduced interest-rate-targeting monetary policy framework; and Trinidad and Tobago reported that it is not conducting official foreign exchange auctions. In a significant majority (34 of 41) of countries foreign exchange auctions are the only mechanism operated by the central bank. More than a third (14) have de facto exchange rate regimes that are floating, including 2 that are free floating. Foreign exchange auctions can be used to intervene in the foreign exchange market and influence the exchange rate, support price discovery, and manage foreign exchange reserves.

Among various changes reported, Angola eliminated a 2 percent band around the average exchange rate of winning bids of the previous auction for auction bids, effectively eliminating the previously allowed maximum depreciation of the exchange rate of 2 percent per auction. It lowered the threshold for the size of bids for foreign exchange auctions but tightened requirements on the size of bids relative to an individual bank’s capital. Chile introduced a foreign currency sales program in December 2019 to smooth foreign exchange volatility but suspended it in January 2020 as conditions stabilized. Colombia broadened participation in auctions to include stock brokerages whose capital meets the minimum required for the establishment of a financial corporation and introduced various instruments, such as US dollar swaps and nondeliverable forwards, in auctions to strengthen foreign exchange liquidity and smooth exchange rate volatility. Georgia introduced foreign exchange options as a new instrument sold via auctions. Honduras tightened the band around which bids for foreign exchange purchases can be submitted. The COVID-19 crisis prompted central bank actions with respect to foreign exchange auctions: Mexico conducted auctions under the US dollar liquidity swap line to support foreign exchange...
liquidity and smooth volatility. It added to its toolkit the possibility of selling non-deliverable forwards settled by differences in US dollars and traded when Mexican markets are closed, to provide orderly operating conditions in the Mexican peso–US dollar exchange market, particularly during trading hours in Asia and Europe. Serbia applied favorable rates in both its fixed-method swap auctions and for purchases and sales of foreign exchange and foreign cash with residents who have foreign exchange accounts with the National Bank of Serbia. This was done to support the domestic financial system in response to COVID-19.

• **Foreign exchange allocation systems**—Twenty countries reported having a foreign exchange allocation system. This was an increase of one compared with the previous period as Papua New Guinea reported that it operated an allocation system. More than half of the countries (11) with allocation systems also rely on other mechanisms, mainly standing facilities or auctions. Virtually all of them have a de facto soft peg arrangement. Foreign exchange allocation is often used to provide foreign exchange for strategic imports, such as oil or food, when foreign exchange reserves are scarce. For instance, this facility is used to bolster exports (Bangladesh) and finance priority sector projects (Ethiopia) and strategic imports (Sudan and Suriname).

• **Fixing sessions**—This arrangement is characteristic of the early stage of foreign exchange market development, when price discovery may be difficult. Fixing sessions allow the central bank to organize sessions in which market participants can submit buying and selling bids. The central bank uses these bids to find the market clearing exchange rate. The number of countries that reported operating fixing sessions remained at five: the Islamic Republic of Iran, Mauritania, Mozambique, Syria, and Uzbekistan. Except for Iran, all rely solely on fixing sessions to intervene in the foreign exchange market. For example, Mauritania and Uzbekistan used this mechanism to determine the exchange rate based on the supply of and demand for foreign currency.

**Interbank and retail foreign exchange markets**

The number of countries that reported having a foreign exchange interbank market stood at 173. The 19 jurisdictions that do not have an interbank market are typically countries where either security concerns made the operation of a foreign exchange market difficult in recent years, such as Somalia, South Sudan, Venezuela, and Yemen; countries where the central bank maintains a conventional peg or currency board; or jurisdictions where there is no separate legal tender. The latter two groups of countries consist of Aruba, Belize, Bhutan, Dominica, Eritrea, Kiribati, Lesotho, Libya, the Marshall Islands, Micronesia, Montenegro, Nauru, Palau, Timor-Leste, and Tuvalu. In most cases, these countries are small, and the size of the territory naturally limits the number of potential participants in the foreign exchange market.

For countries that have an interbank market, the main types were over-the-counter markets, brokerage arrangements, and market-making arrangements. Thirty-two members allow all three types of systems.

• **Over-the-counter operations**—These account for most of the world’s interbank markets. The number of countries in this group has grown nearly every year since 2013, when it comprised 127 countries, and now stands at 146. There was a net gain of one compared with the previous reporting period due to revised reporting by Iraq; despite no formal interbank foreign exchange market in St. Kitts and Nevis and St. Vincent and the Grenadines, banks in these countries can trade freely with one another. Although this type of foreign exchange market appears to be gaining popularity among IMF members, 27 countries with interbank markets still report that they do not engage in over-the-counter operations. These countries do not share any particular characteristic in terms of size, income level, or financial market sophistication.

• **Brokerage arrangements**—50 countries reported having a brokerage system. Compared with the previous reporting period, Spain revised its reporting and indicated that there is a brokerage system in place.

• **Market-making agreements**—71 countries reported having market-making agreements, similar to the previous reporting period. In general, this group has been fairly stable in recent years.

Most member countries report a framework for the operation of foreign exchange bureaus; the majority impose some type of licensing requirement. Since the previous AREAER, Uzbekistan eased restrictions on exchange bureaus and allowed them to sell foreign exchange in cash to resident individuals. Previously, sales
of foreign exchange to resident individuals was cashless and took place through credit to their international bank cards. On the other hand, several countries tightened restrictions on the operation of exchange bureaus. Following the elimination of limits on the margin between exchange bureaus’ buying and selling rates of US dollar and euro banknotes in January 2019, Kazakhstan reintroduced the limits in March 2020 in the context of the COVID-19 crisis. In Morocco, the emigration allowance provided through foreign exchange bureaus was discontinued. Argentina, as part of its introduction of tighter controls on foreign exchange transactions in response to a balance of payments crisis, tightened the scope of activities that can be carried out by exchange bureaus. Previously, exchange bureaus could participate in public offerings of securities subject to relevant legal provisions; now they may only carry out foreign exchange transactions related to tourism and sales of travel tickets.

Most members refrain from restricting exchange rate spreads and commissions in the interbank market. Among countries that maintain such restrictions, Morocco increased the flexibility of the dirham exchange rate further, by relaxing the limits for the exchange rate fluctuation bands around the central rate to ±5 percent from ±2.5 percent and the limit for the exchange of foreign banknotes against the dirham to ±7.5 percent from ±5 percent around the central rate. In contrast, Malawi tightened the maximum spreads between buying and selling exchange rates to 2 percent for telegraphic transfer (TT) and 3 percent for cash, effective September 2019 (previously the maximum spreads were 3 percent for TT and 6 percent for cash). Serbia limited the allowable spread set by the postal operator and authorized dealers: the buying (selling) rate per euro cannot be more than 1.25 percent lower (higher) than the official midrate of the dinar against the euro. In addition, the commission for purchases of foreign cash may not exceed 1 percent (previously 3 percent) of the value of the banknotes involved.

Other Measures

Most of the changes in other measures during the reporting period refer to forward operations, exchange rate structure, other legal tender, and taxes on foreign exchange transactions.

• **Forwards**—12 easing measures and no tightening measures were reported on forward transactions across countries in this year’s AREAER. During the reporting period, Colombia allowed entities supervised by the Superintendencia Financiera (SF) to enter into credit default swaps issued by authorized foreign agents without the prior approval of the SF. Ukraine allowed banks to perform forward transactions with residents for the purpose of hedging debt operations in addition to export and import payments allowed previously. Malaysia took steps to further deepen its foreign exchange market by liberalizing derivatives transactions for hedging purposes: in August 2019, residents and nonresidents were allowed to hedge against their foreign currency current account obligations, and entities were allowed to hedge on behalf of their clients for any permissible underlying transactions. In April 2020, residents and nonresidents were allowed to cancel or unwind their forward positions except for hedges on portfolio investments; previously, such transactions required the prior approval from Bank Negara Malaysia. Other countries implemented measures that allowed market participants to manage their foreign exchange exposure more flexibly during the COVID-19 crisis. India allowed residents and nonresidents to enter into derivatives contracts to hedge anticipated or contracted exposure; users can now freely cancel and rebook derivatives contracts. Korea raised the limits on foreign exchange derivatives contracts as a share of banks’ capital in response to possible volatility in the foreign exchange market due to the COVID-19 crisis.

• **Exchange rate structure**—There were several changes in the number of countries maintaining a dual or multiple exchange rate structure. Currently, 23 countries are classified as having more than one exchange rate, of which 12 are dual and 11 are multiple. This is mainly a result of specific exchange rates applied to certain transactions or because of actual or potential deviations of more than 2 percent between official and other exchange rates and hence resulting in multiple currency practices under Article VIII (see next section). During this reporting period, the exchange rate structure of Tajikistan was reclassified from unitary to multiple because of the potential deviation of more than 2 percent between the prevailing market exchange rate and the official exchange rate, which is used for certain transactions and the somoni-Russian ruble exchange rate used for mandatory surrender of rubles. Although Sudan continued to have a multiple
exchange rate structure, the Central Bank of Sudan ceased intervening to determine the gold exchange rate; previously, the multiple exchange rate regime included a gold exchange rate used by the central bank for gold transactions. Similarly, The Bahamas continued to have a dual structure but allowed residents to negotiate the exchange rate of investment currency through authorized dealers instead of the central bank, as the Central Bank of The Bahamas stopped buying from or selling investment currency to the general public. Venezuela continued to have a multiple exchange rate structure, but individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts.

• Other legal tender—16 countries officially allow the use of another legal tender in their territory. Compared with the previous reporting period, Zimbabwe allowed any person to pay for goods and services chargeable in Zimbabwe dollars in foreign currency, using “free funds” (funds lawfully held or earned in foreign currency by any person) at the prevailing rate on the date of payment, beginning in March 2020, despite the declaration in June 2019 that the Zimbabwe dollar is the sole legal tender. The Democratic Republic of the Congo revised its reporting and indicated that the Congo franc is the only official legal tender. However, the central bank publishes exchange rates daily for certain listed and admitted currencies.

• Taxes and subsidies on foreign exchange transactions—Overall, 34 countries report taxing or subsidizing foreign exchange transactions during the reporting period, which is similar to the previous reporting period. The composition of the countries that report having an exchange tax or subsidy remains the same as in the previous reporting period. CEMAC countries eased the limit on transfer fees that may be charged on transfers of funds with the rest of the world. Libya reduced the surtax on sales of foreign currency for commercial or personal purposes beginning in August 2019.

**Member Countries’ Obligations and Status under Articles VIII and XIV**

This section provides an overview of the status of IMF members’ acceptance of the obligations of Article VIII, Sections 2(a), 3, and 4, of the IMF’s Articles of Agreement and of the use of the transitional arrangements of Article XIV. It also describes recent developments in restrictive exchange measures—namely, exchange restrictions and MCPs subject to IMF jurisdiction under Articles VIII and XIV and measures imposed by members solely for national and/or international security reasons.

In accepting the obligations of Article VIII, Sections 2(a), 3, and 4, members agree not to impose restrictions on payments and transfers for current international transactions or engage in discriminatory currency arrangements or MCPs, except with IMF approval. If Article XIV members introduce exchange restrictions or MCPs after joining the IMF, these restrictive measures are considered to have been imposed under Article VIII.

**Status under Articles VIII and XIV**

The number of countries that had accepted Article VIII status remained unchanged (Figure 3) at 172 in 2019. The share of Article VIII members increased in the first half of the decade 2000–10 and has remained flat at about 90 percent of total members in recent years. Since 2000, there has been some progress in Article VIII acceptance among countries that have availed themselves of the transitional provisions of Article XIV. Their number had dropped from 34 in 2000 to 17 by the end of 2018 and remained unchanged in 2019. Progress was most notable during 2000–05, when 15 Article XIV countries accepted Article VIII obligations. Since 2000, three countries have joined the IMF, simultaneously accepting Article VIII obligations (Montenegro, 30 Countries that have accepted the obligations under Article VIII are referred to as “Article VIII members” or “Article VIII countries”; in contrast, those that continue to avail themselves of the transitional provisions of Article XIV are referred to as “Article XIV members” or “Article XIV countries” in this report.
Nauru, Timor-Leste), while four other countries (Kosovo, Serbia, South Sudan, Tuvalu) joined the IMF availing themselves of the temporary provisions of Article XIV. Three of the four countries (Kosovo, Serbia, Tuvalu) meanwhile accepted Article VIII obligations.

As of December 31, 2019, many members in Article XIV status continue to maintain restrictions subject to IMF jurisdiction under Article VIII. Among the 17 members in Article XIV status, 3 do not maintain restrictions but have not yet decided to accept the obligations under Article VIII. Four countries maintain both original or adapted Article XIV exchange measures and Article VIII restrictions. The remaining 10 Article XIV countries maintain exchange measures under Article VIII only.

**Restrictive Exchange Measures**

The first section below describes recent developments in exchange restrictions—measures that limit the availability and use of foreign currency for payments and transfers for current international transactions—and MCPs subject to IMF jurisdiction under Articles VIII and XIV. In particular, changes in 2019 to exchange restrictions and MCPs are indicated as reported in the latest IMF staff reports as of December 31, 2019. The subsequent section describes developments in measures imposed by members solely for national or international security reasons during 2019.

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31 As of December 31, 2019, the member countries that make use of the transitional arrangements under Article XIV are Afghanistan, Angola, Bhutan, Bosnia and Herzegovina, Burundi, Eritrea, Ethiopia, Iraq, Liberia, Maldives, Myanmar, Nigeria, São Tomé and Príncipe, Somalia, South Sudan, Syria, and Turkmenistan.
Exchange restrictions and multiple currency practices

The number of countries maintaining restrictive exchange measures decreased by 2 in 2019, and their composition has also changed (Table 7). Article VIII members maintained a few more restrictive exchange measures in 2019 (67 measures) than Article XIV members (63 measures).

In 2019, four Article VIII members removed all previously identified restrictive measures and now maintain an exchange system free of exchange restrictions and MCPs: Greece (three exchange restrictions), Mauritius (one MCP), Montenegro (one exchange restriction), Sri Lanka (three exchange restrictions). On the other hand, four exchange restrictions and two MCPs were identified in two other Article VIII members that previously maintained an exchange system free of restrictions. As a result, the overall number of Article VIII countries and Article XIV members that maintain restrictive exchange measures decreased by 2, to 48 members in 2019.

The overall number of restrictive exchange measures decreased by 1 in 2019, including 2 measures by Article VIII members, while the number of such measures by Article XIV countries increased by 1. In 2019, 14 restrictive measures (11 exchange restrictions and 3 MCPs) were reported to have been eliminated, while 13 measures (8 exchange restrictions and 5 MCPs) were newly identified. Article VIII members account for 9 of the 13 new measures (6 exchange restrictions and 3 MCPs) and 11 of the 14 removals (8 exchange restrictions and 3 MCPs).

New restrictive measures were identified in 6 countries in 2019; for example, in Ecuador (one exchange restriction), Honduras (one MCP), Pakistan (one exchange restriction and two MCPs). In contrast, 6 countries eliminated some restrictive measures, but not all—Angola (one exchange restriction), the Democratic Republic of the Congo (one MCP), Honduras (one MCP), Iraq (one exchange restriction), Myanmar (one exchange restriction), and Tunisia (one exchange restriction)—while 4 other countries removed all their restrictive measures (see above).

Although the overall number of restrictive measures maintained by Article XIV countries was lower than in Article VIII members in 2019, given the relatively small number of Article XIV members, they continued to maintain significantly more restrictions and MCPs per country than Article VIII countries. The average number of measures per country increased to 4.50 from 4.43 for Article XIV countries and to 1.97 from 1.92 for Article VIII countries. The overall average number of such measures grew to 2.71 from 2.62 per country in 2019.

The types of newly identified exchange restrictions vary in nature. For example, in Ecuador, one new exchange restriction was identified arising from the SUCRE (Sistema Unitario de Compensación Regional de Pagos) regional payment arrangement, under which the period for settlement for current payments exceeds three months. Pakistan introduced an exchange restriction on advance payment for imports against letters of credit to support the balance of payments at a time of heightened volatility. Amid foreign exchange market imbalances in South Sudan, the central bank prioritizes foreign exchange allocation for external government payments and for certain essential commodities.

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32 Countries maintaining exchange restrictions or multiple currency practices whose IMF staff reports are unpublished are not mentioned in this section unless the authorities have consented to publication. However, their restrictive measures are included in the numbers.
33 The AREAER does not indicate whether the Executive Board of the IMF has approved such measures.
34 Both the introduction and removal of these measures in Sri Lanka were reflected in IMF staff reports as of December 31, 2019.
35 This section does not reflect changes in members’ restrictive measures eliminated in 2019 but whose removal is reflected in the IMF staff reports issued after December 31, 2019.
36 Unitary System of Regional Compensation of Payments.
37 This exchange restriction was imposed in 2018; its introduction was reflected in the IMF staff report as of December 31, 2019.
The elimination of exchange restrictions also affected different types of transactions. Angola eliminated restrictions arising from the operation of a priority list. Greece removed three exchange restrictions arising from (1) limits and discretionary approval of foreign exchange purchases for some current international transactions; (2) discretionary approval of transfers for the repayment of external loans and of income from investments; and (3) limits on withdrawal of cash from bank accounts in Greece. In Iraq, an exchange restriction arising from an Iraqi balance owed to Jordan under an inoperative bilateral payment agreement has been eliminated. In Montenegro, with the redemption of government bonds in compensation for pre-1992 blocked foreign currency savings accounts, an exchange restriction with respect to these accounts ceased to exist. Myanmar removed the tax certification requirement for transfers of net investment income abroad. Sri Lanka eliminated three exchange restrictions introduced in 2018 arising from measures aimed at restricting payments for certain imports by imposing cash margins on letters of credit and imports under documents-against-acceptance terms, and by restricting foreign exchange conversion for advance payments. Tunisia stopped banning trade credits for imports that were deemed nonessential.

Most newly identified MCPs in 2019 were the result of application of different exchange rates for certain transactions. For example, in Honduras, an MCP was identified because in some exchange transactions, the previous days’ official exchange rates (TCR) can be used, which could potentially deviate by more than 2 percent from the TCR and the interbank market rate of the current day. Two MCPs were identified in South Sudan arising from a spread exceeding 2 percent between the official (indicative) rate and commercial banks’ (market) rate and the parallel market rate, respectively.

Three different MCPs were reported to have been eliminated in 2019. In the Democratic Republic of the Congo, an MCP related to a fixed exchange rate in a bilateral payments agreement with Zimbabwe was removed. Honduras eliminated a potential MCP arising from a deviation of more than 2 percent between successful bids within the foreign exchange auction. Mauritius eliminated an MCP by discontinuing the Exchange Rate Support Scheme, which was implemented in 2017 to provide a temporary subsidy to exporters in light of the depreciation of the US dollar.

Table 8 provides the description of restrictive exchange measures as indicated in the latest IMF staff reports as of December 31, 2019. Excluded from Table 8 are member countries that have not consented to the publication of such measures described in unpublished IMF staff reports.

**Exchange measures maintained for security reasons**

Several member countries maintain measures solely for national and/or international security reasons, which could give rise to exchange restrictions under IMF jurisdiction if applied to payments and transfers for current international transactions. These restrictions, like others, require prior IMF approval under Article VIII, Section 2(a). However, because the IMF does not provide a suitable forum to discuss the political and military considerations that lead to measures of this kind, it established a special procedure for such measures to be notified to and approved by the IMF. In total, 119 member countries reported in 2019 to the IMF that they maintained measures solely for security reasons, including 17 members that reported introducing or changing such measures in 2019. The majority of the restrictions are financial sanctions to combat the financing of terrorism or financial sanctions against certain governments, entities, and individuals in accordance with United Nations Security Council resolutions, EU regulations, or decisions adopted by members on their own initiative.

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38 Both introduction and removal of these measures were reflected in the IMF staff report as of December 31, 2019.
39 This MCP was removed in March 2018; its removal was reflected in the IMF staff report as of December 31, 2019.
40 See Decision No. 144-(52/51) in International Monetary Fund, Selected Decisions and Selected Documents of the International Monetary Fund, Issue 3, Washington, DC, 2012.
Table 7. Exchange Restrictions and Multiple Currency Practices, January 1–December 31, 2019

<table>
<thead>
<tr>
<th>Member under …</th>
<th>Article XIV status</th>
<th>Article VIII status</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of restrictions and multiple currency practices maintained by members&lt;sup&gt;1&lt;/sup&gt;</td>
<td>57</td>
<td>62</td>
<td>63</td>
</tr>
<tr>
<td>Restrictions on payments for imports</td>
<td>7</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Advance import deposit and margin requirements</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Restrictions on advance payments</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Requirement to balance imports with export earnings</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Tax clearance requirements</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Restrictions on payments for invisibles</td>
<td>16</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Education</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Medical services</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Travel services</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Income on investment</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Tax clearance requirement</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Interest on deposits and bonds</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Profits and dividends</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Foreign exchange balancing for profit remittances</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Restrictions on amortization on external loans</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Restrictions on unrequited transfers</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Nonresident accounts</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Transferability of frozen or blocked deposits</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Limits on usage of foreign currency accounts</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Restrictions arising from bilateral or regional payment, barter, or clearing arrangements: Unsettled debit balances</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Restrictions with general applicability</td>
<td>10</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Administered allocations, rationing and undue delay</td>
<td>6</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Payments above a threshold</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tax clearance certificates</td>
<td>0</td>
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<td>1</td>
</tr>
<tr>
<td>Exchange taxes</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Surrender of export earnings to have access to foreign exchange</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Multiple currency practices</td>
<td>16</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Exchange taxes</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Exchange subsidies</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Multiple price auctions</td>
<td>2</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Differentials between official, commercial, and parallel rates</td>
<td>11</td>
<td>12</td>
<td>14</td>
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<tr>
<td>Margin requirements</td>
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<td>0</td>
</tr>
<tr>
<td>Non-interest-bearing blocked accounts</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Table 7 (concluded)

<table>
<thead>
<tr>
<th>Member under …</th>
<th>Article XIV status</th>
<th>Article VIII status</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest-bearing advance import deposits</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Exchange rate guarantees</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Memorandum items:

<table>
<thead>
<tr>
<th></th>
<th>Article XIV status</th>
<th>Article VIII status</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of restrictions per member</td>
<td>4.1</td>
<td>4.4</td>
<td>4.5</td>
</tr>
<tr>
<td>Number of countries with restrictions</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

Sources: AREAER database; and IMF staff reports.

1 Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People’s Republic of China).

Table 8. Exchange Restrictions and/or Multiple Currency Practices, by Country, as of December 31, 2019

<table>
<thead>
<tr>
<th>Country1</th>
<th>Exchange Restrictions and/or Multiple Currency Practices2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>The IMF staff report for the 2018 Article IV Consultation with Albania states that, as of January 3, 2019, Albania maintained an exchange restriction in the form of outstanding debit balances on inoperative bilateral payment agreements. These were in place before Albania became an IMF member in 1991 and relate primarily to debt in nonconvertible and formerly nonconvertible currencies. (Country Report No. 19/29)</td>
</tr>
<tr>
<td>Angola</td>
<td>The IMF staff report for the Second Review of the Extended Arrangement Under the Extended Fund Facility, Requests for a Waiver of Nonobservance of Performance Criteria, Modifications of Performance Criteria, and Financing Assurances Review with Angola referencing the 2018 Article IV Consultation with Angola (Country Report No. 18/156) states that, as of November 25, 2019, Angola maintained restrictions on the making of payments and transfers for current international transactions under the transitional arrangements of Article XIV, Section 2. The measures maintained pursuant to Article XIV are: (1) limits on the availability of foreign exchange for invisible transactions, i.e. travel expenses; and (2) limits on unrequited transfers to foreign-based individuals and institutions. In addition, Angola maintains two exchange restrictions subject to IMF jurisdiction under Article VIII, Section 2(a) resulting from (1) the discriminatory application of the 0.1% stamp tax on foreign exchange operations by natural persons; and (2) a special tax of 10% on transfers to nonresidents under contracts for foreign technical assistance or management services. Angola also maintains three multiple currency practices that are subject to approval under Article VIII, Section 3 arising from the lack of a mechanism to prevent potential spreads in excess of 2% emerging (1) between successful bids within the BNA’s foreign exchange auction; and (2) for transactions that take place at the reference rate in place and the rate at which transactions take place in the foreign exchange auction on that day; and (3) the discriminatory application of the 0.1% stamp tax on foreign exchange operations by natural persons. (Country Report No. 19/371) The IMF staff report for the Second Review of the Extended Arrangement Under the Extended Fund Facility, Requests for a Waiver of Nonobservance of Performance Criteria, Modifications of Performance Criteria, and Financing Assurances Review with Angola states that effective November 25, 2019, the exchange restriction arising from the operation of a priority list was eliminated. (Country Report No. 19/371)</td>
</tr>
<tr>
<td>Argentina</td>
<td>The IMF staff report for the Fourth Review under the Stand-By Arrangement, Request for Waivers of Applicability and Modification of Performance Criteria, and Financing Assurances Review with Argentina states that, as of July 3, 2019, the retention of the multiple currency price auction put in place in June 2018 that staff has assessed gives rise to the multiple currency practice. (Country Report No. 19/232)</td>
</tr>
<tr>
<td>Armenia</td>
<td>The IMF staff report for the 2019 Article IV Consultation and Request for a Stand-By Arrangement with Armenia states that as of May 3, 2019, Armenia maintained one MCP which arises from a 2007 agreement between the MOF and CBA to settle some budgetary transactions at an agreed accounting exchange rate throughout the fiscal year. (Country Report No. 19/154)</td>
</tr>
<tr>
<td>Aruba-Kingdom of the Netherlands</td>
<td>The IMF staff report for the 2019 Article IV Consultation with the Kingdom of the Netherlands—Aruba states that, as of May 6, 2019, Aruba maintained an unapproved exchange restriction arising from the foreign exchange tax on payments by residents to nonresidents (1.3% of the transaction value). (Country Report No. 19/148)</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Bangladesh states that, as of August 7, 2019, Bangladesh maintained one restriction subject to IMF approval under Article VIII, Section 2(a) on the convertibility and transferability of proceeds of current international transactions in nonresident taka accounts. (Country Report No. 19/299)</td>
</tr>
</tbody>
</table>
Table 8 (continued)

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<thead>
<tr>
<th>Country</th>
<th>Exchange Restrictions and/or Multiple Currency Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhutan</td>
<td>The IMF staff report for the 2018 Article IV Consultation with Bhutan states that, as of August 7, 2018, Bhutan continues to avail itself of transitional arrangements under Article XIV, Section 2, pursuant to which it maintains exchange restrictions in connection with: (1) the availability of foreign exchange for travel, except for medical travel abroad by Bhutanese citizens, invisibles, and private transfers; (2) foreign exchange balancing requirement on remittances of income in convertible currencies or other foreign currencies from FDI; and (3) the availability of foreign exchange for imports of goods and services, debt payments and invisibles, and (4) the requirement to pay the interest on and amortization of external loans from their own convertible currency resources; (5) requiring Bhutanese companies to pay the interest on and amortization of external claims of Indian rupees for making payments and transfers to India for certain current international transactions and banning the access to Indian rupees for unrelated current international transactions for those who contravene Royal Monetary Authority's (RMA) 2012 guidelines on Indian rupee transactions. (Country Report No. 19/242)</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>The IMF staff report for the 2017 Article IV Consultation, First Review under the Extended Arrangement under the Extended Fund Facility, Requests for Extension of the Arrangement, Rephasing of Purchases and Waiver of Nonobservance of Performance Criterion with Bosnia and Herzegovina states that, as of January 29, 2018, Bosnia and Herzegovina maintained restrictions on the transferability of balances and interest accrued on frozen foreign currency deposits, subject to IMF jurisdiction under Article VIII. (Country Report No. 18/39)</td>
</tr>
<tr>
<td>Brazil</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Brazil states that, as of June 26, 2019, the tax on financial transactions (Imposto sobre Operações Financeiras, IOF) of 6.38% on exchange transactions carried out by credit card, debit card, and traveler's checks (including cash withdrawals) companies in order to fulfill their payment obligations for purchases of goods and services abroad by their customers gives rise to a multiple currency practice (MCP) subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3. In January 2008, the IOF for these exchange transactions was raised to 2.38% and then further increased to 6.38% in March 2011. The scope of operations was expanded to other foreign exchange transactions than with credit cards in December 2013. (Country Report No. 19/242)</td>
</tr>
<tr>
<td>Burundi</td>
<td>The IMF staff report for the 2014 Article IV Consultation, Fifth Review under the Three-Year Arrangement under the Extended Credit Facility states that, as of July 29, 2014, Burundi maintained one MCP that is inconsistent with Article VIII, Section 2(a): the exchange rate used for government transactions differs by more than 2% from market exchange rates. (Country Report No. 14/293)</td>
</tr>
<tr>
<td>Colombia</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Colombia states that, as of April 8, 2019, Colombia maintains an exchange restriction subject to IMF approval under Article VIII arising from the special regime for the hydrocarbon sector (see IMF Country Report No. 13/35 for details). (Country Report No. 19/106)</td>
</tr>
<tr>
<td>Congo, Democratic Republic of the</td>
<td>The IMF staff report for the Staff-Monitored Program and Request for Disbursement Under the Rapid Credit Facility states that, as of December 5, 2019, the DRC maintained one exchange rate restriction subject to IMF approval arising from an outstanding net debt position against other contracting members under the inoperative regional payments agreement with the Economic Community of the Great Lakes Countries. (Country Report No. 19/388)</td>
</tr>
<tr>
<td>Ecuador</td>
<td>The IMF staff report for the First Review Under the Extended Fund Facility Arrangement, Requests For Waiver of Nonobservance of Performance Criterion, Modification of Performance Criteria, and Financing Assurances Review with Ecuador states that, as of June 14, 2019, Ecuador maintains an existing exchange restriction arising from the 5% tax on transfers abroad (impuesto a la salida de divisas (ISD)) when making of payments and transfers on current international transactions. One new exchange restriction was identified arising from the SUCRE (Sistema Unitario de Compensación Regional de Pagos (Unitary System of Regional Compensation of Payments)) regional payment arrangement. The payments arrangement gives rise to an exchange restriction because the period for settlement under the bilateral payment arrangement exceed three months. (Country Report No. 19/210)</td>
</tr>
<tr>
<td>Egypt</td>
<td>The IMF staff report for the 2017 Article IV Consultation Second Review Under the Extended Arrangement Under the Extended Fund Facility, and Request for Modification of Performance Criteria with Egypt states that, as of December 11, 2017, maintained one exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3 arising from a net debtor position under an inoperative bilateral payments arrangement with Bulgaria. (Country Report No. 18/14)</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Ethiopia states that, as of December 11, 2019, Ethiopia maintained four restrictions on payments and transfers for current international transactions, which relate to: (1) the tax certification requirement for repatriation of dividend and other investment income; (2) restrictions on repayment of legal external loans and suppliers of foreign partners credits; (3) the prioritization and rationing of foreign exchange to certain imports of goods and services, debt payments and invisibles, and (4) the requirement to provide a clearance certificate from the NBE to obtain import permits. These restrictions are inconsistent with Article VIII, Section 2(a), of the IMF's Articles of Agreement. (Country Report No. 20/29)</td>
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<tr>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>Fiji</td>
<td>The IMF staff report for the 2018 Article IV Consultation with Fiji states that, as of January 31, 2019, exchange restrictions subject to Article VIII arise from the Fiji Revenue and Customs Authority tax certification requirements on the transfer abroad of profits and dividends, on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments and from limits on large payments (e.g., oil imports and dividends repatriation of foreign banks). (Country Report No. 19/57)</td>
</tr>
<tr>
<td>Gabon</td>
<td>The IMF staff report for 2019 Article IV Consultation Fourth and Fifth Reviews under the Extended Arrangement under the Extended Fund Facility, and Request for Waiver of Nonobservance of Performance Criteria, and Rephasing of the Remaining Purchases with Gabon states that, as of December 4, 2019, Gabon maintained a 1.5% tax on wire transfers abroad that is not consistent with Gabon's obligations under Article VIII, Section 2(a) of the Articles of Agreement. The proceeds of this tax are used to fund Gabon's health insurance scheme. (Country Report No. 19/389)</td>
</tr>
<tr>
<td>Ghana</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Ghana states that, as of November 21, 2019, Ghana maintained one exchange restriction and an MCP subject to IMF approval. The exchange restriction arises from the limitation/prohibition in purchasing and transferring foreign exchange for import transactions by importers who have not submitted to the commercial bank customs entry forms for any past foreign exchange transactions related to imports, and which are unrelated to the underlying transaction. An MCP also arises because the Bank of Ghana (BOG) requires the use of its internal rate (that is, the previous day's weighted average interbank exchange rate) for government transactions and the surrender of foreign exchange proceeds from cocoa exports funded through the cocoa syndicated loan without having a mechanism in place to ensure that, at the time of the transaction, this exchange rate does not differ from the rate prevailing in the market rate (that is, the interbank exchange rate) and the rates used by banks in their transactions with their customers by more than 2%. (Country Report No. 19/367)</td>
</tr>
<tr>
<td>Guinea</td>
<td>The IMF staff report for the First Review of the Arrangement under the Three-Year Extended Credit Facility, Financing Assurances Review, and Request for Modification and for Waivers of Nonobservance of Performance Criteria with Guinea states that, as of June 8, 2018, the foreign exchange system gives rise to an MCP because the reference rate can potentially deviate by more than 2% from the commercial banks' purchase and sales rates on a given day. (Country Report No. 18/254)</td>
</tr>
<tr>
<td>Honduras</td>
<td>The IMF Staff Report for the 2019 Article IV Consultation and Request for a Stand-By Arrangement and an Arrangement under the Standby Credit Facility, states that, as of June 21, 2019, maintained two multiple currency practices subject to IMF approval under Article VIII, Section 3: (1) One MCP arises because there is no mechanism to prevent a potential deviation of more than 2% between the Reference Exchange Rate (TCR) of the day at which certain transactions take place and the exchange rates at which foreign exchange is sold at the foreign exchange auction or the foreign exchange interbank market at that day. A second MCP arises from the possible use of previous days' official exchange rates (TCR) in certain exchange rate transactions (e.g. in foreign exchange sales by authorized dealers to the Central Bank of Honduras (BCH) of amounts bought from customers or amounts that exceed the limits set by the BCH for such dealers) which rates may potentially deviate by more than 2% from the TCR and the interbank market rate on the day when foreign exchange rate transactions take place. (Country Report No. 19/236)</td>
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<tr>
<td>India</td>
<td>The IMF staff report for the 2019 Article IV Consultation with India states that, as of October 17, 2019, India maintained the following restrictions on the making of payments and transfers for current international transactions, which are subject to IMF approval under Article VIII, Section 2(a): restrictions related to the non-transferability of balances under the India–Russia debt agreement; restrictions arising from unsettled balances under inoperative bilateral payments arrangements with two Eastern European countries; and a restriction on the transfer of amortization payments on loans by nonresident relatives. (Country Report No. 19/385)</td>
</tr>
<tr>
<td>Iran</td>
<td>The IMF staff report for the 2018 Article IV Consultation with Islamic Republic of Iran states that, as of March 7, 2018, Iran maintained MCPs and an exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3: (1) An MCP and an exchange restriction arise from the establishment of an official exchange rate for use in some exchange transactions, which in practice differs by more than 2% from the rate used by foreign exchange bureaus. (2) An MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange commitments were made through LCs opened prior to March 21, 2002, under the previous multiple exchange rate system. (3) An MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange payment commitments were made through LCs or bank drafts prior to July 24, 2012. (Country Report No. 18/93)</td>
</tr>
<tr>
<td>Iraq</td>
<td>The IMF staff report for 2019 Article IV Consultation with Iraq states that, as of July 3, 2019, Iraq continues to avail itself of the transitional arrangements under Article XIV, Section 2, but no longer maintains any exchange restrictions or MCPs subject to Article XIV, Section 2, and currently maintains one MCP subject to IMF approval under Article VIII, Section 3. The MCP arises from the lack of a mechanism to ensure that the exchange rate at the Central Bank of Iraq (CBI) foreign exchange window and the market rates (retail exchange rates of commercial banks and exchange bureaus for the sale of foreign currency from sources other than the CBI foreign exchange window) do not deviate from each other by more than 2%. A previously identified exchange restriction arising from an Iraqi balance owed to Jordan under an inoperative bilateral payment agreement has been eliminated. (Country Report No. 19/248)</td>
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<th>Country</th>
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<tbody>
<tr>
<td>Jamaica</td>
<td>The IMF staff report for 2018 Article IV Consultation, Third Review under the Stand-By Arrangement and Request for Modification of Performance Criteria states that, as of March 3, 2018, Jamaica maintained an MCP, subject to IMF approval under Article VIII, Section 3, due to the absence of a mechanism in the multiple price foreign currency auction to prevent exchange rates of accepted bids from deviating by more than 2%. (Country Report No. 18/103)</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Kyrgyz Republic states that, as of May 23, 2019, Kyrgyz Republic maintained an MCP arising from the use of the official exchange rate for government transactions. The official rate may differ by more than 2% from market rates because it is based on the average transaction-weighted rate of the preceding day. In practice, the official and market exchange rates have stayed within a 2% band since early 2018. The authorities intend to continue to use the official exchange rate for government transactions. (Country Report No. 19/297)</td>
</tr>
<tr>
<td>Lesotho</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Lesotho states that, as of April 8, 2019, Lesotho maintained one exchange restriction arising from single discretionary allowances of M 1 million an individual a calendar year, for residents over 18, and of M 200,000 on the same basis for residents under 18. The availability of foreign exchange beyond these limits is subject to a discretionary approval on a case-by-case basis. (Country Report No. 19/113)</td>
</tr>
<tr>
<td>Maldives</td>
<td>The IMF staff report for the 2019 Article IV Consultation with Maldives, states that, as of April 30, 2019, Maldives continues to avail itself of the transitional provisions of Article XIV but no longer maintains any measures under this provision, and has not yet accepted the obligations of Article VIII, Sections 2, 3, and 4. It maintains an exchange restriction subject to IMF approval under Article VIII, Section 2(a) of the IMF’s Articles of Agreement arising from a shortage of foreign exchange at the official rate which leads to the Maldives Monetary Authority (MMA) rationing its supply of foreign exchange to commercial banks. This results in a channeling of foreign exchange transactions for current international transactions to the parallel market where transactions take place at an exchange rate that deviates by more than 2% from the prevailing market exchange rate. The greater than 2% spread gives rise to multiple currency practice subject to IMF approval under Article VIII, Section 3 and also to an exchange restriction, given the additional cost involved for obtaining foreign exchange. The extent of rationing has been eased over the past two years by increasing the amounts provided to commercial banks and adjusting amounts in line with seasonal patterns. The official exchange rate used by the MMA for government transactions is calculated based on the midpoint of the weighted average of the buying and selling rates of foreign exchange transactions conducted by commercial banks one day earlier. The lack of a mechanism to prevent the spread between this official exchange rate used by the MMA for government transactions and the prevailing market exchange rate from deviating by more than 2% gives rise to a multiple currency practice subject to IMF approval under Article VIII, Section 3. (Country Report No. 19/297)</td>
</tr>
<tr>
<td>Mongolia</td>
<td>The IMF staff report for the 2019 Article IV Consultation, with Mongolia states that, as of August 2, 2019, Mongolia maintained two MCPs subject to IMF jurisdiction. First, the modalities of the multi-price auction system give rise to an MCP because there is no mechanism in place that ensures that exchange rates of accepted bids at the multi-price auction do not deviate by more than 2%. In addition, Mongolia has an official exchange rate (reference rate) that is mandatorily used for government transactions (as opposed to the commercial market rate). Therefore, by way of official action, the authorities have created market segmentation. While Order #699 of the Bank of Mongolia (BOM) issued on December 3, 2010, sets forth that the reference rate is determined based on the weighted average of market rates used from 4 p.m. of the previous day to 4 p.m. of the current day, staff are of the view that this Order does not eliminate the market segmentation and the multiplicity of effective rates arising from it. Accordingly, in the absence of a mechanism to ensure that the commercial rates and the reference rate do not deviate by more than 2%, the way the reference rate is used in government transactions gives rise to an MCP subject to IMF approval. (Country Report No. 19/297)</td>
</tr>
<tr>
<td>Myanmar</td>
<td>The IMF staff report for the 2018 Article IV Consultation with Myanmar states that, as of February 25, 2019, Myanmar continues to avail itself of transitional arrangements under Article XIV, although it has eliminated all Article XIV restrictions. Myanmar has made significant progress toward satisfying Article VIII obligations. However, Myanmar maintains an MCP subject to the IMF’s jurisdiction under Article VIII, Section 3. The authorities have removed the exchange restriction arising from the tax certification requirement for transfers of net investment income abroad by revising the relevant provision in the new investment law and rules and by confirming that the practice conforms to the new provision. (Country Report No. 19/100)</td>
</tr>
<tr>
<td>Nepal</td>
<td>The IMF staff report for the 2018 Article IV Consultation with Nepal states that as of January 24, 2019, the Industrial Enterprises Act places a 75% limit on the conversion and transfer to foreign currency of salaries of nonresidents from countries where convertible currency is in circulation. Since the limit applies to amounts that may be less than net salaries, it gives rise to an exchange restriction under Article VIII. (Country Report No. 19/60)</td>
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</table>
The IMF staff report for the 2019 Article IV Consultation with South Sudan states that, as of March 13, 2019, South Sudan maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF’s Articles of Agreement: (1) an exchange restriction arising from the prohibition to access foreign exchange at the Nigerian foreign exchange markets for the payment of imports of 42 categories of items; (2) an exchange restriction arising from the rationing of foreign exchange in the Central Bank of Nigeria’s (CBN’s) IFEM and Secondary Market Intervention Sale (SMIS) windows, and its allocation based on the CBN’s determination of priority categories of transactions; and (3) an exchange restriction arising from existing limits on the amounts of foreign exchange available when traveling abroad (business travel allowance (BTA)/personal travel allowances (PTAs)), which cannot be exceeded even on verification of the bona fide nature of the transaction. In addition, Nigeria maintains the following MCPs subject to IMF approval under Article VIII, Section 3 of the IMF’s Articles of Agreement: (1) an MCP arising from the intervention practice of the CBN that results in the establishment of an official exchange rate for use in all official transactions, which in practice differs by more than 2% from the rate used by commercial banks in the CBN foreign exchange windows (SMIS, SME, IFEX, and Invisibles), and by money transfer operators; (2) an MCP arising from the large spread between the official exchange rate and the rates in the parallel market, caused by the CBN’s limitation on the availability of foreign exchange which channels current international transactions to such market; and (3) an MCP arising from the potential spread of more than 2% in the exchange rates at which the CBN sells foreign exchange to successful auction bidders in the SMIS window. (Country Report No. 19/92)

The IMF staff report for the Request for an Extended Arrangement under the Extended Fund Facility with Pakistan states that, as of June 28, 2019, import restrictions and an MCP, which are subject to approval under Article VIII of the IMF’s Articles of Agreement, were introduced to support the balance of payments at a time of heightened volatility. Specifically, Pakistan maintains (1) a requirement to fully pre-fund LCs, imposed in early 2017; and (2) an exchange restriction on advance payment for imports against LCs, imposed in July 2018. (Country Report No. 19/212)

The IMF staff report for the 2018 Article IV Consultation with Papua New Guinea states that, as of November 9, 2018, Papua New Guinea maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF’s Articles of Agreement arising from the following: (1) the requirement to obtain a tax clearance certificate evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions and (2) the rationing of foreign exchange and its allocation by the Bank of Papua New Guinea (BPNG) to certain priority items, which results in undue delays and arrears in current international payments. Papua New Guinea also maintains the following MCPs subject to IMF approval under Article VIII, Section 3: (1) an MCP arising from the spread of more than 2% between the rates set by the BPNG for its foreign exchange allocations to authorized foreign exchange dealers (AFEDs) and the rates used by AFEDs in transactions with their clients and (2) an MCP arising from the potential spread of more than 2% between the rates set by the BPNG for its foreign exchange transactions with the government and embassies and the rates used by AFEDs in transactions with their clients. (Country Report No. 18/552)

The IMF staff report for the Request for a 40-month Arrangement Under the Extended Credit Facility with São Tomé and Príncipe states that, as of September 9, 2019, São Tomé and Príncipe continues to avail itself of the transitional arrangements under Article XIV, but it does not maintain restrictions under Article XIV. However, it maintains restrictions subject to IMF approval under Article VIII. One exchange restriction regarding limitations on the transferability of net income from investment arises from Article 5(g) and Article 18 of the Investment Code (Law No. 19/2016). This restriction results from the requirement that taxes and other obligations to the government have to be paid/fullfilled as a condition for transfer, to the extent the requirement includes the payment of taxes and the fulfillment of obligations unrelated to the net income to be transferred. The second exchange restriction arises from limitations on the availability of foreign exchange through rationing of foreign exchange by the Bank of São Tomé and Príncipe (BCSTP). This exchange restriction also gives rise to a multiple currency practice as the rationing has channeled bona fide current transactions to the parallel market where the exchange rate is at a spread of more than 2% from the exchange rate in the formal market. (Country Report No. 19/315)

The IMF staff report for the 2019 Article IV Consultation and Second Review under the Policy Coordination Instrument with Serbia states that as of June 28, 2019, Serbia maintained a system free of restrictions on payments and transfers for current international transactions, except with respect to blocked pre-1991 foreign currency savings deposits (IMF Country Report No. 02/105). (Country Report No. 19/238)

The IMF staff report for the 2018 Article IV Consultation with Serbia states that, as of June 28, 2019, Serbia maintained a system free of restrictions on payments and transfers for current international transactions, except with respect to blocked pre-1991 foreign currency savings deposits (IMF Country Report No. 02/105). (Country Report No. 19/238)

The IMF staff report for the 2018 Article IV Consultation with Papua New Guinea states that, as of November 9, 2018, Papua New Guinea maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF’s Articles of Agreement arising from the following: (1) the requirement to obtain a tax clearance certificate evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions and (2) the rationing of foreign exchange and its allocation by the Bank of Papua New Guinea (BPNG) to certain priority items, which results in undue delays and arrears in current international payments. Papua New Guinea also maintains the following MCPs subject to IMF approval under Article VIII, Section 3: (1) an MCP arising from the spread of more than 2% between the rates set by the BPNG for its foreign exchange allocations to authorized foreign exchange dealers (AFEDs) and the rates used by AFEDs in transactions with their clients and (2) an MCP arising from the potential spread of more than 2% between the rates set by the BPNG for its foreign exchange transactions with the government and embassies and the rates used by AFEDs in transactions with their clients. (Country Report No. 18/552)

The IMF staff report for the Request for a 40-month Arrangement Under the Extended Credit Facility with São Tomé and Príncipe states that, as of September 9, 2019, São Tomé and Príncipe continues to avail itself of the transitional arrangements under Article XIV, but it does not maintain restrictions under Article XIV. However, it maintains restrictions subject to IMF approval under Article VIII. One exchange restriction regarding limitations on the transferability of net income from investment arises from Article 5(g) and Article 18 of the Investment Code (Law No. 19/2016). This restriction results from the requirement that taxes and other obligations to the government have to be paid/fullfilled as a condition for transfer, to the extent the requirement includes the payment of taxes and the fulfillment of obligations unrelated to the net income to be transferred. The second exchange restriction arises from limitations on the availability of foreign exchange through rationing of foreign exchange by the Bank of São Tomé and Príncipe (BCSTP). This exchange restriction also gives rise to a multiple currency practice as the rationing has channeled bona fide current transactions to the parallel market where the exchange rate is at a spread of more than 2% from the exchange rate in the formal market. (Country Report No. 19/315)
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<td>Sudan</td>
<td>The IMF staff report for the 2017 Article IV Consultation with Sudan states that, as of November 15, 2017, Sudan maintained the following measures subject to IMF jurisdiction under Article VIII, Sections 2 (a) and 3: (1) an exchange restriction arising from the government’s limitations on the availability of foreign exchange and the allocation of foreign exchange to certain priority items; (2) an MCP and exchange restriction arising from the establishment by the government of a system of multiple exchange rates used for official and commercial transactions (that is, the Central Bank of Sudan (CBSO) rate, the wheat rate, and the commercial bank incentive rate), which gives rise to effective exchange rates that deviate by more than 2%; (3) an MCP and exchange restriction arising from large spreads between the CBSO rate and the parallel market exchange rate because of the CBSO’s limitation on the availability of foreign exchange which channels current international transactions to the parallel market; and (4) an exchange restriction and an MCP arising from the imposition by the government of a cash margin requirement for most imports. (Country Report No. 17/364)</td>
</tr>
<tr>
<td>Syria</td>
<td>The IMF staff report for the 2009 Article IV Consultation with Syria states that, as of February 12, 2010, Syria continued to maintain, under Article XIV, restrictions on payments and transfers for current international transactions, including administrative allocation of foreign exchange. Syria also maintained exchange measures that are subject to IMF approval under Article VIII: (1) prohibition against purchases by private parties of foreign exchange from the banking system for some current international transactions; (2) an MCP resulting from divergences of more than 2% between the official exchange rate and officially recognized market exchange rates; (3) a non-interest-bearing advance import deposit requirement of 75%–100% for public sector imports; and (4) an exchange restriction arising from the net debt under inoperative bilateral payments arrangements with the Islamic Republic of Iran and Sri Lanka. (Country Report No. 10/86)</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>The IMF staff report for the 2018 Article IV Consultation with Trinidad and Tobago states that, as of August 6, 2018, Trinidad and Tobago maintained an exchange restriction and two MCPs subject to IMF approval under Article VIII, Section 2(a) and Section 3. The exchange restriction arises from the authorities’ restriction of the exchange rate (that is, by restricting the maximum market buying and selling rates, and prohibiting foreign exchange transactions beyond the maximum rates), while not providing enough foreign exchange (that is, through the Central Bank of Trinidad and Tobago (CBTT)’s foreign exchange interventions) to meet all demand for current transactions at that rate. The CBTT also limits sales of its foreign exchange intervention funds to meeting only “trade-related” demand, which do not include non-trade transactions that are, however, current international transactions as defined under Article XXX(d) of the IMF’s Articles of Agreement, and encourages ADs to similarly prioritize sales of foreign exchange obtained from other sources. Further, the authorities prioritize provision of foreign exchange to certain manufacturers through a special foreign exchange facility using the Export–Import Bank of Trinidad and Tobago (EximBank). These actions result in undue delays in access to foreign exchange to make payments or transfers for current international transactions and external payment arrears. The two MCPs arise from the absence of a mechanism to prevent the potential deviation of more than 2% at any given time among several effective exchange rates regulated by the authorities, for spot exchange transactions, namely: (1) the potential 2% deviation between: (a) on the one hand, the CBTT’s intervention rate and the ADs’ selling rates (the maximum of which is anchored on the intervention rate plus fixed margins), and (b) on the other hand, the ADs’ buying rates (the maximum of which is limited at the previous day’s mid-rate); (2) the potential 2% deviation between: (a) on the one hand, the buying and selling rates for foreign exchange transactions between the CBTT and the government, and (b) on the other hand, the ADs’ selling rates. (Country Report No. 18/285)</td>
</tr>
<tr>
<td>Tunisia</td>
<td>The IMF staff report for the 2017 Article IV Consultation, Second Review under the Extended Fund Facility, and Request for Waivers of Nonobservance of Performance Criteria, and Rephasing of Access with Tunisia states that, as of March 14, 2018, Tunisia maintained the following measures subject to IMF approval under Article VIII, Sections 2(a) and 3: (1) an exchange restriction arising from the measures that restricts access to short-term financing for current international transactions that was customarily available; and (2) an MCP resulting from honoring exchange rate guarantees extended prior to August 1988 to development banks, which will automatically expire after maturity of existing commitments (total loans covered by these guarantees amount to about US$20 million). (Country Report No. 18/120) The IMF staff report for the Fifth Review Under the Extended Fund Facility, and Requests for Waivers of Nonobservance and Modification of Performance Criteria and for Rephasing of Access with Tunisia states that effective December 31, 2018, the exchange restrictions introduced in 2017 (banning trade credits for imports that are deemed nonessential) was repealed. (Country Report No. 19/233)</td>
</tr>
<tr>
<td>Ukraine</td>
<td>The IMF staff report for the Request for Stand-By Arrangement and Cancellation of Arrangement under the Extended Fund Facility with Ukraine states that as of December 7, 2018, Ukraine maintained exchange restrictions and MCPs, but a road map is in place to gradually phase them out. The exchange restrictions arise from: (1) absolute limits on the availability of foreign exchange for certain non-trade current international transactions; and (2) a partial ban on the transfer abroad of dividends received by nonresident investors from foreign investments in Ukraine. The MCPs arise from: (1) the use of multiple price foreign exchange auctions conducted by the National Bank of Ukraine (NBU) without a mechanism to prevent a spread deviation of more than 2% between the auction and market exchange rates; (2) the use of the official exchange rate for exchange transactions with the government without a mechanism to prevent a spread deviation of more than 2% between the official exchange rate and market exchange rates; and (3) the requirement to transfer any gains from the purchase of foreign exchange to the state budget if it is unused and resold. (Country Report No. 19/3)</td>
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Country | Exchange Restrictions and/or Multiple Currency Practices
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Zambia | The IMF staff report for the 2019 Article IV Consultation with Zambia states that as of August 2, 2019, Zambia maintained an exchange restriction, which is subject to IMF approval under Article VIII, arising from limitations imposed by the government on access to foreign exchange for the making of payments and transfers for current international transactions, which is evidenced by the existence of external payments arrears accumulated prior to October 4, 1985. (Country Report No. 19/263)

Zimbabwe | The IMF staff report for the 2017 Article IV Consultation with Zimbabwe states that, as of June 19, 2017, the Reserve Bank of Zimbabwe (RBZ) maintained a foreign exchange priority list to direct the allocation of foreign exchange by commercial banks to certain domestic import substitution industries, exporters, and strategic imports. This measure gives rise to an exchange restriction subject to IMF approval under Article VIII, Section 2(a). Staff is also monitoring the authorities’ imposition of other measures to assess whether they give rise to any exchange restriction or MCP subject to Article VIII, Section 2(a) and Section 3. Zimbabwe has also a long-standing exchange restriction subject to IMF jurisdiction arising from unsettled balances under an inoperative bilateral payments agreement with Malaysia. (Country Report No. 17/196)

Source: IMF staff reports.

1 Includes 189 member countries and the following territories: Aruba, Curaçao and Sint Maarten (all in the Kingdom of the Netherlands: information for Curaçao and Sint Maarten is reported together as they have a common central bank) and Hong Kong SAR (People’s Republic of China).

2 The measures described in this table are quoted from IMF staff reports issued as of December 31, 2019, and may have changed subsequent to the date they were reported. The table does not include countries maintaining exchange restrictions or multiple currency practices whose IMF staff reports are unpublished, unless the authorities have consented to publication.

### Regulatory Framework for Foreign Exchange Transactions

This section surveys the measures reported by members with respect to the regulatory framework for foreign exchange transactions from January 2019 through August 2020. The measures are divided into five major categories: trade-related measures, current invisible transactions and transfers, account transactions, capital controls, and provisions specific to commercial banks and institutional investors.

#### Trade-Related Measures

Members reported 302 changes related to trade from January 2019 through August 2020, significantly more than in the previous reporting period, with strikingly different trends for 2019 than 2020. In 2019, members reported significantly more tightening than easing measures (Figure 4, panel 1). The total number of changes in exchange and trade controls related to imports and exports amounted to 171, of which 75 were easing, 86 tightening—reaching a record high—and 10 neutral. However, the trend reversed in 2020 as trade liberalization measures outnumbered restrictive ones. The number of countries that implemented restrictive measures continued to rise in 2019 compared with 2018, while 2020 was dominated by liberalizing countries (Figure 4, panel 2). On average, trade-related measures were implemented mostly by emerging market and developing economies, followed by low-income developing countries and advanced economies (Figure 4, panel 3).

#### Imports and import payments

Thirty-five economies\(^1\) reported 122 measures related to imports and import payments (Figure 5, panel 1) in 2019, of which the number of easing measures (56) was marginally lower than that of tightening measures (60), along with 6 neutral measures.

The number of tightening and easing measures introduced was larger than in previous periods (2016–18), with a significant increase in easing measures in both 2019 and the first half of 2020. The number of countries reporting tightening or easing measures was also larger than in previous periods (2016–18). There was a dramatic increase in the number of countries reporting measures in the first half of 2020 (Figure 5, panel 2), due in part to the dire economic and health impact of the COVID-19 pandemic.

\(^1\) Note that the number of countries in Figure 5 may not add up in the text because certain countries introduced tightening measures at the same time as neutral or easing measures.
Figure 4. Trade-Related Measures

1. In 2019, members reported more tightening measures than easing ones; however, the trend reversed in 2020.

2. The number of countries that implemented restrictive measures continued to rise in 2019 compared with 2018, while 2020 was dominated by countries’ liberalizing measures.

3. On average, trade-related measures were implemented mostly by EMDEs, followed by LIDCs and AEs.

Source: AREAER database.
Note: The position date for 2020 varies by country and is less than the full year. Data in panel 3 show the average number of measures per country group. AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.
Figure 5. Imports and Import Payments

1. The number of tightening and easing measures in 2019 was larger than in previous periods (2016–18). There was a significant increase in easing measures in 2019 and the first half of 2020.

![Figure 5: Imports and Import Payments](chart)

2. The number of countries reporting tightening or easing measures increased significantly in the first half of 2020.

![Figure 5: Imports and Import Payments](chart)

Source: AREAER database.

Note: The position date for 2020 varies by country and is less than the full year.

In 2019, Kuwait implemented the largest number of liberalization measures (22), followed by Sri Lanka (7), Ukraine (5), and Greece (4). Kuwait lifted temporary bans on some import products (such as, meat, live birds, shrimp, baby food, and several other food products from certain countries), and Sri Lanka reduced import taxes and tariffs and relaxed advance import deposits and advance payment requirements for imports of some products. Ukraine extended the timeline for completion of import transactions with advance payments. Greece eased restrictions on the release of foreign exchange for imports when it removed all remaining restrictions it had imposed in 2015 to fend off a crisis.

Twenty-four countries implemented 60 tightening measures in 2019, a slight increase compared with 2018 (53 measures). Sixteen of these were adopted in Kuwait, imposing a temporary ban on some import products (such as meat, live birds, live ruminants and camels, and other food products from certain countries). Mexico imposed a temporary import tariff on the steel, textile-clothing, and footwear sectors; added hazardous chemicals and pesticides to the negative list; and adjusted permission requirements for imports and exports of hydrocarbons and petroleum products. In Malaysia, antidumping duty was imposed on certain metal imports and other items originating in or exported from Thailand.

The first half of 2020 saw record high easing measures, especially in emerging market and developing economies and low-income developing countries, in part because of the COVID-19 pandemic. Of the 62 easing measures, 20 were in response to the pandemic, including the elimination of import taxes and tariffs and the relaxation of restrictions on import payments. Conditions for imports of medical supplies were relaxed by several countries: tariffs, tax, and customs duties were temporarily removed or eased (Australia, Bolivia, Canada, El Salvador, New Zealand, Pakistan, Switzerland, Zambia, Romania); authorized dealers were allowed to make advance payments (Pakistan), and letters of credit up to a certain threshold were permitted without prior
approval (Libya). Tariffs were temporarily lowered by half on imports of flour and cooking oil as the authorities tried to cope with the shortage related to the COVID-19 pandemic in Somalia. Temporary relaxation of advance payment requirements for imports was introduced in South Africa.

Sixteen countries implemented 32 tightening measures in 2020. Thirteen of these measures affect import licenses and other nontariff measures in Bulgaria, the Kyrgyz Republic, Mexico, Nepal, Nigeria, Sri Lanka, and Tonga. Eight other measures tighten import taxes and tariffs on certain goods in India, Indonesia, Myanmar, Oman, and Tonga, as a safeguard measure in Costa Rica and as antidumping duties in Malaysia. The rest of the measures implement stricter documentation requirements for obtaining foreign exchange for import payments (Argentina, Kazakhstan, Libya, and Sri Lanka—the latter two in response to the pandemic).

Exports and export proceeds

There were 81 changes related to exports and export proceeds from January 2019 through August 2020: easing measures (39) were moderately higher than tightening measures (34); the remainder were neutral. The trends in 2019 and 2020 were strikingly different: among the 49 measures (Figure 6, panel 1) introduced in 2019, tightening dominated (26 tightening and 19 easing measures), while easing greatly outnumbered tightening measures in 2020 (20 and 8, respectively).

Figure 6. Exports and Export Proceeds

1. Tightening measures dominated in 2019, while easing measures largely outnumbered tightening ones in 2020.

2. The number of countries reporting tightening measures increased significantly in 2019 and declined in the first half of 2020.

Regulations on exports and export proceeds were eased in 11 countries and tightened in 16 countries in 2019 (Figure 6, panel 2). Seven countries relaxed repatriation and surrender requirements. For instance, to relieve the currency pressure from the sustained current account surplus, Thailand increased the threshold for the repatriation of export proceeds. Russia and Kazakhstan eased repatriation requirements under certain conditions, Sri Lanka and Ukraine extended the timeline for repatriation, and Honduras gradually reduced the share of export proceeds that must be surrendered. Barbados and Ukraine, following a gradual relaxation, terminated surrender requirements. On the tightening side, countries of the Central African Economic and Monetary Community (CEMAC) shortened the timeline for repatriation of export proceeds originating in non-CEMAC countries and for surrendering export proceeds in general. The tighter policy is part of new foreign exchange regulations, which were introduced to reduce external imbalances and to shore up foreign exchange reserves. Morocco reduced the timeline for repatriation of export proceeds from goods sold on consignment. Other countries also strengthened regulations on repatriation and surrender requirements for export proceeds, such as Argentina, Sudan, Turkey (repatriation requirements only), and Zimbabwe. Some countries introduced export levies (Argentina, Kyrgyz Republic, Zambia), tightened licensing requirements (Mexico, Montenegro), or prohibited exports (Kuwait) for certain goods.
In 2020, the number of easing measures continued to rise, while the number of tightening measures dropped dramatically. The easing measures mostly reduced or eliminated levies and taxes on exports or relaxed export licenses (Bolivia, China, Sri Lanka, Zambia). India extended the period of realization and repatriation of export proceeds of goods, software, and services in view of the pandemic. On the other hand, of the 8 tightening measures (by seven countries), 3 measures (by three countries) were temporarily introduced in the context of COVID-19. Australia temporarily introduced controls on noncommercial exports of certain goods that contribute to the control and prevention of the spread of COVID-19, including personal protective equipment, disinfectant wipes, and hand sanitizers. Similarly, the exportation of certain COVID-19–related essential goods, such as medicines, masks, and alcohol-based hand sanitizers was temporarily controlled in South Africa during the national state of disaster. Mozambique introduced surrender requirements on exports of goods to address the exceptional balance of payments needs arising from the pandemic. Non-pandemic-related measures were introduced by four other countries. The repatriation requirements on export receipts were tightened in Iran and Sudan. Mexico tightened export licensing of chemical products, and Maldives introduced a reexportation royalty on commercial reexports.

### Current Invisible Transactions and Current Transfers

This section discusses exchange controls on invisible transactions and transfers that are included in the current account of the balance of payments. This category includes income from investment (for example, profits, dividends, and interest); payments for travel, education, medical expenses, and subscription and membership fees; unrequited transfers (for example, remittance of nonresidents’ salaries and wages); and payments related to services. The section also covers the repatriation and surrender requirements for proceeds from current invisible transactions and current transfers.

From January 2019 through August 2020, members reported slightly more easing measures related to current invisible transactions and current transfers than restrictive ones. The total number of changes in this category amounted to 151, of which 79 were easing, 68 tightening, and 4 neutral measures. Unlike during 2016–18, when changes were predominantly easing regulations in this category (Figure 7), the number of easing measures (54) turned out to be only slightly higher than that of tightening measures (48), along with 3 neutral measures in 2019. The composition of the measures in 2020 continued to show a slightly easing trend. These changes were introduced by 26 countries in 2019 and 21 countries in 2020.

#### Figure 7. Current Invisible Transactions and Current Transfers

(Number of changes, by measure)

The number of tightening measures in both 2019 and 2020 far exceeded those in 2016–18.

Liberalization in this category seems to have slowed down in the reporting period. The number of tightening measures increased markedly in 2019, driven mainly by Argentina and the CEMAC countries. During 2019, of the 78 measures related to payments for current invisibles and current transfers reported by 24 countries, 41 were easing, 34 tightening, and 3 neutral, whereas in 2018 changes were overwhelmingly easing (74 out of 81).
Among the 34 tightening measures in 2019, 14 were introduced by Argentina and 12 by CEMAC member countries. Argentina imposed currency controls in September 2019 and further strengthened them in 2020 to prevent capital flight in the context of considerable balance of payments difficulties. The controls covered most payments in this category and included documentation requirements and prior approval requirements and quantitative limits. The CEMAC member countries set a single indicative limit for foreign exchange allocations to residents traveling outside the CEMAC region. The rest of the tightening measures related to introducing quantitative limits (Bhutan, Honduras, Samoa), discontinuing the immigration and emigration allowances (Morocco), and implementing certain controls on current transfers (Kazakhstan, Lebanon, Pakistan).

Of the 41 easing measures taken during 2019, 13 were implemented by Greece as it eliminated previously imposed restrictions. In particular, it eliminated quantitative limits on virtually all types of transfers in this category (trade, travel, personal and credit card use abroad) and removed prior approval requirements. Ukraine (9 measures) gradually increased and then eliminated limits on transfers of dividends abroad and the monthly limit on repatriation of funds received from liquidation of equity. In addition, the requirement to resell previously bought unused foreign exchange was eliminated for individuals. Other measures included easing constraints on trade-related payments (Bangladesh, Morocco); payments for travel (Bangladesh, Barbados, Morocco); personal payments (Morocco, Samoa, South Africa, Thailand, Uzbekistan); foreign workers’ wages (Bangladesh); credit card use abroad (Bangladesh, Morocco, Tunisia); regulations for insurance payments abroad (Fiji); and transfers (Tajikistan).

The easing trend continued in Bangladesh and Morocco in 2020, and Argentina also started to ease some exchange controls. Morocco increased limits for payments for travel and for the electronic trade allowance for individuals, and Bangladesh further liberalized trade-related payments in order to facilitate trade transactions in the context of COVID-19, in addition to other liberalization measures.

In contrast, a few countries tightened regulation in this category in 2020 in response to the impact of the COVID-19 pandemic. For instance, to preserve foreign exchange reserves amid a sharp fall in foreign currency (mainly tourism) receipts, Aruba and Curacao and Sint Maarten stopped granting new foreign exchange licenses for dividend payments and profit transfers to nonresidents. The Bahamas suspended all exchange control approval for outgoing dividend payment by domestic banks as part of the measures to strengthen the resilience of the financial sector during the pandemic.

Proceeds from current invisibles and current transfers

In 2019, the number of countries reporting changes in regulations reached a record high (15), with 14 tightening measures and 13 easing measures. Many of the measures mirrored the changes to proceeds from exports and tightened regulations on the repatriation and surrender of proceeds from current invisible transactions. Surrender requirements were introduced in Argentina and Zimbabwe—in the latter on the tourism, transportation, and telecommunications sectors—while the timeline for surrendering proceeds was shortened in the CEMAC. Seven countries continued to liberalize in 2019; namely, Bangladesh, Barbados, Honduras, Morocco, Russia, Thailand, and Ukraine. The surrender requirements for foreign currency proceeds from invisible transactions were eliminated (Barbados, Ukraine) and gradually eased (Honduras). Others continued relaxation of regulations on repatriation requirements, including gradually increasing the amount limits (Thailand), lifting regulations for certain activities (Bangladesh, Russia), allowing for extensions (Ukraine), and extending the timeline for repatriation (Morocco).

The trend in 2020 thus far shifted more toward liberalization compared with 2019. Five countries eased regulations in this category, and one country tightened them. Repatriation requirements were eased by extending the timeline (Uzbekistan), increasing the threshold (Thailand), and removing the requirement under certain conditions (Russia). Surrender requirements were eased by lowering the threshold further (Honduras) and temporarily extending the period in response to the pandemic (South Africa). In contrast, a surrender requirement was introduced in Mozambique, equivalent to 30 percent of the revenue from the exportation of services and investment income, to safeguard its balance of payments position against the backdrop of the pandemic.

Account Transactions

From January 2019 through August 2020, the overwhelming majority of changes in resident and nonresident account regulations were easing regulations (99), followed by 34 tightening and 24 neutral measures. Changes in regulations in this category were far more numerous in 2019 than in 2018. Among the 106 changes
reported in 2019 by 33 countries, 73 were liberalization efforts; the remaining measures were either tightening (14) or neutral (19). The number of tightening measures increased significantly in 2020, especially with respect to resident accounts in emerging market and developing economies.

**Resident accounts**

Twenty-eight members reported 69 measures in 2019, of which liberalization actions (49) largely outnumbered tightening (9) and neutral (11) actions, in line with past trends (Figure 8, panel 1). The number of each type of action is higher than during each of the previous three years. The majority of the actions were taken by 18 emerging market and developing economies, followed by 7 low-income developing countries; 3 advanced economies also reported a few changes.

The majority of the changes both in 2019 and 2020 included liberalization of foreign exchange accounts for residents, about half of them related to accounts held domestically and the other half to accounts held abroad. Among advanced economies, in 2019, Greece took the most measures, 7, and completed its gradual liberalization by removing all restrictions on transfers and cash withdrawals abroad and foreign investment of insurance companies. Austria removed the previous limit on private pension funds’ foreign investment and introduced requirements for internal investment guidelines instead. Iceland lifted restrictions on cross-border movement of Icelandic króna when related to specified measures involving payment by withdrawal from an account abroad.

In 2019, among emerging market and developing economies, several countries took easing measures, led by Morocco (6); Ukraine (4); Belarus (3); 2 each by Barbados, North Macedonia, Russia, and Thailand; and 1 each by Azerbaijan, Equatorial Guinea, Gabon, India, Iraq, the Philippines, and Tunisia. For instance, Morocco removed the approval requirement for domestic foreign exchange accounts of Moroccan legal entities for certain purposes and for accounts abroad of companies with specific contracts abroad, among others. Ukraine lifted the approval requirement for the transfer of balances abroad within established limits, extended the deadline for settlement of transactions involving exports of goods, and eliminated the requirement that individuals sell unused foreign exchange.

Several low-income developing countries took easing measures in 2019, with Uzbekistan taking 6 and Bangladesh, Cameroon, the Central African Republic, Chad, Republic of Congo, and Tajikistan taking one measure each. Uzbekistan implemented sweeping measures to liberalize operations in foreign exchange accounts for residents both domestically and abroad. The CEMAC countries permitted accounts in domestic currency held abroad, and Bangladesh and Tajikistan eased regulations on certain activities related to foreign exchange accounts.
Eight countries tightened regulations on accounts in 2019. Among them the CEMAC countries prohibited resident legal entities, except credit institutions, from opening foreign currency accounts outside the CEMAC. Kazakhstan tightened the notification requirement for foreign currency bank accounts held abroad, and Argentina introduced limits on domestic currency deposits that can be converted to foreign currency.

Among the 14 tightening changes in 2020, 6 were introduced by Aruba and Curaçao and Sint Maarten, which tightened regulations on foreign exchange accounts permitted for residents in response to the pandemic. Egypt introduced temporary daily limits amid the pandemic on cash deposits and withdrawals from banks, with the daily limits on cash withdrawals increased a month later.

In contrast, other countries relaxed regulations on resident accounts in response to the pandemic. For instance, South Africa allowed government-related agencies to have foreign currency accounts to receive donations, from abroad and locally, and to retain foreign donations in these accounts for overseas payments for personal protective equipment. It temporarily extended the period for matured forward exchange contracts credited in customer foreign currency accounts as a temporary measure to help alleviate the impact of the COVID-19 crisis. To overcome the effects of the COVID-19 outbreak and to help build foreign currency reserves, Sri Lanka introduced a special (fixed) deposit account in foreign currency or local currency for Sri Lankan resident and nonresident individuals. Concurrently, the authorities temporarily tightened regulations on the use of residents’ foreign currency accounts to limit outflows.

Nonresident accounts

Eighteen members reported 37 changes in 2019, 7 more than in 2018. The changes are predominantly in the easing direction (24), which is more than in 2018 (Figure 8, panel 2). Greece alone contributed 5 liberalization measures, followed by Iceland (4), Ukraine (4), and Uzbekistan (3). Following gradual relaxation, Greece liberalized the domestic currency account for nonresidents by lifting all restrictions on transfers and cash withdrawals abroad. Iceland lifted the restriction on cross-border movement of króna for certain activities, expanded offshore króna owners’ authorization to withdraw funds from accounts subject to special restrictions, and permitted accounts subject to special restrictions to be convertible to foreign currency. Ukraine gradually increased and then eliminated limits on transfers of dividends abroad and the monthly limit on the repatriation of funds received from liquidation of equity. Uzbekistan allowed nonresident legal entities involved in trading securities to open foreign exchange, domestic currency, and convertible accounts in the country.

Only a few countries tightened regulations in this category in 2019. Argentina, as part of the comprehensive package of restrictions on foreign exchange transactions, tightened regulations on domestic currency accounts convertible to foreign currency by introducing approval requirements for purchases of foreign exchange by nonresident customers above a certain threshold. Thailand reduced the limit on the outstanding balance that nonresidents may maintain in local currency accounts, to reduce the risk of speculation against the Thai baht.

Unlike in 2019, the number of tightening and easing measures was balanced in 2020. Of 6 easing measures, 5 were introduced by Sri Lanka and 1 by Bangladesh. Sri Lanka introduced a special deposit account in foreign currency or in local currency for nonresidents. This measure aimed to overcome the effects of the COVID-19 outbreak and help build foreign currency reserves. Bangladesh liberalized the use of nonresidents’ foreign exchange accounts by allowing dividends payable to foreign shareholders to be credited to their foreign currency accounts in Bangladesh. Among the 6 tightening measures, Sri Lanka (5) limited the migration allowance amount for emigrants and reduced the withdrawal limit on foreign currency banknotes for travel purposes for personal foreign currency account holders.

Capital Controls

Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity—especially manufacturing and trade—in 2019, with tentative signs of stabilization toward the end of the year. The COVID-19 crisis plunged the global economy into a severe collapse and exceptional uncertainty in 2020. Net capital inflows to emerging market and developing

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Economies and low-income developing countries continued to slow during 2019 and turned negative in 2020, with emerging markets experiencing the sharpest reversal of portfolio flows on record in the first quarter of 2020 (Figure 9, panel 1). Even though portfolio flows rebounded in the second half of 2020, in the October 2020 World Economic Outlook, they were expected to be negative for the full year, and net FDI inflows were expected to decline as well (Figure 9, panel 2). Against this backdrop, the number of changes in capital controls increased in 2019–20, with significantly more tightening actions—on both inflows and outflows—than in previous years.

The measures included in this section are also considered to be capital flow management measures (CFMs) as defined by the IMF’s institutional view on the liberalization and management of capital flows.43 In addition to the capital controls included in this section, prudential-type measures discussed in the next section may also be CFMs if they were designed to limit capital flows. However, the AREAER does not use this terminology, because classifying a measure as a CFM requires substantial background information and considerable judgment, which is beyond the scope of the analysis conducted in compiling the AREAER database.

Figure 9. Net Capital Inflows

(Percent of GDP)

1. Trend in Net Capital Inflows

Net capital inflows slowed during 2019 and reversed for EMDEs and LIDCs in 2020.

2. Composition of Net Capital Inflows

Composition of net capital inflows was broadly the same in 2019 as in 2018 for EMDEs and LIDCs, but these economies saw a decline in FDI inflows and net portfolio and net other investment outflows in 2020.

Note: EMDEs = emerging market and developing economies; FDI = foreign direct investment; LIDCs = low-income developing countries.
* Data for 2020 are WEO projections.

The number of actions in 2019 rose from the relatively low level seen in 2018 to the highest in the three years since 2016 (Figure 10, panel 1). There were 406 changes in regulations on capital transactions in 2019, compared with 257 in 2018, 384 in 2017, and 268 in 2016.44 With partial data available for 2020,
in the face of the disruptions caused by COVID-19, the pace of changes in capital controls again looks set to exceed that in 2018, with 251 changes by 39 of the 190 economies that reported regulatory changes in 2020.  

Figure 10. Controls on Capital Transactions

1. In 2019, there were more changes to controls on capital transactions than in any of the past three years. During the 2020 partial-year period, there were also many changes.

2. In 2019, more LIDCs and about the same number of EMDEs changed controls on capital transactions...

3. ...and the average economy had more changes than in 2018.

4. Of the economies that took any action, about half (22) had fewer than five changes in 2019. Thirteen economies had 10 or more changes, of which 2 were AEs, 7 were EMDEs, and 4 were LIDCs.

Source: AREAER database.

Note: AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.
* The position date for 2020 varies by country and is less than the full year.

Of 192 economies covered in the AREAER, 190 reported regulatory changes in 2020, of which 145 economies’ reporting period ended during the second quarter, 39 during the third quarter, and 6 during the fourth quarter. Only Syria and Venezuela have reporting dates that end prior to 2020.
More economies changed capital controls in 2019 than in the previous three years, and the average economy took more actions than in 2018 (Figure 10, panels 2 and 3). The number of advanced and emerging market and developing economies reporting at least one action remained broadly the same in 2019 as in 2018, but each economy took more actions on average. More low-income developing countries changed capital controls in 2019 than in 2018, and each took more actions on average. Of the 43 economies that took action in 2019, advanced economies accounted for 8 (same as in 2018), 26 were by emerging market and developing economies (compared with 28 in 2018), and 9 were by low-income developing countries (up from 2 in 2018). Data available for the 2020 partial-year period suggest that more advanced economies adjusted capital controls in 2020 than in the previous three years. The number for emerging market and developing economies and low-income developing countries will likely remain broadly the same once all the data are available.

There was significant liberalization of capital controls in a few economies in 2019, with Greece and Iceland both implementing 30 or more liberalizing changes, and Belarus, the Philippines, and Ukraine each chalking up more than 15 measures that eased controls (Figure 10, panel 4). However, in Argentina there was a significant retreat from liberalization, with 58 tightening changes, mostly to outflow controls, as was also true in the CEMAC region, with more tightening than easing actions. The largest number of actions in 2019 by any country was reported by Argentina (58), followed by Iceland (49), Greece (46), and Ukraine (23). Among the key changes were the following:

• Argentina tightened capital controls starting in August 2019, as the country faced renewed risks to debt sustainability through peso depreciation, an increase in sovereign spreads, and a sharp decline in real GDP. Among other changes, the authorities limited nonresidents’ access to the foreign exchange market; required central bank approval of purchases of foreign exchange for residents’ investments abroad; required settlement of futures, forwards, and other derivatives in domestic currency; and required residents’ foreign debt contracted beginning September 1, 2019, to be repatriated and funds sold in the domestic market for later access to that market for principal and interest payments.

• Iceland reduced the special reserve requirement ratio from 20 percent to zero and removed several restrictions on cross-border movement of Icelandic króna. Offshore króna owners were provided the option to release their offshore króna assets previously blocked in Iceland.

• Greece lifted all restrictions on transferring proceeds from nonresident investments in Greek financial instruments abroad as well as all restrictions on fund transfers abroad for resident purchases of foreign financial instruments. Approval for capital transfers was also eliminated. Greece thus completed the gradual removal of the controls introduced in 2015 to address a renewed confidence and liquidity crisis.

• Following a road map for removing capital controls, Ukraine reduced and then eliminated the surrender requirement on foreign exchange export proceeds, removed the licensing requirement for purchases and transfers of foreign currency for investments abroad up to a limit, and allowed nonresidents to buy and transfer foreign currency for repatriation of the proceeds of sales of their investments in Ukraine up to a limit. Resident borrowers were allowed to hedge foreign borrowing through forward agreements with banks. Ukraine also eliminated the interest rate ceiling on foreign borrowing and extended the maximum maturity of commercial credit from residents to nonresidents.

The main changes in low-income developing countries in 2019 were in the CEMAC region, in the context of a persistent fragile economic situation since the 2014–16 oil price declines, prompting changes in the securities regulations. An approval requirement was instituted for residents investing in securities abroad in amounts above CFAF 20 million and residents’ direct investment in any amount (both measures constitute tightenings of outflow controls). Approval was also required for nonresidents’ purchases of domestic securities above CFAF 20 million and residents’ sale and issuance of securities abroad (both of which constitute tightening of inflow controls). On the other hand, controls were eased on nonresidents’ sale and issuance of securities within the CEMAC region for amounts between CFAF 10 million and CFAF 50 million by eliminating the previous approval requirement, an easing of outflow controls.

The liberalization trend seen in the previous three years significantly slowed in 2019 and may have reversed in 2020. Reflecting the slowdown in growth and capital flows, and the stresses of the COVID-19 pandemic, a larger share of changes to restrictions on capital transactions during 2019–20 tightened controls, particularly
outflow controls, than in the previous three years (Figure 11, panel 1).46 Of the 406 changes to controls on capital transactions reported in 2019, 58 changes, or 14 percent, tightened inflow controls, compared with 7 percent or fewer in 2016–18; 84 changes, or 21 percent, tightened outflow controls in 2019, compared with 6 percent or fewer during 2016–18. In partial-year 2020, these numbers rose further: 24 percent of reported changes tightened inflow controls, and 37 percent tightened outflow controls. However, most tightening of inflow controls imposed stricter conditions on the reversal of past nonresident investments, and as such aimed at preventing net capital outflows during the crisis. When all types of liberalization are taken together, the share of easing measures in all actions fell significantly during 2019–20, to 65 percent in 2019 and 38 percent of those reported so far in 2020, compared with close to 90 percent in the previous three years (Figure 11, panel 2).

Among economies that changed controls, the average advanced economy took more outflow- and inflow easing actions than the average emerging market and developing economy in 2019, although this was driven by a large number of actions in Greece and Iceland. Other than Greece and Iceland, advanced economies that eased inflow or outflow controls in 2019 included Australia, Austria, Canada, San Marino, and the Slovak Republic. The eight advanced economies that reported changes in 2019 cited a total of 2 tightening actions, compared with 12 in 2018, and 111 easing actions, of which 59 were easing of outflow controls (Figure 12, panels 1 and 2). The 26 emerging market and developing economies reported 54 inflow easing actions and 75 outflow easing actions in 2019, for an average of 2.1 and 2.9 actions a country, respectively. However, these economies also reported an average of 2.1 outflow tightening and 1.5 inflow tightening actions a country. Both groups of economies took more liberalizing than tightening actions. Low-income countries, on the other hand, took more tightening than easing actions in 2019: the average country reported 3.3 outflow tightening and 1.9 inflow tightening actions a country, compared with 2.3 easing actions of any type. In 2020, tightening actions by emerging market and developing economies look set to increase significantly, led by outflow tightening (Figure 12, panel 3)

The majority of changes in 2019 in both advanced and emerging market and developing economies involved controls on capital and money market instruments (Figure 13, panel 1). These amounted to 65 percent of all changes in 2019, compared with 36 percent in 2018 and about 50 percent in the previous two years. Most of the measures in advanced economies in 2019 were in Greece and Iceland. Other measures included Austria’s removal of quantitative investment limits by currency for pension funds and an increase in stamp duty imposed on foreign buyers of real estate in the Australian state of Western Australia, to 7 percent from

46 In this section, restrictions on nonresidents’ acquisition of domestic assets (including restrictions on repatriation of these assets) are referred to as “inflow controls”; restrictions on residents’ acquisition of assets abroad (including repatriation restrictions on these assets) are referred to as “outflow controls.”
4 percent. In emerging market and developing economies, India liberalized the rules for nonresidents’ portfolio investment in domestic securities; the Philippines removed the ceiling on residents’ purchases of foreign exchange without approval for investment in securities issued by nonresidents; and China doubled, and later removed, the overall investment limit for qualified foreign institutional investors.

Figure 12. Controls on Capital Transactions, by Direction of Change and Country Group
(Average number of actions per country group)

1. Among economies that changed any controls, the average AE did more tightening than the average EMDE in 2018.

2. Among economies that changed any controls, the average LIDC took more inflow and outflow tightening actions than other economies in 2019.

3. Among economies that changed any controls, the average EMDE did more outflow tightening than other economies in 2020.1

Source: AREAER database.
Note: AEs = advanced economies; EMDEs = emerging market and developing economies; LIDCs = low-income developing countries.

1 The position date for 2020 varies by country and is less than the full year.
In 2020, the data so far suggest a shift in the composition of changes in controls toward FDI and real-estate-investment-related measures in advanced economies. For emerging market and developing economies, most changes continue to relate to capital and money market instruments (Figure 13, panel 2). The countries reporting FDI-related restrictions effective 2020 in the current AREAER are Australia, Canada, France, Germany, Hungary, India, New Zealand, Slovenia, Spain, and the United Kingdom. The enacting or implementation of some of these measures is also part of a broader trend to enhance regulation of FDI and in some cases reflects earlier decisions with a national security or public interest motivation. For example, in March 2019, the European Union announced a new FDI regulation, setting EU-wide standards that have led to member actions. In addition, with the sudden and sharp decline in market valuations during the COVID-19 crisis, several advanced economies and a few emerging market and developing economies introduced or expanded the scope of screening or authorization for FDI in key sectors, in a couple of cases temporarily (that is, with preannounced expiration dates—France, Hungary).

For emerging market and developing economies, controls on portfolio flows made up the largest share of changes in 2020, mostly reflecting significant portfolio outflow pressure during the COVID-19 crisis. Some countries that took broad measures that tightened outflow restrictions on several categories of outflows included Argentina, Aruba, The Bahamas, Curacao and Sint Maarten, Fiji, and Sri Lanka. Although Argentina’s measures were a continuation of the policy of restricting outflows started in 2019, the other countries that tightened outflow restrictions broadly were hit hard by COVID-19–related stress, including a drop in global tourism. Sri Lanka, however, relaxed some restrictions imposed earlier in the year in June and July 2020. Other emerging markets, notably India, Indonesia, China, and Malaysia, eased inflow controls during the COVID-19 crisis. China raised the cross-border-finance macroprudential adjustment parameter for financial institutions and enterprises from 1 to 1.25, India eased restrictions on foreign portfolio investment in government and corporate bonds and on derivatives transactions, Indonesia relaxed restrictions on foreign investors’ participation in the domestic nondeliverable forwards market, and Malaysia allowed residents to issue ringgit-denominated redeemable preference shares to nonresidents for use in Malaysia.
Provisions Specific to Commercial Banks and Institutional Investors

This section reviews developments in provisions specific to commercial banks and institutional investors, with a focus on prudential measures that are also capital controls.\textsuperscript{47} This category covers some monetary and prudential measures in addition to capital controls.\textsuperscript{48} It includes, among other categories of financial institution transactions, borrowing abroad, lending to nonresidents, purchasing locally issued securities denominated in foreign exchange, and establishing regulations pertaining to banks’ and institutional investors’ investments. These provisions may be similar or identical to the measures described in the respective categories of controls on accounts, capital and money market instruments, credit operations, and direct investment if the same regulations apply to commercial banks and institutional investors as to other residents. In such cases, the measure also appears in the relevant category in the sections on accounts and capital transactions.

Reported measures in the financial sector indicate member countries’ efforts to continue to strengthen the regulatory framework of commercial banks, other credit institutions, and institutional investors. The number of reported measures (352) introduced from January 2019 to August 2020 increased by roughly 15 percent compared with the previous reporting period, reflecting an increase in measures related both to commercial banks and to institutional investors. The tendency in recent years for the number of easing measures to exceed that of tightening measures continued, in particular due to easing measures implemented on commercial banks, while there was a marked increase in tightening measures on institutional investors. This reflects regulatory tightening on commercial banks following the global financial crisis, which has since seen some scaling back, while reforms on tightening restrictions on institutional investors have gained momentum.

As in the previous reporting period, the majority of the reported measures were prudential measures (209). Their share increased by 5 percentage points, to 59 percent, over the previous reporting period. The number of reported capital control measures was 143, a slight increase from the previous period. The majority of the capital controls affect institutional investors (68 percent), an increase of about 5 percentage points from the previous reporting period.

While most of the changes in capital controls eased regulatory constraints (of the 143 measures, 91 are easing), the share of tightening measures increased markedly from the previous reporting period (from 16 percent to 36 percent). As explained below, this reflects a significant rise in tightening measures on institutional investors; tighter capital controls in three regions (Aruba, Curaçao and Sint Maarten, Sri Lanka) in relation to the COVID-19 shock explain a large share of the increase. Close to half of the reported changes in capital controls are aimed at easing outflows (71), 2 measures are aimed at both inflows and outflows, and 18 measures eased inflows. A large majority of the 52 tightening measures (a strong increase from the 22 measures in the previous reporting period) were aimed at outflows (44), 5 were aimed at inflows (after having no such measures for two reporting periods in a row), and 3 were aimed at both inflows and outflows.

Easing prudential measures outweigh tightening measures, as in the case of capital controls. This tendency has strengthened since the previous reporting period (solely because of the sharp increase in easing measures on commercial banks): 125 had an easing effect, 69 a tightening effect, and 15 a neutral effect. A summary of the changes in this category is presented in Figure 14.

\textsuperscript{47} Capital controls and prudential measures are highly intertwined because of their overlapping application. For example, some prudential measures (such as different reserve requirements for deposit accounts held by residents and nonresidents) could also be regarded as capital controls because they distinguish between transactions with residents and nonresidents and hence influence capital flows.

\textsuperscript{48} Inclusion of an entry in this category does not necessarily indicate that the aim of the measure is to control the flow of capital.
Commercial banks and other credit institutions

About 58 percent of measures easing capital controls affected capital inflows (18), while 11 measures relaxed conditions for outflows, and 2 measures eased both types of flows.

- **Controls on capital inflows**—Many of the measures easing inflows relaxed restrictions on borrowing from abroad. China eased borrowing caps on companies’ and some financial institutions’ external borrowing. Russia reduced reserve requirements on liabilities to nonresident legal entities, Tunisia raised limits on resident credit institutions’ external borrowing, Ukraine removed interest rate ceilings on external borrowing, and Ethiopia allowed commercial banks to borrow freely in foreign currency, including from nonresidents, to grant foreign currency credit to residents. In addition, Brazil removed the need for presidential approval for foreign participation in domestic financial institutions and moved such participation to the existing framework for general participation in financial institutions in a nondiscriminatory manner.

- **Controls on capital outflows**—Belarus and Morocco eased restrictions on maintaining accounts abroad; the Philippines and South Africa allowed specific types of lending to certain groups of nonresidents, and China eased controls on foreign branches’ acceptance of time deposits from residents. Iceland allowed all so-called offshore króna owners to release their offshore króna assets. Oman continued relaxing restrictions on banks’ external assets, and Greece removed the need for Bank Transactions Approval Committee approval for outward capital transfers, the last remaining control imposed to fend off a crisis in 2015.

- **Controls on both inflows and outflows**—Morocco eased restrictions on local lending in foreign currency and allowed for such loans to fund outward investments, while El Salvador removed a financial transaction tax that was ruled to be unconstitutional.

Some 15 measures tightened capital controls, compared with 11 measures in the previous reporting period. Nine measures were related to outflows: Bolivia tightened banks’ foreign investment and long foreign currency limits. In response to the COVID-19 shock, Sri Lanka and Curaçao and Sint Maarten temporarily suspended licenses for outward capital transactions, while Oman reduced limits on banks’ external exposures. Four measures affected inflows (all pre-COVID-19): Indonesia tightened controls on banks’ external liabilities by extending the scope of the regulation on such liabilities to include so-called master risk participation agreements, Thailand reduced caps on the outstanding balance of nonresidents’ domestic currency bank accounts, Argentina introduced a surrender requirement on foreign debt, and Colombia implemented stricter hedging requirements regarding borrowing from abroad.

The 191 reported prudential measures indicate an easing of the prudential framework of banks’ operations. This is reflected in the continued trend of an increasing number of easing measures (to 119 from 68) while the number of tightening measures decreased slightly (to 59 from 60). As in the previous reporting period, there were a number of neutral measures (13).
Some of the measures that eased banks’ prudential frameworks are as follows:

- Several measures affected reserve requirements, both before the pandemic but then more forcefully as the COVID-19 shock hit as this was an important policy response to the liquidity pressures stemming from the shock.
  - Among those countries that eased reserve requirements before the pandemic shock and not during it, including for monetary purposes in some instances, were Georgia, the Kyrgyz Republic, Nicaragua, Russia (for domestic currency liabilities only), and Sri Lanka.
  - Some countries eased reserve requirements both before and during the COVID-19 shock: Bolivia, China, El Salvador, Indonesia, Jamaica, the Philippines, Tanzania, and Turkey.
  - Other countries eased reserve requirement only as a response to the pandemic (mainly in the first wave) to provide the banking system with greater available liquidity to meet liquidity pressures or provide loans. These include Aruba, Bahrain, Bangladesh, Botswana, Brazil, Cambodia, India, Lao P.D.R., Malaysia, Maldives, Moldova, Pakistan, Peru, Romania, Rwanda, Suriname, Trinidad and Tobago, and the United Arab Emirates.
- In response to the COVID-19 shock, liquid asset requirements were reduced for reasons similar to those that lowered reserve requirements; that is, to provide liquidity to banks to meet liquidity pressures and demand for loans in Aruba, Belize, Jamaica, Korea, Malaysia, and Peru, both before and after the COVID-19 shock. Georgia removed liquid asset requirements as part of a transition to using Basel III liquidity measures instead. As a response to the COVID-19 shock, Korea also temporarily relaxed the foreign exchange liquidity coverage ratio for banks, and Malaysia temporarily increased the single counterparty exposure limit for certain exposures.
- A few countries eased net open position limits (unrelated to the pandemic), including Sri Lanka, Ukraine, and Uzbekistan.

59 measures tightened prudential frameworks for commercial banks, compared to 60 in the last reporting period. The measures were aimed mainly at enhancing banks’ resilience against liquidity and exchange rate shocks and adapting domestic regulations to international standards.

- A number of countries introduced or continued to phase in the liquidity coverage ratio (LCR) and/or net stable funding ratio (NSFR); for instance, Cambodia (LCR), Malaysia (NFSR), Mauritania (LCR), Mauritius (LCR), and Ukraine (LCR). The LCR and the NSFR are part of the Basel III regulatory framework for banks and aim to address banks’ vulnerabilities regarding liquidity and funding.
- Some countries introduced or tightened measures to address foreign-exchange-related risks. Hungary temporarily tightened its foreign exchange funding adequacy framework to reduce banks’ currency and maturity mismatches even further, and Vietnam introduced specific restrictions on short-term and medium- to long-term foreign currency lending.
- Angola and Lebanon tightened interest rate controls and loan-to-deposit caps, respectively.

Neutral measures were mostly related to the implementation of new regulatory frameworks on banks’ operations and to changes in the institutional framework of bank supervision. Italy made changes to its frameworks on sanctions and anti-money-laundering procedures and provisions. India introduced prudential guidelines for external lending and borrowing by Indian banks and their branches and subsidiaries.

**Institutional investors**

The number of measures regarding institutional investors (115) rose by 13 from the previous period. This reflects mainly an increase in regulatory changes affecting capital controls but also a slight increase in changes in prudential measures (97 and 18 compared with 88 and 14, respectively, in the previous period). Changes easing constraints on the operations of institutional investors (66) still exceeded those tightening constraints.
(47), but the difference shrank considerably from the last reporting period because of a sharp increase in tightening measures (from 12 to 47), many of which are related to tightening capital outflow controls in a few countries as a response to the COVID-19 crisis.

Regarding capital controls, 60 of the 97 reported changes relaxed constraints. All easing measures are related to capital outflows.

Among countries easing capital controls on purchases of foreign securities were Austria, Croatia, Malaysia (for pension funds), and Thailand (for insurers). Morocco, the Philippines, and Vanuatu eased restrictions on investment abroad by investment firms and collective investment funds. Ukraine, continuing on its path to liberalize the financial account, removed the license requirement for purchases of foreign currency for outward investment, as long as a transaction does not exceed the established limits.

Some 37 measures tightened capital controls on institutional investors, compared with only 11 in the previous reporting period. Close to all of these measures tightened controls on capital outflows (35), and most of them (28) reflect broad-based COVID-19 crisis responses in only three jurisdictions (Aruba, Curaçao and Sint Maarten, Sri Lanka, with 12, 4, and 12 measures each, respectively). Unrelated to the pandemic, Bolivia, Botswana, and Lebanon tightened conditions on institutional investors’ capital outflows. In most instances, this reflected introducing or tightening caps on institutional investors’ external assets.

Six measures eased the prudential framework for operations by institutional investors. Belgium, India, and Romania eased restrictions on pension funds’ assets and India did so also for mutual funds. The Kyrgyz Republic increased limits on insurance companies’ and investment funds’ investments in financial instruments of a single issuer.

Ten measures tightened the prudential rules for institutional investors’ operations, compared with only one in the previous reporting period. Albania introduced limits on collective investment funds’ investments in terms of maturities, transferability, issuer concentrations, and so forth, in line with the EU Directive on Undertakings for Collective Investment in Transferable Securities. India tightened exposure limits on funds’ investments held locally, and Moldova introduced such restrictions. Lebanon tightened requirements on local portfolios for investment companies and collective investment funds, while Singapore raised risk weights on the foreign currency mismatch risk for insurers.

Among the reported prudential measures specific to institutional investors, 2 of the 18 were recorded as neutral. These measures reflect mainly institutional or procedural changes and cannot be linked directly to easing or tightening constraints on institutional investors’ operations. In particular, China moved toward a solvency-based supervisory framework for insurers’ investments in equity-type assets, while Romania adjusted the framework for occupational pension funds.
**2020 AREAER: Compilation Guide**

**Status Under IMF Articles of Agreement**

**Article VIII**
The member country has accepted the obligations of Article VIII, Sections 2, 3, and 4, of the IMF's Articles of Agreement.

**Article XIV**
The member country continues to avail itself of the transitional arrangements of Article XIV, Section 2.

**Exchange Measures**

**Restrictions and/or multiple currency practices**
Exchange restrictions and multiple currency practices (MCPs) maintained by a member country under Article VIII, Sections 2, 3, and 4, or under Article XIV, Section 2, of the IMF's Articles of Agreement, as specified in the latest IMF staff reports issued as of December 31, 2019. Information on exchange restrictions and MCPs or on the nonexistence of exchange restrictions and MCPs for countries with unpublished IMF staff reports are published only with the consent of the authorities. If no consent has been received, the AREAER indicates that “Information is not publicly available.” Hence, “Information is not publicly available” does not necessarily imply that the country maintains exchange restrictions or MCPs. It indicates only that the country's relevant IMF staff report has not been published and that the authorities have not consented to the publication of the information on the existence of exchange restrictions and MCPs. Because the relevant IMF staff report may refer to years before the reporting period for this volume of the AREAER, therefore, more recent changes in the exchange system may not be included here. Changes in the category “Restrictions and/or multiple currency practices” are reflected in the edition of the AREAER that covers the calendar year during which the IMF staff report including information on such changes is issued. Changes in these measures which give rise to exchange restrictions or MCPs and that affect other categories of the country tables are reported under the relevant categories in the AREAER, in accordance with the normal reporting periods.

**Exchange measures imposed for security reasons**
Exchange measures on payments and transfers in connection with international transactions imposed by member countries for reasons of national or international security.

In accordance with IMF Executive Board Decision No. 144-(52/51), which establishes the obligation of members to notify the IMF before imposing such restrictions, or, if circumstances preclude advance notification, as promptly as possible.

**Other security restrictions**
Other restrictions imposed for security reasons (e.g., in accordance with UN or EU regulations) but not notified to the IMF under Board Decision 144-(52/51).

**Exchange Arrangement**

**Currency**
The official legal tender of the country.

**Other legal tender**
The existence of another currency that is officially allowed to be used in the country.

**Exchange rate structure**
If there is one exchange rate, the system is called unitary. If there is more than one exchange rate that may be used simultaneously for different purposes and/or by different entities, and if these exchange rates give rise to MCPs or differing rates for current and capital transactions, the system is called dual or multiple. Different effective exchange rates resulting from exchange taxes or subsidies, excessive exchange rate spreads between buying and selling rates, bilateral payments agreements, and broken cross rates are not included in this category. Changes in

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1 Specific references to the underlying legal materials and hyperlinks to the legal texts are included in a separate column (References to legal instruments and hyperlinks) at each category level in each section of the country chapters.
measures within this category are reported in accordance with the normal reporting periods. Reclassification in cases related to changes in MCPs occurs in the edition of the AREAER, that covers the calendar year during which the IMF staff report that includes information on such changes is issued.

**Classification**

Describes and classifies the de jure and the de facto exchange rate arrangements.

**De jure**

The description and effective dates of the de jure exchange rate arrangements are provided by the authorities. By Article IV, Section 2(a) of the Fund’s Articles of Agreement and Paragraph 16 of the 2007 Surveillance Decision No. 13919-(07/51), each member is required to notify the Fund of the exchange arrangements it intends to apply and to notify the Fund promptly of any changes in its exchange arrangements. Country authorities are also requested to identify, whenever possible, which of the existing categories of exchange rate arrangements below most closely corresponds to the de jure arrangement in effect. Country authorities may also wish to briefly describe their official exchange rate policy. The description includes officially announced or estimated parameters of the exchange arrangement (e.g., parity, bands, weights, rate of crawl, and other indicators used to manage the exchange rate). It also provides information on the computation of the exchange rate.

**De facto**

IMF staff classifies the de facto exchange rate arrangements according to the categories below. The name and the definition of the categories describing the de facto exchange rate arrangements have been modified in accordance with the revised classification methodology, as of February 1, 2009. Where the description of the de jure arrangement can be empirically confirmed by the IMF staff over at least the previous six months, the exchange rate arrangement will be classified in the same way on a de facto basis.

Because the de facto methodology for classification of exchange rate regimes is based on a backward-looking approach that relies on past exchange rate movement and historical data, some countries are reclassified retroactively to a date when the behavior of the exchange rates changed and matched the criteria for reclassification to the appropriate category. For these countries, if the retroactive date of reclassification is prior to the period covered in this report, then the effective date of change to be entered in the country chapter and the changes section is deemed to be the first day of the year in which the decision of reclassification took place.

**No separate legal tender**

Classification as an exchange rate arrangement with no separate legal tender involves the confirmation of the country authorities’ de jure exchange rate arrangement. The currency of another country circulates as the sole legal tender (formal dollarization). Adopting such an arrangement implies the complete surrender by the monetary authorities of control over domestic monetary policy.

Exchange arrangements of countries that belong to a monetary or currency union in which the same legal tender is shared by the members of the union are classified under the arrangement governing the joint currency. This classification is based on the behavior of the common currency, whereas the previous classification was based on the lack of a separate legal tender. The classification thus reflects only a definitional change and is not based on a judgment that there has been a substantive change in the exchange arrangement or in other policies of the currency union or its members.

**Currency board**

Classification as a currency board involves the confirmation of the country authorities’ de jure exchange rate arrangement. A currency board arrangement is a monetary arrangement based on an explicit legislative commitment to exchange domestic currency for a specified foreign currency at a fixed exchange rate, combined with restrictions on the issuing authority to ensure the fulfillment of its legal obligation. This implies that domestic currency is usually fully backed
by foreign assets, eliminating traditional central bank functions such as monetary control and lender-of-last-resort and leaving little scope for discretionary monetary policy. Some flexibility may still be afforded, depending on the strictness of the banking rules of the currency board arrangement.

Conventional peg Classification as a conventional peg involves the confirmation of the country authorities’ de jure exchange rate arrangement. For this category the country formally (de jure) pegs its currency at a fixed rate to another currency or basket of currencies, where the basket is formed, for example, from the currencies of major trading or financial partners and weights reflect the geographic distribution of trade, services, or capital flows. The anchor currency or basket weights are public or notified to the IMF. The country authorities stand ready to maintain the fixed parity through direct intervention (i.e., via sale or purchase of foreign exchange in the market) or indirect intervention (e.g., via exchange rate related use of interest rate policy, imposition of foreign exchange regulations, exercise of moral suasion that constrains foreign exchange activity, or intervention by other public institutions). There is no commitment to irrevocably keep the parity, but the formal arrangement must be confirmed empirically: the exchange rate may fluctuate within narrow margins of less than ±1% around a central rate or the maximum and minimum value of the spot market exchange rate must remain within a narrow margin of 2% for at least six months.

Stabilized arrangement Classification as a stabilized arrangement entails a spot market exchange rate that remains within a margin of 2% for six months or more (with the exception of a specified number of outliers or step adjustments) and is not floating. The required margin of stability can be met either with respect to a single currency or a basket of currencies, where the anchor currency or the basket is ascertained or confirmed using statistical techniques. Classification as a stabilized arrangement requires that the statistical criteria are met and that the exchange rate remains stable as a result of official action (including structural market rigidities). The classification does not imply a policy commitment on the part of the country authorities.

Crawling peg Classification as a crawling peg involves the confirmation of the country authorities’ de jure exchange rate arrangement. The currency is adjusted in small amounts at a fixed rate or in response to changes in selected quantitative indicators, such as past inflation differentials vis-à-vis major trading partners or differentials between the inflation target and expected inflation in major trading partners. The rate of crawl can be set to generate inflation-adjusted changes in the exchange rate (backward looking) or set at a predetermined fixed rate and/or below the projected inflation differentials (forward looking). The rules and parameters of the arrangement are public or notified to the IMF.

Crawl-like arrangement For classification as a crawl-like arrangement, the exchange rate must remain within a narrow margin of 2% relative to a statistically identified trend for six months or more (with the exception of a specified number of outliers) and the exchange rate arrangement cannot be considered as floating. Normally, a minimum rate of change greater than allowed under a stabilized (peg-like) arrangement is required. However, an arrangement will be considered crawl-like with an annualized rate of change of at least 1%, provided that the exchange rate appreciates or depreciates in a sufficiently monotonic and continuous manner.

Pegged exchange rate within horizontal bands Classification as a pegged exchange rate within horizontal bands involves the confirmation of the country authorities’ de jure exchange rate arrangement. The value of the currency is maintained within certain margins of fluctuation of at least ±1% around a fixed central rate, or the margin between the maximum and minimum value of the exchange rate exceeds 2%. It includes arrangements of countries in the ERM of the European Monetary System (EMS), which was replaced with the ERM II on January 1, 1999, for those countries with margins of fluctuation wider than ±1%. The central rate and width of the band are public or notified to the IMF.
Other managed arrangement

This category is a residual and is used when the exchange rate arrangement does not meet the criteria for any of the other categories. Arrangements characterized by frequent shifts in policies may fall into this category.

Floating

A floating exchange rate is largely market determined, without an ascertainable or predictable path for the rate. In particular, an exchange rate that satisfies the statistical criteria for a stabilized or a crawl-like arrangement will be classified as such unless it is clear that the stability of the exchange rate is not the result of official actions. Foreign exchange market intervention may be either direct or indirect, and such intervention serves to moderate the rate of change and prevent undue fluctuations in the exchange rate, but policies targeting a specific level of the exchange rate are incompatible with floating. Indicators for managing the rate are broadly judgmental (e.g., balance of payments position, international reserves, parallel market developments). Floating arrangements may exhibit more or less exchange rate volatility, depending on the size of the shocks affecting the economy.

Free floating

A floating exchange rate can be classified as free floating if intervention occurs only exceptionally and aims to address disorderly market conditions and if the authorities have provided information or data confirming that intervention has been limited to at most three instances in the previous six months, each lasting no more than three business days. If the information or data required are not available to the IMF staff, the arrangement will be classified as floating. Detailed data on intervention or official foreign exchange transactions will not be requested routinely from member countries, but only when other information available to IMF staff is insufficient to resolve uncertainties about the appropriate classification.

Official exchange rate

Provides information on the computation of the exchange rate and the use of the official exchange rate (accounting, customs valuation purposes, foreign exchange transactions with the government).

Monetary policy framework

The category includes a brief description of the monetary policy framework in effect according to the following subcategories:

Exchange rate anchor

The monetary authority buys or sell foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.

U.S. dollar

The U.S dollar is the nominal anchor or the only legal tender.

Euro

The euro is the nominal anchor or the only legal tender.

Composite

A currency composite consisting of two or more currencies is the nominal anchor.

Other

A currency other than the U.S dollar and the euro is the nominal anchor or the only legal tender.

Monetary aggregate target

The intermediate target of monetary policy is a monetary aggregate such as M0, M1, or M2, although the country may also set targets for inflation. The central bank may use a quantity (central bank reserves or base money) or price variable (policy rate) as operational target.

Inflation-targeting framework

This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.
### Target setting body

The official body or organizational unit responsible for setting and/or adjusting the inflation targets.

### Inflation target

The numerical targets for inflation which have been publicly announced by the Central Bank. Inflation targets are generally expressed as i) a point target, ii) targets with plus minus a certain numerical limit, and iii) as a band or range. The target measure is defined in terms of end-year inflation or as average annual inflation. CPI and core CPI are based on national definitions, which may vary from country to country. Target horizon is the term in years of inflation targets as publicly announced by the Central Bank.

### Operating target (policy rate)

Policy rate is used as the operating target of the monetary policy to achieve the inflation target. Short-term policy interest rate target (for example, overnight, one week, two weeks, etc.) is generally expressed as i) a point target, ii) target with a certain numerical limit above and below the target, and iii) as a band or range (upper and lower limits).

### Accountability

Accountability framework that requires the central bank to explain its conduct of monetary policy in the pursuit of achieving its inflation target. For example, the governor or representatives of the central bank are required to appear before Parliament or one of its committees to explain actions and views on monetary policy and economic developments. It may also require reporting inflation targets through Open letters on monetary policy. Usually written by the Governor on behalf of the Monetary Policy Committee to the government in the event that inflation misses the inflation target by a pre-specified amount.

### Transparency

The manner and level of detail how monetary policy decisions are communicated to the public. Institutional transparency is gauged by the communication vehicles employed by the central bank, including the release of inflation reports and the frequency and detail of these reports, the announcement of changes in the stance of monetary policy via press release, reviews of inflation performance and changes in monetary policy, the publication of inflation forecasting models, and the use of media and other public presentations.

### Other monetary framework

The country has no explicitly stated nominal anchor, but rather monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.

### Exchange tax

Foreign exchange transactions are subject to a special tax. Bank commissions charged on foreign exchange transactions are not included in this category; rather, they are listed under the exchange arrangement classification.

### Exchange subsidy

Foreign exchange transactions are subsidized by using separate, nonmarket exchange rates.

### Foreign exchange market

The existence of a foreign exchange market.

<table>
<thead>
<tr>
<th>Spot exchange market</th>
<th>Institutional setting of the foreign exchange market for spot transactions and market participants. Existence and significance of the parallel market.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operated by the central bank</td>
<td>The role of the central bank in providing access to foreign exchange to market participants through a foreign exchange standing facility, allocation of foreign exchange to authorized dealers, or other legal and private persons, and the management of buy or sell auctions or fixing sessions. Price determination and frequency of central bank operations. A foreign exchange standing facility allows market participants to buy foreign exchange from or sell it to the central bank at predetermined exchange rates at their own initiative and is usually instrumental in maintaining a hard or soft peg arrangement. The credibility of the facility depends to a large extent on the availability of foreign exchange reserves to back the facility.</td>
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</tbody>
</table>
Allocation involves redistribution of foreign exchange inflows by the central bank to market participants for specific international transactions or in specific amounts (rationing). Foreign exchange allocation is often used to provide foreign exchange for strategic imports such as oil or food when foreign exchange reserves are scarce. In an allocation system, companies and individuals often transact directly with the central bank, and commercial banks may buy foreign exchange only for their clients’ underlying international transactions. Purchases of foreign exchange for the banks’ own books typically are not permitted.

Auctions are organized by the central bank, usually for market participants to buy and/or sell foreign exchange. They can take the form of multiple-price auctions (all successful bidders pay the price they offer) or single-price auctions (all successful bidders pay the same price, which is the market-clearing/cut-off price). The authorities may exercise discretion in accepting or rejecting offers, and sometimes a floor price is determined in advance, below which offers are not accepted. The frequency of auctions depends mainly on the amount or availability of foreign exchange to be auctioned and on the role the auction plays in the foreign exchange market.

Fixing sessions are often organized by the central bank at the early stage of market development to establish a market-clearing exchange rate. The central bank monitors the market closely and often actively participates in price formation by selling or buying during the session to achieve a certain exchange rate target. The price determined at the fixing session is often used for foreign exchange transactions outside the session and/or for accounting and valuation purposes.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**

The official requirements affecting the selection of currency and the method of settlement for transactions with other countries. When a country has payments agreements with other countries, the terms of these agreements often lead to a prescription of currency for specified categories of payments to, and receipts from, the countries concerned. This category includes information on the use of domestic currency in transactions between residents and nonresidents, both domestically and abroad; it also indicates any restrictions on the use of foreign currency among residents.

**Payments arrangements**

- **Bilateral payments arrangements**
  - Two countries have an agreement to prescribe specific rules for payments to each other, including cases in which private parties are also obligated to use specific currencies. These agreements can be either operative or inoperative.

- **Regional arrangements**
  - More than two parties participate in a payments agreement.

- **Clearing agreements**
  - The official bodies of two or more countries agree to offset with some regularity the balances that arise from payments to each other as a result of the exchange of goods, services, or—less often—capital.
Barter agreements and open accounts
The official bodies of two or more countries agree to offset exports of goods and services to one country with imports of goods and services from the same country, without payment.

Administration of control
The authorities’ division of responsibility for monitoring policy, administering exchange controls, and determining the extent of delegation of powers to outside agencies (banks are often authorized to effect foreign exchange transactions).

Payments arrears
Official or private residents of a member country default on their payments or transfers in foreign exchange to nonresidents. This category includes only the situation in which domestic currency is available for residents to settle their debts but they are unable to obtain foreign exchange—for example, because of the presence of an officially announced or unofficial queuing system; it does not cover nonpayment by private parties owing to bankruptcy.

Controls on trade in gold (coins and/or bullion)
Separate rules for trading in gold domestically and with foreign countries.

Controls on exports and imports of banknotes
Regulations governing the physical movement of means of payment between countries. Where information is available, the category distinguishes between separate limits for the (1) export and import of banknotes by travelers and (2) export and import of banknotes by banks and other authorized financial institutions.

Resident Accounts
Indicates whether resident accounts that are maintained in the national currency or in foreign currency, locally or abroad, are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of resident account, the nature and operation of the various types of accounts are also described; for example, whether residents are allowed to open foreign exchange accounts with or without approval from the exchange control authority, whether these accounts may be held domestically or abroad, and whether the balances on accounts held by residents in domestic currency may be converted into foreign currency.

Nonresident Accounts
Indicates whether local nonresident accounts maintained in the national currency or in foreign currency are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of nonresident account, the nature and operation of the various types of accounts are described.

Blocked accounts
Accounts of nonresidents, usually in domestic currency. Regulations prohibit or limit the conversion and/or transfer of the balances of such accounts.

Imports and Import Payments
Describes the nature and extent of exchange and trade restrictions on imports.

Foreign exchange budget
Information on the existence of a foreign exchange plan, i.e., prior allocation of a certain amount of foreign exchange, usually on an annual basis, for the importation of specific types of goods and/or services. In some cases, also covers differentiations among individual importers.

Financing requirements for imports
Information on specific import-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.
<table>
<thead>
<tr>
<th><strong>Documentation requirements for release of foreign exchange for imports</strong></th>
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<tbody>
<tr>
<td><strong>Domiciliation requirements</strong></td>
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<td><strong>Preshipment inspection</strong></td>
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<th><strong>Import taxes and/or tariffs</strong></th>
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<td><strong>Taxes collected through the exchange system</strong></td>
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<td><strong>State import monopoly</strong></td>
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<td><strong>Private parties are not allowed to engage in the importation of certain products, or they are limited in their activity.</strong></td>
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<th><strong>Exports and Export Proceeds</strong></th>
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<td><strong>Repatriation requirements</strong></td>
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Financing requirements
Information on specific export-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.

Documentation requirements
The same categories as in the case of imports are used.

Export licenses
Restrictions on the right of residents to export goods. These restrictions may take the form of quotas (where a certain quantity of shipment abroad is allowed) or the absence of quotas (where the licenses are issued at the discretion of the foreign trade control authority).

Export taxes
A brief description of the export tax system, including any taxes that are levied on foreign exchange earned by exporters.

**Payments for Invisible Transactions and Current Transfers**

Describes the procedures for effecting payments abroad in connection with current transactions in invisibles, with reference to prior approval requirements, the existence of quantitative and indicative limits, and/or bona fide tests. Detailed information on the most common categories of transactions is provided only when regulations differ for the various categories. Indicative limits establish maximum amounts up to which the purchase of foreign exchange is allowed upon declaration of the nature of the transaction, mainly for statistical purposes. Amounts above those limits are granted if the bona fide nature of the transaction is established by the presentation of appropriate documentation. Bona fide tests also may be applied to transactions for which quantitative limits have not been established.

Trade-related payments
Includes freight and insurance (including possible regulations on non-trade-related insurance payments and transfers), unloading and storage costs, administrative expenses, commissions, and customs duties and fees.

Investment-related payments
Includes profits and dividends, interest payments (including interest on debentures, mortgages, etc.), amortization of loans or depreciation of foreign direct investments, and payments and transfers of rent.

Payments for travel
Includes international travel for business, tourism, etc.

Personal payments
Includes medical expenditures abroad, study expenses abroad, pensions (including regulations on payments and transfers of pensions by both state and private pension providers on behalf of nonresidents, as well as the transfer of pensions due to residents living abroad), and family maintenance and alimony (including regulations on payments and transfers abroad of family maintenance and alimony by residents).

Foreign workers’ wages
Transfer abroad of earnings by nonresidents working in the country.

Credit card use abroad
Use of credit and debit cards to pay for invisible transactions.

Other payments
Includes subscription and membership fees, authors’ royalties, consulting and legal fees, etc.

**Proceeds from Invisible Transactions and Current Transfers**

Describes regulations governing exchange receipts derived from transactions in invisibles—including descriptions of any limitations on their conversion into domestic currency—and the use of those receipts.

Repatriation requirements
The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.
Surrender to the central bank
Surrender to authorized dealers

Restrictions on use of funds
Refers mainly to the limitations imposed on the use of receipts previously deposited in certain types of bank accounts.

Capital Transactions
Describes regulations influencing both inward and outward capital flows. The concept of controls on capital transactions is interpreted broadly. Thus, controls on capital transactions include prohibitions; need for prior approval, authorization, and notification; dual and multiple exchange rates; discriminatory taxes; and reserve requirements or interest penalties imposed by the authorities that regulate the conclusion or execution of transactions or transfers; or the holding of assets at home by nonresidents and abroad by residents. The coverage of the regulations applies to receipts as well as to payments and to actions initiated by nonresidents and residents. In addition, because of the close association with capital transactions, information is also provided on local financial operations conducted in foreign currency, describing specific regulations in force that limit residents' and nonresidents' issuing of securities denominated in foreign currency or, generally, limitations on contract agreements expressed in foreign exchange.

Repatriation requirements
The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.

Controls on capital and money market instruments

On capital market securities
Refers to shares and other securities of a participating nature and to bonds and other securities with an original maturity of more than one year.

Shares or other securities of a participating nature
Includes transactions involving shares and other securities of a participating nature if they are not effected for the purpose of acquiring a lasting economic interest in the management of the enterprise concerned. Investments for the purpose of acquiring a lasting economic interest are addressed under foreign direct investments.

Bonds or other debt securities
Refers to bonds and other securities with an original maturity of more than one year. The term “other securities” includes notes and debentures.

On money market instruments
Refers to securities with an original maturity of one year or less and includes short-term instruments such as certificates of deposit and bills of exchange. The category also includes treasury bills and other short-term government paper, bankers’ acceptances, commercial papers, interbank deposits, and repurchase agreements.

On collective investment securities
Includes share certificates and registry entries or other evidence of investor interest in an institution for collective investment such as mutual funds, and unit and investment trusts.
Controls on derivatives and other instruments

Refers to operations in other negotiable instruments and nonsecured claims not covered under the above subsections. These may include operations in rights; warrants; financial options and futures; secondary market operations in other financial claims (including sovereign loans, mortgage loans, commercial credits, negotiable instruments originating as loans, receivables, and discounted bills of trade); forward operations (including those in foreign exchange); swaps of bonds and other debt securities; credits and loans; and other swaps (e.g., interest rate, debt/equity, equity/debt, foreign currency, as well as swaps of any of the instruments listed above). Also included are controls on operations in foreign exchange without any other underlying transaction (e.g., spot or forward trading on the foreign exchange markets, forward cover operations, etc.).

Controls on credit operations

Commercial credits

Covers operations directly linked with international trade transactions or with the rendering of international services.

Financial credits

Includes credits other than commercial credits granted by all residents, including banks, to nonresidents or vice versa.

Guarantees, sureties, and financial backup facilities

Includes guarantees, sureties, and financial backup facilities provided by residents to nonresidents and vice versa. Also includes securities pledged for payment or performance of a contract—such as warrants, performance bonds, and standby letters of credit—and financial backup facilities that are credit facilities used as a guarantee for independent financial operations.

Controls on direct investment

Refers to investments for the purpose of establishing lasting economic relations both abroad by residents and domestically by nonresidents. These investments are essentially for the purpose of producing goods and services, in particular, investments that allow investor participation in the management of the enterprise. The category includes the creation or extension of a wholly owned enterprise, subsidiary, or branch and the acquisition of full or partial ownership of a new or existing enterprise that results in effective influence over the operations of the enterprise.

Controls on liquidation of direct investment

Refers to the transfer of principal, including the initial capital and capital gains, of a foreign direct investment as defined above.

Controls on real estate transactions

Refers to the acquisition of real estate not associated with direct investment, including, for example, investments of a purely financial nature in real estate or the acquisition of real estate for personal use.

Controls on personal capital transactions

Covers transfers initiated on behalf of private persons and intended to benefit other private persons. Includes transactions involving property to which the promise of a return to the owner with payments of interest is attached (e.g., loans or settlements of debt in their country of origin by immigrants), and transfers effected free of charge to the beneficiary (e.g., gifts and endowments, loans, inheritances and legacies, or emigrants’ assets).

Provisions Specific to the Financial Sector

Describes regulations specific to these institutions, such as monetary, prudential, and foreign exchange controls. Inclusion of an entry in this category does not necessarily signify that the aim of the measure is to control the flow of capital. Some of these items (e.g., borrowing abroad, lending to nonresidents, purchase of locally issued securities denominated in foreign exchange, investment regulations) may be repetitions of the entries under respective categories of controls on capital and money market instruments, credit operations, or direct investments when the same regulations apply to commercial banks as well as to other residents.
<table>
<thead>
<tr>
<th>Open foreign exchange position limits</th>
<th>Describes regulations on certain commercial bank balance sheet items (including capital) and on limits covering commercial banks’ positions in foreign currencies (including gold).</th>
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<tbody>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Describes controls specific to institutions, such as insurance companies, pension funds, investment firms (including brokers, dealers, or advisory firms), and other securities firms (including collective investment funds). Incorporates measures that impose limitations on the composition of the institutional investors’ foreign or foreign currency assets (reserves, accounts) and liabilities (e.g., investments in equity capital of institutional investors or borrowing from nonresidents) and/or that differentiate between residents and nonresidents. Examples of such controls are restrictions on investments because of rules regarding the technical, mathematical, security, or mandatory reserves; solvency margins; premium reserve stocks; or guarantee funds of nonbank financial institutions. Inclusion of an entry in this category does not necessarily signify that the aim of the measure is to control the flow of capital.</td>
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Insurance companies

Pension funds

Investment firms and collective investment funds.

**Listing conventions used in the report are as follows:**

- When it is unclear whether a particular category or measure exists—because pertinent information is not available at the time of publication—the category is displayed with the notation “n.a.”
- If a measure is known to exist but specific information on it is not available, the category is displayed with the notation “yes.”
- If no measure exists on any item within a category, the category is displayed with the notation “no.”
- If members have provided the IMF staff with information indicating that a category or an item is not regulated, these are marked by “n.r.”
- When relevant documents have not been published and the authorities have not consented to the publication of the information as included in the IMF staff report, the text reads “Information is not publicly available.”
### Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

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<thead>
<tr>
<th>Status Under IMF Articles of Agreement</th>
<th>Afghanistan, I.R. of</th>
<th>Albania</th>
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<td>Pegged exchange rate within horizontal bands</td>
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### Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

(As of date shown on first page of country chapter; symbol key at end of table)

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Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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Exchange Rate Arrangements

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### Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

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#### Status Under IMF Articles of Agreement
- Article VIII
- Article XIV

#### Exchange Rate Arrangements
- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Pegged exchange rate within horizontal bands
- Other managed arrangement
- Floating
- Free floating

#### Exchange rate structure
- Dual exchange rates
- Multiple exchange rates

#### Arrangements for Payments and Receipts
- Bilateral payments arrangements
- Payments arrears

#### Controls on payments for invisible transactions and current transfers
- Repatriation requirements
- Surrender requirements

#### Capital Transactions
- On capital market securities
- On money market instruments
- On collective investment securities
- Controls on derivatives and other instruments
- Commercial credits
- Financial credits
- Guarantees, sureties, and financial backup facilities
- Controls on direct investment
- Controls on liquidation of direct investment
- Controls on real estate transactions
- Controls on personal capital transactions

#### Provisions specific to:
- Commercial banks and other credit institutions
- Institutional investors
Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries
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- **Article XIV**
  - ●

**Exchange Rate Arrangements**

- No separate legal tender
  - ▲
- Currency board
  - ▲
- Conventional peg
  - ◊ *
- Stabilized arrangement
  - ▲
- Crawling peg
  - ◊
- Pegged exchange rate within horizontal bands
  - ◊
- Other managed arrangement
  - ◊

**Exchange rate structure**

- Dual exchange rates
  - ●
- Multiple exchange rates
  - ●

**Arrangements for Payments and Receipts**

- Bilateral payments arrangements
  - ● ● ● ● ● ● ● ● ●● ●
- Payments arrears
  - ●
- Controls on payments for invisible transactions and current transfers
  - ● ● ● ● ● ● ● ● ●
- Proceeds from exports and/or invisible transactions
  - ● ● ● ● ● ● ● ● ●
- Repatriation requirements
  - ● ● ● ● ●
- Surrender requirements
  - ● ● ● ● ●

**Capital Transactions**

- On capital market securities
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- On money market instruments
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- On collective investment securities
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Controls on derivatives and other instruments
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Commercial credits
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Financial credits
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Guarantees, sureties, and financial backup facilities
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Controls on direct investment
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Controls on liquidation of direct investment
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Controls on real estate transactions
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●
- Controls on personal capital transactions
  - ● ● ● ● ● ● ● ● ● ● ● ● ● ● ●

**Provisions specific to:**

- Commercial banks and other credit institutions
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- Institutional investors
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### Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

*(As of date shown on first page of country chapter; symbol key at end of table)*

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### Exchange Rate Arrangements

| Exchange rate structure               | ![Symbol]   |             |
| Multiple exchange rates               | ![Symbol]   |             |

### Arrangements for Payments and Receipts

| Bilateral payments arrangements       | ![Symbol]   | ![Symbol]   |
| Payments arrears                      | ![Symbol]   |             |
| Controls on payments for invisible transactions and current transfers | ![Symbol] | ![Symbol] |
| Proceeds from exports and/or invisible transactions | ![Symbol] | ![Symbol] |
| Repatriation requirements             | ![Symbol]   | ![Symbol]   |
| Surrender requirements                | ![Symbol]   |             |

### Capital Transactions

| On capital market securities          | ![Symbol]   | ![Symbol]   |
| On money market instruments          | ![Symbol]   | ![Symbol]   |
| On collective investment securities  | ![Symbol]   | ![Symbol]   |
| Controls on derivatives and other instruments | ![Symbol] | ![Symbol] |
| Commercial credits                   | ![Symbol]   | ![Symbol]   |
| Financial credits                    | ![Symbol]   | ![Symbol]   |
| Guarantees, sureties, and financial backup facilities | ![Symbol] | ![Symbol] |
| Controls on direct investment        | ![Symbol]   | ![Symbol]   |
| Controls on liquidation of direct investment | ![Symbol] | ![Symbol] |
| Controls on real estate transactions | ![Symbol]   | ![Symbol]   |
| Controls on personal capital transactions | ![Symbol] | ![Symbol] |

### Provisions specific to:

| Commercial banks and other credit institutions | ![Symbol]   | ![Symbol]   |
| Institutional investors                     | ![Symbol]   |             |
### Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries

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**Key**

- Indicate that the specified practice is a feature of the exchange system.
- Indicates that data were not available at the time of publication.
- Indicates that the specified practice is not regulated.
- Indicates that the country participates in the euro area.
- Indicates that the country participates in the European Exchange Rate Mechanism (ERM II).
- Indicates that flexibility is limited vis-à-vis the US dollar.
- Indicates that flexibility is limited vis-à-vis the euro.
- Indicates that flexibility is limited vis-à-vis another single currency.
- Indicates that flexibility is limited vis-à-vis the SDR.
- Indicates that flexibility is limited vis-à-vis another basket of currencies.
## Country Table Matrix

*(Position as of “DATE”)*

### I. Status under IMF Articles of Agreement

#### A. Date of membership
1. Article VIII
2. Article XIV

### II. Exchange Measures

#### A. Restrictions and/or multiple currency practices

#### B. Exchange measures imposed for security reasons
1. In accordance with IMF Executive Board Decision No. 144-(52/51)
2. Other security restrictions

### III. Exchange Arrangement

#### A. Currency
1. Other legal tender

#### B. Exchange rate structure
1. Unitary
2. Dual
3. Multiple

#### C. Classification
1. No separate legal tender
2. Currency board
3. Conventional peg
4. Stabilized arrangement
5. Crawling peg
6. Crawl-like arrangement
7. Pegged exchange rate within horizontal bands
8. Other managed arrangement
9. Floating
10. Free floating

#### D. Official exchange rate

#### E. Monetary policy framework
1. Exchange rate anchor
   a. *US dollar*
   b. *Euro*
   c. *Composite*
   d. *Other*
2. Monetary aggregate target
3. Inflation-targeting framework
   a. Target setting body
      1. Government
      2. Central Bank
         i. Monetary Policy Committee
      3. Government and Central Bank
   b. Inflation target
      1. Target number
         i. Point target
         ii. Target with tolerance band
         iii. Band/Range
      2. Target measure
         i. CPI
         ii. Core inflation
      3. Target horizon
   c. Operating target (policy rate)
      1. Policy rate
      2. Target corridor band
      3. Other
   d. Accountability
      1. Open letter
      2. Parliamentary hearings
      3. Other
   e. Transparency
      1. Publication of votes
      2. Publication of minutes
      3. Publication of inflation forecasts
4. Other monetary framework

F. Exchange tax

G. Exchange subsidy

H. Foreign exchange market
   1. Spot exchange market
      a. Operated by the central bank
         1. Foreign exchange standing facility
         2. Allocation
         3. Auction
         4. Fixing
      b. Interbank market
         1. Over the counter
         2. Brokerage
         3. Market making
2. Forward exchange market
   a. Official cover of forward operations

IV. Arrangements for Payments and Receipts

A. Prescription of currency requirements
1. Controls on the use of domestic currency
   a. For current transactions and payments
   b. For capital transactions
      1. Transactions in capital and money market instruments
      2. Transactions in derivatives and other instruments
      3. Credit operations
2. Use of foreign exchange among residents

B. Payments arrangements
1. Bilateral payments arrangements
   a. Operative
   b. Inoperative
2. Regional arrangements
3. Clearing agreements
4. Barter agreements and open accounts

C. Administration of control

D. Payments arrears
1. Official
2. Private

E. Controls on trade in gold (coins and/or bullion)
1. On domestic ownership and/or trade
2. On external trade

F. Controls on exports and imports of banknotes
1. On exports
   a. Domestic currency
   b. Foreign currency
2. On imports
   a. Domestic currency
   b. Foreign currency

V. Resident Accounts

A. Foreign exchange accounts permitted
1. Held domestically
   a. Approval required
2. Held abroad
   a. Approval required

B. Accounts in domestic currency held abroad

C. Accounts in domestic currency convertible into foreign currency
VI. Nonresident Accounts

A. Foreign exchange accounts permitted
   1. Approval required

B. Domestic currency accounts
   1. Convertible into foreign currency
   2. Approval required

C. Blocked accounts

VII. Imports and Import Payments

A. Foreign exchange budget

B. Financing requirements for imports
   1. Minimum financing requirements
   2. Advance payment requirements
   3. Advance import deposits

C. Documentation requirements for release of foreign exchange for imports
   1. Domiciliation requirements
   2. Preshipment inspection
   3. Letters of credit
   4. Import licenses used as exchange licenses
   5. Other

D. Import licenses and other nontariff measures
   1. Positive list
   2. Negative list
   3. Open general licenses
   4. Licenses with quotas
   5. Other nontariff measures

E. Import taxes and/or tariffs
   1. Taxes collected through the exchange system

F. State import monopoly

VIII. Exports and Export Proceeds

A. Repatriation requirements
   1. Surrender requirements
      a. Surrender to the central bank
      b. Surrender to authorized dealers

B. Financing requirements

C. Documentation requirements
   1. Letters of credit
   2. Guarantees
   3. Domiciliation
4. Preshipment inspection
5. Other

D. Export licenses
1. Without quotas
2. With quotas

E. Export taxes
1. Collected through the exchange system
2. Other export taxes

IX. Payments for Invisible Transactions and Current Transfers

A. Controls on these transfers
1. Trade-related payments
   a. Prior approval
   b. Quantitative limits
   c. Indicative limits/bona fide test
2. Investment-related payments
   a. Prior approval
   b. Quantitative limits
   c. Indicative limits/bona fide test
3. Payments for travel
   a. Prior approval
   b. Quantitative limits
   c. Indicative limits/bona fide test
4. Personal payments
   a. Prior approval
   b. Quantitative limits
   c. Indicative limits/bona fide test
5. Foreign workers’ wages
   a. Prior approval
   b. Quantitative limits
   c. Indicative limits/bona fide test
6. Credit card use abroad
   a. Prior approval
   b. Quantitative limits
   c. Indicative limits/bona fide test
7. Other payments
   a. Prior approval
   b. Quantitative limits
   c. Indicative limits/bona fide test
X. Proceeds from Invisible Transactions and Current Transfers

A. Repatriation requirements
1. Surrender requirements
   a. Surrender to the central bank
   b. Surrender to authorized dealers

B. Restrictions on use of funds

XI. Capital Transactions

A. Controls on capital transactions
1. Repatriation requirements
   a. Surrender requirements
      1. Surrender to the central bank
      2. Surrender to authorized dealers
   2. Controls on capital and money market instruments
      a. On capital market securities
         1. Shares or other securities of a participating nature
            i. Purchase locally by nonresidents
            ii. Sale or issue locally by nonresidents
            iii. Purchase abroad by residents
            iv. Sale or issue abroad by residents
         2. Bonds or other debt securities
            i. Purchase locally by nonresidents
            ii. Sale or issue locally by nonresidents
            iii. Purchase abroad by residents
            iv. Sale or issue abroad by residents
      b. On money market instruments
         1. Purchase locally by nonresidents
         2. Sale or issue locally by nonresidents
         3. Purchase abroad by residents
         4. Sale or issue abroad by residents
      c. On collective investment securities
         1. Purchase locally by nonresidents
         2. Sale or issue locally by nonresidents
         3. Purchase abroad by residents
         4. Sale or issue abroad by residents
   3. Controls on derivatives and other instruments
      a. Purchase locally by nonresidents
      b. Sale or issue locally by nonresidents
      c. Purchase abroad by residents
      d. Sale or issue abroad by residents
4. Controls on credit operations
   a. Commercial credits
      1. By residents to nonresidents
      2. To residents from nonresidents
   b. Financial credits
      1. By residents to nonresidents
      2. To residents from nonresidents
   c. Guarantees, sureties, and financial backup facilities
      1. By residents to nonresidents
      2. To residents from nonresidents

5. Controls on direct investment
   a. Outward direct investment
   b. Inward direct investment

6. Controls on liquidation of direct investment

7. Controls on real estate transactions
   a. Purchase abroad by residents
   b. Purchase locally by nonresidents
   c. Sale locally by nonresidents

8. Controls on personal capital transactions
   a. Loans
      1. By residents to nonresidents
      2. To residents from nonresidents
   b. Gifts, endowments, inheritances, and legacies
      1. By residents to nonresidents
      2. To residents from nonresidents
   c. Settlement of debts abroad by immigrants
   d. Transfer of assets
      1. Transfer abroad by emigrants
      2. Transfer into the country by immigrants
   e. Transfer of gambling and prize earnings

XII. Provisions Specific to the Financial Sector

A. Provisions specific to commercial banks and other credit institutions
   1. Borrowing abroad
   2. Maintenance of accounts abroad
   3. Lending to nonresidents (financial or commercial credits)
   4. Lending locally in foreign exchange
   5. Purchase of locally issued securities denominated in foreign exchange
   6. Differential treatment of deposit accounts in foreign exchange
      a. Reserve requirements
      b. Liquid asset requirements
      c. Interest rate controls
      d. Credit controls
7. Differential treatment of deposit accounts held by nonresidents
   a. Reserve requirements
   b. Liquid asset requirements
   c. Interest rate controls
   d. Credit controls
8. Investment regulations
   a. Abroad by banks
   b. In banks by nonresidents
9. Open foreign exchange position limits
   a. On resident assets and liabilities
   b. On nonresident assets and liabilities

B. Provisions specific to institutional investors
1. Insurance companies
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on asset/liabilities composition
2. Pension funds
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on asset/liabilities composition
3. Investment firms and collective investment funds
   a. Limits (max.) on securities issued by nonresidents
   b. Limits (max.) on investment portfolio held abroad
   c. Limits (min.) on investment portfolio held locally
   d. Currency-matching regulations on asset/liabilities composition
AFGHANISTAN
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
July 14, 1955.

Article VIII
Yes.

Article XIV
Yes.

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes.
The currency of Afghanistan is the Afghani.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement
Yes.
The de jure exchange rate arrangement is managed floating. The Da Afghanistan Bank (DAB) intervenes regularly in the foreign exchange market through three-times-weekly selling auctions. The results are published on the DAB website. The DAB deals with ADs
only through the auction. The primary goal of these auctions is to regulate the growth of reserve money and/or currency in circulation. Subject to meeting this goal, the DAB also seeks to minimize intra-auction exchange rate volatility. The de facto exchange rate arrangement is classified as other managed. The DAB publishes intervention data on its website.

Floating

Free floating

**Official exchange rate** Yes. The DAB reports official exchange rates of the Afghani vis-à-vis ten major currencies. The DAB staff conducts an online foreign exchange rate survey of between 40 and 50 licensed exchange dealers in Kabul at the start of each business day and acquires data on buying and selling rates for the nine currencies. The DAB’s official reference rates are then determined as the average of the market rates for each currency. The official exchange rate is provided as a daily benchmark or reference point for commercial banks, private sector entities, and government agencies to use in their transactions.

**Monetary policy framework**

**Exchange rate anchor**

*U.S. dollar*

*Euro*

*Composite*

*Other*

**Monetary aggregate target** Yes. The DAB follows a reserve money target.

**Inflation-targeting framework**

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**
The foreign exchange market consists of commercial banks and foreign exchange dealers. Commercial banks and bureaus are free to set their exchange rates and commissions in transactions with their clients and with each other.

According to the Foreign Exchange Dealers and Money Service Providers Regulation, 2017, both foreign exchange dealers and money service providers licensed by the DAB may operate in the foreign exchange market. In addition, commercial banks and licensed foreign exchange dealers must register and pay a fee to participate in DAB auctions. There were 1,630 foreign exchange dealers and 1,567 licensed money service providers overall, as of December 2019. Money service providers, including Hawaladars, provide remittances and related services including transfer of payments, while foreign exchange dealers are only allowed to exchange currency.

The DAB conducts online foreign currency auction three times a week on a first-price basis with same-day settlement. The amount of foreign exchange offered at the auction is announced in the local press and magazines one working day in advance, and the results are published on the DAB website immediately after each auction. All bidders are required to submit their bids before 9:20 a.m. of the
auction day. The Foreign Currency Auction Regulations allow bidders to set their maximum bid amounts at 3% of the total announced amount of the auction day, respectively. Bids are awarded based on the bidding prices. The auction includes commercial banks and foreign exchange dealers. There is no requirement for auction participants to finance specific international transactions with the foreign currency obtained at the auctions. Effective March 15, 2020, successful bidders who fail to settle their accounts within the same day of the auction are fined the total cash collateral of Af 500,000 (previously, Af 1,500,000). The DAB may elect to revoke the auction privileges or license of a bidder if it fails to settle.

Fixing

No.

*Interbank market*

Yes. The DAB does not impose restrictions on the interbank foreign exchange market, but it is not active. Most foreign exchange transactions are made between commercial banks/exchange dealers and their clients. There are 12 licensed commercial banks. Commercial banks and bureaus are free to set their exchange rates and commissions in transactions with their clients and with each other.

Over the counter

Yes.

Brokerage

No.

Market making

No.

Forward exchange market

No.

*Official cover of forward operations*

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

Yes.

Controls on the use of domestic currency

No.

*For current transactions and payments*

No.

*For capital transactions*

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

Yes. Article 46 of the DAB Law provides for freedom of currency—that is, residents may use any mutually agreed currency in their transactions. In the absence of an agreed currency, Article 45 of the DAB Law stipulates that contracts should be deemed to be denominated in Afghans. There are some incentives to promote use of national currency, but no formal restrictions apply.

**Payments arrangements**

Yes.

Bilateral payments arrangements

Yes.

Operative

No.
| An agreement with Russia has been superseded, following the Paris Club rescheduling agreement of July 31, 2006, and the authorities are in the process of concluding agreements with the Paris Club members. | }
fined an amount equal to the cash involved, or the difference between
the actual amount and the amount declared, as the case may be.

Foreign currency

Yes. Based on a Cabinet decision (Council of Ministers Resolution No. 47), the amount of cash a person may take out of the country is limited to US$20,000 or its equivalent to a trip. Cash transfers above US$20,000 must take place through the banking system. In addition, under Article 6 of the AML Law, anyone who (1) leaves or enters Afghanistan with, or (2) imports or exports by mail, courier, or otherwise more than Af 1 million in cash or negotiable bearer instruments, without first reporting it to the relevant authority, will be fined an amount equal to the cash involved, or the difference between the actual amount and the amount declared, as the case may be. Cash transfers above US$20,000 must take place through the banking system.

On imports

Yes. Any person who arrives with or imports by mail, courier, or otherwise more than Af 1 million in cash, either foreign or domestic, or negotiable bearer instruments without first submitting a written report to the relevant authority, is in violation of the law and will be fined an amount equal to the actual amount of cash, or the difference between the actual amount and the amount declared, as the case may be. Cash transfers above US$20,000 must take place through the banking system.

Domestic currency

Yes. Any person who arrives with or imports by mail, courier, or otherwise more than Af 1 million in cash, either foreign or domestic, or negotiable bearer instruments without first submitting a written report to the relevant authority, is in violation of the law and will be fined an amount equal to the actual amount of cash, or the difference between the actual amount and the amount declared, as the case may be. Cash transfers above US$20,000 must take place through the banking system.

Foreign currency

Yes. Any person who arrives with or imports by mail, courier, or otherwise more than Af 1 million in cash, either foreign or domestic, or negotiable bearer instruments without first submitting a written report to the relevant authority, is in violation of the law and will be fined an amount equal to the actual amount of cash, or the difference between the actual amount and the amount declared, as the case may be. Cash transfers above US$20,000 must take place through the banking system.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes. There are no restrictions on foreign exchange accounts in Afghanistan.

Approval required

No.

Held abroad

Yes. There are no restrictions on commercial banks’ foreign exchange accounts abroad.

Approval required

No.

Accounts in domestic currency held abroad

Yes. There are no restrictions on Afghani accounts abroad.

Accounts in domestic currency convertible into foreign currency

Yes. There are no restrictions on the conversion of domestic currency to foreign currency.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts
Foreign exchange accounts permitted
Yes. There is no preferential treatment, and there are no restrictions with respect to nonresidents holding foreign currency bank accounts.

Approval required
No.

Domestic currency accounts
Yes. There is no preferential treatment, and there are no restrictions with respect to nonresidents holding Afghani bank accounts.

Convertible into foreign currency
Yes. There are no restrictions on the conversion of Afghanis to foreign currency.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No. There are no restrictions or limits on import payments.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.

Other
No.

Import licenses and other nontariff measures
Yes.

Positive list
No.

Negative list
No.

Open general licenses
No.

Licenses with quotas
No.

Other nontariff measures
Yes. The Ministry of Commerce and Industry is responsible for issuing trade licenses.

Import taxes and/or tariffs
Yes. Import taxes and tariffs are applicable.

Taxes collected through the exchange system
No.

State import monopoly
No.

Exports and Export Proceeds

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
<th>There are no restrictions on the use of export proceeds.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
<td>Traders must obtain a license from the Ministry of Commerce and Industry to engage in export activities.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
<td>There are no export quotas.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
<th>There are no restrictions on invisible payments and current transfers. Such payments are freely permitted through banks, money service providers, credit/debit cards, and informal channels. However, such transfers are subject to AML requirements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers
Repatriation requirements No. There are no restrictions or requirements on the repatriation or retention of foreign exchange.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Restrictions on use of funds No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions
Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
<table>
<thead>
<tr>
<th>Control Category</th>
<th>Control Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><em>On capital market securities</em></td>
<td>No.</td>
<td>There are currently no capital market securities transactions.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Bonds or other debt securities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>Yes.</td>
<td>Capital notes (issued by the DAB) and/or auctions are restricted to commercial banks and licensed money changers.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>Yes.</td>
<td>Capital notes (issued by the DAB) and/or auctions are restricted to commercial banks and licensed money changers.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
<td>Collective investment securities do not exist and by definition are not controlled.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>No.</td>
<td>Derivatives and other like instruments do not exist and by definition are not controlled.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Commercial credits</em></td>
<td>No.</td>
<td>These transactions are not controlled.</td>
</tr>
<tr>
<td><em>By residents to nonresidents</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transaction Type</td>
<td>Control</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

Yes. The Related Person Regulation includes requirements when entering into related person transactions that prohibit doing business with the
related person on certain terms, limitations on maximum size of related party exposures, and roles of Board of Supervisors.

The Assets Classification and Provisioning Regulation was revised and came into force on January 1, 2018. The major changes include addition of Repossessed Assets, changes in the maturity dates of Standard, Watch, Doubtful, and Loss categories, 1% reserve for losses (Optional) on Standards category of loans, addition of limitations to Micro, Small, and Medium credits, and changes in the definition of “past due.”

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
<td>There are no restrictions on commercial banks’ borrowing from abroad.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
<td>There are no restrictions on commercial banks’ maintenance of accounts abroad.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
<td>Banks may lend to nonresidents domestically.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
<td>Under Article 46 (Freedom of Currency) of the DAB Law, “parties to a contract or any other voluntary transaction, including a party to a bill, note, instrument or security for money, may denominate a payment obligation in any currency agreed upon.”</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
<td>These instruments do not exist.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
<td>Commercial banks must hold the required reserves in the currency of deposits. The reserve requirement is 8% of deposits denominated in national currency and 10% of deposits denominated in foreign currencies.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
<td>There is no differential treatment of deposit accounts for liquidity ratios with respect to currency. Regulations set the quick liquidity ratio and broad liquidity ratio at 15% and 20%, respectively.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td>There is no differential treatment of deposit accounts for liquidity purposes.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td>There are no interest rate controls.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td>There are no credit controls.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td>There is no differential treatment of deposit accounts held by nonresidents for reserve requirement purposes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td>There is no differential treatment of deposit accounts held by nonresidents for liquidity purposes.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td>There are no interest rate controls for accounts held by nonresidents.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td>There are no credit rate controls for accounts held by nonresidents.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td>There are no interest rate controls for accounts held by nonresidents.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td>Commercial banks may not issue loans, commercial or otherwise, if the collateral is outside Afghanistan’s legal jurisdiction, except in cases where the loans are invested in government-issued securities.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
<td>Article 2.2 of the Open Position in Foreign Currency Regulation prescribes individual currency limits of ±20% of regulatory capital for convertible currencies and ±5% of regulatory capital for nonconvertible currencies. The overall limit is ±40% for all currencies and ±10% for nonconvertible currencies. There is no differential treatment on resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td>There is no restriction on investment by nonresidents in local banks.</td>
</tr>
</tbody>
</table>
### On resident assets and liabilities
Yes. Article 2.2 of the Open Position in Foreign Currency Regulation prescribes individual currency limits of ±20% of regulatory capital for convertible currencies and ±5% of regulatory capital for nonconvertible currencies. The overall limit is ±40% for all currencies and ±10% for nonconvertible currencies.

### On nonresident assets and liabilities
Yes. Article 2.2 of the Open Position in Foreign Currency Regulation prescribes individual currency limits of ±20% of regulatory capital for convertible currencies and ±5% of regulatory capital for nonconvertible currencies. The overall limit is ±40% for all currencies and ±10% for nonconvertible currencies.

### Provisions specific to institutional investors
No.

#### Insurance companies
No.

#### Limits (max.) on securities issued by nonresidents
No. There are no limits on investments by insurance companies in securities issued by nonresidents.

#### Limits (max.) on investment portfolio held abroad
No.

#### Limits (min.) on investment portfolio held locally
No.

#### Currency-matching regulations on assets/liabilities composition
No. The insurance law does not contain any currency-matching regulations.

#### Pension funds
No. There are no private pension funds. The government’s Retirement Treasury is overseen by the MOF.

### Limits (max.) on securities issued by nonresidents
No.

### Limits (max.) on investment portfolio held abroad
No.

### Limits (min.) on investment portfolio held locally
No.

### Currency-matching regulations on assets/liabilities composition
No.

### Investment firms and collective investment funds
No. There are no controls specifically on investment firms and collective investment funds.

### Limits (max.) on securities issued by nonresidents
No.

### Limits (max.) on investment portfolio held abroad
No.

### Limits (min.) on investment portfolio held locally
No.

### Currency-matching regulations on assets/liabilities composition
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Foreign exchange market**

Spot exchange market

*Operated by the central bank*

**Auction** 03/15/2020 Successful bidders who fail to settle their accounts within the same day of the auction are fined the total cash collateral of Af 500,000 (previously, Af 1,500,000).
ALBANIA  
(Position as of September 30, 2020)  

Status under IMF Articles of Agreement

Date of membership  

Article VIII  
Yes.  
Date of acceptance, February 21, 2015.

Article XIV  

Exchange Measures

Restrictions and/or multiple currency practices  
Yes.  
The IMF staff report for the 2018 Article IV Consultation with Albania states that, as of January 3, 2019, Albania maintained an exchange restriction in the form of outstanding debit balances on inoperative bilateral payment agreements. These were in place before Albania became an IMF member in 1991 and relate primarily to debt in nonconvertible and formerly nonconvertible currencies. (Country Report No. 19/29)

Exchange measures imposed for security reasons  
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)  
No.

Other security restrictions  
No.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency  
Yes.  
The currency of Albania is the Albanian lek.

Other legal tender  
No.

Exchange rate structure  
Unitary  
Yes.

Dual

Multiple

Classification  
No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands
Floating

Yes.

The de jure exchange rate arrangement is free floating. The Bank of Albania (BOA) does not target any level or band for the exchange rate. The BOA interventions in the foreign exchange market are limited to the following situations: (1) avoiding harmful short-term fluctuations in the market; (2) maintaining adequate levels of foreign reserves; and (3) correcting exchange rate misalignments. In the last decade, the BOA has intervened: only twice to smooth short-term volatility, respectively, two days in June 2018 and two days in March 2020; only once to correct exchange rate misalignments amidst high deflationary risks and limited policy space.

Excess volatility in the domestic foreign exchange market is considered on a case-by-case basis by the Committee for Implementing and Advising the Monetary Policy. The BOA uses auctions only for the purpose of accumulating foreign exchange reserves. This practice has been communicated to the banks. The BOA’s plan to further increase the transparency of the process, from decision-making to individual auction announcements, has been postponed for H2 2020. When the BOA intervenes in the domestic foreign exchange market, its counterparties are the commercial banks; if necessary, it may carry out its intervention with foreign exchange bureaus. The BOA intervenes through (1) verbal intervention, in the form of press releases in the print or electronic media and/or press conferences; and (2) transactional intervention. The latter can take two forms, direct intervention and intervention via preannounced auctions. In the case of direct intervention, the exchange rate is determined by commercial banks’ quotes and the BOA’s quotes. When the intervention exchange rate is uniform for all counterparties, the BOA publishes the rate on its Reuters page and simultaneously communicates it to commercial banks that do not participate in the Reuters system and to foreign exchange bureaus with which it has contact. When different exchange rates are used, the BOA announces only the fact that it has intervened. It publishes with a three-month lag the amount of the intervention in a quarterly bulletin that summarizes its foreign exchange operations with banks and the public sector. The regulation regarding foreign exchange interventions includes the option to carry out transactional interventions via auctions announced in advance. The BOA announces the date, amount, and currency it wants to buy at least one month before the auction, and the banks submit one bid each (in an amount equal to the limit it has provided the BOA). The BOA decides how much to buy based on the rates offered and its target amount. Following the auction, the BOA publishes the amount offered by commercial banks, the amount accepted by the BOA, the range of offered bids, the range of accepted bids, and the prorate at the maximum accepted bid. The BOA aims to avoid disruptions from large and irregular demand of foreign exchange by MOF, to better manage liquidity. The Ministry of Finance and Economy (MOFE) has not conducted outright purchases of foreign exchange in the market via auctions since 2014. The BOA offers a euro/Albanian lek (EUR/ALL) swap facility for the MOFE to be able to use foreign exchange cash balances for Lek payments. The swap is priced on the basis of the interest rate differential between the foreign currency and ALL.

During 2019, the BOA had intervened in the foreign exchange market with the sole purpose of accumulating foreign reserves. The
amount purchased is almost 2.6% of the total volume traded of the banking system (excluding double counting of interbank market volumes). In the last years, the BOA’s interventions to manage the level of foreign reserves are guided by a framework incorporating also an optimization model, which accounts for the macroeconomic and financial conditions and the opportunity cost of holding reserves. At the end of each year, the BOA publishes a calendar of the interventions for the upcoming year, announcing the dates and the volumes of such interventions. In tandem with this practice, the dates and amounts of scheduled foreign exchange interventions planned for 2019 were preannounced in December 2018. For 2020, only 2 out of 17 scheduled auctions were held, with the rest being cancelled after the outbreak of COVID-19, given the high uncertainty and sensitivity in the market.

Lek has appreciated against Euro in 2019, but at a considerably slower pace than a year ago. High FDI inflow, increasing exports, and tourism revenues have contributed to the exchange rate trend appreciation in the last five years. Developments in the external sector looked less benign in 2019, with current account widening by roughly 20%. However, a large part of this deficit was on account of lower electricity production and higher imports with data showing a trade deficit without energy (imports and exports) almost unchanged from 2018.

During 2019, the eur/lek developments were in line with the seasonal behavior in the recent years. The appreciation of Lek starts earlier (in April) and lasts longer, compared to the traditional seasonal appreciation in reflection of the continuous improvement of the tourism sector and the extension of the tourism season. After averaging 124.6 leks/euro in the first four months of the year, eur/lek fell to the level of 120.8 in mid-August. The appreciation was partially reversed in the following months with eur/lek closing the year at an average level of 122.2 leks/euro.

Overall, the exchange market was calm in 2019 and the trading of foreign currencies had taken place under normal conditions. Stress indicators (bid-ask spreads) and volatility have been close to their normal averages and the market converged to two-sided volatility following the strong appreciation bias in 2018.

Appreciation/depreciation bias in the market is calculated as the ratio of the number of days when Lek has appreciated to the number of days when it has depreciated, on a rolling window of 250 days. Values close to 1 indicate two-sided volatility or no appreciation of depreciation bias in the market.

Following the outbreak of coronavirus pandemic in Albania, the increase of risk perception in the market led to Lek depreciating against the euro, weakening to the level of 131 leks/euro in the end of March. The BOA intervened in the market by selling euros to prevent a possible disruption in the domestic foreign exchange market. Most of this depreciation was reversed back in April and the exchange rate level is 1.4% higher than the pre-pandemic months. The eur/lek exchange rate has fluctuated around 124 leks/euro in the following months, reflecting the low overall economic activity and lower tourism revenues. The de facto exchange rate arrangement is classified as floating.
Official exchange rate

Yes. The BOA sets the official rate of the lek against the US dollar and the euro every day, based on rates quoted by the most active and prominent domestic foreign exchange market operators. Rates for other currencies are based on US dollar cross-rates observed in international foreign exchange markets. The official rate of the lek vis-à-vis the principal foreign currencies is the rate used to settle customs obligations and reevaluate the foreign exchange positions of the BOA. Participants in the domestic foreign exchange market are not required to use the official rate in their transactions; however, the BOA requires commercial banks to use the official rate to convert foreign currency positions reported in their monthly balance sheet data.

Monetary policy framework

Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

Monetary aggregate target

Inflation-targeting framework

Yes. BOA Supervisory Council is the highest decision-making and supervisory body of the BOA. By law, the BOA is independent in formulating and implementing the monetary policy, including setting a numerical target for inflation. The Supervisory Council has decided that the inflation target is 3.0% over the medium term. Only the Supervisory Council can change the target. The decisions are taken by a majority vote. This degree of independence is outweighed through increased transparency and accountability of its actions. The Supervisory Council meets on a regular schedule published in the beginning of every year. It conducts eight regular meetings for monetary policy decision-making. The monetary policy decisions of the BOA are guided by the deviation of the medium-term inflation forecast from the target. The inflation analysis is broadly based on the assessment of current and expected economic, monetary, and financial conditions.

Target setting body

Yes. BOA Supervisory Council is the highest decision-making and supervisory body of the BOA. By law, the BOA is independent in formulating and implementing the monetary policy, including setting a numerical target for inflation. This degree of independence is outweighed through increased transparency and accountability of its actions. The monetary policy decisions of the BOA are guided by the deviation of the medium-term inflation forecast from the target. The inflation analysis is broadly based on the assessment of current and expected economic, monetary, and financial conditions.

Government

Yes.

Central Bank

Yes.

Monetary Policy Committee

Yes. BOA Supervisory Council is the highest decision-making and supervisory body of the BOA. The council meets on a regular schedule. The BOA is independent in formulating and implementing the monetary policy, including setting a numerical target for inflation. This degree of independence is outweighed through increased transparency and accountability of its actions. The monetary policy decisions of the BOA are guided by the deviation of the medium-term inflation forecast from the target. The inflation analysis is broadly based on the assessment of current and expected economic, monetary, and financial conditions.

Other
Government and Central Bank

Inflation target  Yes.  In quantitative terms, the BOA defines price stability as keeping the annual change in consumer prices at 3%, on average terms, and for long time periods. To achieve its objective, the BOA employs the following market-based monetary policy instruments: open-market operations, standing facilities, and reserve requirements. The main policy instrument is a repo (reverse repo) transaction with a seven-day maturity. (The credit for liquidity support is not classified as a monetary policy instrument; it is intended to address financial stability.) Since June 2010, the objective of monetary operations has been to steer and keep short-term interest rates in the interbank market near the base rate set by the BOA Governing Council and minimize their volatility. The BOA removed the target bands in early 2015.

Point target  Yes.  

Target with tolerance band

Band/Range

Target measure  Yes.  The primary objective of the BOA is to achieve and maintain price stability. The annual inflation rate is calculated as the annual change in the CPI, measured and published by the Institute of Statistics, the public institution in charge of compiling statistics. Average year-over-year is used.

CPI  Yes.  The primary objective of the BOA is “to achieve and maintain price stability.” The annual inflation rate is calculated as the annual change in the CPI, measured and published by the Institute of Statistics, the public institution in charge of compiling statistics. Average year-over-year is used. The CPI is computed by the Institute of Statistics.

Core inflation

Target horizon  Yes.  The monetary policy relevant horizon is estimated at around 1–3 years. The BOA aims at achieving its target over this horizon.

Operating target (policy rate)  Yes.  Repurchase Agreement rate is the policy rate. The rate is implicitly bounded by the overnight deposit window rate and the overnight credit window rate. Both rates are set by the BOA Supervisory Council.

Policy rate  Yes.  Repurchase Agreement rate is the policy rate.

Target corridor band  Yes.  The rate is implicitly bounded by the overnight deposit window rate and the overnight credit window rate. Both rates are set by the BOA Supervisory Council.

Other  n.a.  

Accountability  Yes.  The BOA is accountable to the parliament for its decisions, via submission of regular quarterly monetary policy reports and yearly hearings.

Open letter  n.a.  

Parliamentary hearings  Yes.  The BOA is accountable to the parliament for its decisions, via submission of regular quarterly monetary policy reports and yearly hearings.

Other  Yes.  The BOA is accountable to the parliament for its decisions, via submission of regular quarterly monetary policy reports and yearly hearings.
### Transparency
- Yes.

### Publication of votes
- No.

### Publication of minutes
- No.

### Publication of inflation forecasts
- Yes. The medium-term inflation forecasts are performed quarterly. Only the projected inflation for the current year and the time horizon of achieving inflation objective are published in the quarterly monetary policy report.

### Other monetary framework

#### Exchange tax
- No.

#### Exchange subsidy
- No.

#### Foreign exchange market
- Yes. ADs are allowed to freely determine their bid-ask spreads and foreign exchange commissions with their clients.

#### Spot exchange market
- Yes. In addition to banks, exchange bureaus are allowed to deal in foreign exchange with the public. As of December 31, 2019, 503 foreign exchange bureaus were licensed as foreign exchange operators. The BOA is the only institution that grants such licenses. The exchange bureaus may engage in the following activities: currency trading, trading of traveler’s checks, and acting as an agent for nonbank financial institutions licensed by the BOA to conduct payment services and money transfers. Exchange bureaus are allowed to engage in operations within Albania and are subject to BOA’s supervision and regulatory framework. Their accounts are held within the country only, and there are no restrictions on the volume of their transactions. The BOA deals with exchange bureaus under its intervention policies only in exceptional circumstances, which last occurred in 1998.

#### Operated by the central bank
- Yes.

#### Foreign exchange standing facility
- No.

#### Allocation
- No.

#### Auction
- Yes. The regulation regarding foreign exchange interventions includes the option to carry out transactional interventions via auctions announced in advance. The BOA uses preannounced auctions for the purpose of accumulating foreign exchange reserves. The BOA announces the date, amount, and currency it wants to buy at least one month before the auction, and the banks submit one bid each (in an amount equal to the limit it has provided the BOA). The BOA decides how much to buy based on the rates offered and its target amount. Following the auction, the BOA publishes the amount offered by commercial banks, the amount accepted by the BOA, the range of offered bids, the range of accepted bids, and the prorate at the maximum accepted bid.

#### Fixing
- No.

#### Interbank market
- Yes. Banks operate mainly through bilateral payments arrangements and use their own Reuters pages to announce some indicative rates, which usually apply to amounts of at least €50,000. According to the intervention regulation, the BOA may call on each bank to buy/sell up to a limit (trading lot) predetermined by each bank at the price the bank quotes on its Reuters page. Currently, the sum of four largest trading lots is €12 million and all other nine banks have a total limit of €3 million. There were 13 banks.
participating in the interbank foreign exchange market at the end of 2019.

The domestic foreign exchange market operates over the counter.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
<td>Brokerage</td>
<td>No.</td>
<td>Market making</td>
<td>No.</td>
<td>Forward exchange market</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

- **Prescription of currency requirements**
  - No. Payment for all traded merchandise is made in convertible currencies. All contracts denominated and payable in foreign currency are valid.

- **Controls on the use of domestic currency**
  - No. There are no local restrictions on using domestic currency to settle international transactions.

- **For current transactions and payments**
  - No. There are no local restrictions on using domestic currency for current transactions and payments.

- **For capital transactions**
  - No. There are no local restrictions on using domestic currency for capital transactions.

- **Transactions in capital and money market instruments**
  - No. There are no local restrictions on using domestic currency for capital transactions.

- **Transactions in derivatives and other instruments**
  - No. There are no local restrictions on using domestic currency for capital transactions.

- **Credit operations**
  - No. There are no local restrictions on using domestic currency for capital transactions.

- **Use of foreign exchange among residents**
  - No. There are no restrictions on the use of foreign exchange among residents.

- **Payments arrangements**
  - Yes. All transactions under bilateral payments agreements were suspended in 1992, and the settlement of remaining clearing accounts is awaiting the outcome of reconciliation process.

- **Bilateral payments arrangements**
  - No.

- **Operative**
  - No.

- **Inoperative**
  - No.

- **Regional arrangements**
  - No.

- **Clearing agreements**
  - Yes. Albania maintains outstanding balances under inoperative bilateral payments agreements in nonconvertible currencies with Cuba, the Democratic People’s Republic of Korea, and Vietnam. Albania also maintains outstanding balances under inoperative bilateral clearing agreements in convertible currencies with Algeria, Cuba, the Democratic People’s Republic of Korea, and Vietnam.

- **Barter agreements and open accounts**
  - No.

- **Administration of control**
  - Yes. The BOA is vested with the power to administer exchange controls. The BOA is the only authority with the right to (1) license, authorize, regulate, supervise, and revoke the licenses of foreign exchange market participants, as well as those of commercial banks; (2) define the limits of their activities; and (3) regulate and supervise foreign exchange operations and international payments to prevent any
participants from dominating the market and undermining the value of the lek through speculation. In accordance with anti-money-laundering legislation, banks are required to maintain records of all cash transactions in excess of the equivalent of lek 1 million and to report these to the authority in the MOF responsible for the prevention of money laundering.

**Payments arrears**

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no official external arrears. The outstanding balance from bilateral agreements of payments—dating from the communist regime (with Algeria, Cuba, and Vietnam can be recognized as liabilities only on signing of the respective debt rescheduling agreements and their ratification by the parliament of the Republic of Albania.)—Under Albanian law, the outstanding balances were only considered liabilities if they entered into an agreement by 2009. On official communication to the respective governments, no request or response is provided.

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on trade in gold (coins and/or bullion)**

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no restrictions on domestic ownership of gold, and trading activity is allowed under the license granted by the appropriate authorities.

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with Article 12.1 of the regulation on foreign exchange activities, residents and nonresidents may transfer standardized gold and precious metals to and from Albania only through entities licensed by the BOA. In accordance with Article 12.2 of the regulation on foreign exchange activities, residents and nonresidents may transfer nonstandardized gold and precious metals to and from Albania in accordance with documentary requirements regarding the source, the purpose of the transfer, the quantity, and whether the transfer involves the return of the precious metals and, if so, the form in which they must be returned. The requirement does not apply to transfers of jewelry for personal use.

**Controls on exports and imports of banknotes**

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Natural and juridical persons are allowed to export up to lek 50,000 in domestic banknotes and coins.

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with Article 11.1 of the regulation on foreign exchange activities, residents and nonresidents must declare to customs authorities the source and purpose of funds in amounts exceeding lek 1 million or its equivalent in foreign currency. In accordance with Article 11.2 of the regulation on foreign exchange activities, nonresidents visiting Albania may take out foreign currency in cash and traveler’s checks in the amount declared to customs authorities on entry. This amount must be supported by (1) a declaration made at the time of entry and (2) exchange documents, if available.

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Result</th>
</tr>
</thead>
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Natural and juridical persons are allowed to import up to lek 50,000 in domestic banknotes and coins.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with Article 11 of the regulation on foreign exchange activities, residents and nonresidents must declare to customs authorities the source and the purpose of funds exceeding lek 1 million or its equivalent in foreign currency.

**References to legal instruments and**

This information can be found at the AREAER ONLINE database.
### Resident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Residents may open bank accounts in foreign currency. Foreign exchange accounts are not subject to specific rules or constraints and are treated like domestic currency accounts.

Residents are allowed to open foreign exchange accounts abroad, and the balances may be transferred to their home country freely; supporting/declaration documents are required (Law No. 9917 on the Prevention of Money Laundering and Terrorism Financing, as amended) for the purpose of client identification.

There are no local restrictions on opening/holding accounts in domestic currency abroad; however, the lek is not convertible and so it is not used for this purpose.

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No</td>
</tr>
</tbody>
</table>

Deposit-taking institutions have specific rules for opening and operating foreign exchange accounts, in compliance with the requirements of Law No. 9917 of May 19, 2008, on the Prevention of Money Laundering and Terrorism Financing, as amended, for the purpose of client identification.

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
</tr>
<tr>
<td>Documentation requirements for</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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**Release of foreign exchange for imports**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
</tbody>
</table>

The BOA is the licensing authority in the country that grants the license for performing foreign exchange activity respectively for banks, nonbank financial institutions, and foreign exchange offices. This license is a separate one and in no case can the import license be used as a license for performing the foreign exchange transactions in the country.

**Other**

Yes.

Appendix No. 1 of Regulation of BOA No. 70 on Foreign Exchange Activities, as amended, stipulates the following: Advance payment in lek or the equivalent in foreign currency calculated at the daily exchange rate must be accompanied by the following documentation: (1) an application describing the nature and purpose of the transaction, signed by the applicant and including a declaration that the submitted documentation was not previously used for other transfers for the same goods and value; and (2) a pro forma invoice and/or a contract with the terms of payment. For transfers related to commercial services, as stipulated in Article 7, Paragraph 1, of the regulation, license holders must obtain from each customer the following documentation: (1) the application stipulated in Paragraph 1a (Part I) of the appendix and (2) the invoice or a document certifying the purpose of the transfer and/or the respective contract or agreement. For transfers related to noncommercial transactions, the following documents are required: (1) the application stipulated in Paragraph 1a (Part I of the appendix) and (2) a declaration of the source of income for the transfer.

**Import licenses and other nontariff measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In compliance with Law No. 10081 on Licenses, Authorizations, and Permits in the Republic of Albania, anyone meeting the criteria specified in this law and other pertinent legislation is licensed to exercise a specific activity. Once the license to exercise the activity is granted, the importer may import any product without an additional import license, except for specific products that require a nonautomatic license, including narcotic and psychotropic drugs, certain flora and fauna, medicinal products, military goods, and certain fish and fish products (G/LIC/N/3/ALB/4 of October 23, 2009).

**Other nontariff measures**

Yes.

The only import prohibitions relate to products considered to be hazardous or to threaten public health. The importation of dangerous waste is prohibited, unless it can be used, processed, or recycled, in which case an import license is required (as mentioned above). Import prohibitions also apply to imports of strong poisons, chemical weapons, narcotics, and animal products from certain countries. Import prohibitions apply to bioproducts and veterinary drugs recognized as dangerous to human or animal health by relevant international organizations; imports from countries or areas within a country infected by a contagious disease; live microorganisms pathogenic to animals and plants; and infected plant products and...
other objects.

Excise taxes on domestic and imported goods are unified. Customs tariffs are applied to the c.i.f. value at rates of 0%, 2%, 5%, 6%, 10%, and 15%.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements Yes. All private and public companies or individuals operating in the export sector are required to repatriate their foreign exchange receipts.

Surrender requirements No.

*Surrender to the central bank* No.

*Surrender to authorized dealers* No.

Financing requirements No.

Documentation requirements No.

Letters of credit No.

Guarantees No.

Domiciliation No.

Preshipment inspection No.

Other No.

Export licenses Yes. Export licenses must be obtained only for a handful of mostly sensitive products. These include firearms, ammunition, dual-use goods and technologies, military goods, explosive materials, and radioactive materials. Licenses and special export permits are required for precious metals, antiques, national clothing of artistic or folkloric value, and books and works of art that form part of Albania’s national heritage and culture.

Without quotas Yes.

With quotas No.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No. Supporting documents are required.

According to the Regulation on Foreign Exchange Activities approved by Decision No. 70 of September 30, 2009, of the Supervisory Council of the BOA (as amended), there are no specific...
provisions regarding invisible transactions. Article 7 of the regulation applies to “current transactions.” Article 7, Paragraph 3 stipulates that “current transfers and transactions between residents and nonresidents are conducted freely in line with the documentation stipulated in Appendix No. 1 of this Regulation.”

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
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<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<tr>
<td>Other payments</td>
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<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

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Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
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<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

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Capital Transactions

In accordance with the regulation on foreign exchange activities, the transfer of capital from abroad by residents and/or nonresidents may be carried out freely and without restrictions. Capital transfers outside Albania for account holders licensed by the BOA may be performed on the authority of their respective institutions and in accordance with the regulatory and supervisory requirements of the BOA. License holders may make transfers outside Albania for their customers with the requisite documentation in the BOA’s regulation on foreign exchange activities.

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Controls on capital and money market instruments Yes.

Transactions with securities and other similar instruments, and the exercise of rights arising from the latter, may be carried out only through banks and/or other institutions authorized by law, on the basis of a contract. For prudential reasons and money-laundering prevention, the FIU and the BOA monitor and review these transactions.

On capital market securities Yes.
Law No. 62/2020 “On Capital Markets” does not restrict transactions between residents and nonresidents.

Shares or other securities of a participating nature Yes.

There are no restrictions in Law No. 62/2020 “On Capital Markets,” effective September 1, 2020, on the local purchase of securities by nonresidents. Previously, local purchases by nonresidents had to be performed only by brokerage companies or banks licensed by the Financial Supervisory Authority (FSA).

Purchase locally by nonresidents No.

No person may make an offer to subscribe or purchase securities in the Republic of Albania, unless such offer is made through a prospectus or any such other document issued in terms of the regulations by the Authority for the purposes of solicitation of funds from the public. The prospectus or any such other document prepared by a person making an offer, whether it is made to the public prior to a listing on an exchange, or by way of private placement, must comply with the regulations of the Albanian Financial Supervisory Authority (AFSA).

Sale or issue locally by nonresidents Yes.

Pursuant to Article 247 of Law No. 62/2020 “On Capital Markets,” effective September 1, 2020, (1) An issuer outside the Republic of
Albania may offer securities in the Republic of Albania by having a prospectus or an offering memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with AFSA in the frame of International Organization of Securities Commissions’ (IOSCO’s) Multilateral Memorandum of Understanding (MMoU).

(2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the prospectus, and is subject to administrative penalties in the case of noncompliance.

Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The FSA could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

Purchase abroad by residents

Yes. The Law on Capital Markets does not restrict purchases abroad by residents.

Pursuant to the Law on Banks, No. 9662 of December 18, 2006, as amended, banks may invest in the purchase of shares of commercial companies which are not banks or financial institutions or may be a partner of a commercial company, for an amount not exceeding 10% of the capital of that company, but the investment at any time may not exceed 15% of the regulatory capital of the bank. The maximum allowed investment of a bank in several commercial companies which are not banks or financial institutions or the maximum holdings as a partner in such commercial companies may not exceed 60% of the regulatory capital of a bank.

Pursuant to Regulation No. 1 of January 28, 2010, as amended, the assets of a pension fund may not be invested more than (1) 30% in shares or units in investment funds licensed in an EU Member State, and (a) the assets of which are invested in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia), and Hang Seng Index (Hong Kong); or (b) the assets of which are invested in bonds, treasury bills, and other securities issued or guaranteed by EU Member States; (2) 100% in bonds, treasury bills, or other securities issued or guaranteed by the ECB, the EIB, and the World Bank; (3) 100% in bonds, treasury bills, and other securities issued or guaranteed by EU Member States or OECD countries or by the relevant CBs, but (a) no more than 30% in a single issuer. The ceiling may be increased to 100% in a single issuer, after receiving approval by the FSA, based on the arguments provided for such an investment policy.

Sale or issue abroad by residents

No. There is no restriction for residents to sell or issue abroad since March 27, 2008 by the entry into force of the Law No. 9879 dated February 21, 2008. This law ceased to be in force and is now replaced by Law No. 62/2020 on Capital markets.

Bonds or other debt securities

Yes. The rules on shares transactions apply.

Purchase locally by nonresidents

No. The rules on shares transactions apply.

There are no restrictions in Law No. 62/2020 “On Capital Markets,”
effective September 1, 2020, on the local purchase of securities by nonresidents. Previously, local purchases by nonresidents had to be performed only by brokerage companies or banks licensed by the FSA.

Sale or issue locally by nonresidents  Yes. The rules on shares transactions apply. No person must make an offer to subscribe or purchase securities in the Republic of Albania, unless such offer is made through a prospectus or any such other document issued in terms of the regulations by the Authority for the purposes of solicitation of funds from the public. The prospectus or any such other document prepared by a person making an offer, whether it is made to the public prior to a listing on an exchange, or by way of private placement, must comply with the regulations of AFSA.

Pursuant to Article 247 of Law No. 62/2020 “On Capital Markets,” effective September 1, 2020, (1) An issuer outside of the Republic of Albania may offer securities in the Republic of Albania by having a prospectus or an offering memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with AFSA in the frame of IOSCO’s MMoU. (2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the prospectus, and is subject to administrative penalties in the case of noncompliance.

Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The FSA could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

Purchase abroad by residents  Yes. Pursuant to Regulation No. 1 of January 28, 2010, as amended, the assets of a pension fund may not be invested more than (1) 30% in shares or units in investment funds licensed in an EU Member State, and (a) the assets of which are invested in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia), and Hang Seng Index (Hong Kong); or (b) the assets of which are invested in bonds, treasury bills, and other securities issued or guaranteed by EU Member States; (2) 100% in bonds, treasury bills, or other securities issued or guaranteed by the ECB, the EIB, and the World Bank; (3) 100% in bonds, treasury bills, and other securities issued or guaranteed by EU Member States or OECD countries or by the relevant CBs, but (a) no more than 30% in a single issuer. The ceiling may be increased to 100% in a single issuer, after receiving approval by the FSA, based on the arguments provided for such an investment policy.

Sale or issue abroad by residents  No. There is no restriction for residents to sell or issue abroad since March 27, 2008 by the entry into force of the Law No. 9879 dated February 21, 2008. This law ceased to be in force and is now replaced by Law No. 62/2020 on Capital markets.

On money market instruments  Yes.
Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: Yes.

Local sales or issue of securities, including money market instruments by nonresidents, should be performed in accordance with Article 247 of the Law on Capital Markets. The conditions are the same as for shares.

No person must make an offer to subscribe or purchase securities in the Republic of Albania, unless such offer is made through a prospectus or any such other document issued in terms of the regulations by the Authority for the purposes of solicitation of funds from the public. The prospectus or any such other document prepared by a person making an offer, whether it is made to the public prior to a listing on an exchange, or by way of private placement, must comply with the regulations of AFSA.

Pursuant to Article 247 of Law No. 62/2020 “On Capital Markets,” effective September 1, 2020, (1) An issuer outside of the Republic of Albania may offer securities in the Republic of Albania by having a prospectus or an offering memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with AFSA in the frame of IOSCO’s MMoU.

(2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the prospectus, and is subject to administrative penalties in the case of noncompliance.

Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The FSA could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

The Law on Capital Markets does not restrict purchases abroad by residents. However, transactions must conform to BOA Regulation No. 70 on Foreign Exchange Activities.

Pursuant to Regulation No. 1 of January 28, 2010, as amended, the assets of a pension fund may not be invested more than (1) 30% in shares or units in investment funds licensed in an EU Member State, and (a) the assets of which are invested in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia), and Hang Seng Index (Hong Kong); or (b) the assets of which are invested in bonds, treasury bills, and other securities issued or guaranteed by EU Member States; (2) 100% in bonds, treasury bills, or other securities issued or guaranteed by the ECB, the EIB, and the World Bank; (3) 100% in bonds, treasury bills, and other securities issued or guaranteed by EU Member States or OECD countries or by the relevant CBs, but (a) no more than 30% in a single issuer. The ceiling may be increased to 100% in a single issuer, after receiving approval by the FSA, based on the arguments provided for such an investment policy.

Sale or issue abroad by residents: No.

On collective investment securities: Yes.
Purchase locally by nonresidents: No. The Law on Collective Investment Undertakings does not restrict local purchases of units by nonresidents.

Sale or issue locally by nonresidents: Yes. Collective investment undertakings licensed by the appropriate authority in an EU country and/or a country that is specifically approved by the FSA may issue units/shares in Albania, with FSA approval.

Purchase abroad by residents: Yes. The Law on Collective Investment Undertakings does not restrict purchases of units abroad by residents.

Sale or issue abroad by residents: Yes. A management company wishing to establish a branch in an EU country, or another country outside the EU if specifically permitted by the FSA, must notify the FSA, indicating the EU country or another permitted country in which it intends to establish a branch.

Controls on derivatives and other instruments: Yes. Controls on derivatives and other instruments are the same as on capital market securities.

Purchase locally by nonresidents: No. Pursuant to Regulation No. 1 of January 28, 2010, as amended, the assets of a pension fund may not be invested more than (1) 30% in shares or units in investment funds licensed in an EU Member State, and (a) the assets of which are invested in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia), and Hang Seng Index (Hong Kong); or (b) the assets of which are invested in bonds, treasury bills, and other securities issued or guaranteed by EU Member States; (2) 100% in bonds, treasury bills, or other securities issued or guaranteed by the ECB, the EIB, and the World Bank; (3) 100% in bonds, treasury bills, and other securities issued or guaranteed by EU Member States or OECD countries or by the relevant CBs, but (a) no more than 30% in a single issuer. The ceiling may be increased to 100% in a single issuer, after receiving approval by the FSA, based on the arguments provided for such an investment policy.

Sale or issue locally by nonresidents: Yes. There are no restrictions in Law No. 62/2020 “On Capital Markets,” effective September 1, 2020, on the local purchase of securities by nonresidents. Previously, local purchases by nonresidents had to be performed only by brokerage companies or banks licensed by the FSA.

Sale or issue locally by nonresidents: Yes. No person must make an offer to subscribe or purchase securities in the Republic of Albania, unless such offer is made through a prospectus or any such other document issued in terms of the regulations by the Authority for the purposes of solicitation of funds from the public. The prospectus or any such other document prepared by a person making an offer, whether it is made to the public prior to a listing on an exchange, or by way of private placement, must comply with the regulations of AFSA. Pursuant to Article 247 of Law No. 62/2020 “On Capital Markets,” effective September 1, 2020, (1) An issuer outside of the Republic of Albania may offer securities in the Republic of Albania by having a prospectus or an offering memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with AFSA in the frame of IOSCO’s MMoU. (2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the
prospectus, and is subject to administrative penalties in the case of noncompliance. Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The FSA could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

**Purchase abroad by residents**
Yes. The Law on Securities does not restrict purchases abroad by residents. Pursuant to Regulation No. 1 of January 28, 2010, as amended, the assets of a pension fund may not be invested more than (1) 30% in shares or units in investment funds licensed in an EU Member State, and (a) the assets of which are invested in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia), and Hang Seng Index (Hong Kong); or (b) the assets of which are invested in bonds, treasury bills, and other securities issued or guaranteed by EU Member States; (2) 100% in bonds, treasury bills, or other securities issued or guaranteed by the ECB, the EIB, and the World Bank; (3) 100% in bonds, treasury bills, and other securities issued or guaranteed by EU Member States or OECD countries or by the relevant CBs, but (a) no more than 30% in a single issuer. The ceiling may be increased to 100% in a single issuer, after receiving approval by the FSA, based on the arguments provided for such an investment policy.

**Sale or issue abroad by residents**
No. There is no restriction for residents to sell or issue abroad since March 27, 2008 by the entry into force of the Law No. 9879 dated February 21, 2008. This law ceased to be in force and is now replaced by Law No. 62/2020 on Capital markets.

**Controls on credit operations**
No.

**Commercial credits**
No.
By residents to nonresidents
No.
To residents from nonresidents
No.

**Financial credits**
No.
By residents to nonresidents
No.
To residents from nonresidents
No.

**Guarantees, sureties, and financial backup facilities**
No.
By residents to nonresidents
No.
To residents from nonresidents
No.

**Controls on direct investment**
No.

**Outward direct investment**
No.

**Inward direct investment**
No.

**Controls on liquidation of direct investment**
No.
### Controls on liquidation of direct investment

- **Purchase abroad by residents**: No.
- **Purchase locally by nonresidents**: Yes. Controls relate only to the purchase of land.
- **Sale locally by nonresidents**: No.

### Controls on real estate transactions

- **Purchase abroad by residents**: No.
- **Purchase locally by nonresidents**: Yes. Controls relate only to the purchase of land.
- **Sale locally by nonresidents**: No.

### Controls on personal capital transactions

- **Loans**: No.
  - **By residents to nonresidents**: No. These transactions are subject only to anti-money-laundering regulations.
  - **To residents from nonresidents**: No. These transactions are subject only to anti-money-laundering regulations.
- **Gifts, endowments, inheritances, and legacies**: No.
  - **By residents to nonresidents**: No.
  - **To residents from nonresidents**: No. These transactions are subject only to anti-money-laundering regulations.

### Settlement of debts abroad by immigrants

- **Transfer of assets**: No.
  - **Transfer abroad by emigrants**: No.
  - **Transfer into the country by immigrants**: No.
- **Transfer of gambling and prize earnings**: No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

- **Provisions specific to commercial banks and other credit institutions**: Yes.
  - **Borrowing abroad**: No.
  - **Maintenance of accounts abroad**: No.
  - **Lending to nonresidents (financial or commercial credits)**: No.
  - **Lending locally in foreign exchange**: No.
  - **Purchase of locally issued securities denominated in foreign exchange**: No.
  - **Differential treatment of deposit accounts in foreign exchange**: Yes.
  - **Reserve requirements**: Yes. Banks are required to maintain reserves at their accounts with the BOA. The reserve requirement ratio varies by currency as a measure to increase the use of domestic currency in the financial system. The following are applied to the liabilities included in the reserve base to which a zero reserve ratio is not applied: The reserve ratio in lek is 7.5% for liabilities with a maturity up to 12 months, and 5% for those with an initial maturity between 12 months and two years. The reserve ratio in foreign currency is 12.5% when the bank’s ratio of liabilities in the relevant currency included in the reserve base to...
which a zero reserve ratio is not applied to the total of liabilities is up to 50%, and 20% if the ratio is higher than 50%.
Reserves in lek are remunerated at the repo rate. The euro required reserves are remunerated at the ECB overnight deposit rate and the US dollar required reserves are remunerated at 0%.
The maintenance period of the required reserve is one month. It starts on the 24th day of the month succeeding the base period and ends on the 23rd day of the following month. The BOA applies the averaging system of maintaining reserves over the maintenance period. Banks are allowed to use every day up to 70% of the reserve requirements’ amount in lek.

### Liquid asset requirements
No.

### Interest rate controls
No.

### Credit controls
No.

### Differential treatment of deposit accounts held by nonresidents
No.

### Reserve requirements
No.

### Liquid asset requirements
No.

### Interest rate controls
No.

### Credit controls
No.

### Investment regulations
Yes.

### Abroad by banks
Yes. Pursuant to the Law on Banks, No. 9662 of December 18, 2006, as amended, bank exposures may not be higher than 20% of their regulatory capital with a single counterparty or a group of connected clients. If the counterparty is the parent bank or one or more subsidiaries of a parent bank, banks may not invest more than 25% of their regulatory capital. The bank may not undertake large exposures, which together exceed 700% of regulatory capital. Pursuant to the Law on Banks, No. 9662 of December 18, 2006, as amended, banks may invest in the purchase of shares of commercial companies which are not banks or financial institutions or may be a partner of a commercial company, for an amount not exceeding 10% of the capital of that company, but the investment at any time may not exceed 15% of the regulatory capital of the bank. The maximum allowed investment of a bank in several commercial companies which are not banks or financial institutions or the maximum holdings as a partner in such commercial companies may not exceed 60% of the regulatory capital of a bank.

### In banks by nonresidents
No.

### Open foreign exchange position limits
Yes. The limit is 20% of the bank’s capital for a single currency and 30% for all currencies.

### On resident assets and liabilities
Yes. The limit is 20% of the bank’s capital for a single currency and 30% for all currencies.

### On nonresident assets and liabilities
Yes. The limit is 20% of the bank’s capital for a single currency and 30% for all currencies.

### Provisions specific to institutional investors
Yes.

### Insurance companies
Yes.

### Limits (max.) on securities issued by nonresidents
Yes. The Insurance Law, No. 52 (Articles 97 and 103), specifies permissible investments and limits for investment of assets covering...
technical or mathematical provisions. Assets covering technical provisions, or mathematical provisions, may, with FSA approval, be invested in (1) long-term bonds and long-term securities issued by an EU member country or an OECD member country; (2) long-term bonds and long-term securities issued by a nongovernmental entity in an EU member country or an OECD member country; (3) shares issued by a foreign joint-stock company that are traded on a regulated capital market in an EU member country or an OECD member country; and (4) units/shares of collective investment undertakings that are traded in an EU member country or an OECD member country. Before acquiring a qualified holding in another foreign (member or nonmember country) insurance company or financial institution, an insurance company must inform the FSA in writing. Insurance companies must also inform the FSA in writing of subsequent holdings equal to or exceeding 20%, 33%, 50%, or 75% of the voting rights or participation in the capital of a foreign financial institution (Article 50, Law No. 52). Regulation No. 19 (Article 4, Point 2) of April 28, 2015, “On the Assets Covering Technical Provisions and the Types of the Permitted Investments of These Assets” stipulates additional requirements, other than limits, regarding the permissible investments of assets covering technical provisions mentioned above. On Albania’s accession to the EU, insurance companies will be allowed to invest their assets covering technical provisions and mathematical provisions in an EU or an OECD member country, as specified in the insurance law (Article 263, Law No. 52).

The Insurance Law, No. 52 (Articles 97 and 103), specifies permissible investments and limits for investment of assets covering technical or mathematical provisions. Assets covering technical provisions, or mathematical provisions, may, with FSA approval, be invested in (1) long-term bonds and long-term securities issued by an EU member country or an OECD member country; (2) long-term bonds and long-term securities issued by a nongovernmental entity in an EU member country or an OECD member country; (3) shares issued by a foreign joint-stock company that are traded on a regulated capital market in an EU member country or an OECD member country; and (4) units/shares of collective investment undertakings that are traded in an EU member country or an OECD member country. Before acquiring a qualified holding in another foreign (member or nonmember country) insurance company or financial institution, an insurance company must inform the FSA in writing. Insurance companies must also inform the FSA in writing of subsequent holdings equal to or exceeding 20%, 33%, 50%, or 75% of the voting rights or participation in the capital of a foreign financial institution (Article 50, Law No. 52). Regulation No. 19 (Article 4, Point 2) stipulates additional requirements, other than limits, regarding the permissible investments of assets covering technical provisions mentioned above. On Albania’s accession to the EU, insurance companies will be allowed to invest their assets covering technical provisions and mathematical provisions in an EU or an OECD member country, as specified in the insurance law (Article 263, Law No. 52).

There is no limit on investments held locally. Insurance companies may invest 100% of their technical and mathematical provisions in Albania as long as the restrictions regarding investment type and diversification are met. Insurance companies may invest their technical and mathematical provisions in treasury bills and notes, as well as in other market instruments issued by the central government of Albania.
## Currency-matching regulations on assets/liabilities composition

Yes. The Insurance Law, No. 52 (Article 98), requires insurance companies to appropriately match the amount of investment of assets covering technical and mathematical provisions which are exposed to risk of potential losses because of changes in interest rates, exchange rates, and other market risks with its liabilities from insurance contracts dependent on the same changes. When investing assets covering technical and mathematical provisions, insurance companies must take into consideration the maturity of the liabilities under individual insurance contracts. Insurance companies must match no less than 80% of the assets covering mathematical provisions with the liabilities under insurance contracts dependent on changes in foreign exchange rates.

### Pension funds

Yes.

#### Limits (max.) on securities issued by nonresidents

Yes. Regulation No. 1 of January 28, 2010, as amended, specifies the restrictions on investment of assets of pension funds in securities issued abroad. This regulation specifies limits based on debt securities ratings, issuing financial institutions, issuing countries, such as EU or OECD countries, concentration on single issuers, etc.

#### Limits (max.) on investment portfolio held abroad

Yes. Regulation No. 1 of January 28, 2010, as amended, specifies the restrictions on investment of the assets of pension funds in securities issued abroad, including limits based on debt securities ratings, issuing financial institutions, issuing countries, such as EU or OECD countries, concentration on single issuers, etc.

The assets of a pension fund may not be invested more than (1) 30% in shares or units in investment funds licensed in an EU Member State, and (a) the assets of which are invested in the following indices: CAC 40, DAX, FTSE 100, S&P 500, Dow Jones Industrial Average, Nikkei 225 (Japan), Sensex (India), All Ordinaries (Australia), and Hang Seng Index (Hong Kong); or (b) the assets of which are invested in bonds, treasury bills, and other securities issued or guaranteed by EU Member States; (2) 100% in bonds, treasury bills, or other securities issued or guaranteed by the ECB, the EIB, and the World Bank; (3) 100% in bonds, treasury bills, and other securities issued or guaranteed by EU Member States or OECD countries or by the relevant CBs, but (a) no more than 30% in a single issuer. The ceiling may be increased to 100% in a single issuer, after receiving approval by the FSA, based on the arguments provided for such an investment policy.

#### Limits (min.) on investment portfolio held locally

No. Regulation No. 1 of January 28, 2010, as amended, stipulates that 100% of assets of pension funds may be invested in notes, treasury bills, and other government papers issued and backed by the Republic of Albania. However, there are limits regarding bank deposits and concentration of investment in a single issuer.

### Currency-matching regulations on assets/liabilities composition

No. There is no currency-matching regulation.

### Investment firms and collective investment funds

Yes.

#### Limits (max.) on securities issued by nonresidents

Yes. Articles 139 and 140 of the Law on Collective Investments, No. 56/2020 of June 20, 2020, stipulate restrictions on publicly offered investment funds’ holdings. These include the maturities, transferability, investments in EU countries only (except with FSA permission), issuer concentration, etc. The restrictions are expressed as a percentage of the fund’s total assets. The limits are the same as in the UCITS IV directive.

#### Limits (max.) on investment portfolio held abroad

Yes. The Law on Collective Investments, No. 56/2020 of June 20, 2020, states that there are no limits on the percentage of investments held abroad. However, Articles 139 and 140 stipulate restrictions on publicly offered investment of funds’ assets. There are restrictions on
maturities, transferability, investments in EU countries only (except with FSA permission), issuer concentration, etc. The restrictions are expressed as a percentage of the fund’s total assets. Effective June 20, 2020, pursuant to Law No. 56/2020 “On Collective Investment Undertakings,” the limits on maturities, transferability, issuer concentration, etc. are the same as in the UCITS IV Directive.

Effective June 20, 2020, pursuant to Law No. 56/2020 “On Collective Investment Undertakings,” the limits on maturities, transferability, issuer concentration, etc. are the same as in the UCITS IV Directive.

There is no minimum on the investment portfolio held locally. Articles 139 and 140 of the Law on Collective Investments, No. 56/2020 of June 20, 2020, restrict the types of assets, maturities, transferability, etc.

There is no currency-matching regulation.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Capital Transactions

**Controls on capital transactions**

**Controls on capital and money market instruments**

*On capital market securities*

- **Shares or other securities of a participating nature**
  - Purchase locally by nonresidents: 09/01/2020

- **Sale or issue locally by nonresidents**
  - 09/01/2020

There are no restrictions in Law No. 62/2020 “On Capital Markets” on the local purchase of securities by nonresidents. Previously, local purchases by nonresidents had to be performed only by brokerage companies or banks licensed by the Financial Supervisory Authority. Pursuant to Article 247 of Law No. 62/2020 “On Capital Markets,” (1) An issuer outside of the Republic of Albania may offer securities in the Republic of Albania by having a prospectus or an offering memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with AFSA in the frame of International Organization of Securities Commissions’ (IOSCO’s) Multilateral Memorandum of Understanding (MMoU). (2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the prospectus, and is subject to administrative penalties in the case of noncompliance. Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The Financial Supervisory Authority (FSA) could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

- **Bonds or other debt securities**
  - Purchase locally by nonresidents: 09/01/2020

There are no restrictions in Law No. 62/2020 “On Capital Markets” on the local purchase of securities by nonresidents. Previously, local purchases by nonresidents had to be performed only by brokerage companies or banks licensed by the Financial Supervisory Authority.
Sustainable to Article 247 of Law No. 62/2020 “On Capital Markets,”
(1) An issuer outside of the Republic of Albania may offer securities in the Republic of Albania by having a prospectus or an offering memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with Albanian Financial Supervisory Authority in the frame of International Organization of Securities Commissions’ (IOSCO’s) Multilateral Memorandum of Understanding (MMoU).
(2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the prospectus, and is subject to administrative penalties in the case of noncompliance.
Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The Financial Supervisory Authority (FSA) could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

On money market instruments
Sale or issue locally by nonresidents 09/01/2020
Pursuant to Article 247 of Law No. 62/2020 “On Capital Markets,”
(1) An issuer outside of the Republic of Albania may offer securities in the Republic of Albania by having a prospectus or an offering memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with AFSA in the frame of International Organization of Securities Commissions' (IOSCO’s) Multilateral Memorandum of Understanding (MMoU).
(2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the prospectus, and is subject to administrative penalties in the case of noncompliance.
Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The Financial Supervisory Authority (FSA) could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

Controls on derivatives and other instruments
Purchase locally by nonresidents 09/01/2020
There are no restrictions in Law No. 62/2020 “On Capital Markets” on the local purchase of securities by nonresidents. Previously, local purchases by nonresidents had to be performed only by brokerage companies or banks licensed by the Financial Supervisory Authority.
Pursuant to Article 247 of Law No. 62/2020 “On Capital Markets,”
(1) An issuer outside of the Republic of Albania may offer securities in the Republic of Albania by having a prospectus or an offering
memorandum, which is first registered with the competent authority of the home country in accordance with its legal framework, under the condition that the competent authority of the home country has signed a cooperation agreement on information exchange with Albanian Financial Supervisory Authority in the frame of International Organization of Securities Commissions’ (IOSCO’s) Multilateral Memorandum of Understanding (MMoU).

(2) If it is not one of the countries signatory to the IOSCO MMoU, an issuer outside of the Republic of Albania may issue securities in the Republic of Albania only through an investment firm in the Republic of Albania, which is responsible and guarantees the accuracy and the authenticity of the information given in the prospectus, and is subject to administrative penalties in the case of noncompliance. Previously, a foreign issuer could issue securities in Albania through a public offering solely through a licensed issuing agent. The Financial Supervisory Authority (FSA) could approve publication of the foreign issuer’s prospectus and publication of a prospectus of a foreign issuer making a public offering simultaneously in Albania and in an EU member country or the USA, if publication in that EU country was approved by the relevant authority, or the FSA could condition approval on supplementation of the prospectus with additional information as prescribed by law.

Provisions Specific to the Financial Sector

Provisions specific to institutional investors

Investment firms and collective investment funds

Limits (max.) on investment portfolio held abroad

06/20/2020

Pursuant to Law No. 56/2020 “On Collective Investment Undertakings,” the limits on maturities, transferability, issuer concentration, etc. are the same as in the UCITS IV Directive.
**ALGERIA**  
*(Position as of June 30, 2020)*

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Article</th>
<th>Status</th>
<th>Date of acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII</td>
<td>Yes</td>
<td>September 15, 1997</td>
</tr>
<tr>
<td>XIV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Exchange Measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions and/or multiple currency practices</td>
<td>No</td>
<td>No restrictions as reported in the latest IMF staff report as of December 31, 2019.</td>
</tr>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exchange Arrangement**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>Yes</td>
<td>The currency of Algeria is the Algerian dinar.</td>
</tr>
<tr>
<td>Other legal tender</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Exchange rate structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitary</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Dual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No separate legal tender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stabilized arrangement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crawling peg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
<td>Yes</td>
<td>The de jure exchange rate arrangement is managed floating. The Bank of Algeria (BA) does not announce the path of the exchange rate. The external value of the dinar is determined in the interbank foreign exchange market, in which the BA is the main seller. This is because of inflows related to commodity exports, including hydrocarbons, which, under current law, must be surrendered to the BA. The BA manages the dinar with reference to a basket of currencies, and the rate of the dinar relative to the currencies in the basket is based on balance of payments data. The BA has not set a</td>
</tr>
</tbody>
</table>
target range for fluctuation of the dinar outside or within any particular band, and the observed exchange rate movements do not confirm any constant weights of the currency composite. The de facto exchange rate arrangement is classified as a crawl-like arrangement. The BA does not disclose information about its interventions.

Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate No. There is no official exchange rate determined outside the market. The exchange rate used by the customs administration is the market-determined rate of the dinar against the respective currency on the customs clearance date.

Monetary policy framework
Exchange rate anchor
U.S. dollar
Euro
Composite
Other

Monetary aggregate target Yes. The monetary policy framework adjusts to reflect the developments of the economic environment caused by oil price fluctuations. Since 2003, base money has been the main intermediate instrument of monetary policy, and liquidity management tools dominated the monetary policy toolkit. In March 2017, the BA introduced open market operations for the first time. Until November 2017, open market lending operations served as the main policy tool. With the introduction of monetary financing in October 2017, excess liquidity reappeared and the BA reintroduced liquidity absorption facilities in January 2018. At present, the decline in liquidity has led to greater use of bank refinancing instruments, particularly through open market operations.

The exchange rate policy targets a real effective exchange rate in line with its fundamental value but has occasionally been used to contain price pressures.

Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other

Government and Central Bank
Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes. Authorized exchange bureaus may not freely determine their bid-ask spread. Their rates may vary by no more than 1% from the rate used by the BA (Article 10 of Instruction No. 08-96 of December 18, 1996). Exchange bureaus may charge a commission in dinars, which must be posted, on foreign exchange purchases and sales (Article 1 of Instruction No. 08-96 of December 18, 1996).

Spot exchange market  Yes. The governor of the BA issues licenses to banks and financial institutions to engage in banking operations, including foreign exchange transactions. These licenses are conditional on authorization from the Council on Money and Credit (CMC, a monetary authority). As of December 31, 2019, 19 banks and 4 financial institutions, all authorized intermediaries, participated in the interbank foreign exchange market. Exchange bureaus must obtain a license from the BA (Instruction No. 08-96). As of
December 31, 2019, the BA had granted licenses to 45 exchange bureaus, but only 7 bureaus were active. Exchange bureaus may only buy and sell banknotes and traveler’s checks denominated in freely convertible foreign currencies against dinars. Exchange bureaus may sell foreign currency to authorized banks and financial institutions or to the BA, but they may not buy foreign currency from the BA, and they may not hold accounts abroad. They may not make payments or transfers in foreign currency for the accounts of their customers.

**Operated by the central bank**  Yes.

**Foreign exchange standing facility**  Yes.  The BA intervenes in the foreign exchange market directly by proposing its own rates and by making foreign exchange available to banks at their request. The BA sets the buying and selling rates of the dinar against the US dollar in this market within a margin of 0.015 dinar. The BA sells foreign exchange only to authorized banks and financial institutions. The government and other public institutions do not deal directly with the CB. They deal with financial institutions operating in the interbank foreign exchange market.

**Allocation**  No.

**Auction**  No.  The BA allocates foreign exchange at the request of authorized banks and financial institutions.

**Fixing**  No.

**Interbank market**  Yes.  No margin limits are imposed on the buying and selling exchange rates in the interbank foreign exchange market. As of December 31, 2019, 19 banks had been licensed to engage in banking operations, including foreign exchange transactions; they therefore participate in the interbank foreign exchange market. The governor of the BA issues the licenses, which are conditional on authorization from the CMC.

**Over the counter**  Yes.  The exchange rates applicable to OTC trades are set on the basis of the interbank market exchange rate.

**Brokerage**  No.

**Market making**  Yes.  Transactions take place between traders (market makers), all of which are authorized banks and financial institutions that are directly and exclusively authorized to operate in the system, and negotiations take place by mutual agreement. The BA continuously quotes buying and selling prices to the other market participants. These transactions are conducted under a BA instruction organizing the foreign exchange market (Instruction No. 79/95 of December 27, 1995, on the foreign exchange market).

**Forward exchange market**  Yes.  Authorized banks and financial institutions may provide forward cover to clients. Banks are authorized to carry out interbank borrowing and lending operations in freely convertible foreign currency and make deposits in freely convertible foreign currency at the BA. These borrowing and lending operations in foreign currency must be performed exclusively on the forward exchange market (Instruction No. 04-2011 of October 19, 2011). However, foreign exchange forward hedging transactions are still rarely performed. Regulation No. 17-01 of July 10, 2017, concerning interbank forward exchange market and instruments for hedging foreign exchange risks, and Instruction No. 06-2017 of November 26, 2017, concerning the functioning of the market, apply.

**Official cover of forward operations**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>Yes</td>
</tr>
<tr>
<td>Domestically, transactions between residents and nonresidents are denominated and settled in Algerian dinars.</td>
<td></td>
</tr>
<tr>
<td><strong>For current transactions and payments</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Current transactions between residents and nonresidents are payable in convertible currencies, except in the following two cases where payment may be made in convertible dinars: (1) A nonresident has an account in convertible dinars open in Algeria and wishes to pay or be paid via this account; and (2) a nonresident employee.</td>
<td></td>
</tr>
<tr>
<td><strong>For capital transactions</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>For capital transactions, payments are made in convertible currencies.</td>
<td></td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes</td>
</tr>
<tr>
<td>Payments for capital transactions are made in convertible currencies.</td>
<td></td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>Yes</td>
</tr>
<tr>
<td>Payments for capital transactions are made in convertible currencies.</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes</td>
</tr>
<tr>
<td>Payments for capital transactions are made in convertible currencies.</td>
<td></td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes</td>
</tr>
<tr>
<td>All invoicing and sale of goods and services in the national customs territory must be made in Algerian dinars.</td>
<td></td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Bilateral payments arrangements with Arab Maghreb Union countries are still in effect. However, operators may choose to settle their payments within the framework of these arrangements or opt for payment on a contract-by-contract basis in the settlement currency indicated in each contract.</td>
<td></td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Payments arrangements with Arab Maghreb Union countries are inoperative; operators have opted to settle their payments on a contract-by-contract basis in the settlement currency indicated in each contract.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes</td>
</tr>
<tr>
<td>Specified commercial settlements with Morocco and Tunisia are made through a Moroccan dirham account at the Bank of Morocco and a Tunisian dinar account at the Bank of Tunisia.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes</td>
</tr>
<tr>
<td>The CMC delegates implementation of the exchange regulations to banks and financial institutions, which are authorized intermediaries exclusively allowed to handle foreign trade and exchange operations. The Algerian Post Office is authorized, within the limits of the law applicable to these services, to make some payments and transfers and repatriation of funds. The BA provides ex post control to ensure the legitimacy of transactions.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No</td>
</tr>
<tr>
<td>Official</td>
<td>No</td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes</td>
</tr>
<tr>
<td>Residents may purchase, hold, and sell worked gold. Unworked gold for industrial and professional use is distributed by the National Agency for the Distribution and Transformation of Gold and Other</td>
<td></td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Precious Metals (Agence nationale pour la distribution et la transformation de l’or et des autres métaux précieux – AGENOR).

On external trade | Yes. | The importation of worked or unworked gold is subject to approval by the MOF pursuant to Order of February 24, 2016.

Controls on exports and imports of banknotes | Yes. |

On exports | Yes. |

Domestic currency | Yes. | Resident travelers may export up to DA 10,000 a person a trip for an unlimited number of trips a year.

Foreign currency | Yes. | Nonresident travelers may reexport any amount of foreign currency that they have declared on entering Algeria, less any transfers they have made to authorized foreign exchange dealers and bureaus. Resident and nonresident travelers leaving Algeria may also export the foreign exchange equivalent of up to €7,500 a trip withdrawn from their foreign exchange accounts, with an unlimited number of trips a year.

On imports | Yes. |

Domestic currency | Yes. | Resident travelers may import up to DA 10,000 a person a trip for an unlimited number of trips a year.

Foreign currency | No. | Resident and nonresident travelers must declare imports of banknotes and/or any negotiable instrument denominated in freely convertible foreign currencies that amounts to or exceeds the equivalent of €1,000.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted | Yes. |

Held domestically | Yes. | The foreign exchange accounts of natural persons are opened without authorization. They may be used freely by their holders. The foreign exchange accounts of legal persons are opened without authorization. Their use is governed by a specific regulation. Details of accepted credit and debit transactions in the foreign exchange accounts of legal persons are established by Instruction 05-90.

Approval required | No. |

Held abroad | No. | Asset building abroad by residents from their activities in Algeria, particularly in the form of bank deposits, is prohibited.

Approval required | No. | There are no exceptions to the prohibition of opening bank accounts abroad.

Accounts in domestic currency held abroad | No. | Asset building abroad by residents from their activities in Algeria, particularly in the form of bank deposits, is prohibited.

Accounts in domestic currency convertible into foreign currency | No. | Foreign exchange accounts in convertible dinars may only be opened by nonresidents.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted | Yes. | Foreign exchange accounts of nonresident natural and legal persons are opened without authorization. They may be used freely by their holders.

Approval required | No. |
<table>
<thead>
<tr>
<th><strong>Domestic currency accounts</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The accounts of nonresident natural and legal persons in convertible dinars are opened without authorization. They may be used freely by their holders.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Convertible into foreign currency</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The accounts of nonresident natural and legal persons in convertible dinars are opened without authorization. They may be used freely by their holders.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Approval required</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Blocked accounts</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

<table>
<thead>
<tr>
<th><strong>Foreign exchange budget</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Financing requirements for imports</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Minimum financing requirements</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Advance payment requirements</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payments are limited to 15% of the value of the import. Authorization must be obtained from the BA if this ceiling is exceeded.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Advance import deposits</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For imports of goods for resale in unaltered state, an advance deposit equal to at least 120% of the value of the operation must be provided at least 30 days before the merchandise is shipped.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Documentation requirements for release of foreign exchange for imports</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Except as indicated in Article 33 of Regulation No. 07-01 of February 3, 2007, imports are subject to obligatory domiciliation at an authorized intermediary bank, which an importer must establish by submitting to an authorized bank a commercial contract or pro forma invoice.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Preshipment inspection</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Letters of credit</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All universal methods of payment are permitted.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Import licenses used as exchange licenses</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Other</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>An insurance certificate is not required for an import operation. However, a resident importer wishing to take out insurance for the importation of goods may only do so from an authorized company in Algeria.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Import licenses and other nontariff measures</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Negative list</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The list of 850 products prohibited for import was repealed effective April 21, 2019, and was replaced by a new regulatory framework with additional customs duties.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Open general licenses</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Licenses with quotas</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Other nontariff measures</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Import taxes and/or tariffs</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank domiciliation tax and customs duties on import operations apply.</td>
<td></td>
</tr>
</tbody>
</table>

| **Taxes collected through the exchange** | No. |

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

INTERNATIONAL MONETARY FUND

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State import monopoly  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  Yes.  For proceeds from exports of hydrocarbons and mineral products, the repatriation period is 30 days, which may be exceptionally extended to 90 days. For proceeds from other exports, the repatriation period is 180 days, with the possibility of an extension to 360 days where the exporter takes out export insurance.

Surrender requirements  Yes.

Surrender to the central bank  Yes.  All export proceeds from hydrocarbons and mineral products must be surrendered to the BA.

Surrender to authorized dealers  Yes.  Fifty percent of proceeds from exports of products other than hydrocarbons and mineral products must be surrendered to authorized intermediary banks.

Financing requirements  No.

Documentation requirements  Yes.

Letters of credit  No.

Guarantees  No.

Domiciliation  Yes.  Domiciliation of an export operation must be done with an authorized intermediary bank prior to shipment of the goods and repatriation of the export proceeds. For perishable and hazardous products, domiciliation may occur within five days after the goods are shipped.

Preshipment inspection  Yes.  It is carried out by customs staff.

Other  No.

Export licenses  No.

Without quotas  No.

With quotas  No.

Export taxes  Yes.

Collected through the exchange system  No.

Other export taxes  Yes.  There are customs duties.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers  Yes.

Trade-related payments  No.

Prior approval  No.

Quantitative limits  No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
<td>Prior authorization from the CMC is required for foreign investments to be made by resident economic operators. For other investment-related payments, no authorization is required.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>Dividends and profits from the disposal of foreign investments in Algeria are transferred freely through authorized intermediaries upon presentation of the required documents pursuant to Regulation No. 2005-03 of June 6, 2005, and Instruction 01-2009 of February 15, 2009.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>The indicative limit for tourist travel is DA 15,000 a person a year. For business travel, the per diem and flat travel allowance are as follows, respectively: (1) DA 16,000 and DA 10,000 for senior executives; (2) DA 12,000 and DA 8,000 for middle managers; and (3) DA 10,000 and DA 6,000 for technical staff. Bona fide requests for amounts in excess of all established limits are authorized by the BA on a case-by-case basis.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
<td>Bona fide requests for amounts in excess of all established limits are authorized by the BA on a case-by-case basis.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>Transfers of alimony payments are permitted, provided the arrangement was authorized by an Algerian court and is enforceable in Algeria.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>The limits for medical costs are the equivalent of DA 15,900 for adults and DA 7,600 for children under 15 years of age. The allocation for studies abroad is DA 9,000 a month from September 1 to June 30.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>Transfers of alimony payments are permitted, provided the arrangement was authorized by an Algerian court and is enforceable in Algeria.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>The limits for medical costs are the equivalent of DA 15,900 for adults and DA 7,600 for children under 15 years of age. The allocation for studies abroad is DA 9,000 a month from September 1 to June 30.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>There are no limits for this type of transaction. The transferable portion of the salary is determined freely under the contract of employment between the resident employer and nonresident employee.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Quantitative limits  No.

Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**  Yes.  The repatriation requirement applies to proceeds from exports of services. This period is identical to that of goods other than hydrocarbons, that is, 180 days with the possibility of an extension to 360 days.

**Surrender requirements**  Yes.

*Surrender to the central bank*  No.

*Surrender to authorized dealers*  Yes.  Fifty percent of revenues from exports of services must be surrendered to authorized intermediary banks at the time of repatriation.

**Restrictions on use of funds**  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**  Yes.

**Repatriation requirements**  Yes.  The proceeds from capital transactions must be repatriated as soon as the transactions are carried out.

**Surrender requirements**  Yes.

*Surrender to the central bank*  Yes.  Residents are required to surrender to the BA all foreign exchange proceeds from capital transactions abroad. Bilateral, multilateral, or official borrowings to finance the balance of payments must be surrendered to the BA. The surrender occurs upon the repatriation of funds.

*Surrender to authorized dealers*  No.

**Controls on capital and money market instruments**  Yes.

**On capital market securities**  Yes.

**Shares or other securities of a participating nature**  Yes.

*Purchase locally by nonresidents*  No.  Nonresidents may invest in shares or other investment securities. Transfers abroad of proceeds from the sale of these investments on the stock exchange or of the revenue generated by these investments are allowed, as long as they are conducted through an authorized intermediary.

*Sale or issue locally by nonresidents*  Yes.  Nonresidents are not authorized to issue securities on the domestic market.

*Purchase abroad by residents*  Yes.  Authorization from the CMC is required, and the purchase must involve more than 10% of the voting shares (Regulation No. 14-04 of September 29, 2014).

*Sale or issue abroad by residents*  Yes.  The sale or issuance of securities abroad by residents is not permitted.

**Bonds or other debt securities**  Yes.
| Purchase locally by nonresidents | No. Nonresidents may invest in securities. Transfers abroad of proceeds from the sale of these investments on the stock exchange or of the revenue generated by these investments are allowed, as long as they are conducted through an authorized intermediary. There is no minimum holding period for such bonds. |
| Sale or issue locally by nonresidents | Yes. Nonresidents are not authorized to issue securities on the domestic market. |
| Purchase abroad by residents | Yes. Investment abroad by residents in debt securities is not authorized (Regulation No. 14-04 of September 29, 2014). |
| Sale or issue abroad by residents | Yes. These transactions are prohibited. |

**On money market instruments**

| Purchase locally by nonresidents | Yes. Purchases of money market instruments by nonresidents are not regulated, but these transactions are not authorized. |
| Sale or issue locally by nonresidents | Yes. Nonresidents are not authorized to issue or sell securities on the domestic market. |
| Purchase abroad by residents | Yes. Investment abroad by residents in money market instruments is not authorized. |
| Sale or issue abroad by residents | Yes. The sale or issuance of debt securities abroad by residents is prohibited. |

**On collective investment securities**

| Purchase locally by nonresidents | Yes. There are no exchange controls on collective investment securities and other collective saving instruments. Institutions providing these types of securities do not exist in Algeria. In addition to the fact that collective investment securities do not exist in Algeria, the investment of foreigners’ portfolios in Algeria is not authorized. |
| Sale or issue locally by nonresidents | Yes. Nonresidents are not authorized to issue securities on the domestic market. |
| Purchase abroad by residents | Yes. These transactions are prohibited. |
| Sale or issue abroad by residents | Yes. These transactions are not authorized. |

**Controls on derivatives and other instruments**

| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | Yes. Nonresidents are not authorized to issue securities on the domestic market. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |

**Controls on credit operations**

| Commercial credits | Yes. Residents may grant commercial credits to nonresidents for a maximum duration of 360 days. |
| By residents to nonresidents | Yes. |
| To residents from nonresidents | No. There are no restrictions for this type of transaction. |

**Financial credits**

Yes.
<table>
<thead>
<tr>
<th>Section</th>
<th>By residents to nonresidents</th>
<th>To residents from nonresidents</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes</td>
<td>Yes</td>
<td>Only authorized intermediary banks may issue guarantee and counter-guarantee instruments to nonresidents without authorization as a commitment by residents to foreign countries.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
<td></td>
<td>The proceeds from the liquidation of investments are freely transferable.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
<td>This type of transaction is prohibited.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td></td>
<td>Purchases may be freely made by nonresident nationals. Purchases by nonresident foreign nationals must be authorized by the Wali (prefect) of the jurisdiction.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes</td>
<td></td>
<td>These transactions require authorization by the relevant government agency and joint valuation by the property and tax departments.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes</td>
<td></td>
<td>These operations are not authorized.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes</td>
<td></td>
<td>These operations are not authorized.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes</td>
<td></td>
<td>Authorization is required for transfers of inheritances. Gifts and endowments may be transferred without authorization.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes</td>
<td></td>
<td>These operations are not authorized.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes</td>
<td></td>
<td>The use of foreign currency assets by emigrants is unrestricted. Transfers of assets in dinars are subject to authorization.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes</td>
<td></td>
<td>These operations are not authorized.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No</td>
<td></td>
<td>There are no limits or restrictions on these operations.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions: Yes.

Borrowing abroad: Yes. Since 2009, borrowing abroad is not permitted.
Maintenance of accounts abroad | Yes. | Only reciprocal accounts are permitted.
Lending to nonresidents (financial or commercial credits) | Yes. | Banks and financial institutions are not authorized to lend to nonresidents.
Lending locally in foreign exchange | Yes. | This type of transaction is not authorized.
Purchase of locally issued securities denominated in foreign exchange | Yes. | The issuance of securities denominated in foreign exchange is not authorized.
Differential treatment of deposit accounts in foreign exchange | Yes. | Foreign exchange accounts are opened freely with authorized intermediary banks.
Reserve requirements | Yes. | Reserve requirements apply only to dinar deposits.
Liquid asset requirements | No. |
Interest rate controls | Yes. | The CB determines the interest rates, and commercial banks manage these accounts on its behalf.
Credit controls | No. |
Differential treatment of deposit accounts held by nonresidents | No. |
Reserve requirements | No. |
Liquid asset requirements | No. |
Interest rate controls | No. |
Credit controls | No. |
Investment regulations | Yes. | Banks and financial institutions may transfer capital abroad to finance foreign activities that are complementary to those undertaken in Algeria, subject to authorization from the CMC.
Abroad by banks | Yes. | Investments by nonresidents in local banks are permitted under the investment law, provided they are authorized by the CMC.
In banks by nonresidents | Yes. | Authorized financial institutions may have open foreign exchange positions up to (1) 10% of their regulatory capital for any individual currency (short or long positions, whichever is highest) and (2) 30% of regulatory capital for all currencies combined (short or long positions, whichever is highest).
On resident assets and liabilities | Yes. | Authorized financial institutions may have open foreign exchange positions up to (1) 10% of their regulatory capital for any individual currency (short or long positions, whichever is highest) and (2) 30% of regulatory capital for all currencies combined (short or long positions, whichever is highest).
On nonresident assets and liabilities | Yes. | Authorized financial institutions may have open foreign exchange positions up to (1) 10% of their regulatory capital for any individual currency (short or long positions, whichever is highest) and (2) 30% of regulatory capital for all currencies combined (short or long positions, whichever is highest).
Provisions specific to institutional investors | Yes. | There are no specific exchange control provisions applicable to institutional investors. Reinsurance operations, which are equated with purchases of services, are authorized, provided a minimum number of these services are purchased from local reinsurance agencies. Investments by nonresidents in insurance activities are subject to authorization by the Insurance Supervision Commission, the regulatory authority for the insurance sector. Foreign ownership...
of resident firms is limited to 49% of capital.

FDI by insurance companies is governed by the same rules that apply to other companies: outward transfers of capital are authorized for financing activities abroad that are complementary to the company’s production of goods and services in Algeria. The CMC determines the applicable conditions and grants authorization under these conditions (Article 126 of the Law on Money and Credit). Under Article 8 of Regulation No. 07-01, residents are not allowed to hold monetary, financial, and real estate assets abroad.

There are no private pension funds in Algeria. Public pension funds may only invest in domestic securities. Outward transfers of capital to finance the investment of pension funds abroad are only authorized if these investments are supplementary to the pension fund’s activities in Algeria and approved by the currency board.

These funds have no foreign currency liabilities or assets.

There are no exchange control provisions specific to investment firms and collective investment funds. Collective investment funds are not yet subject to exchange control in Algeria.

Collective investment funds are not yet subject to exchange control in Algeria.

Collective investment funds are not yet subject to exchange control in Algeria.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Imports and Import Payments

Import licenses and other nontariff measures
| Negative list | 04/21/2019 | The list of 850 products prohibited for import was repealed and was replaced by a new regulatory framework with additional customs duties. |
## ANGOLA

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 19, 1989.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The IMF staff report for the Second Review of the Extended Arrangement Under the Extended Fund Facility, Requests for a Waiver of Nonobservance of Performance Criteria, Modifications of Performance Criteria, and Financing Assurances Review with Angola referencing the 2018 Article IV Consultation with Angola (Country Report No. 18/156) states that, as of November 25, 2019, Angola maintained restrictions on the making of payments and transfers for current international transactions under the transitional arrangements of Article XIV, Section 2. The measures maintained pursuant to Article XIV are: (1) limits on the availability of foreign exchange for invisible transactions i.e. travel expenses; and (2) limits on unrequited transfers to foreign-based individuals and institutions. In addition, Angola maintains two exchange restrictions subject to IMF jurisdiction under Article VIII, Section 2(a) resulting from (1) the discriminatory application of the 0.1% stamp tax on foreign exchange operations by natural persons; and (2) a special tax of 10% on transfers to nonresidents under contracts for foreign technical assistance or management services. Angola also maintains three multiple currency practices that are subject to approval under Article VIII, Section 3 arising from the lack of a mechanism to prevent potential spreads in excess of 2% emerging (1) between successful bids within the BNA’s foreign exchange auction; and (2) for transactions that take place at the reference rate in place and the rate at which transactions take place in the foreign exchange auction on that day, and (3) the discriminatory application of the 0.1% stamp tax on foreign exchange operations by natural persons. (Country Report No. 19/371)

The IMF staff report for the Second Review of the Extended Arrangement Under the Extended Fund Facility, Requests for a Waiver of Nonobservance of Performance Criteria, Modifications of Performance Criteria, and Financing Assurances Review with Angola states that effective November 25, 2019, the exchange restriction arising from the operation of a priority list was eliminated. (Country Report No. 19/371)

<table>
<thead>
<tr>
<th>Exchange measures imposed for security reasons</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |
Exchange Arrangement

Currency
The currency of Angola is the Angolan kwanza.

Other legal tender
No.

Exchange rate structure

Unitary

Dual

Multiple
Yes. The exchange rate structure is considered multiple because there is a lack of a mechanism to prevent potential spreads in excess of 2% emerging (1) between successful bids within the BNA’s foreign exchange auction; and (2) for transactions that take place at the reference rate in place and the rate at which transactions take place in the foreign exchange auction on that day.

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement
Yes. The de jure exchange rate arrangement is floating; however, the BNA closely monitors exchange rate fluctuations, possibly to try to maintain price stability in the economy, and frequently intervenes in the foreign exchange market by holding foreign exchange auctions. The BNA receives foreign exchange from the taxes paid by oil companies to the government, and buys foreign exchange from oil companies that make payments to residents for services provided to them in kwanza. In 2018, the BNA adopted a regime of (unannounced) bands for the fluctuation of the kwanza against the euro, and conducted two auctions under the system that led to significant depreciation of the kwanza. To stem exchange rate overshooting, the BNA then set a new foreign exchange auction system in which bids could fluctuate within a plus/minus 2 percentage point band around the average exchange rate of winning bids of the previous auction, de facto capping the maximum depreciation of the exchange rate at 2% per auction. This cap has been abandoned in December 2018, but the BNA can still limit the daily changes in the exchange rate through arbitrarily classifying certain bids in auctions as “speculative” and removing that bid from the auction. From December 2018, the exchange rate has followed a depreciating trend within a 2% band against the US dollar, with one realignment in May 2019, and increased its flexibility (while still being managed) since October 2019. Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) retroactively to “crawl-like” from “other managed,” effective December 17, 2018, and (2) back to “other managed” from “crawl-like,” effective...
Floating

Free floating

**Official exchange rate**

Yes. The BNA publishes a reference exchange rate daily, which is calculated as the weighted average exchange rate of winning bids of the previous auction.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Yes. The BNA uses base money as the anchor for monetary policy.

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

Target number

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band
Other Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax Yes. Foreign exchange operations are subject to a stamp duty of 0.1%. Traveler’s checks are exempt from this duty. Presidential Legislative Decree No. 02/15 of June 29, 2015, establishes the Special Contribution for Current Invisible Foreign Exchange Operations regime, imposing a special contribution of 10% on transfers carried out under contracts for foreign technical assistance or management services governed by Presidential Decree No. 273/11 of October 27, 2011.

Exchange subsidy No.

Foreign exchange market Yes. Banks may deal in foreign exchange at freely established rates (not exceeding 2% of the reference rate set by the BNA) among themselves, with the public, and in secondary market operations. [Foreign exchange bureaus must be licensed by the BNA and may deal only in banknotes and traveler’s checks, at freely established rates with individuals and banks. As of end-2019, there were about 89 authorized foreign exchange bureaus in operation, 47 were licensed to perform cash transaction as well as remittance operations, while another 42 were authorized only to perform cash transactions. Exchange bureaus may participate in BNA’s auctions to purchase foreign exchange through commercial banks and may also participate in the secondary market. Besides the exchange bureaus, there are also money transfer bureaus, which may send money abroad. Some exchange bureaus also offer this service. The money transfer bureaus depend on the primary market. There are currently about 25 authorized money transfer bureaus in operation.]

Operated by the central bank Yes.

Foreign exchange standing facility No.

Allocation No. Between April 21 and October 2, 2009, the BNA sold US dollars to banks at a fixed rate for the payment of current account transactions after verification of supporting documentation. No fixed-rate allocation of US dollars has taken place since October 2, 2009. Currently, the BNA has two channels of selling foreign exchange: (1) “price” auctions to banks and (2) direct sales of LCs (through commercial banks) to satisfy the demand for foreign currency for certain types of operations.

Auction Yes. The BNA conducts a selling foreign exchange auction that follows
the principles of a multiple price auction. Effective January 2, 2019, the BNA implemented new auction rules that removed the 2 percentage band. Previously, bids could fluctuate within a plus/minus 2 percentage point band around the average exchange rate of winning bids of the previous auction, de facto capping the maximum depreciation of the exchange rate at 2% per auction. The frequency of the auctions is determined by the BNA. Currently, it is planned to hold twice a week for “price” auctions and once a month for LC auctions. All transactions are processed electronically. Participants, under the coordination of the BNA, may freely buy and sell foreign exchange on their own behalf or on behalf of their customers. The BNA, as a participant, may also purchase and sell foreign exchange. Purchasing bids, ranked from the highest to the lowest price, must be honored until the foreign exchange amount announced for sale has been exhausted. Sales are conducted at actual bid prices. The BNA has the discretionary power to deem certain bids speculative and remove them from the auction, effectively limiting the variation of the exchange rate. Only commercial banks are eligible to participate in the auctions and must comply with the following requirements: (1) comply with the domestic currency reserve requirement, the foreign exchange position limit, and the regulatory capital ratio; (2) submit all required information to the BNA within the established deadline; (3) have internal controls in place to ensure the observance of the legislation and regulations to trading foreign currency; (4) submit to the BNA information on foreign currency needs by the last business day of the previous week; and (5) submit to the BNA information on the sale of the foreign currency previously purchased and the amount to be returned to the BNA in case of no sale by the 10th business day following each auction or direct sale. The BNA announces electronically through the Foreign Exchange Market Management System (the SGMC—Sistema de Gestão de Mercado Cambial) or by other means the amount of foreign exchange for sale in each auction. Banks may submit up to four different bids through the SGMC with volumes and respective prices up to thirty minutes after the auction is opened. According to new auction instructions which became effective January 2, 2019, each bid’s value cannot be for less than US $250,000 or the equivalent in the currency used in the auction (previously, the limit was €500,000). Banks may bid no more than 15% of their individual capital. In case of auctions to sell foreign exchange to specific sectors, banks must demonstrate their foreign exchange need for those sectors. The BNA may also carry foreign exchange auctions specifically for LCs (quantitative auctions). According to the auction instructions which became effective January 2, 2019, the BNA must commit to selling foreign exchange up to a predetermined ceiling, as per the following modalities: (1) selling on the auction date, an amount to be determined (previously, the limit was 10%) on the basis of the prevailing spot exchange rate, which can be used to settle advance payments or to build collateral and (2) the remaining at the prevailing spot exchange rate, up to five days before the payment of each shipment. The BNA can also commit to sell foreign exchange to cover LCs at a forward exchange rate. Funds allocated in the LC auctions need to be used to open LCs within 45 days, and any unused funds must be canceled. Banks can only bid at the next LC auction if they have opened LCs for a minimum of 50% of the funds allocated to them at the previous LC auction (previously, only LCs for differed payments with maturity dates of at least 60 days from the date of presentation of the documents relating to each shipment were allowed). At the end of the process, information on the auction results is available to all participants in the SGMC; the results are also posted on the BNA.
The BNA may conduct auctions to buy foreign exchange from commercial banks. However, no such auctions have taken place as of May 2018. The BNA may buy from each bank up to 25% of the total announced. The amounts sold or bought are settled in D+2 through the real-time gross settlement system and by debt or credit to the bank reserve account of each bank with the BNA.

**Fixing**
- No.

**Interbank market**
- Yes.
  - Banks and exchange bureaus may deal in foreign exchange among themselves and with their customers at freely negotiated rates (commercial bank rates cannot exceed 2% of the reference rate set by the BNA). All active commercial banks may participate in the interbank market, but the volume is small because banks generally deal with their customers and/or with the BNA through auctions.

**Over the counter**
- Yes.
  - The interbank market is still in the early stages of development and operates on an OTC basis, but some banks include their quotes on Reuters platform.

**Brokerage**
- No.
  - This does not currently take place.

**Market making**
- No.
  - This does not currently take place.

**Forward exchange market**
- No.

**Official cover of forward operations**
- No.

**References to legal instruments and hyperlinks**
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**
- Yes.
  - Payments under contracts concluded with nonresidents for foreign exchange purposes may be made in any currency freely agreed between the parties. However, the amount payable should be equivalent to the amount specified in the contract. Domestic payments are restricted to kwanza according to Law No. 2/12 of January 13, 2012.

**Controls on the use of domestic currency**
- Yes.
  - The kwanza is not used in international payments. However, individual residents and nonresidents for foreign exchange purposes may leave and enter the country with up to Kz 50,000.

**For current transactions and payments**
- Yes.
  - The kwanza is not used in international payments. However, individual residents and nonresidents for foreign exchange purposes may leave and enter the country with up to Kz 50,000.

**For capital transactions**
- Yes.
  - The kwanza is not used in international payments. However, individual residents and nonresidents for foreign exchange purposes may leave and enter the country with up to Kz 50,000.

**Transactions in capital and money market instruments**
- Yes.
  - The kwanza is not used in international payments. However, individual residents and nonresidents for foreign exchange purposes may leave and enter the country with up to Kz 50,000.

**Transactions in derivatives and other instruments**
- Yes.
  - The kwanza is not used in international payments. However, individual residents and nonresidents for foreign exchange purposes may leave and enter the country with up to Kz 50,000.

**Credit operations**
- Yes.
  - The kwanza is not used in international payments. However, individual residents and nonresidents for foreign exchange purposes may leave and enter the country with up to Kz 50,000.

**Use of foreign exchange among residents**
- Yes.
  - The kwanza is legal tender in the country, and transactions in foreign exchange among residents are only permitted when not used for making any kind of payment.

**Payments arrangements**
- Yes.
Bilateral payments arrangements

Yes.

Operative

Yes. Arrangements in effect with Brazil, China, and Israel are based on oil as collateral.

Inoperative

Yes. There was a reciprocal acceptance agreement with Namibia that allowed for commercial transactions at the border to be carried out in domestic currency. Implementation of the agreement is suspended.

Regional arrangements

No.

Clearing agreements

No.

Barter agreements and open accounts

No.

Administration of control

Yes. The BNA is the exchange authority of the Republic of Angola.

Payments arrears

Yes. Guidelines were defined to regularize arrears up to December 31, 2017.

Official

Yes. Some public debt from the 1980s and 1990s remains to be settled—namely, that owed to Portugal and Eastern European countries, where the identification of credible creditors has hampered negotiations.

Private

Yes. Guidelines were defined to regularize arrears up to December 31, 2017.

Controls on trade in gold (coins and/or bullion)

Yes. Under the Foreign Exchange Law, control of trade in gold is exclusively incumbent on the BNA.

On domestic ownership and/or trade

Yes. Residents are permitted to hold and trade gold only in the form of jewelry. In 2014, the Gold Agency was created to execute, monitor, control, and manage gold sales and pricing policies. The Agency is also responsible for guaranteeing the purchase of gold on the artisanal market and reselling it on the domestic and international markets.

On external trade

Yes. Imports and exports of gold in the form of coins and bullion are subject to a BNA monopoly.

Controls on exports and imports of banknotes

Yes. Banks are permitted to import/export banknotes without authorization from the BNA.

On exports

Yes. Banks are authorized to export banknotes without authorization from the BNA.

Domestic currency

Yes. Exports of domestic currency are under the exclusive authority of the BNA.

Foreign currency

Yes. Banks are authorized to import/export banknotes without authorization from the BNA.

On imports

Yes. Banks are permitted to import/export banknotes without authorization from the BNA.

Domestic currency

Yes. Imports of domestic currency may be made by the BNA or by a banking institution with BNA authorization resulting from the exportation of Kz 50,000 by individuals traveling abroad.

Foreign currency

Yes. Commercial banks may import foreign currency in accordance with the Notice No. 1/15 of January 29, 2015.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes. Foreign exchange residents are permitted to open accounts in foreign exchange subject to the conditions applicable to their transactions (Notice No. 03/09 of June 5, 2009).

Held domestically

Yes. Individuals' accounts may be credited with foreign currency deposits in cash or other instruments generally accepted in the international
financial market and with accrued interest. These accounts may be debited by the withdrawal or sale of foreign currency and the issuance of any generally accepted instrument for settlement of transactions involving merchandise imports, current invisibles, and capital, carried out by the depositor in accordance with existing foreign exchange regulations. Legal entities’ accounts may be credited with foreign currency deposits in cash or other generally accepted instruments derived from their business activity and with accrued interest. These accounts may be debited in accordance with the licensing regulations for goods, invisibles, and capital transactions and the withdrawal or sale of foreign currency.

**Approval required**

Yes. Withdrawals of foreign currency by residents are de facto restricted in some commercial banks. Customers of some commercial banks may only withdraw foreign currency from their account if traveling, and this also depends on the bank’s foreign currency availability. Commercial banks have set monthly or weekly limits on the withdrawal of foreign currency.

**Held abroad**

Yes. Individuals may have these accounts without BNA approval. Legal entities may open foreign exchange accounts abroad, with BNA approval, which may be credited with export receipts and debited with payments for imports of goods and services and debt-service payments. Diamond and other mineral companies may, with BNA approval, open escrow accounts in banks abroad as security for foreign borrowing.

**Approval required**

Yes. Legal entities may open foreign exchange accounts abroad with BNA approval. Individuals may hold such accounts without BNA approval.

**Accounts in domestic currency held abroad**

No. As the kwanza is not a convertible currency, accounts in kwanzas cannot be opened abroad.

**Accounts in domestic currency convertible into foreign currency**

No. Accounts in kwanzas cannot be converted to foreign currency.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted**

Yes. These accounts may be credited with foreign currency imported from abroad and with the accrued interest. They may be debited for sales of foreign currency, payments to residents in domestic currency, foreign currency expenditures abroad, interbank transfers to resident entities belonging to the same group, the use of international credit and debit cards, and/or the repatriation of amounts authorized by the BNA.

**Approval required**

No.

**Domestic currency accounts**

Yes. Before 2009, nonresidents may open two types of domestic currency accounts: type A and type B. Type A accounts may be credited with the proceeds from the sale of resources from foreign exchange accounts and, with BNA authorization, with receipts from nonresidents’ activities in Angola. These accounts may be debited for payments of local expenses and against the purchase of foreign currency to be deposited in a foreign exchange account held by the same entity. Type B accounts may be credited only with receipts from nonresidents’ activities in Angola (when authorized by the BNA) and may be debited for payments of local expenses. These types of accounts were canceled in accordance with Notice No. 03/09 of June 5, 2009. The balance of type A account was converted and transferred to the foreign exchange accounts of nonresidents. Type B accounts were reclassified as domestic currency accounts for
Convertible into foreign currency | No.  
---|---
Approval required | Yes. For nonresidents, approval from the BNA is not required to open an account in domestic currency.
Blocked accounts | No. The terms and conditions are defined in Notice No. 02/17 of February 3, 2017.
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No. There are no regulations in this area.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No. There are no regulations in this area.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes. Before any foreign exchange operation involving an import, export, or reexport, banks must verify the nature, economic rationale, and legitimacy of the resident importer or exporter for foreign exchange purposes, in accordance with the obligations of identification and due diligence set out in the tax legislation and in the anti-money-laundering/combatting the financing of terrorism (AML/CFT) legislation. Banks must also verify that the foreign exchange operation complies with the applicable legislation and should request all the necessary documentation to confirm it. The required documentation will also depend on the type of payment. Under the terms of the Notice, there are four payment mechanisms: documentary credit, advance payment, remittance, and documentary collection. To improve the competitiveness of the economy and expedite the import process, a “Simplified Regime” was approved, in which companies do not have to submit the documentation supporting import operations to the banks, but instead are required to submit to the BNA, through commercial banks, certain documents such as audited financial statements for the last three fiscal years and letters of engagement from the management administration/body.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No. Preshipment inspection is optional, pursuant to Presidential Decree No. 63/13 of June 11, 2013, which repeals Articles 10, 11, and 12 of Council of Ministers Decree No. 41/06 of June 17, 2006.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes. This is one of the payment methods allowed by the law and can take the form of advance payment or post payment.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes. Only three types of transactions do not require import licenses: Imported goods valued at US$5,000 or less. Goods imported as luggage. Other goods as defined by Presidential Decree No. 75/17 of April 7, 2017.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes. The legal framework lists goods that may not be imported, which include plants and animals from infected areas, toxic products, and...</td>
</tr>
</tbody>
</table>
certain drugs. There is a list of goods that require specific licenses from the Ministries of Health, Industry, or Agriculture and Rural Development. Imports of arms and ammunition are subject to authorization by the Ministry of the Interior. Imports for specific purposes may be exempt from customs tariffs.

Open general licenses No. Foreign trade is not subject to foreign exchange licensing; however, it is recorded in a computer system, SICOEX (Sistema Integrado de Comércio Exterior)—Integrated System of Foreign Trade, Ministry of Commerce—for the licensing, registration, and control of operations.

Licenses with quotas Yes. Under the quota system, three provinces (Cabinda, Cunene, and Cuando Cubango) are each allowed to import 150,000 tons of cement a year.

Other nontariff measures Yes.

Import taxes and/or tariffs Yes. Presidential Legislative Decree No. 10/13 of November 22, 2013, approves the new tariff schedule, the full text of which was republished January 30, 2014. The tax system consists of eight rates: 1%, 2%, 5%, 10%, 20%, 25%, 30%, and 35%.

Taxes collected through the exchange system Yes. A tax stamp of 0.1% (the percentage under the previous law was 0.001% for foreign exchange operations) is collected through the foreign exchange system.

State import monopoly Yes. Petroleum products may be imported only by the public oil company. Arms and ammunition for warfare may be imported only by the government.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements Yes. All revenue in foreign exchange deriving from each export operation must be deposited in a bank account in foreign exchange held by the exporter. Under Notice No. 5/18, the exporter must sell, five days from the date the resources enter the country, to the bank that brokered the operation, 50% of the foreign exchange revenue deriving from the export at the exchange rate negotiated with the bank on the execution date of the transaction. They should be used primarily to pay for imports. On the other hand, they must be converted to domestic currency for payments to resident entities. Diamond companies may retain export proceeds in Angolan banks to pay for imports of goods and services. They may also retain part of their receipts abroad in escrow accounts, with BNA authorization, as security for foreign borrowing.

Surrender requirements Yes. Under Notice No. 5/18, the exporter must sell, five days from the date the resources enter the country, to the bank that brokered the operation, 50% of the foreign exchange revenue deriving from the export at the exchange rate negotiated with the bank on the execution date of the transaction. They should be used primarily to pay for imports. On the other hand, they must be converted to domestic currency for payments to resident entities. Diamond companies may retain export proceeds in Angolan banks to pay for imports of goods and services. They may also retain part of their receipts abroad in escrow accounts, with BNA authorization, as security for foreign borrowing.

With BNA approval, foreign companies may retain their export receipts abroad for payment of imports of goods and services, transfer of interest and profits, and the amortization of capital. These companies must use funds from abroad for the payment of royalties,
taxes, and local expenses. According to Law No. 2/12 of January 13, 2012, the foreign exchange law for the oil sector, foreign companies in the oil sector may retain export proceeds in foreign accounts for deposit of balances after payment of current expenses, profits and dividends, incentives and other capital remuneration, and the amount of investment amortization. The BNA issued a normative instruction (No. 7/2014) reversing the previous decision that allowed foreign companies in the oil sector to retain export proceeds in foreign accounts for deposit of balances after payment of current expenses, profits and dividends, incentives and other capital remuneration, and the amount of investment amortization.

Surrender to the central bank Yes. Tax payments by oil companies must be surrendered to the BNA from deposits on account with financial institutions in Angola. The BNA issued a normative instruction (No. 7/2014) reversing the previous decision that allowed foreign companies in the oil sector to retain export proceeds in foreign accounts for deposit of balances after payment of current expenses, profits and dividends, incentives and other capital remuneration, and the amount of investment amortization.

Surrender to authorized dealers Yes. All revenue in foreign exchange deriving from each export operation must be deposited in a bank account in foreign exchange held by the exporter. Under Notice No. 5/18, the exporter must sell, five days from the date the resources enter the country, to the bank that brokered the operation, 50% of the foreign exchange revenue deriving from the export at the exchange rate negotiated with the bank on the execution date of the transaction. The available resources in their accounts in foreign exchange must be used first to settle any imports. By contrast, the funds must be converted to kwanzas to make payments to resident entities. Diamond enterprises may retain export revenue in local bank accounts to make payments for imports of goods and services. With authorization from the BNA, they may also retain some of the revenue abroad in escrow accounts to guarantee loans arranged abroad.

Financing requirements No.

Documentation requirements Yes. This is one of the payment mechanisms provided in the regulatory texts.

Letters of credit Yes.

Guarantees No.

Domiciliation Yes.

Preshipment inspection No.

Other No.

Export licenses Yes. Exports require licensing by the Ministry of Commerce through SICOEX. Exports of arms, ammunition, and cultural artifacts are prohibited. Special export regimes apply to aircraft, animals and animal products, works of art, and petroleum.

Without quotas No.

With quotas No.

Export taxes Yes. The tax system comprises six rates: 1%, 2%, 3%, 4%, 5%, and 10%.

Collected through the exchange system No.

Other export taxes No.
## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Under Notice No. 13/13 of August 6, 2013, approval is required for service agreements with nonresidents related to trade and foreign workers’ wages exceeding Kz 300 million or the equivalent in another currency, if the originators are companies that provide services to the oil sector, as well as for service agreements involving more than Kz 100 million or the equivalent in another currency.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>n.r.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Foreign investors are authorized by the BNA to remit profits and dividends, after payment of taxes and fulfillment of other legal requirements.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>n.r.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The cumulative amount of operations for travel in a calendar year by resident individuals 18 and older may not exceed Kz 25 million when originated or made on behalf of the same person, regardless of the payment instrument used (credit card, bank transfer, cash, foreign check). The cumulative amount of operations for the personal travel expenses for resident individuals under 18 may not exceed Kz 6 million a calendar year.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The cumulative amount of operations for travel in a calendar year by resident individuals 18 and older may not exceed Kz 25 million when originated or made on behalf of the same person, regardless of the payment instrument used (credit card, bank transfer, cash, foreign check). The cumulative amount of operations for the personal travel expenses for resident individuals under 18 may not exceed Kz 6 million a calendar year.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>n.r.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Such payments involve transfers related to travel, maintenance for individuals, health, and education.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>For persons over 18 years of age, the annual limit for their travel operations is Kz 25,000,000.00 and it is Kz 6,000,000.00 for those under 18 years of age. For transfers related to individual maintenance, the annual limit is Kz 12,000,000.00. Operations in connection with health and education are not subject to any limits when carried out directly with health or education institutions.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Foreign exchange nonresidents and individuals representing foreign countries accredited with the Republic of Angola may also transfer...</td>
</tr>
</tbody>
</table>
their wages and other earnings, provided they have met all of their tax obligations. Under Notice No. 13/13 of August 6, 2013, prior approval is required for transfers in connection with agreements having an annual value of Kz 300 million or more, or the equivalent in another currency, when the principals are enterprises that provide services to the oil sector, as well as service agreements exceeding Kz 100 million or the equivalent in another currency.

**Prior approval** Yes. Under Notice No. 13/13 of August 6, 2013, prior approval is required for transfers in connection with agreements having an annual value of Kz 300 million or more, or the equivalent in another currency, when the principals are enterprises that provide services to the oil sector, as well as service agreements exceeding Kz 100 million or the equivalent in another currency.

**Quantitative limits** No. Under Notice No. 13/13 of August 6, 2013, approval is required for service agreements with nonresidents related to trade and foreign workers' wages exceeding Kz 300 million or the equivalent in another currency, if the originators are companies that provide services to the oil sector, as well as for service agreements involving more than Kz 100 million or the equivalent in another currency.

**Indicative limits/bona fide test** n.r.

Credit card use abroad Yes. Only banks may issue credit cards.

**Prior approval** No.

**Quantitative limits** Yes. Limits apply to each customer and to all the cards of the same cardholder. The annual limits on the use of payment cards abroad, per type of card and in kwanzas, are as follows: Kz 10 million for credit cards, Kz 6 million for debit cards, and Kz 6 million for prepaid cards. Given current foreign exchange shortages, most commercial banks are not issuing new credit cards (just renewing for old customers), and some have canceled them.

**Indicative limits/bona fide test** No. It is the responsibility of the issuing financial institutions, according to their risk analysis, to define and enforce credit limits for individual cardholders.

Other payments n.r.

**Prior approval** n.r.

**Quantitative limits** n.r.

**Indicative limits/bona fide test** n.r.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements** n.r. Not regulated.

Surrender requirements n.r.

*Surrender to the central bank* n.r.

*Surrender to authorized dealers* n.r.

**Restrictions on use of funds** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Capital Transactions

**Controls on capital transactions**
Yes. All capital transactions are subject to prior licensing by the BNA, except those related to transfers of profits and dividends, incentives and other types of return on capital, and the amount of investment amortization of foreign corporate investors in the oil sector. Capital transactions must be conducted through banks, which must submit them to the BNA for approval and issuance of a capital import (LIC) or export (LEC) license. The remittance of profits and dividends is subject to BNA approval if the annual amount is higher than Kz 500,000. In this case, companies must present the CRIP (Private Investment Registration Certificate) and audited financial statements.

**Repatriation requirements**
n.r.

**Surrender requirements**
n.r.

**Surrender to the central bank**
n.r.

**Surrender to authorized dealers**
n.r.

**Controls on capital and money market instruments**
Yes.

**On capital market securities**
Yes.

**Shares or other securities of a participating nature**
Yes.

**Purchase locally by nonresidents**
Yes. Nonresidents may purchase securities as long as they have a maturity of one year or more.

**Sale or issue locally by nonresidents**
Yes. Nonresidents may sell their securities only to other nonresidents.

**Purchase abroad by residents**
Yes.

**Sale or issue abroad by residents**
Yes.

**Bonds or other debt securities**
Yes.

**Purchase locally by nonresidents**
Yes. Nonresidents may purchase securities as long as they have a maturity of one year or more.

**Sale or issue locally by nonresidents**
Yes.

**Purchase abroad by residents**
Yes.

**Sale or issue abroad by residents**
Yes.

**On money market instruments**
Yes.

**Purchase locally by nonresidents**
Yes.

**Sale or issue locally by nonresidents**
Yes.

**Purchase abroad by residents**
Yes. Under the applicable regulations, individual residents may hold foreign currency accounts abroad in accordance with the applicable legislation in the host country. Capital transactions must be conducted through banks, which must submit them to the BNA for approval and issuance of an LIC or LEC license. The LIC is no longer necessary for capital imports.

**Sale or issue abroad by residents**
Yes.

**On collective investment securities**
Yes.

**Purchase locally by nonresidents**
Yes.
Sale or issue locally by nonresidents
Yes.
Purchase abroad by residents
Yes.
Sale or issue abroad by residents
Yes.
Controls on derivatives and other instruments
n.r. These instruments are not currently available, and specific legislation concerning financial derivatives has not been enacted. The use of financial derivatives in Angola is now permitted under the Capital Market Commission rules of 2014.

Purchase locally by nonresidents
n.r.
Sale or issue locally by nonresidents
n.r.
Purchase abroad by residents
n.r.
Sale or issue abroad by residents
n.r.
Controls on credit operations
Yes.
Commercial credits
Yes. Operations are subject to prior BNA licensing for registration purposes, but there is no binding commitment by of the BNA.
By residents to nonresidents
Yes. Supplier credits must be reported to the BNA for statistical purposes.
To residents from nonresidents
Yes. Supplier credits must be reported to the BNA for statistical purposes.
Financial credits
Yes. Financial credit operations are subject to prior BNA licensing.
By residents to nonresidents
Yes. BNA approval and authorization are required.
To residents from nonresidents
Yes. BNA approval and authorization are required.
Guarantees, sureties, and financial backup facilities
Yes.
By residents to nonresidents
Yes.
To residents from nonresidents
Yes.
Controls on direct investment
Yes.
Outward direct investment
n.r. Pursuant to Article 63 of Law No. 14/15 of August 11, 2015, Private Investment Law, the government must regulate outward investment by residents.
Inward direct investment
Yes. Foreign investment is subject to the provisions of the Private Investment Law as well as to foreign exchange laws and regulations, implemented by APIEX (Angolan Agency for the Promotion of Investment and Exports). Special laws regulate investment in certain areas, including (1) oil and mineral exploration and (2) financial institutions. Foreign investment is prohibited in the following sectors: (1) defense, domestic public order, and state security; (2) central banking and currency issuance; and (3) other areas reserved for the government.
Controls on liquidation of direct investment
No. Foreign investors are guaranteed the right to transfer abroad the proceeds of the sale of investments, including capital gains and amounts owed to them after the payment of taxes due. Pursuant to Article 22 of the Private Investment Law, the limit on remittances of dividends and profits from foreign investments was eliminated.
Controls on real estate transactions
n.r.
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Provisions Specific to Commercial Banks and Other Credit Institutions**

Strict requirement of mandatory compliance with the Law of the BNA, the Foreign Exchange Law, and the Law on the Basis of Financial Institutions has to be adhered to by commercial banks and other credit institutions. Law No. 16/10 of June 15, 2010, Law No. 05/97 of June 27, 1997, and Law No. 12/15 of June 17, 2015. All transactions are subject to licensing.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx)
on deposits of central, local, and municipal governments in foreign exchange is set at 100%.
The instruments eligible to comply with national currency required reserve are only balances relating to the daily closing of the deposit account open in the BNA on behalf of each bank financial institution. Instruments eligible to comply with required reserves in foreign currency are the following assets:
• 20% with the balance of the foreign currency deposit account opened in the BNA on behalf of each financial institution and
• 80% with obligations of the treasury in foreign currency belonging to the own portfolio registered in the SIGMA issued from 2015.

<table>
<thead>
<tr>
<th>Liquid asset requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities having shorter maturities are the most liquid.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest rate controls</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective April 2, 2019, the following interest rate controls were implemented:</td>
<td></td>
</tr>
<tr>
<td>(1) The total cost of credit granted by international payment cards at the annual nominal rate of interest and fees cannot exceed 7.5%.</td>
<td></td>
</tr>
<tr>
<td>(2) Banks may apply fixed or variable interest rates, and the latter must be indexed to the Luibor less a margin, although it should be ensured at all times that the total cost of credit granted does not exceed 7.5% per annum. The Luibor rate to be applied should correspond to the periodicity of the interest payments.</td>
<td></td>
</tr>
</tbody>
</table>

Instruction No. 4/2019 on the Granting of Credit, effective April 26, 2019, defines the following rules for credits unrelated to international payment cards:

(1) Banks must apply differentiated interest rates to their customers, defined to reflect the specific risk rating of each operation, determined based, inter alia, on the level of risk attributed to each customer, the features of the instrument, and the collateral provided.

(2) In the cases of loans with variable interest rates, banks should preferably use the indexing factor that is generally used for credit agreements in the currency in question, and a margin may be added to or subtracted from this factor to reflect the level of risk associated with each operation determined based on the factors referred to in item 1.1 (a) of Instruction No. 4/2019.

(3) For credits denominated in domestic currency with variable interest rates, banks should preferably apply the Luibor as an indexing factor.

(4) The term of the indexing factor should correspond to the interest payment period.

Credit controls | Yes. |
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Does not require approval from the BNA.</td>
<td></td>
</tr>
<tr>
<td>Since January 1, 2015.</td>
<td></td>
</tr>
</tbody>
</table>

Article 4 (Classification of credits)

(1) Financial institutions are required to classify risk positions mentioned in Article 1 of this Notice in accordance with the specific regulatory texts, on methodologies for the establishment of provisions, in increasing order of risk level.

(2) The individual classification of the risk position should take into account the operating risks and characteristics of the borrower, in observance of at least (a) the application of the resources by
operating type or mechanism; (b) the debtor’s predominant activity; (c) whether or not borrowing operations are involved; (d) guarantees received from the debtor; (e) currency, index factor, and term of the operation; (f) full, accurate identification of the borrower and the economic group to which it belongs.

(3) The individual classification of the risk position with the corresponding level of risk is incumbent on the institution holding the credit and must be carried out based on an estimate of possible loss calculated using consistent, verifiable criteria, with supporting information from internal and external sources, supplemented at least with the following:
(a) With relation to the debtor and its guarantees: (1) Economic and financial situation. (2) Management capacities and quality of internal controls. (3) History of timely or late payments. (4) Contingencies. (5) Economic sector. (6) Geographic area of activity. (7) Credit limit. (b) With relation to the operation: (1) Nature and type of transaction. (2) Features of the guarantees, particularly those concerning the sufficiency of liquidity. (3) Value.

The institutions should ensure that the methodologies and processes applied in determining the individual classification of risk positions by risk level are adequately established.

Since September 7, 2016.

Article 6 (Solvency assessment)

(1) Before entering into credit agreements, institutions are required to assess the customer’s solvency through the verification of the information the customer has provided and by consulting the Credit Risk Information Center (CIRC) as provided in Notice No. 02/2010 of November 18, 2010.

(2) In addition to the assessment provided in the foregoing paragraph, the institution may also consult other databases considered useful in the assessment of the solvency of their customers.

Article 14 (Credit restructuring)

(1) When default has been verified in connection with credit agreements, institutions must make arrangements to contact the customer to determine the reasons for the default.

(2) It is incumbent on the customer to provide evidence of the financial difficulties it is experiencing underlying its failure to meet its financial commitments.

(3) The institutions must inform the customers and the BNA of the credit agreements subject to restructuring and must give preference to the extrajudicial regularization of such arrangements. The customer must be given one or more adequate proposals to regularize the financial situation.

(4) In the analysis of the customer’s financial situation, institutions must consider its overall liabilities, and not only commitments undertaken with the institution. (5) When changes to the agreements are justified as a result of the customer’s financial difficulties, the institutions may not increase the credit charges, specifically by raising the interest or fees charged, or any expenses related to the restructuring of the loan.

Since April 26, 2019.
LTV

The ratio between the total amount of the credit agreements guaranteed with a given real property asset and the lowest purchase price or assessed value of the property provided as a guarantee for home loans at the date the loan is granted must not exceed:

(a) 90% for permanent owner-occupied housing;
(b) 80% for purposes other than owner-occupied housing;
(c) 100% for the purchase of real properties held by the banks themselves;
(d) 100% for real property leases.

Institutions cannot undertake large risks with one counterparty or group of related counterparties when the value exceeds 25% of their regulatory capital.

The limit referred to in numeral 1 above is reduced to 10% of regulatory capital when the large risks involve institutions with qualified holdings or if the shareholders include a group of related counterparties, except when the qualified holdings are in one institution.

The total of the top 20 large risk exposures cannot exceed 300% of regulatory capital.

Update of prudential limits since June 2017.

Institutions may not directly or indirectly hold stakes or shares in a nonfinancial enterprise or group of related nonfinancial enterprises if the amount exceeds 15% of the regulatory capital of the participating institution.

The total amount of the stakes or shares directly or indirectly held in nonfinancial enterprises cannot exceed 40% of the investing institution’s regulatory capital.

Institutions may not hold, for periods exceeding three years, continuously or intermittently, directly or indirectly, shares or stakes exceeding 25% of the capital in a nonfinancial enterprise.

Amounts exceeding the limits provided in Notice No. 9/2016 can be deducted from regulatory capital.

| Differential treatment of deposit accounts held by nonresidents | n.r. |
| Reserve requirements | n.r. |
| Liquid asset requirements | n.r. |
| Interest rate controls | n.r. |
| Credit controls | n.r. |
| Investment regulations | Yes. | Does not require approval from the BNA. |
| Abroad by banks | Yes. |
| In banks by nonresidents | Yes. |
| Open foreign exchange position limits | Yes. | Effective January 1, 2019, the BNA replaced the limit on the net open position in foreign exchange with a limit on the liquidity position in foreign exchange. The liquidity position is calculated taking into consideration only liquid foreign exchange assets and liabilities, excluding among others foreign exchange-indexed... |
government bonds. The calculation must be carried in euros or euro equivalents. The commercial banks must submit daily reports on their foreign exchange liquidity position to the BNA and the net open position cannot exceed 10% of their capital. Banks have been required to sell their surplus foreign exchange positions pursuant to Notice No. 12/2018 of December 3, 2018. Previously, banks could hold daily foreign exchange positions of up to 20% of their own funds.

On resident assets and liabilities

Yes.

Since May 18, 2009.

Article 1 (Foreign exchange residence)
(1) In accordance with Article 4 of Law No. 05/97 of June 27, 1997, the Foreign Exchange Law, and for purposes of this Notice, the following are considered residents of the national territory:
(a) Individuals having normal residence in the country. (b) Legal entities having headquarters in the country. (c) Branches, subsidiaries, offices, or any types of representation in the country of legal entities having headquarters abroad. (d) Administratively and financially autonomous funds, institutes, and public organizations with headquarters on the national territory. (e) National diplomatic citizens, consular representatives, or similar persons posted abroad as well as members of their families. (f) Individual nationals who spend periods exceeding 90 days and less than one year abroad to undertake studies or to serve in public office.


Article 2 (General provisions)
(2) Individuals or legal entities resident for foreign exchange purposes intending to transfer into the country funds deposited with banks domiciled abroad may open and operate accounts in foreign exchange with banks domiciled in Angola as provided under Article 4 of this Notice.
(3) Individuals or legal entities resident for foreign exchange purposes may simultaneously maintain separate accounts denominated in foreign exchange under the terms defined in Article 4 of this Notice and in accordance with Notice No. 3/09 of June 5, 2009.

On nonresident assets and liabilities

Yes.

Since May 18, 2009.

Article 1 (Foreign exchange residence)
The following are considered nonresidents: (1) Individuals having normal residence abroad. (2) Legal entities having headquarters abroad. (3) Individuals who have emigrated. (4) Individuals who have been out of the country for more than one year. (5) Branches, subsidiaries, offices, or any type of representation abroad of legal entities having headquarters in Angola. (6) Diplomats, consular representatives, or similar persons operating on Angolan territory and members of their families.


Article 2 (General provisions)
(1) Individuals and legal entities nonresident for foreign exchange purposes may hold and operate accounts in domestic and foreign currencies with banks domiciled in Angola, as provided under Articles 3 and 4 of this Notice.

Provisions specific to institutional investors

Yes.

<table>
<thead>
<tr>
<th>Insurance companies</th>
<th>n.r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.r.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.r.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.r.</td>
</tr>
<tr>
<td>Pension funds</td>
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<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.r.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
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</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
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</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

The exchange restriction arising from the operation of a priority list was eliminated. (Country Report No. 19/371)

Exchange Arrangement

Restrictions and/or multiple currency practices 11/25/2019

Classification

<table>
<thead>
<tr>
<th>Crawl-like arrangement</th>
<th>01/01/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other managed arrangement</td>
<td>10/02/2019</td>
</tr>
</tbody>
</table>

Foreign exchange market

Spot exchange market
The Bank of Angola implemented new auction rules that removed the 2 percentage band. Previously, bids could fluctuate within a plus/minus 2 percentage point band around the average exchange rate of winning bids of the previous auction, de facto capping the maximum depreciation of the exchange rate at 2% per auction.

According to new auction instructions, each bid’s value cannot be for less than US$250,000 or the equivalent in the currency used in the auction (previously, the limit was €500,000).

Banks may bid no more than 15% of their individual capital. In case of auctions to sell foreign exchange to specific sectors, banks must demonstrate their foreign exchange need for those sectors.

The BNA may carry foreign exchange auctions specifically for LCs (quantitative auctions). The BNA must commit to selling foreign exchange up to a predetermined ceiling, as per the following modalities: (1) selling on the auction date, an amount to be determined (previously, the limit was 10%) on the basis of the prevailing spot exchange rate, which can be used to settle advance payments or to build collateral and (2) the remaining at the prevailing spot exchange rate, up to five days before the payment of each shipment.

The BNA can commit to sell foreign exchange to cover LCs at a forward exchange rate. Funds allocated in the LC auctions need to be used to open LCs within 45 days, and any unused funds must be cancelled.

Banks can only bid at the next LC auction if they have opened LCs for a minimum of 50% of the funds allocated to them at the previous LC auction (previously, only LCs for differed payments with maturity dates of at least 60 days from the date of presentation of the documents relating to each shipment were allowed).

Total cost of credit granted by international payment cards at the annual nominal rate of interest and fees cannot exceed 7.5% per annum. Banks may apply fixed or variable interest rates, and the latter must be indexed to the Luibor less a margin, although it should be ensured at all times that the total cost of credit granted does not exceed 7.5% per annum. The Luibor rate to be applied should correspond to the periodicity of the interest payments.

Banks are required to apply differentiated interest rates to their customers, defined to reflect the specific risk rating of each operation, determined based, inter alia, on the level of risk attributed to each customer, the features of the instrument, and the collateral provided.

In the cases of loans with variable interest rates, banks should preferably use the indexing factor that is generally used for credit agreements in the currency in question, and a margin may be added to or subtracted from this factor to reflect the level of risk associated with each operation determined based on the factors referred to in item 1.1 (a) of Instruction No. 4/2019.

For credits denominated in domestic currency with variable interest rates, banks should preferably apply the Luibor as an indexing factor. The term of the indexing factor should correspond to the interest payment period.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>The Bank of Angola (BNA) replaced the limit on the net open position in foreign exchange with a limit on the liquidity position in foreign exchange. The liquidity position is calculated taking into consideration only liquid foreign exchange assets and liabilities, excluding among others foreign exchange-indexed government bonds. The calculation must be carried in euros or euro equivalents. The commercial banks must submit daily reports on their foreign exchange liquidity position to the BNA and the net open position cannot exceed 10% of their capital. Banks have been required to sell their surplus foreign exchange positions pursuant to Notice No. 12/2018 of December 3, 2018. Previously, banks could hold daily foreign exchange positions of up to 20% of their own funds.</td>
</tr>
</tbody>
</table>
ANTIGUA AND BARBUDA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: February 25, 1982.

Article VIII: Yes. Date of acceptance: November 22, 1983.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.
No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons: Yes.
In accordance with UNSC resolutions, measures have been taken to freeze the assets of terrorists and organizations associated with terrorism.

Other security restrictions: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes.
The currency of Antigua and Barbuda is the Eastern Caribbean dollar, issued by the ECCB.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board: Yes.
The de jure exchange rate arrangement is a currency board. Antigua and Barbuda participates in a currency union with seven other members of the ECCU and has no separate legal tender. The ECCB officially covers at least 60% of base money with its foreign reserves. The operational guideline is set at 80%, although in practice the coverage has been close to 100%.

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal
bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

- **Yes.** The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at EC$2.70 per US dollar. This rate applies to the ECCB transactions as well as accounting and valuation.

**Monetary policy framework**

- **Exchange rate anchor**
  - **Yes.**
  - **U.S. dollar**
    - **Yes.** The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.
     - **Euro**
     - **Composite**
     - **Other**

**Monetary aggregate target**

**Inflation-targeting framework**

- **Target setting body**
  - Government
  - Central Bank
  - Monetary Policy Committee
  - Central Bank Board
  - Other

- **Government and Central Bank**

- **Inflation target**
  - **Point target**
  - **Target with tolerance band**
    - **Band/Range**
  - **Target measure**
    - **CPI**
    - **Core inflation**
  - **Target horizon**

- **Operating target (policy rate)**
  - **Policy rate**
Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. The ECCB sets an indicative rate for commercial banks to follow. This rate has been EC$2.6882–EC$2.7169 per US dollar for a long time. Commercial banks may freely set their commissions in transactions with their clients.

Spot exchange market

Yes. The ECCB participates in the foreign exchange market mainly trading US currency with Bank of America.

Operated by the central bank

Yes.

Foreign exchange standing facility

Yes. The ECCB is committed to selling and buying US dollars at a fixed exchange rate of EC$2.7 per US dollar. Actual rates may differ slightly so that the ECCB can cover its administrative expenses. There is no bid-ask spread. The ECCB deals directly with the government and other public entities.

Allocation

No.

Auction

No.

Fixing

No.

Interbank market

Yes. Banks may trade with each other, but there is no formal interbank foreign exchange market. Foreign exchange bureaus are subject to licensing by the ECCB. These bureaus may deal in foreign exchange transactions directly with the ECCB; conduct spot, forward, and swap transactions; maintain accounts abroad; and make foreign payments and transfers on behalf of clients.

Over the counter

Yes.

Brokerage

No.

Market making

No.

Forward exchange market

No.

Official cover of forward operations

No.
### Arrangements for Payments and Receipts

**Prescription of currency requirements**
- Yes.

**Controls on the use of domestic currency**
- Yes.

Settlements with residents of the CARICOM countries must be made either in the currency of the country concerned or in Eastern Caribbean dollars. Exports to Jamaica are settled in US dollars. Settlements with residents of other countries may be made in any foreign currency or in Eastern Caribbean dollars.

**For current transactions and payments**
- Yes.

**For capital transactions**
- No.

Transactions in capital and money market instruments
- No.

Transactions in derivatives and other instruments
- No.

Credit operations
- No.

**Use of foreign exchange among residents**
- Yes.

**Payments arrangements**
- Yes.

**Bilateral payments arrangements**
- No.

**Operative**
- No.

**Inoperative**
- No.

**Regional arrangements**
- Yes.

Antigua and Barbuda is a member of CARICOM and the OECS.

**Clearing agreements**
- Yes.

**Barter agreements and open accounts**
- No.

**Administration of control**
- Yes.

The Ministry of Finance and the Economy (MOFE) applies controls to all foreign exchange transactions.

**Payments arrears**
- Yes.

**Official**
- Yes.

The government has accumulated arrears with domestic suppliers and banks, as well as with external creditors.

**Private**
- n.a.

**Controls on trade in gold (coins and/or bullion)**
- No.

On domestic ownership and/or trade
- No.

On external trade
- No.

**Controls on exports and imports of banknotes**
- Yes.

**On exports**
- Yes.

**Domestic currency**
- Yes.

The exportation of Eastern Caribbean dollar notes and coins outside the ECCB area is limited to EC$10,000 as prescribed by the ECCB.

**Foreign currency**
- Yes.

**On imports**
- Yes.
Domestic currency: No.

Foreign currency: Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

Foreign exchange accounts permitted: Yes. External accounts may be opened, especially in tourism-oriented industries or in export trade when receipts are primarily in foreign currency and a large number of inputs are imported or financed with foreign currency.

Held domestically: Yes. Commercial banks are required to report external account operations to the MOFE on a monthly basis.

Approval required: Yes.

Held abroad: Yes.

Approval required: No.

Accounts in domestic currency held abroad: Yes. Within the ECCU.

Accounts in domestic currency convertible into foreign currency: No.

**Nonresident Accounts**

Foreign exchange accounts permitted: Yes. External accounts may be maintained in any currency and may be credited with receipts from sales of merchandise (whether from exports or local sales) or from remittances. Commercial banks are required to report external account operations to the MOFE on a monthly basis.

Approval required: Yes.

**Domestic currency accounts**

Yes.

Convertible into foreign currency: No.

Approval required: Yes.

Blocked accounts: n.a.

**Imports and Import Payments**

Foreign exchange budget: No.

Financing requirements for imports: No.

Minimum financing requirements: No.

Advance payment requirements: No.

Advance import deposits: No.

Documentation requirements for release of foreign exchange for imports: Yes. Payments for authorized imports are permitted on application and submission of documentary evidence. All bona fide import payments
Domiciliation requirements Yes.

Preshipment inspection No.

Letters of credit Yes.

Import licenses used as exchange licenses No.

Other No.

Import licenses and other nontariff measures Yes. Certain goods require individual licenses, unless imported from the CARICOM countries. Antigua and Barbuda complies with the CARICOM rules of origin.

Positive list No.

Negative list No.

Open general licenses Yes. Most goods may be freely imported under OGLs granted by the MOFÉ. Nonautomatic licensing is applied to products subject to quantitative restrictions.

Licenses with quotas Yes. Quantitative restrictions are applied to carbonated beverages, beer, stout, ale, and porter. In agriculture, quantitative restrictions are applied if there is domestic supply.

Other nontariff measures No.

Import taxes and/or tariffs Yes. Customs duty rates range from 0% to 35% for nearly all items. The CARICOM CET is applied. As a result, tariffs on imports from the CARICOM countries range from 0% to 20%. There are no customs duties on a number of items, including milk and poultry. Some goods, including basic foods and agricultural goods, are exempt from customs duties. Other exemptions for machinery, equipment, and raw materials are granted on a case-by-case basis. There is a customs service charge with a maximum rate of 10%.

Taxes collected through the exchange system No.

State import monopoly Yes. There is a monopoly on imports of petroleum products.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements n.a.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Financing requirements n.a.

Documentation requirements Yes.

Letters of credit Yes.

Guarantees Yes.

Domiciliation Yes.
Preshipment inspection: No.

Other: Yes.

Export licenses: No.

Without quotas: No.

With quotas: No.

Export taxes: Yes. Reexports are not subject to tax if transactions take place within the bonded area.

Collected through the exchange system: n.a.

Other export taxes: n.a.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: Yes. Payments for certain categories of invisible transactions (related to authorized imports) do not require MOFE approval. Approval is granted for all bona fide payments for invisible transactions. No controls apply to payments for freight, insurance, unloading, and storage costs; administrative expenses; commissions; profits; and dividends.

Trade-related payments: No.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: No.

Investment-related payments: Yes.

Prior approval: Yes.

Quantitative limits: Yes.

Indicative limits/bona fide test: Yes. Profits may be remitted in full after payment of taxes. Verification is not applied in practice; the authorities, however, may decide to undertake such verification.

Payments for travel: No.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: No.

Personal payments: Yes.

Prior approval: Yes. Payments related to family maintenance are permitted. Payments for alimony are allowed, if provided for by contract.

Quantitative limits: Yes. Payments related to medical expenses and studies abroad are permitted.

Indicative limits/bona fide test: Yes.

Foreign workers' wages: Yes.
### Antigua and Barbuda

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>n.a</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>n.a</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>n.a</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>n.a</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Payments for consulting and legal fees are allowed, if provided for by contract.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>The limit for subscriptions and membership fees is ECS10,000 a year.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Capital Transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Under the Banking Act, investment of a licensed financial institution</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), may not exceed 25% of its capital base. As per Section 10 of the Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity).

| Purchase locally by nonresidents | No. |
| Purchase abroad by residents    | No. |
| Sale or issue abroad by residents | No. |
| Bonds or other debt securities  | No. |
| Sale or issue locally by nonresidents | No. |
| On money market instruments     | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents    | No. |
| Sale or issue abroad by residents | No. |
| On collective investment securities | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents    | No. |
| Sale or issue abroad by residents | No. |
| Controls on derivatives and other instruments | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents    | No. |
| Sale or issue abroad by residents | No. |
| Commercial credits              | No. |
| By residents to nonresidents    | No. |
| To residents from nonresidents  | No. |
| Financial credits               | Yes. |
| By residents to nonresidents    | Yes. |

MOFE approval is required for lending to nonresidents by
### Provisions Specific to the Financial Sector

#### Provisions specific to commercial banks and other credit institutions

<table>
<thead>
<tr>
<th>Activity</th>
<th>Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>n.a.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>n.a.</td>
</tr>
</tbody>
</table>

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Under the laws governing offshore financial institutions, (1) the International Financial Sector Authority has the responsibility for licensing offshore financial institutions; (2) annual inspections of offshore financial institutions must be conducted; (3) the minimum capital requirement for offshore banks is the equivalent of US$5 million, of which US$1.5 million must be deposited in the domestic banking system; (4) all directors of a bank must be natural persons,
and at least one must be a national of Antigua and Barbuda; and (5) offshore banks are allowed to extend credit to the government of Antigua and Barbuda.

Borrowing abroad n.a.

Maintenance of accounts abroad n.a.

Lending to nonresidents (financial or commercial credits) Yes. MOFE approval is required for these transactions.

Lending locally in foreign exchange n.a.

Purchase of locally issued securities denominated in foreign exchange n.a.

Differential treatment of deposit accounts in foreign exchange No.

Reserve requirements No.

Liquid asset requirements No.

Interest rate controls No.

Credit controls No.

Differential treatment of deposit accounts held by nonresidents No.

Reserve requirements No.

Liquid asset requirements No.

Interest rate controls No.

Credit controls No.

Investment regulations Yes.

Abroad by banks Yes. Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), may not exceed 25% of its capital base. As per Section 10 of the Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity).

In banks by nonresidents No. The Banking Act further specifies and strengthens the conditions dealing with fit and proper tests under which the CB can grant a license to nonresidents to operate in the ECCU (whether through a branch, subsidiary, or newly acquired bank).

Open foreign exchange position limits n.a.

On resident assets and liabilities n.a.

On nonresident assets and liabilities n.a.

Provisions specific to institutional investors n.a.

Insurance companies n.a.

Limits (max.) on securities issued by n.a.
<table>
<thead>
<tr>
<th>nonresidents</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

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Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
Status under IMF Articles of Agreement

- **Date of membership**: September 20, 1956.
- **Article VIII**: Yes. Date of acceptance: May 14, 1968.
- **Article XIV**: 

Exchange Measures

- **Restrictions and/or multiple currency practices**: Yes. The IMF staff report for the Fourth Review under the Stand-By Arrangement, Request for Waivers of Applicability and Modification of Performance Criteria, and Financing Assurances Review with Argentina states that, as of July 3, 2019, the retention of the multiple currency price auction put in place in June 2018 that staff has assessed gives rise to the multiple currency practice. (Country Report No. 19/232)

- **Exchange measures imposed for security reasons**: Yes. Argentina notified the IMF that it maintains restrictions in accordance with UNSC resolutions on preventing the financing of terrorism.

- **Other security restrictions**: Yes. The Central Bank of the Argentine Republic (BCRA) has established that financial and exchange institutions are subject to the provisions of Law Nos. 25.246 and 26.734 as amended and supplemented, Decree No. 918/12, and FIU Resolution No. 12/11 as amended, 30-E/2017, and FIU Resolution No. 29/2013. Under these laws, decrees, and resolutions, regulated institutions must follow the regulatory guidelines of the FIU for the prevention of money laundering, financing of terrorism, and other unlawful activities “without delay,” including Argentine Executive Branch decrees regarding UNSC resolutions on combating terrorism and resolutions (and their annexes) of the Ministry of Foreign Affairs and Worship. Article 1 of Executive Decree No. 918/12 regulates the measures and procedures for the administrative freezing of goods linked to the criminal activities specified in Article 306 of the Criminal Code (financing of terrorism), as well as the procedure for inclusion and exclusion from the lists established in accordance with UNSC resolutions.

- **Com. “A” 6244, now Para. 5.5 of the TO de EyC (Com. A 6844 and Supplementary Provisions)**, retained the minimum information that ADs must verify when funds are transferred to and from abroad, including the messages that pertain to these transfers (as well as various control mechanisms) to include:
  - the payer’s and recipient’s information,
  - having procedures to detect information missing in transfers and, in such cases, keeping them pending settlement until omissions are remedied.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

- **Currency**: Yes. The currency of Argentina is the Argentine peso.
Other legal tender No.

Exchange rate structure

Unitary Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement Yes.

The de jure exchange rate arrangement is floating. The exchange rate of the peso is determined in the Free Foreign Exchange Market (now the MLC) by market forces and applies to all transactions in foreign exchange and foreign currency banknotes (under Para. 1.3 of the TO de EyC (Com A 6844 and Supplementary Provisions)).

In October 2018, the BCRA adopted a new monetary-exchange scheme and defined Zones of intervention and non-intervention, within which the peso could float freely. Initially, the non-intervention zone limits were defined at $34 and $44 per dollar, adjusted daily at a rate of 3% per month until the end of 2018. If the exchange rate were above the upper limit, the BCRA could intervene through bids for the sale of dollars for a fixed daily amount, while if the exchange rate breached the lower limit, bids for the purchase of dollars for a fixed daily amount could be made. During the first quarter of 2019, the non-intervention zone limits were updated daily at a monthly rate of 2%, using the existing limits as of December 31, 2018, as a benchmark. During January and much of February, the exchange rate operated close to the lower limit of the non-intervention zone, falling below it on several occasions. This led the CB to make foreign exchange purchases from the market for US$978 million between January 10 and February 13, in accordance with the mechanism established in the monetary regime. The adjustment of the non-intervention zone limits was 1.75% per month in the first half of April. Effective April 16, 2019, it was decided that the adjustment would be 0% for the rest of the year (keeping the lower and upper limits constant at 39.755 and 51.448 pesos per dollar, respectively), and effective April 29, 2019, it was established that, because of the increase in exchange volatility, discretionary interventions could be made within what would become known as the Reference Zone (between 39.755 and 51.448 pesos per dollar) and that, if the exchange rate were above the upper limit, a total of US$250 million could be sold, maintaining the possibility of increasing this amount if deemed necessary. Additionally, the BCRA decided that it would not buy foreign exchange if the exchange rate breached the lower limit of the Reference Zone until July.
A managed floating foreign exchange arrangement is an appropriate instrument for avoiding large fluctuations in the exchange rate, which adversely affect competitiveness, domestic prices, and income distribution. The exchange policy will also promote the preventative accumulation of international reserves, based actual foreign currency revenues from the external sector. The severe balance of payments crisis in 2019, which led to a sizable depreciation of the domestic currency, resulted in the termination of the previous floating arrangement with full capital mobility as of September 2019. From this date forward, a series of exchange regulations were issued that were ratified and regularly updated, including in particular the mandatory repatriation of export proceeds on the local foreign exchange market (MULC) and limits on the formation of external assets using local resources. At the same time, by sanction of the Law on Social Solidarity and the Reactivation of Production in the Context of the Public Emergency, the National Government established a tax on the purchase of foreign exchange intended for hoarding and the payment of foreign travel and tourism services. Capital controls made it possible to limit exchange volatility and avoid its impact on prices, economic activity and financial stability. Under the managed floating arrangement, the exchange rate gradually rose over the remainder of the year to preserve competitiveness, moderating its impact on prices. The exchange regulations also helped to prioritize the use of the international reserves at times when sources of foreign currency financing were scarce owing to conditions on the global capital market and the restructuring of the public debt.

Because the exchange rate followed a depreciating trend within a 2% band against the US dollar from September 2019, with a short period of stability (from November 2019 to January 2020), the de facto exchange rate arrangement was reclassified to “other managed” from “floating,” effective September 4, 2019.

Exchange rate intervention data can be consulted in the Daily Monetary Report, which is available on the BCRA’s website. This report publishes intervention data on net purchases from the private sector and the National Treasury on a daily basis with a 3-day lag (business days) because of the time required for appropriate processing of the information prior to its dissemination.

### Floating

#### Free floating

<table>
<thead>
<tr>
<th>Official exchange rate</th>
<th>No.</th>
</tr>
</thead>
</table>

Floating operations are carried out at the exchange rate that is freely agreed between the parties (Para. 1.3 of the TO de EyC, contained in Com. A 6844 and Supplementary Provisions).

The reference exchange rate (TCR) is not an official exchange rate. It is calculated as specified in Communication A 3500, used for information purposes only, and is intended to reflect the wholesale market price based on average buying and selling rates.

### Monetary policy framework

Exchange rate anchor

- **U.S. dollar**
- **Euro**
Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts
In light of the economic and social emergency, which was deepened by the COVID-19 pandemic, and a critical situation in terms of access to the voluntary foreign credit market, the National Government adopted a series of measures intended to deal with the effects of the crisis and undertook to restore public debt sustainability, while the Executive Branch decided to delay presentation of the 2020 National Budget.

Bearing in mind these limitations, the BCRA deemed it prudent, for 2020, to move ahead with the establishment of a series of guidelines to help with the formation of the expectations of the various economic agents:

Monetary aggregates: The degree of monetization of the Argentine economy was at historically low levels prior to the pandemic, and it is hoped that reasonable levels will be maintained through to the end of the year. The monetary policy should promote prudent expansion of the monetary aggregates, avoiding imbalances that directly or indirectly affect the inflationary process. The BCRA will use all of the tools at its disposal to handle potential liquidity surpluses that could emerge in the coming months. Until now, the BCRA has mainly used BCRA Liquidity Bills (LELIQs) and repos, with an average rate of around 33%.

Credit: Domestic credit intermediation is at relatively very low levels and is expected to expand to meet the needs of households and production, on a strategic path that will cover not just the short term but also the medium and long terms.

Interest rate: The BCRA deems that the real interest rate should protect the external and financial stability of the economy and should be compatible with the financing of production and the construction of a longer-term yield curve, promoting domestic currency savings. The latter assumes management of interest rates to avoid them falling to negative real levels.

For this purpose, twice weekly, the monetary policy rate, which is the rate on LELIQs, is established by auction. It should be noted that since February 4 LELIQs have a term of 28 days and that the Board of Directors of the BCRA determines the minimum interest rate on these instruments, which has stood at 38% since March 10. As well, the BCRA took a series of measures to improve the yield on fixed-term deposits in pesos and thus protect domestic currency savings. In April, a minimum interest rate equivalent to 70% of the LELIQ rate was established for fixed-term deposits for individuals, up to $4 million. This was extended to all term deposits of the private sector in mid-May. Later, in early June, this was raised to 79% of the LELIQ rate and as of August it was increased for investments of up to $1 million by individuals to 87% of the LELIQ rate.

Exchange tax No.
Exchange subsidy No.
Foreign exchange market Yes. Under the provisions of Article 132 of Law No. 27444 (repealing Article 188 of Decree No. 27/18), which replaced Article 1 of Decree No. 260/2002 and Para. 1.2 of Communication “A” 6244 and Supplementary Provisions, all foreign exchange operations had to be carried out in the MLC. The exchange rate is determined by market forces. ADs freely set their bid-ask spreads and the commissions on foreign exchange transactions with their customers.
Until August 31, 2019, Communication A 6244 governed foreign exchange operations by the provisions included in its Annex, replacing all foreign exchange regulations that had until that time governed such operations and were established on the basis of the Consolidated Text on External Affairs and Foreign Exchange. The framework established that all individuals and legal entities, and certain trusts and other estates could operate freely on the foreign exchange market through authorized institutions, without distinction by type of operation and/or residence of the customer.

Since September 9, 2019, Decree No. 609/2019, amended by Art. 1 of Decree No. 91/2019 (Boletín Oficial (B.O.) December 28, 2019), establishes:

Article 1 – The equivalent value of the exports of goods and services must be repatriated in foreign exchange and/or traded on the foreign exchange market under the conditions and terms established by the BCRA.


Article 2 – The BCRA, in accordance with its Charter, will establish the circumstances in which access to the foreign exchange market for the purchase of foreign exchange and minted precious metals and transfers abroad will require prior approval, based on objectives guidelines established in accordance with prevailing conditions on the foreign exchange market and distinguishing between the situations of individuals and legal entities.

Article 3 – The BCRA is authorized to establish regulations to prevent practices and operations that are intended to circumvent, through the use of public securities or other instruments, the provisions of this measure. Article 3 authorizes the BCRA to establish regulations to prevent practices and operations that are intended to circumvent, through the use of public securities or other instruments, the provisions of this measure. [sic]

The indicated provision was regulated by Com A 6770 and Supplementary Provisions, which are now found in the TO de EyC (Com A 6844 and Supplementary Provisions).

Para. 1.1 of the TO de EyC establishes that financial institutions or exchange dealers authorized to deal in foreign exchange by the BCRA must intervene in all foreign exchange operations, swaps, and/or arbitrage on the foreign exchange market.

The MULC (now the MLC) operates on a spot basis, and transactions are settled within 48 hours (Communication A 6244, Para. 4.3, now Para. 6.3 of the TO de EyC).

It is the only formal mechanism for foreign exchange transactions (Communication A 6244, Para. 1.2, now Para. 1.1 of the TO de EyC).

As of December 31, 2019, [79] financial institutions were licensed to operate and [241] exchange dealers were registered. By law, the BCRA is responsible for authorizing the operation of these institutions and for establishing their operating powers and reporting requirements.
Foreign exchange institutions (foreign exchange bureaus and agencies) may operate on the foreign exchange market. As of December 31, 2019, [27] exchange bureaus and [214] agencies were registered.

Foreign exchange bureaus may carry out all the operations provided for in the rules on “External Affairs and Foreign Exchange.” Effective April 30, 2020, exchange bureaus may simultaneously carry out only activities related to tourism and sales of travel tickets. Previously, they could also participate in public offerings of securities, subject to the relevant legal provisions.

Exchange agencies may buy and sell foreign currency banknotes and coins; buy foreign currency traveler’s checks, which may be sold only to financial institutions authorized to conduct foreign exchange transactions; and buy and sell gold coins and good delivery gold bars. They may use only local funds received through transactions with their customers, ADs, and exchange bureaus or agencies for their operations. Effective April 30, 2020, exchange agencies may simultaneously carry out only activities related to tourism and sales of travel tickets. Previously, they may simultaneously carry out any commercial, industrial, or other type of activity, in accordance with the corresponding legal provisions.

The retail exchange rates offered in Buenos Aires by institutions in the system may be consulted at the BCRA’s website. The information includes “reference retail exchange rates” calculated on the basis of the rates announced by institutions. These rates are intended to provide information regarding quotations in the MULC – currently the MLC (Communication “B” 9791). Communication A 3500 established the mechanisms for calculating the TCR on each bank business day for wholesale operations that can be settled in pesos and US dollars on the quotation date.

### Operated by the central bank
Yes.

### Foreign exchange standing facility
No.

### Allocation
No.

### Auction
Yes.

The BCRA may conduct foreign exchange auctions in accordance with the following guidelines: (1) announcement of the auction: by BCRA press release and SIOPEL press release; (2) total amount of the auction: will be established by the BCRA in each case; (3) time of auction: variable (the BCRA will establish the time and duration); (4) number of bids: up to a maximum of three bids per dealer; (5) amount of each bid: minimum of 1 million and no maximum; (6) award system: bids may be awarded at multiple prices or a single price; in both cases an apportionment system will be used if necessary; and (7) settlement: spot.

The most recent auction was conducted on October 25, 2019. Auctions are currently not being held, but the regulation remains in effect.

### Fixing
No.

### Interbank market
Yes.

At end-2019, a total of 64 banks operated on the interbank market. To operate as a financial institution, institutions must have the prior authorization of the BCRA. In 2019, the BCRA authorized three new institutions (two banks and one financial company).

Foreign exchange market transactions comprise the transactions of ADs with their customers, with each other, and with the BCRA.
Customer foreign exchange transactions must involve an authorized institution. Foreign exchange transactions between authorized institutions must be conducted through the SIOPEL when agreed to directly between the parties.

Purchases and sales of foreign exchange outside this system are allowed between authorized institutions when one or both parties are not authorized to operate in the SIOPEL and provided the transactions do not involve exchange brokers and do not exceed the equivalent of US$8,00,000 a day, calculated as the sum of each institution’s purchases and sales (Communication A 6244, Para. 3.6, now Para. 5.11 of the TO de EyC (Com A 6844 and Supplementary Provisions)). The BCRA conducts its foreign exchange transactions with authorized institutions through the SIOPEL.

The CB does not use market makers and intervenes directly with market participants at their quoted rates, or through auctions on the market (Communication A 6527).

At end-2019, 55 banks operated in foreign exchange.

Foreign exchange transactions between authorized institutions must be conducted through the SIOPEL when agreed to directly between the parties.

Buying and selling of foreign exchange is also permitted between institutions authorized outside of the SIOPEL, when one or both parties is/are not authorized to operate within this system, in a daily amount not to exceed the equivalent of US$8,00,000, considering the total of both items in each institution (Communication A 6244, Para. 3.6, now Para. 5.11 of the TO de EyC (Com A 6844 and Supplementary Provisions)).

The BCRA operates on the futures market for monetary policy purposes. At the end of 2019, the most relevant futures market was Rofex de Rosario (Rosario Futures Exchange), which had a participation rate of 96%. On August 1, 2019, this market began to operate under the name of Matba Rofex S.A. following its merger with the Buenos Aires Futures and Options Exchange (Mercado a Término de Buenos Aires – Matba). Transactions are settled by daily netting in domestic currency. The foreign exchange futures market uses the TCR published by the BCRA.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.

Controls on the use of domestic currency No. There are no restrictions on the currency used. International payments are not normally settled in domestic currency.

For current transactions and payments No. Foreign transactions are settled in a freely usable currency.

For capital transactions No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations  No.
Use of foreign exchange among residents  Yes.

Foreign exchange purchased by residents in accordance with the foreign exchange regulations is freely available as long as they do not have a specific subsequent application.

Effective September 1, 2019, Para. 9 of Com A 6770, now Para. 3.6 of the TO de EyC, prohibits access to the foreign exchange market for the payment of debt and other foreign currency obligations between residents with the following exceptions:

- foreign currency financing granted by local financial institutions, including payments for foreign currency consumer purchases via credit cards (Para. 3.6.1);
- foreign currency debts between residents taking the form of public instruments or entries in registries as at August 30, 2019 (Para. 3.6.2);
- new issues of debt securities intended to refinance debt included in Para. 3.6.2 and involving an increase in the average term of the obligations (Para. 3.6.3);
- issues of debt securities by residents with public registration in Argentina as from November 29, 2019, denominated and subscribed in foreign currency and the capital and interest of which are payable in Argentina in foreign currency, as long as all of the funds obtained have been sold on the foreign exchange market in accordance with the provisions of Para. 2.5 of the TO de EyC.

Previously, all individuals, legal entities, equity concerns, and other estates may operate freely on the foreign exchange market through authorized institutions without making the distinction by type of operation and/or residence of the customer.

Payments arrangements  Yes.
Bilateral payments arrangements  Yes.
Operative  Yes. The domestic currency payments system (Sistema de Monedas Locales – SML) is voluntary and intended for trade-related transactions between Argentina and Brazil and between Argentina and Uruguay (Para. 2.3 of Communication A 6244, since December 5, 2019, Para. 4.3 of the TO de EyC established by Com A 6844 and Supplementary Provisions). It allows importers and exporters from both countries to make and collect payments in their respective currencies. These transactions are channeled into the financial system, and the CBs clear the balances on a daily basis through correspondents.

Inoperative  Yes. The BCRA has a reciprocal payments and credit arrangement with the National Bank of Cuba. In accordance with BCRA Communication A 2284, collections for any purpose must be made in freely available foreign exchange, while payments for any purpose must on a mandatory basis be made through the arrangement. Although the arrangement is in force, it is inactive as it has not been used to carry out any transactions for at least two decades.

Regional arrangements  Yes. Within the framework of the multilateral clearing system of the LAIA or in Spanish: ALADI, payments between Argentina and other LAIA countries are settled voluntarily under payments agreements.
and a reciprocal credit mechanism.

Clearing agreements No.
Barter agreements and open accounts No.
Administration of control Yes. Exchange regulations are established by the BCRA in accordance with the applicable laws. Exchange transactions must be carried out through specifically authorized institutions, including banks, exchange agencies, and exchange bureaus, which are subject to separate regulations (Para. 1.1 of the TO de EyC). In all cases, intervening institutions are subject to all applicable rules for the identification and recording of transactions and verification of compliance with the general provisions and, if appropriate, any specific provisions on the topic in question in the consolidated text and are subject to the rules on the prevention of money laundering, terrorism financing, and other unlawful activities. Transactions that do not have access under the foreign exchange regulations may request prior approval from the BCRA via a financial institution (Para. 1.8 of the TO de EyC). In general, institutions must also exercise due diligence in the identification of customers.

Payments arrears Yes. Effective September 1, 2019, Com A 6770, which regulated Decree No. 609/2019, amended by Art. 1 of Decree No. 91/2019, establishes new foreign exchange regulations. Para. 13. Allows access to the foreign exchange market for the payment of debts due or payable on demand for imports of goods from related companies abroad up to the equivalent of US$2 million per month per resident customer and establishes the requirement of the prior approval of the BCRA for higher amounts. These provisions are found in Para. 10.3.2.5 of the TO de EyC. Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no inflow of funds to the foreign exchange market has taken place and/or future access to this market is not planned.

Previously, there were no restrictions in the foreign exchange regulations on the payment of financial debts abroad, whether public or private.

Official No.
Private No.

Controls on trade in gold (coins and/or bullion) Yes. Sales of gold coins and good delivery gold bars are subject to the foreign exchange regulations as they are instruments transacted on the foreign exchange market pursuant to Paras. 6.1.3 and 6.1.4 of Communication A 6844 and Supplementary Provisions.

On domestic ownership and/or trade Yes. There are no restrictions on imports of gold bars. Imports of gold by industrial users are subject to a statistical duty of 0.5% and sales tax. Exports of coins and minted precious metals exceeding US$10,000 must be made through entities subject to supervision by the Superintendency of Financial and Exchange Institutions. Article 133 of Law No. 27.444 (repealing Article 189 of Decree No. 27/18), which replaced Article 7 of Decree No. 1570/01, eliminated the prior approval of the BCRA for the export of foreign currency banknotes and coins and minted precious metals, in accordance with
the regulatory provisions issued by the BCRA.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>Yes.</th>
</tr>
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<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Para. 5.13 of the TO de EyC (Com A688 and Supplementary Provisions) provides that entities may conduct transactions that involve exporting domestic currency provided the counterparties are listed in Para. 5.13 (foreign branch or agency of an official local bank or a foreign financial institution that is wholly or majority owned by a foreign government; or a foreign financial institution or exchange agency not established in countries or territories that do not apply or insufficiently apply the Recommendations of the Financial Action Task Force; or a foreign company that is dedicated to the purchase and sale of banknotes from specific countries and/or minted precious metals or good delivery bars, whose head office is located in a member country of the Basel Banking Supervision Committee).

As well, it is established that the sale of foreign exchange remitted to the local institution by the counterparty for the purchase of domestic currency banknotes is exempt from the provisions of the first paragraph of Para. 2.7 (credit of the proceeds of the sale of the foreign exchange to a local account) as long as there is a commitment from the counterparty that said funds will be used to meet tourism and travel demand and export will take place no more than 30 calendar days following the date of foreign exchange contract.

Exports of foreign currency exceeding the equivalent of US$10,000 must be made through entities subject to the supervision of the Superintendency of Financial and Exchange Institutions. Exports of foreign currency exceeding the equivalent of US$10,000 must also be reported to the federal tax agency.

Article 133 of Law No. 27.444 (repealing Article 189 of Decree No. 27/18), which replaced Article 7 of Decree No. 1570/01, eliminated the prior approval of the BCRA for the export of foreign currency banknotes and coins and minted precious metals, in accordance with the regulatory provisions issued by the BCRA.

Para. 5.13 regulates foreign swap and arbitrage operations, which institutions may enter into as long as the counterparty is one of those listed in Para. 5.12 of the Consolidated Text.

The importing of domestic currency implies a foreign currency sale to a nonresident, which requires the prior approval of the BCRA under the provisions of Para. 3.12 to the TO de EyC (Com A6844 and Supplementary Provisions).

As well, Para. 5.13 requires fulfillment of the requirements regarding the counterparties listed in Para. 5.12 of the aforementioned Consolidated Text.

Imports of foreign currency exceeding the equivalent of US$10,000 must be reported to the Federal Public Revenue Administration (Administración Federal de Ingresos Públicos – AFIP).

As well, Para. 5.13 requires fulfillment of the requirements regarding the counterparties listed in Para. 5.12 of the aforementioned Consolidated Text.
Foreign exchange accounts permitted

- Yes.

Held domestically

- Yes.

Banks are authorized to accept funds in: (1) US dollar and euro term deposits; (2) deposits in US dollar and euro savings accounts; and (3) deposits in US dollars and euro public and private securities and term investments.

Appropriate identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities, among other reasons.

Approval required

- Yes.

Authorization required for funds on a fixed-term basis and deposits in savings funds in other foreign currencies (other than US dollar and euro) subject to authorization from the BCRA.

Held abroad

- Yes.

There are no restrictions in the exchange regulations on residents opening and maintaining foreign exchange accounts abroad. The funds held abroad are freely available to the customer.

In the event that the resident decides to repatriate these funds, for amounts exceeding US$2 million per month, the transactions are covered by Decree No. 616/05, Article 3, with the requirement to credit the proceeds from the sale of the foreign exchange to a local account (Communication A 6244, Item 2.9).

Regarding the remaining provisions of Article 4 of the aforementioned decree, Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in para. (c) of said article to 0, and Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (Para. 2.9 of Com. “A”6244 found in Para. 2.7 of the TO de EyC).

Approval required

- No.

Accounts in domestic currency held abroad

- Yes.

There are no Argentine peso accounts held with entities abroad.

However, they are not prohibited under the foreign exchange regulations.

Accounts in domestic currency convertible into foreign currency

- Yes.

Effective September 1, 2019, Communication A 6770 and Supplementary Provisions added various regulations to the previously existing regulations. Previously, domestic currency funds deposited in Argentina could be converted to foreign currencies without any limit.

Para. 5 established prior approval of the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the constitution of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to the contracting of derivative transactions.

Para. 6 established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance, and derivative operations exceeding the equivalent of US$10,000 per month in all entities authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when
the amount involved in relation to these items exceeds the equivalent of US$1,000 per month in the intervening institution, the operation must be conducted by debit to local accounts.

Subsequently, Communication A6815 of October 28, 2019, amended the aforementioned Para. 6, establishing the first amount for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance, and derivative operations as US$200 per month and allowing the use of domestic currency cash for transactions up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

These regulations for individuals are now found in Para. 3.8 of the TO de EyC and those applicable to legal entities in Para. 3.10.

Para. 3.8 of the TO de EyC establishes that residents may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO), that the transaction takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for transactions up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2), that the customer has not exceeded the indicated limits in the previous calendar month (Para. 3.8.3), that the intervening institution noted in the online system used by the BCRA that the customer is authorized to conduct foreign exchange transactions as they have not reached the indicated limits for the calendar month or did not exceed them in the previous calendar month (Para. 3.8.4), and that the institution has an affidavit from the customer indicating that the funds purchased are not intended for the purchase of securities on the secondary market within 5 business days following the date of settlement of the foreign exchange transaction (Para. 3.8.6).

This situation was changed and new requirements were established indicating that as of June 30, 2020, beneficiaries of the loans at subsidized rates indicated in Communications A 6993, 7006, and 7082 may not access the foreign exchange market to conduct such transactions until payment in full of the loans.

In addition to the general requirements established for outflow operations, effective May 28, 2020, Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the institution must have an affidavit from the customer, indicating they have not conducted certain operations in securities (Para. 4).

This information can be found at the AREAEER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

| Foreign exchange accounts permitted | Yes. |

Banks can accept funds in: (1) US dollar and euro term deposits; (2) deposits in US dollar and euro savings accounts; and (3) deposits in US dollars and euro public and private securities and term investments.

Appropriate identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities, among other reasons.
Approval required: Yes.

Authorized banks may accept funds at fixed terms and deposits in savings accounts in other foreign currencies (other than US dollars and euro) with the prior approval of the BCRA.

**Domestic currency accounts**

Yes.

Authorized banks may accept funds from foreigners not yet established in Argentina in demand accounts (savings and current accounts) and peso term deposits as well as deposits in peso public and private securities and term investments. In addition, they may open special investment accounts and special current accounts for legal entities, exclusively for the acquisition of public and private securities and BCRA monetary regulation instruments.

Appropriate identification is required to prevent money laundering, the financing of terrorism, and other unlawful activities. Accounts opened with temporary documentation require final documentation by the established deadline for further operations. Bank current accounts require a special domicile in Argentina, which is taken into consideration for legal and regulatory purposes associated with the operation of the account, including check-related disputes.

**Convertible into foreign currency**

Yes.

In accordance with the foreign exchange regulations until August 31, 2019, all individuals, legal entities, and certain trusts and other estates could operate freely on the foreign exchange market through authorized institutions, without any distinction by type of operation and/or residence of the customer.

Effective September 1, 2019, Para. 7 of Com. A 6770 established that access to the foreign exchange market by nonresident customers in amounts exceeding US$1,000 required the prior approval of the BCRA for purchases of foreign exchange, with the exception of international organizations, institutions acting as official export credit agencies, diplomatic and consular offices and diplomatic staff accredited to Argentina by means of transfers conducted in the exercise of their duties, and offices in Argentina of Tribunals, Authorities or Offices, Special Missions, Bilateral Agencies or Commissions established by International Treaties or Agreements to which the Argentine Republic is a party, to the extent that the transfers are conducted in the performance of their functions.

Subsequently, effective October 28, 2019, Com. 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100, with the additional exception of transfers abroad on behalf of individuals that receive pensions from the National Social Security Administration (Administración Nacional de la Seguridad Social – ANSES), up to the pension amount received in the calendar month and as long as the transfer is conducted via a bank account held by the beneficiary in his/her registered country of residence.

Said provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Com A 6855 of December 27, 2019, eliminated the exemption of transfers abroad on behalf of individuals that receive pensions from the ANSES and established that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Effective December 27, 2019, Para. 3.12 of the TO de EyC establishes that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange will require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.
Imported and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

Yes.  

There were no restrictions on the various means used for import payments nor was approval required from the BCRA to make payments.

Minimum financing requirements

No.  

There are no exchange regulations covering this topic.

Advance payment requirements

Yes.  

The various methods of payment for imports of goods are permitted.

Effective September 1, 2019, advance payments for imports of goods are allowed with the submission of supporting documentation, on condition that it is demonstrated that the goods enter the country within 180 days of access to the foreign exchange market. Previously, there were no restrictions on the various means used for import payments nor was approval required from the BCRA to make payments.

Effective October 28, 2019, Com A 6815 reduced the period for demonstrating registration of the customs entry of the goods to 90 days in the case of advance payments for imports to suppliers not connected with the importer and the prior approval of the BCRA for advance payments for imports to suppliers connected with the importer.

Effective November 7, 2019, Com A 6825 sets the period for demonstrating registration of customs entry at 270 days for advance payments on capital goods and at 90 days for other goods.

Under Para. 10.2.4.6, these periods may be extended with the authorization of the BCRA and under Para. 10.5.5 by the institution, for reasons of force majeure.

Importers that have made demand and/or advance payments and have not demonstrated the entry of the goods within the required period, nor have they requested an extension or repatriation of the foreign exchange via the MUC, may not make further advance payments until the pending operations have been regularized. The public sector and trusts established with national public sector contributions, as well as legal entities responsible for the supply of critical medicines that are brought in by Specific Request are exempt from this provision.

Advance import deposits

No.  

There are no foreign exchange regulations covering this topic.

Documentation requirements for release of foreign exchange for imports

Yes.  

Effective September 1, 2019, under Para. 1.2 of the TO de EyC, the institution must have all of the documentation needed to demonstrate the genuine nature of the import operation and its appropriate classification under the declared purpose. Previously, in foreign exchange matters, no documentation was required to make payments for imports using the various methods of payment.

Sections 10 and 11 establish the specific provisions for operations for the import of goods.
Section 10 establishes the requirements for access to the foreign exchange market, including documentation for: (a) payment of the import formalizations included in the Import Payments Tracking System (SEPAIMPO) (Para. 10.3.2); (b) payments for imports of goods brought in under an Specific Request or by Courier that are not shown in SEPAIMPO (Para. 10.3.3); (c) additional requirements for payments for imports of secret military supplies (Para. 10.3.4); (d) payments for imports of goods entering from free zones with customs transfer of ownership from the exporter to the importer (Para. 10.3.5); (e) payments for imports using LCs or guaranteed drafts issued or granted by local financial institutions (Para. 10.3.6); (f) advance payment for imports (Para. 10.4.2); (g) payments for commercial debts or debts payable on demand against the presentation of the shipping documents (Para. 10.4.4); and (h) payment of commercial guarantees for imports of goods granted by local financial institutions (Para. 10.4.4).

On May 28, 2020, requirements were added for access to the foreign exchange market for payments for imports of goods or principal payments on debts originating in the import of goods, that is, the prior approval of the BCRA unless the institution has an affidavit from the customer indicating that the payments made in 2020 (including the payment being requested) do not exceed the amount of formalizations between January 1, 2020, and the day prior to the access to the foreign exchange market, or that the operation meets one of the conditions set out in Paras. 2.2 through 2.7 of Com A 7030 and Supplementary Provisions.

<table>
<thead>
<tr>
<th>Domiciliation requirements</th>
<th>No.</th>
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<tbody>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
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</tbody>
</table>

Payments for imports by LCs or guaranteed drafts issued or granted by local financial institutions are also authorized under Para. 10.3.6 of the TO de EyC, and the institution may access the foreign exchange market as long as they demonstrate customs registration of the goods, regardless of whether the remaining requirements established in the regulation are met. LCs are not required for the release of foreign exchange for imports.

No prior import license is required for access to the foreign exchange market; only the customs documentation giving access for the transaction is required.

Para. 10.3 of Section 10 of the TO de EyC indicates the transactions that are considered Import Payments for Goods with registration of customs entry, establishing the requirements for access to the foreign exchange market, which include, among the documents required, evidence of registration of the customs entry into Argentina of the goods for which the payment is to be made for: (a) payment of the import formalizations included in the SEPAIMPO (Para. 10.3.2); (b) payments for imports of goods under Specific Requests or by Courier not included in the SEPAIMPO (Para. 10.3.3); (c) additional requirements for payments for imports of secret military supplies (Para. 10.3.4); (d) payments for imports of goods entering from free zones with customs transfer of ownership from the exporter to the importer (Para. 10.3.5); and (e) payments for imports using LCs or guaranteed drafts issued or granted by local financial institutions (Para. 10.3.6).

Effective May 28, 2020, requirements were added for access to the foreign exchange market for payments for imports of goods or principal payments on debt originating in the import of goods, that is, the prior approval of the BCRA unless the institution has an affidavit.
from the customer indicating that the payments made in 2020 (including the payment being requested) do not exceed the amount of formalizations between January 1, 2020, and the day prior to the access to the foreign exchange market, or that the operation meets one of the conditions set out in Paras. 2.2 through 2.7 of Com A 7030 and Supplementary Provisions.

<table>
<thead>
<tr>
<th>Import licenses and other nontariff measures</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Resolution of the AFIP No. 3823/2015, the Comprehensive Import Monitoring System (Sistema Integral de Monitoreo de Importaciones – SIMI) is intended to facilitate information-sharing and monitoring of the import process from its start through to customs clearance. Resolution No. 523/2017 of the Ministry of Commerce established a system of automatic and non-automatic import licenses. After December 31, 2017, Resolution AFIP No. 3823/2015 was superseded by Joint AFIP and Commerce Department Resolution No. 4185/2018, which redesigned the SIMI system in terms of specific operational factors for importers.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Positive list</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Restrictions are in effect for security, hygiene, environmental protection, and public health reasons. The list of prohibited imports is included in the regulations issued by the competent bodies in each case (Health Ministry, AFIP, ANMAT (Administracion Nacional – The National Administration of Drugs, Foods and Medical Devices), Ministry of Agroindustry, SENASA (Servicio Nacional de Sanidad y Calidad Agroalimentaria – National Food Safety and Quality Service), Ministry of the Environment.)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Open general licenses</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>OGLs are not used.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Licenses with quotas</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade with Brazil in the automobile sector is subject to an administered trade regime. Under bilateral agreements, there are quotas with preferential tariffs for automobile sector products.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Other nontariff measures</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina applies a special regime to sugar imports pending agreement on a common regime for this sector. Imports of used and retreaded tires, some used capital goods, and secondhand clothing are prohibited, except by nonprofit organizations.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Import taxes and/or tariffs</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a member of MERCOSUR, Argentina applies CET to imports from the rest of the world for almost all products (except automobiles and sugar). The CET rates range from 0% to 35%. The national list of CET exceptions under Decision No. 26/2015 of the Common Market Council allows Argentina to increase or decrease import duties from outside the zone on up to 100 tariff items, effective until December 31, 2021. By contrast, MERCOSUR Common Market Council Decision No. 27/2015 authorizes temporary increases in import duty outside the zone above the CET on 100 tariff items until December 31, 2021. Both texts were incorporated into the Consolidated National Legislation, and the current lists are provided in the annexes to Decree No. 847/2018. In addition, Decision No. 26/2015 authorizes member countries to maintain current national regimes for capital goods imports, and to apply a rate other than the common external tariff to information technology and telecommunication goods until December 31, 2021. The lists of capital goods are included in Decree No. 837/2018 and those of computer and telecommunications goods in Decree No. 973/2018.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are no foreign exchange regulations covering this topic.</td>
<td></td>
</tr>
</tbody>
</table>
State import monopoly

No. There are no foreign exchange regulations covering this topic.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Yes. Effective September 1, 2019, under Decree No. 609/2019, regulated by Com A 6770, the equivalent in foreign exchange of exports with shipping licenses formalized effective September 2, 2019, up to the invoiced value, depending on the agreed terms of sale, must be repatriated and sold on the foreign exchange market within the periods established in Para. 1 of Com A 6770.

Regardless of these periods, Com A 6770 established that export proceeds must be repatriated and sold on the foreign exchange market within 5 business days of the date of receipt or disbursement abroad or in Argentina.

The same period is established for exports formalized prior to September 2, 2019, that are pending payment as of the date in question, as well as new advance payments and prefinancing (Para. 2).

The periods indicated in Para. 1 of Com A 6770 are amended by Para. 1.1 of Com A 6776, Para. 1.1 of Com A 6780, Para. 1 of Com A 6788, and Para. 1 of Com A 6805 and Com A 6882.

Com A 6788 establishes that operations for the export of goods are regulated by the provisions set out in its Annex. Para. 1.1 of the Annex of said Communication establishes that the periods for the repatriation and sale of export proceeds and foreign exchange amounts resulting from payments on claims under contracted coverage, to the extent that they cover the value of the exported goods, are covered by this requirement.

The aforementioned provisions are found in Para. 7.1.1 of the TO de EyC.

The periods indicated (15, 30, 60, and 180 [days]) depend on the type of good exported, whether operations between related companies are involved (in the case of operations between related companies it also depends on the type of merchandise exported), and the volume of exports recorded by the exporter in the previous year.

For exports under the “Simple Export” procedure, regardless of the type of good exported, the period is 365 days.

Extensions may be granted to the period for the repatriation and sale of the foreign exchange when the oversight entities note specific situations (when there is a minimum period for the financing of the import in the destination country, exports entirely prefinanced locally or abroad through the term of the financing, licenses for which the funds are held in accounts associated with the financial debts, operations with related counterparties eligible for an extension, uncompleted or in collection management or delinquent debtor), [and] cases that do not meet these requirements, with the approval of the BCRA only.

Advance payments, prefinancing, and post-financing abroad must be repatriated and sold on the foreign exchange market with 5 business days of the date of receipt or disbursement abroad.

Prefinancing, post-financing, and financing for foreign importers granted by local financial institutions must be sold on the foreign exchange market at the time of disbursement.

Broadly speaking, the provisions regulating operations for exports of goods and their tracking are found in Sections 7, 8, and 9 of the TO de EyC.

Sale on the foreign exchange market of the foreign exchange from...
exports will not be required when the funds repatriated within the period provided for the operation are credited to foreign exchange accounts held by the customer with local financial institutions and are simultaneously applied to operations regarding which the foreign exchange regulations allow access to the foreign exchange market in exchange for domestic currency, bearing in mind the limits established for each purpose and the tax neutral use of this mechanism (Para. 2.6, TO de EyC).

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
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<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
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<tr>
<td>Financing requirements</td>
<td>No.</td>
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<tr>
<td>Documentation requirements</td>
<td>No.</td>
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<tr>
<td>Letters of credit</td>
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<tr>
<td>Guarantees</td>
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<tr>
<td>Domiciliation</td>
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<tr>
<td>Preshipment inspection</td>
<td>No.</td>
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<tr>
<td>Other</td>
<td>No.</td>
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<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
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<tr>
<td>With quotas</td>
<td>Yes.</td>
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<tr>
<td>Export taxes</td>
<td>Yes.</td>
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<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
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</tbody>
</table>

Under Paras. 1.1, 1.2, and 7.1 of the TO de EyC, local financial institutions intervene when sale of the foreign exchange is required.

The foreign exchange regulations do not require financing by means of LCs.

The foreign exchange regulations do not require guarantees.

There are no foreign exchange regulations covering this topic.

There are no foreign exchange regulations covering this topic.

License are required for exports of arms, sensitive goods, military equipment, and, on a transitional basis, essential medical supplies for dealing with COVID-19.

There are quantitative restrictions on exports of protected animal species.

Decree No. 793/2018 established the application of an export duty to all Common Nomenclature of MERCOSUR (NCM) goods until December 12, 2020. The duty to apply is 12% up to a maximum of 4 pesos on each dollar of the taxable value including the amount resulting from the application of the tax rate stipulated therein, or the official f.o.b. price, as applicable. Likewise, if the goods are included in Annex 1 of the aforementioned Decree, the maximum limit to be applied is 3 pesos on each dollar of the taxable value. In the case of goods whose export has already been taxed, the new export duty must be added.

In addition, effective January 1, 2019, Decree No. 1201/2018 applies an export duty to the provision of services covered by Article 10(2) (c) of Law No. 22.415 (Customs Code) until December 31, 2020. The duty to apply is 12% up to a maximum of 4 pesos on each dollar of the taxable value. Micro and small enterprises that export less than US$600,000 annually are exempt from the payment, as long as they are registered with the Small and Medium-sized Enterprises (SME) Registry of the Ministry of Productive Development.

Effective December 23, 2019, Law No. 27.541 on “Solidarity and the Reactivation of Production” eliminated the export duty ceilings of 4
pesos and 3 pesos per dollar exported, while a general tax rate of 12% remained in effect for all goods, with the exception of certain products such as soy-based products (33%), biodiesel (30%), peanuts, wheat flour and sunflower (7%), and peas, beans, chickpeas, lentils, sunflower oil, and sunflower seeds for human consumption (5%).

As well, Law No. 27.541 on “Solidarity and the Reactivation of Production” establishes a universal export duty of 5% effective until December 31, 2021, on exports of services, repealing Article 2 of Decree No. 1.201 of December 28, 2018, which established the limit of 4 pesos per dollar, but maintaining the exemption for SMEs exporting less than US$600,000. AFIP Resolution No. 4.666/20 establishes that the amount of the duty is calculated on the amount resulting from the class “E” electronic invoice issued for the operation for the export of services.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes.

Until August 31, 2019, under Communication A 6244, payments for goods or services provided by nonresidents or purchases of nonfinancial nonproduced assets were not subject to any restrictions, nor was any authorization from the BCRA required to make the payments.

In addition to the specific requirements established for outflow operations for each purpose, since May 28, 2020, Communication A 7030 and Supplementary Provisions established that, for access to the foreign exchange market without the prior approval the BCRA, the institution must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).

For debts, Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

Under Para. 1.2 of the TO de EyC, the institution must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

Trade-related payments

Yes.

Prior approval

Yes.

Para. 3.2 of the TO de EyC (Communication A6844 and Supplementary Provisions) allows access for the payment of debts for services, conditional on verification that the operation was declared, if appropriate, in the most recent “Survey of External Assets and Liabilities.”

Effective December 6, 2019, prior approval of the BCRA is required for access to the foreign exchange market for the prepayment of debts for services and for service payments to related counterparties abroad, with the exception of:

- Credit card issuers by transfers for tourism and travel as long as they do not correspond to operations that require the prior approval of the BCRA, such as participation in gambling and betting and/or the transfer of funds to accounts with Payment Services Providers.
(PSPs) and/or to investment accounts with investment managers established abroad and/or for foreign exchange operations abroad and/or the purchase of cryptoassets, as set out in Para. 4.1.4;
- Local agents collecting funds in Argentina for services provided by nonresidents to residents;
- Expenditures paid by entities to entities abroad for regular operations;
- Payments of reinsurance premiums abroad, with the transfer abroad having to take place in the name of the foreign beneficiary approved by the National Superintendency of Insurance;
- Transfers by traveler assistance companies for payments of health coverage claims originating in services provided abroad by third parties to their resident customers;
- Payments of services related to the operational leasing of ships, subject to conditions, added as Para. 3.2.6 by Com A 6972.

Effective December 6, 2019, under Para. 3.3 of the TO de EyC, prior approval of the BCRA is required to access the foreign exchange market for the prepayment of interest on commercial debts for the import of goods and services.

Effective May 28, 2020, in addition to the general requirements established for outflow operations, Communication A 7030 and Supplementary Provisions established that, for access to the foreign exchange market without the prior approval the BCRA, the institution must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).

For debts, Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

**Quantitative limits**

No.

There are no foreign exchange regulations covering this topic.

**Indicative limits/bona fide test**

Yes.

Effective September 1, 2019, under Para. 1.2 of the TO de EyC, the institution must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

**Investment-related payments**

Yes.

Effective January 17, 2020, access is authorized for transfers of foreign exchange abroad to nonresident shareholders for profits and dividends under the conditions set out in 3.4.1 through 3.4.6 of Para. 3.4 of the TO de EyC. Other cases require the prior approval of the BCRA to access the foreign exchange market for transfers abroad for these purposes.

For foreign financial debts disbursed as from September 1, 2019, must
be repatriated and sold on the foreign exchange market as a requirement for later access to that market for principal and interest payments. In the case of institutions, the provisions of the previous paragraph are considered to be met when the funds are included in the General Exchange Position (PGC).

Effective May 28, 2020, in addition to the general requirements established for outflow operations, Communication A 7030 and Supplementary Provisions established that, for access to the foreign exchange market without the prior approval the BCRA, the institution must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).

For debts, Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

<table>
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<th>Quantitative limits</th>
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<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
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</table>

Effective September 1, 2019, under Para. 1.2 of the TO de EyC, the institution must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
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</table>

Effective December 5, 2019, Para. 3.2 of the TO de EyC (Communication A 6844 and Supplementary Provisions) allows access for the payment of debts for services, conditional on verification that the operation was declared, if appropriate, in the most recent submission of the “Survey of External Assets and Liabilities.”

Prior approval of the BCRA is required for access to the foreign exchange market for the prepayment of debts for services and to make service payments to related counterparties abroad, with the exception of:
- Credit card issuers by transfers for tourism and travel as long as they do not correspond to operations that require the prior approval of the BCRA, such as participation in gambling and betting and/or the transfer of funds to accounts with PSPs and/or to investment accounts with investment managers established abroad and/or for foreign exchange operations abroad and/or the purchase of cryptoassets, as set out in Para. 4.1.4;
- Local agents collecting funds in Argentina for services provided by nonresidents to residents;
- Expenditures paid by entities to entities abroad for regular operations;
- Payments of reinsurance premiums abroad, with the transfer abroad having to take place in the name of the foreign beneficiary approved by the National Superintendency of Insurance;
- Transfers by traveler assistance companies for payments of health coverage claims originating in services provided abroad by third parties to their resident customers;
- Payments of services related to the operational leasing of ships, subject to conditions, added as Para. 3.2.6 by Com A 6972.

Effective May 28, 2020, in addition to the general requirements established for outflow operations, Communication A 7030 and
Supplementary Provisions established that, for access to the foreign exchange market without the prior approval the BCRA, the entity must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).

**Quantitative limits**

No.

There are no foreign exchange regulations covering this topic.

**Indicative limits/bona fide test**

Yes.

Effective September 1, 2019, under Para. 1.2 of the TO de EyC, the entity must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

**Personal payments**

Yes.

**Prior approval**

Yes.

Effective September 1, 2019, Para. 6 of Communication A 6770 and Supplementary Provisions established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance and derivative operations exceeding the equivalent of US$10,000 per month in all institutions authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when the amount involved for these items exceeds the equivalent of US$1,000 per month in the intervening institution, the operation must be conducted by debit to local accounts.

Effective October 28, 2019, Communication A 6815 amended the aforementioned Para. 6, establishing the first amount indicated as US$200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

Effective May 28, 2020, in addition to the general requirements established for outflow operations, Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the institution must have an affidavit from the customer, indicating they have not conducted certain operations in securities (Para. 4).

Currently, the provisions of Para. 3.8 of the TO de EyC establish that residents may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO), that the operation takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for operations up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2), that the customer did not exceed the limits indicated in the previous calendar month (Para. 3.8.3), that the intervening institution notes in the online system used by the BCRA that the customer is authorized to conduct foreign exchange transactions as they have not reached the indicated limits for the calendar month or did not exceed them in the previous calendar month (Para. 3.8.4) and that the institution has an affidavit from the customer indicating that the funds purchased are not intended for the purchase of securities on the secondary market within 5 business days following the date of settlement of the foreign exchange transactions (Para. 3.8.6).

Effective June 30, 2020, this situation was changed, with new requirements established indicating that beneficiaries of the loans at
subsidized rates indicated in Com A 6993, 7006, and 7082 may not access the foreign exchange market to conduct these operations until payment in full of the loans.

Effective October 28, 2019, Communication A 6815 established and was later incorporated in Para. 3.8 of the TO de EyC that residents may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO) and that the operation takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for operations up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2).

Effective January 30, 2020, Com A 6883 established that nonresidents may purchase up to a maximum equivalent to US$100 from all entities for tourism and travel without prior approval from the BCRA, on the condition that the entity has verified in the BCRA online system that the customer has paid an amount equal to or exceeding the amount they wish to purchase within the previous 90 calendar days.

Effective September 1, 2019, under Para. 1.2 of the TO de EyC, the entity must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

The use of credit cards abroad is allowed, with some conditions set effective October 31, 2019, by Com A 6823 and Supplementary Provisions, which establishes:

Para. 1. Financial institutions and other local card issuers must have the prior approval of the CB to access the foreign exchange market for payments abroad relating to the use of credit, debit or prepaid cards issued in Argentina, when said payments result directly or indirectly from the use of international payment networks in the following operations: participation in specific types of gambling and betting and/or transfers of funds to PSPs and/or transfers of funds to investment accounts with investment managers established abroad and/or for foreign exchange operations abroad and/or for the purchase of various types of crypto assets.

Para. 2. Financial institutions and other local credit or charge card issuers may grant cash advances to cardholders abroad up to a maximum of US$50 per transaction. Effective March 28, 2020, Com A 6948 increased that limit to US$200 per transaction for cash withdrawals in countries not bordering on Argentina.

Transactions using credit, charge, debit, and prepaid cards are governed by Para. 4.1 of the TO de EyC, supplemented by Com A 6948.

Para. 4 of Com A 6815 establishes that, since October 28, 2019, cash withdrawals abroad using local debit cards had to be debited from the
local foreign currency accounts of the customer. Subsequently, Para. 4 of Com A 6948 of March 28, 2020, allows cash withdrawals abroad using local debit cards with debit from local peso accounts of customers, said withdrawal being considered a formation of foreign assets by the resident and included in the limits set in Para. 3.8, with the institution being required to first verify in the online system indicated in Para. 3.8.4 and record the operation as a purchase of foreign currency banknotes (code A09).

Prior approval   Yes.

Com A 6244 did not place restrictions on the use of debit or credit cards abroad.

Consumer purchases and withdrawals of cash from automated teller machines abroad could be carried out by debiting the customer’s local accounts in foreign exchange or in Argentine pesos. Effective October 31, 2019, Para. 1 of Com A 6823 provides that financial institutions and other local card issuers must have the prior approval of the BCRA to access the foreign exchange market to make payments abroad relating to the use of credit, debit or prepaid cards issued in Argentina, resulting directly or indirectly from the use of international payment networks in the following transactions: participation in specific types of gambling and betting and/or transfers of funds to PSPs and/or transfers of funds to investment accounts with investment managers established abroad and/or foreign exchange operations abroad and/or the purchase of various types of crypto assets.

Consumer purchases abroad may be made by debit to the customer’s local foreign currency or peso accounts. Para. 4 of Com A 6948 of March 28, 2020, establishes that financial institutions must give their customers the option to remotely select and change the account associated with their debit card, to which the debits will be applied, with the primary account by default being the customer’s foreign exchange account, should the customer have such an account.

These provisions are found in Para. 4.1 of the TO de EyC and supplementary provisions.

Quantitative limits   Yes.

Effective October 31, 2019, Para. 2 of Com A 6823 establishes that financial institutions and other local credit or debit card issuers may grant cash advances to cardholders abroad up to a maximum of US $50 per transaction. Effective March 28, 2020, Com A 6948 increased that limit to US$200 per transaction for cash withdrawals in countries not bordering on Argentina. These provisions are found in Para. 4.1 of the TO de EyC.

Indicative limits/bona fide test   Yes.

Effective September 1, 2019, under Para. 1.2 of the TO de EyC, the entity must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

Other payments   No.

Prior approval   No.

Quantitative limits   No.

Indicative limits/bona fide test   No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers
### Repatriation requirements

Yes. In accordance with Decree No. 690/1029 (amended by Art. 1 of Decree No. 91/2019 B.O. December 28, 2019), effective September 1, 2019, Para. 4 of Com A 6770 establishes that proceeds from the provision of services by residents to nonresidents must be repatriated and sold on the foreign exchange market within a maximum of 5 business days following their receipt abroad or in Argentina or their credit to accounts abroad; these provisions are found in Para. 3.3 of the TO de EyC.

The foreign exchange amounts resulting from the payments of claims under contracted coverage, to the extent that they cover the value of the exported goods, are covered by this obligation.

Para. 2.6 establishes exemptions to sale on the foreign exchange market under specific conditions.

### Surrender requirements

No.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

No. Under Paras. 1.1, 1.2, and 2.2 of the TO de EyC, local financial institutions intervene in cases in which sale of the foreign exchange on the foreign exchange market is required.

### Restrictions on use of funds

No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**

Yes. Broadly speaking, as indicated in Art. 1 of Decree No. 616/05, regardless of whether there is repatriation on the foreign exchange market or not, any borrowing operation by residents that implies a future payment in foreign exchange to nonresidents must be registered with the BCRA, and, in accordance with Para. 1.9 of the TO de EyC, the “Survey of External Assets and Liabilities” must be completed, even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of the foreign exchange must be credited to a local account.

For the remaining requirements set out in Art. 4 of the aforementioned decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616 as amended to 0 days, are applicable (now found in Para. 2.7 of the TO de EyC).

### Repatriation requirements

Yes. Since September 1, 2019, Para. 1.7 of Com A 6780 establishes that the receipt by residents of foreign currency amounts from sales to nonresidents of nonproduced nonfinancial assets must be repatriated and sold on the foreign exchange market within 5 business days of the date of receipt of the funds abroad or in Argentina or their credit to accounts abroad (found in Para. 2.3 of the TO de EyC). Effective September 1, 2019, foreign financial debts disbursed as from September 1, 2019, must be repatriated and sold on the foreign exchange market as a prerequisite for subsequent access to the market for principal and interest payments. Com A 6776 of
September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the PGC. These provisions are found in Para. 2.4 of the TO de EyC.

Effective November 28, 2019, Para. 1 of Com A 6838 establishes that issues of debt securities by residents that are registered in Argentina as from November 29, 2019, denominated and subscribed in foreign currencies and the capital and interest of which are payable in Argentina in foreign currencies, must be sold on the foreign exchange market as a requirement for subsequent access to the market for principal and interest payments. In the case of legal entities, the requirement is deemed to be met when the funds are included in the PGC (Para. 2.5 of the TO de EyC).

Para. 2.6 allows exceptions to sale on the foreign exchange market under certain conditions.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (now found in Para. 2.7 of the TO de EyC).

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</tbody>
</table>

Under Paras. 1.1 and 1.2 of the TO de EyC, local financial institutions intervene in cases in which sale of the foreign exchange on the foreign exchange market is required.

Controls on capital and money market instruments

| On capital market securities | Yes. |
| Shares or other securities of a participating nature | Yes. |
| Purchase locally by nonresidents | Yes. |

There are no limitations on purchase by nonresidents of shares or other securities of a participating nature in the local market. For direct investment or portfolio investment by a nonresident, the foreign exchange regulations do not establish a requirement for the sale of the foreign exchange. Under Para. 4.2.1 of the TO de EyC, entities may conduct swaps and arbitrage with customers in the case of the repatriation of foreign exchange from abroad and allow these operations to be credited to accounts opened by the customer in foreign exchange, as long as these are not operations covered by the requirement for sale on the foreign exchange market.

Under Para. 1.9 of the TO de EyC, the “Survey of External Assets and Liabilities” must be completed.

Portfolio investments are operations covered by Art. 3 of Decree No.
616/05, under which the proceeds from the sale of the foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (now found in Para. 2.7 of the TO de EyC).

Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Subsequently, effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Under the CNV regulations, foreign and Argentine issuers must meet the same requirements for public offerings of securities in Argentina. Foreign issuers must establish a permanent representative office and a domicile in Argentina to receive notices. Foreign issuers must state whether the securities are also being offered to the public in their country of origin and indicate all initial and periodic reporting requirements applicable to them. If the CNV determines that the regulations in the country of origin properly protect local investors and ensure an adequate flow of information, it may relax the requirements for those issuers. The CNV may authorize foreign issuers on a case-by-case basis to submit only such information as they would periodically submit to the corresponding authority in their jurisdiction of origin. Issuers of securities offered publicly in Argentina and abroad must submit all information required by the entities authorizing the foreign public offering and listing to the CNV in Spanish.

The financial statements at the close of the fiscal year, in all cases, must be presented to include supplementary information to reconcile the effects on net equity and net earnings of accounting mechanisms other than those current in the Republic of Argentina, stating the exchange rate used to convert the items mentioned to Argentine pesos. Where the annual financial information is concerned, and for intermediate periods, publications may be issued without the indicated reconciliation. In such case, it should be clearly stated that the information was prepared in accordance with the current accounting standards in the country of origin, and that they are presented without being reconciled with Argentina's accounting standards.

Nonresidents are subject to the same conditions as residents with regard to the sale or issue of shares or other equity securities.

Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the
BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Subsequently, effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100. These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Para. 4.2.1 authorizes the transfer of foreign exchange abroad by individuals from their local foreign currency accounts to their own bank accounts abroad, on presentation to the institution of an affidavit by the customer that they have not sold securities with local settlement in foreign exchange over the previous 5 business days.

The foreign exchange regulations do not establish a repatriation requirement for direct and portfolio investment sales operations abroad by residents.

In the case of operations covered by Art. 3 of Decree No. 616/05 (operations exceeding US$2 million by residents), the proceeds of the sale of the foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (now found in Para. 2.7 of the TO de EyC).

The foreign exchange regulations do not establish a requirement for the sale of the foreign exchange for portfolio investments by nonresidents.

Under Para. 4.2.1 of the TO de EyC, entities may conduct swaps and arbitrage with customers in the case of the repatriation of foreign exchange and allow credit of the proceeds of these operations to the foreign currency accounts of the customer, as long as these are not operations covered by the requirement for sale on the foreign exchange market.
Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities.”

Portfolio investments are operations covered by Art. 3 of Decree No. 616/05, that is, the proceeds of the sale of the foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Subsequently, effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Under the CNV regulations, foreign and Argentine issuers must meet the same requirements for public offerings of securities in Argentina. Foreign issuers must establish a permanent representative office and a domicile in Argentina to receive notices. Foreign issuers must state whether the securities are also being offered to the public in their country of origin and indicate all initial and periodic reporting requirements applicable to them. If the CNV determines that the regulations in the country of origin properly protect local investors and ensure an adequate flow of information, it may relax the requirements for those issuers. The CNV may authorize foreign issuers on a case-by-case basis to submit only such information as they would periodically submit to the corresponding authority in their jurisdiction of origin. Issuers of securities offered publicly in Argentina and abroad must submit all information required by the entities authorizing the foreign public offering and listing to the CNV in Spanish.

The financial statements at the close of the fiscal year, in all cases, must be presented to include supplementary information to reconcile the effects on net equity and net earnings of accounting mechanisms other than those current in the Republic of Argentina, stating the exchange rate used to convert the items mentioned to Argentine pesos. Where the annual financial information is concerned, and for intermediate periods, publications may be issued without the indicated reconciliation. In such case, it should be clearly stated that the information was prepared in accordance with the current accounting standards in the country of origin, and that they are presented without being reconciled with Argentina’s accounting standards.

Nonresidents are subject to the same conditions as residents with regard to the sale or issue of bonds or other debt securities.

Sale or issue locally by nonresidents Yes.
Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers for any purpose, including the repatriation of investments, in amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Subsequently, effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100. These provisions are found in Para. 3.12 of the TO de EyC established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Para. 4.2.3 of the TO de EyC allows transfers of foreign exchange abroad by local offices of securities depositaries in the case of foreign currency funds received for principal and interest payments on National Treasury securities, the operations of which forms part of the payment process at the request of depositary abroad.

Purchase abroad by residents

Yes.

Portfolio investments by residents abroad are subject to the provisions of Paras. 3.8 and 3.10, that is, effective October 28, 2019, Communication A 6815 established that for resident individuals there is a limit of US$200 per month with all entities, the remaining requirements established in the aforementioned paragraph must be met, and amounts above this limit are subject to prior approval. Legal entities require prior approval.

Para. 4.2 authorizes the transfer of foreign exchange abroad by individuals from their local foreign currency accounts to their own bank accounts abroad, on presentation to the institution of an affidavit by the customer that they have not sold securities with local settlement in foreign exchange over the previous 5 business days.

Sale or issue abroad by residents

Yes.

Portfolio investment sales abroad by nonresidents are not subject to a repatriation requirement. If the funds are repatriated, under Para. 4.2.1 of the TO de EyC, institutions may conduct swaps and arbitrage with customers and allow credit of the funds from these operations to the foreign currency accounts of the customer, as long as they do not correspond to operations covered by the requirement for sale on the foreign exchange market.

Effective September 1, 2019, in the case of issues of debt securities, Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019, must be repatriated and the funds sold on the foreign exchange market as a requirement for later access to that market for purposes of principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the PGC. These provisions are found in Para. 2.4 of the TO de EyC.

Para. 1 of Com A 6838 establishes that issues of debt securities by residents that are registered in Argentina as from November 29, 2019, denominated and subscribed in foreign currencies and the capital and interest of which are payable in Argentina in foreign currency, must be sold on the foreign exchange market as a requirement for subsequent access to the market for principal and interest payments. In the case of legal entities, the requirement is
deemed to be met when the funds are included in the PGC (Para. 2.5 of the TO de EyC).

Para. 2.6 allows exceptions to sale on the foreign exchange market under certain conditions.

Para. 3.5 of the TO de EyC establishes that entities may have access to the foreign exchange market for principal and interest payments on foreign financial debt as long as the following conditions are met: The funds disbursed as from September 1, 2019 are repatriated and sold on the foreign exchange market. This requirement is not applicable to foreign debts originating as from September 1, 2019, that do not generate disbursements as they consist of refinancing of foreign financial debts that would have had access under the applicable regulations, as long as the refinancing does not occur prior to the maturity of the original debt. The operation is declared, if appropriate, on the most recent “Survey of External Assets and Liabilities.” Access to the foreign exchange market by residents, including entities, for prepayments of principal and interest more than 3 business days prior to their due date will require the prior approval of the BCRA, unless all of the following conditions are met: The prepayment will be made simultaneously with the settlement of the funds from a new financial debt disbursed as from that date. The average term of the new debt is greater than the average residual term of the debt being prepaid. The due date of the first principal payment on the new debt is not prior to the due date of the next principal payment of the debt being prepaid. The amount of the first principal payment of the new debt is not greater than the amount of the next principal payment of the debt being prepaid.

Institutions may give access to the foreign exchange market for the payment of principal and/or interest to trusts established in Argentina by a resident to guarantee principal and interest payments on their liability, as long as it is verified that the debtor had had access for payments in their name through compliance with the applicable regulatory provisions (Para. 3.7 of the TO de EyC).

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
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</table>

The foreign exchange regulations do not establish a requirement for the sale of the foreign exchange for portfolio investments by nonresidents.

Under Para. 4.2.1 of the TO de EyC, institutions may conduct swaps and arbitrage with customers in the case of the repatriation of foreign
exchange and allow credit of the proceeds of these operations to the foreign currency accounts of the customer, as long as these are not operations covered by the requirement for sale on the foreign exchange market.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities.”

Portfolio investments are operations covered by Art. 3 of Decree No. 616/05, that is, the proceeds of the sale of the foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Subsequently, effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

CNV approval is required for public offerings, including both the issuance and sale of securities (CNV 2013 Consolidated Regulations, Title II, Chapter V, Section I). Issues of commercial paper must have a minimum maturity of seven business days.

In addition to what is described in the previous items in connection with stocks and bonds or other debt securities (as applicable in this case), branches of stock companies established abroad pursuant to Article 118 of Law No. 19.550 may apply to the Commission to be listed in a special register to establish global programs for the issue of debt securities having amortization terms of up to one year, to be offered publically, exclusively for qualified investors.

The same requirements are applicable to nonresidents as for issuers that are resident in Argentina with respect to the sale or issuance of money market instruments.

Nonresidents are effectively authorized to issue debt instruments denominated both in foreign currency and in pesos, with the same scope and under the same rules to which residents are subject to.

Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers in amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresidents to US$100.
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Portfolio investments by residents abroad are subject to the provisions of Paras. 3.8 and 3.10, that is, effective October 28, 2019, Communication A 6815 established that for resident individuals there is a limit of US$200 per month with all institutions, the remaining requirements established in the aforementioned paragraph must be met, and amounts above this limit are subject to prior approval. Legal entities require prior approval.

Para. 4.2 authorizes the transfer of foreign exchange abroad by individuals from their local foreign currency accounts to their own bank accounts abroad, on presentation to the institution of an affidavit by the customer that they have not sold securities with local settlement in foreign exchange over the previous 5 business days.

The foreign exchange regulations do not establish a repatriation requirement for sales operations abroad for portfolio investments by residents. If the funds are repatriated, under Para. 4.2.1 of the TO de EyC entities may conduct swaps and arbitrage with customers and allow credit of the proceeds of these operations to the foreign currency accounts of the customer, as long as these are not operations covered by the requirement for sale on the foreign exchange market.

Effective September 1, 2019, in the case of issues, Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019, must be repatriated and the funds sold on the foreign exchange market as a requirement for later access to that market for principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the PGC. These provisions are collected in Para. 2.4 of the TO de EyC.

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Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

On collective investment securities  Yes.

Purchase locally by nonresidents  Yes.  The foreign exchange regulations do not establish a requirement for the sale of the foreign exchange for portfolio investments by nonresidents.

Under Para. 4.2.1 of the TO de EyC, entities may conduct swaps and arbitrage with customers in the case of the repatriation of foreign exchange and allow credit of the proceeds of these operations to the foreign currency accounts of the customer, as long as these are not operations covered by the requirement for sale on the foreign exchange market.

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Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Subsequently, effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100. These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by
nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

CNV approval is required for public offerings of the following securities, including current issues and previous issues to be offered for sale: (1) negotiable securities (CNV Consolidated Regulations, Title II, Chapter VIII); (2) financial trusts (Title V, Chapter IV); and (3) mutual funds (Title V, Chapters I, II, and III).

Collective investment securities that wish to be issued from outside Argentina must follow the following provisions set out in Chapter VIII of Title II, Sections I and II of the CNV Regulations. If they wish to be incorporated in the country, they are not subject to conditions different from those required of residents (Title V of the CNV Regulations for Mutual Funds and Financial Trusts).

Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers in amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

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Para. 4.2 authorizes the transfer of foreign exchange abroad by individuals from their local foreign currency accounts to their own bank accounts abroad, on presentation to the institution of an affidavit by the customer that they have not sold securities with local settlement in foreign exchange over the previous 5 business days.

The foreign exchange regulations do not establish repatriation requirement sales operations for portfolio investments abroad by residents. If the funds are repatriated, under Para. 4.2.1 of the TO de EyC, institutions may conduct swaps and arbitrage with customers and allow credit of the proceeds of these operations to the foreign currency accounts of the customer, as long as these are not operations covered by the requirement for sale on the foreign exchange market.

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Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

Controls on derivatives and other instruments

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<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
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Under Para. 4.4.1 of the TO de EyC, all settlements of futures, forwards, options, and any other type of derivative contracted in Argentina by entities as from September 11, 2019, must take place in domestic currency.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616,
as amended, to 0 days, are applicable (now Para. 2.7 of the TO de EyC).

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

Effective September 1, 2019, Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Subsequently, effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Derivatives may be traded for hedging, speculation, or arbitrage purposes. In the case of speculation and arbitrage, exposure of the underlying assets is not necessary.

CNV approval is required. Specifically, in the case of futures and options contracts (standardized derivatives), the requirements set out. Article 22, Section IX, Chapter V, Title VI of the consolidated text of the CNV Regulations (N.T. 2013, as amended) must be met for CNV approval and subsequent trading on the authorized markets.

In the case of derivatives between national and/or foreign counterparties not traded in markets authorized by the CNV, Art. 189 of Law 27.440 established that the CNV will require registration, indicating that the contracts in question will be enforceable against third parties and will have a specific date as from the date of their registration. Article 10 bis of Section V, Chapter V, Title VI of the CNV Regulations (N.T. 2013 as amended) establish that Entities for the Registration of Derivative Operations or, in their absence, Markets and/or Clearinghouses must register bilateral derivative contracts entered into outside the authorized markets. It provides that the parties required to register are entities under the jurisdiction of the Commission and agents registered with the Commission. Registration is voluntary for third parties, that is, for any individual or legal entity not under the jurisdiction of the Commission, which may register the contract, final settlement, and cancellation of bilateral derivative contracts outside the markets authorized by the CNV.

Effective September 11, 2019, under Para. 1.4 of Com A 6780, found in Para. 4.4.1 of the TO de EyC, all settlements of futures, forwards, options, and any other type of derivative contracted in Argentina by entities as from September 11, 2019, must be made in domestic currency.

Effective September 1, 2019, under Para. 7 of Com A 6770, access to the foreign exchange market by nonresident customers for any purpose, including repatriation, in amounts exceeding US$1,000 will require the prior approval of the BCRA for the purchase of foreign

Sale or issue locally by nonresidents: Yes.
exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.

Effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

**Purchase abroad by residents**

Yes. Effective October 17, 2019, Para. 3 of Com A 6814 allows access to the foreign exchange market for the payment of premiums, constitution of guarantees, and settlements corresponding to interest rate hedging contracts on foreign obligations of residents that have been declared and validated, if appropriate, in the “Survey of External Assets and Liabilities,” as they do not cover risks exceeding the foreign liabilities registered by the debtor at the interest rate for which the risk is covered in said contracts.

A customer accessing the foreign exchange market using this mechanism must appoint an entity to track the operation and sign an affidavit in which they commit to repatriating and selling the funds payable to the local customer as a result of said operation or as a result of the release of the guarantee funds, within 5 business days.

The remaining financial derivatives operations that are to be conducted by means of access the foreign exchange market by residents that are not entities authorized to deal in foreign exchange must comply with the conditions set out in Paras. 3.8 (Individuals) and 3.10 (Legal Entities) or, failing this, have the prior approval of the BCRA.

**Sale or issue abroad by residents**

Yes. Effective October 17, 2019, Para. 3 of Com A 6814 allows access to the foreign exchange market for the payment of premiums, constitution of guarantees, and settlements corresponding to interest rate hedging contracts on foreign obligations of residents that have been declared and validated, if appropriate, in the “Survey of External Assets and Liabilities,” as they do not cover risks exceeding the foreign liabilities registered by the debtor at the interest rate for which the risk is covered in said contracts.

A customer accessing the foreign exchange market using this mechanism must appoint an entity to track the operation and sign an affidavit in which they commit to repatriating and selling the funds resulting payable to the local customer as a result of said operation or as a result of the release of the guarantee funds, within 5 business days.

The remaining financial derivatives operations that are to be conducted by means of access the foreign exchange market by residents that are not entities authorized to deal in foreign exchange must comply with the conditions set out in Paras. 3.8 (Individuals) and 3.10 (Legal Entities) or, failing this, have the prior approval of the BCRA.

**Controls on credit operations**

Yes.

**Commercial credits**

Yes. Access to the foreign exchange market for the payment of interest on debts for imports of goods and services is authorized as long as the institution verifies that the operation has been declared, if
appropriate, in the most recent “Survey of External Assets and Liabilities.” The prior approval of the BCRA is required for the prepayment of interest on commercial debts for imports of goods and services (Para. 3.3 of the TO de EyC).

In addition to the general requirements established for outflow operations, effective May 28, 2020, Communication A 7030 and Supplementary Provisions established that, for access to the foreign exchange market without the prior approval the BCRA, the entity must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4). Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

<table>
<thead>
<tr>
<th>Financial credits</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
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</table>

These operations are governed by the regulations on the formation of assets. Effective September 1, 2019, Communication A 6770 and Supplementary Provisions added various provisions to the regulations then in effect.

Para. 5 requires prior approval from the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the formation of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to derivatives operations.

Para. 6 established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance, and derivative operations exceeding the equivalent of US$10,000 per month in all entities authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when the amount involved for these purposes exceeds the equivalent of
US$1,000 per month in the intervening entity, the operation must be conducted by debit to local accounts.

Effective October 28, 2019, Com A 6815 of October 28, 2019, amended the aforementioned Para. 6, establishing the first amount for access to the foreign exchange market by resident individuals as US$200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

These regulations for individuals are now found in Para. 3.8 of the TO de EyC, and those applicable to legal entities in Para. 3.10.

Para. 3.8 of the TO de EyC establishes that residents may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO), that the operation takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for operations up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2), that the customer has not exceeded the indicated limits in the previous calendar month (Para. 3.8.3), that the intervening institution notes in the online system used by the BCRA that the customer is authorized to conduct foreign exchange transactions as they have not reached the indicated limits for the calendar month or did not exceed them in the previous calendar month (Para. 3.8.4) and that the entity has an affidavit from the customer indicating that the funds purchased are not intended for the purchase of securities on the secondary market within 5 business days following the date of settlement of the foreign exchange transactions (Para. 3.8.6).

This situation was changed, with new requirements established indicating that as of June 30, 2020, beneficiaries of the loans at subsidized rates indicated in Com A 6993, 7006, and 7082 may not access the foreign exchange market to conduct these operations until payment in full of the loans.

In addition to the general requirements established for outflow operations, effective May 28, 2020, Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer, indicating they have not conducted certain operations in securities (Para. 4).

Effective September 1, 2019, Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019, must be repatriated and sold on the foreign exchange market as a requirement for subsequent access to the market for principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the PGC. These provisions are found in Para. 2.4 of the TO de EyC.

Para. 2.6 allows exceptions to sale on the foreign exchange market under certain conditions.

Para. 3.5 of the TO de EyC establishes that entities may provide access to the foreign exchange market for principal and interest...
payments on foreign financial debt to the extent that the following conditions are met: Funds disbursed as from September 1, 2019 were repatriated and sold on the foreign exchange market. This requirement is not applicable to foreign debt originated as of September 1, 2019, which does not generate disbursements as they consist of refinancing of foreign financial debts that would have had access under the applicable regulations, as long as the refinancing does not occur prior to the maturity of the original debt. The operation is declared, if appropriate, in the most recent statement “Survey of External Assets and Liabilities.” Access to the foreign exchange market by residents, including entities, for the prepayment of capital and interest on debt more than 3 business days prior to their due date will require the prior approval of the BCRA, unless all of the following conditions are met: The prepayment will be made simultaneously with the settlement of funds from a new financial debt disbursed as from that date. The average term of the new debt is greater than the average residual term of the debt being prepaid. The due date of the first principal payment of the new debt is not prior to the due date of the next principal payment of the debt being prepaid. The amount of the first principal payment of the new debt is not greater than the amount of the next principal payment of the debt being prepaid.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

**Guarantees, sureties, and financial backup facilities**

- **By residents to nonresidents**: Yes.

Entities may give access to the foreign exchange market for principal and/or interest payments to trusts established in Argentina by a resident to ensure the capital and interest payments on its liability, as long as it verifies that the debtor had access for payments in its name to comply with the applicable regulatory provisions (Para. 3.7 of the TO de EyC).

Under Para. 3.11.1 of the aforementioned TO, entities may give access to the foreign exchange market to residents with foreign debts or trusts established in Argentina to ensure capital and interest payments on such debt, for the purchase of foreign exchange to establish guarantees for the amounts owed under debt contracts when: (a) it involves commercial debts for the import of goods and/or services to a foreign financial entity or official export credit agency or foreign financial debts to unrelated creditors that under the regulations have access to the foreign exchange market for their repayment, the contracts of which provide for the credit of the funds to guarantee accounts for future debt service on foreign debts; (b) the funds purchased will be deposited in accounts opened with local financial institutions under the conditions established in the
contracts. The establishment of guarantees in accounts opened with foreign financial institutions will only be allowed when it is the only and exclusive option provided in the debt contracts entered into prior to August 31, 2019; (c) cumulative guarantees in foreign currencies that will be used for service payments do not exceed the amount to be paid on the next service payment due; (d) the daily excess amount does not exceed 20% of the amount indicated in (c); (e) the intervening entity has verified the foreign debt documentation of the debtor and has the information needed to ensure that access is taking place under the conditions established in these provisions.

The foreign currency funds not used for the settlement of contracted debt service payments must be sold on the foreign exchange market within 5 business days following the due date.

In addition to the general requirements established for outflow operations, effective May 28, 2020, Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating they have not conducted certain operations in securities (Para. 4).

To residents from nonresidents No.

If appropriate, the provisions of Para. 2.7 of the TO de EyC applicable to certain foreign debts and repatriations by nonresidents must be met.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

Controls on direct investment Yes.

Direct investments are exempt from the provisions of Articles 2 through 4 of Decree No. 616/05 and Supplementary Provisions and are not subject to the repatriation requirement.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

Outward direct investment Yes.

These operations are governed by the regulations on the formation of assets. Effective September 1, 2019, Communication A 6770 and Supplementary Provisions added various provisions to the regulations then in effect.

Para. 5 requires prior approval from the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the formation of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to derivatives operations.

Para. 6 established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance and derivative operations exceeding the equivalent of US$10,000 per month in all entities authorized to deal in foreign
exchange and for all of the purposes indicated above. As well, when the amount involved for these purposes exceeds the equivalent of US$1,000 per month in the intervening entity, the operation must be conducted by debit to local accounts.

Effective October 28, 2019, Com A 6815 amended the aforementioned Para. 6, establishing the amount of access to the foreign exchange market by residents as US$200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

These regulations for individuals are now found in Para. 3.8 of the TO de EyC, and those applicable to legal entities in Para. 3.10.

Para. 3.8 of the TO de EyC establishes that residents may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO), that the operation takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for operations up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2), that the customer has not exceeded the indicated limits in the previous calendar month (Para. 3.8.3), that the intervening institution notes in the online system used by the BCRA that the customer is authorized to conduct foreign exchange transactions as they have not reached the indicated limits for the calendar month or did not exceed them in the previous calendar month (Para. 3.8.4) and that the entity has an affidavit from the customer indicating that the funds purchased are not intended for the purchase of securities on the secondary market within 5 business days following the date of settlement of the foreign exchange transactions (Para. 3.8.6).

This situation was changed, with new requirements established indicating that as of June 30, 2020, beneficiaries of the loans at subsidized rates indicated in Com A 6993, 7006, and 7082 may not access the foreign exchange market to conduct these operations until payment in full of the loans.

In addition to the general requirements established for outflow operations, effective May 28, 2020, Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer, indicating they have not conducted certain operations in securities (Para. 4).

Inward direct investment

Inward direct investment Yes.

The foreign exchange regulations do not establish a requirement for sale on the foreign exchange market for direct investments by nonresidents.

Under Para. 4.2.1 of the TO de EyC, entities may conduct swaps and arbitrage with customers in the case of the repatriation of foreign exchange from abroad and allow the credit of these operations to accounts opened by the customer in foreign exchange.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities.”

Effective September 1, 2019, the liquidation of direct investments of

Controls on liquidation of direct

Controls on liquidation of direct Yes.
nonresidents under Para. 7 of Com A 6770 in amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.

Effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount indicated to US$100.

These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

The rules governing direct investment apply. Direct investment encompasses real estate investments.

These operations are governed by the regulations on the formation of assets. Effective September 1, 2019, Communication A 6770 and Supplementary Provisions added various provisions to the regulations then in effect.

Para. 5 requires prior approval from the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the formation of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to derivatives operations.

Para. 6 established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance and derivative operations exceeding the equivalent of US$10,000 per month in all entities authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when the amount involved for these purposes exceeds the equivalent of US$1,000 per month in the intervening institution, the operation must be conducted by debit to local accounts.

Effective October 28, 2019, Com A 6815 amended the aforementioned Para. 6, establishing the first amount indicated as US$200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

These regulations for individuals are now found in Para. 3.8 of the TO de EyC, and those applicable to legal entities in Para. 3.10.

Para. 3.8 of the TO de EyC establishes that residents may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO), that the operation takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for...
operations up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2), that the customer has not exceeded the indicated limits in the previous calendar month (Para. 3.8.3), that the intervening institution notes in the online system used by the BCRA that the customer is authorized to conduct foreign exchange transactions as they have not reached the indicated limits for the calendar month or did not exceed them in the previous calendar month (Para. 3.8.4), and that the entity has an affidavit from the customer indicating that the funds purchased are not intended for the purchase of securities on the secondary market within 5 business days following the date of settlement of the foreign exchange transactions (Para. 3.8.6).

This situation was changed, with new requirements established indicating that as of June 30, 2020, beneficiaries of the loans at subsidized rates indicated in Com A 6993, 7006, and 7082 may not access the foreign exchange market to conduct these operations until payment in full of the loans.

In addition to the general requirements established for outflow operations, effective May 28, 2020, Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer, indicating they have not conducted certain operations in securities (Para. 4).

Purchase locally by nonresidents  Yes.

Direct investments are exempt from the provisions of Articles 2 through 4 of Decree No. 616/05 and Supplementary Provisions, and are not subject to the repatriation requirement.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

Sale locally by nonresidents  Yes.

Effective September 1, 2019, Para. 7 of Com A 6770 established that the liquidation of direct investments by nonresidents in amounts exceeding US$1,000 would require the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices. Effective October 28, 2019, Com A 6815 amended Para. 7, reducing the amount indicated to US$100.

These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Effective December 27, 2019, Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

Controls on personal capital transactions  Yes.

Loans  Yes.

By residents to nonresidents  Yes.

These operations are governed by the regulations on the formation of assets. Effective September 1, 2019, Communication A 6770 and
Supplementary Provisions added various provisions to the regulations then in effect.

Para. 5 requires prior approval from the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the formation of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to derivatives operations.

Para. 6 established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance and derivative operations exceeding the equivalent of US$10,000 per month in all entities authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when the amount involved for these purposes exceeds the equivalent of US$1,000 per month in the intervening institution, the operation must be conducted by debit to local accounts.

Effective October 28, 2019, Com A 6815 amended the aforementioned Para. 6, establishing the first amount indicated as US$200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

These regulations for individuals are now found in Para. 3.8 of the TO de EyC, and those applicable to legal entities in Para. 3.10.

Para. 3.8 of the TO de EyC establishes that residents may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO), that the operation takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for operations up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2), that the customer has not exceeded the indicated limits in the previous calendar month (Para. 3.8.3), that the intervening institution notes in the online system used by the BCRA that the customer is authorized to conduct foreign exchange transactions as they have not reached the indicated limits for the calendar month or did not exceed them in the previous calendar month (Para. 3.8.4) and that the entity has an affidavit from the customer indicating that the funds purchased are not intended for the purchase of securities on the secondary market within 5 business days following the date of settlement of the foreign exchange transactions (Para. 3.8.6).

This situation was changed, with new requirements established indicating that as of June 30, 2020, beneficiaries of the loans at subsidized rates indicated in Com A 6993, 7006, and 7082 may not access the foreign exchange market to conduct these operations until payment in full of the loans.

In addition to the general requirements established for outflow operations, effective May 28, 2020, Com A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer, indicating they have not conducted
Effective September 1, 2019, Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019 must be repatriated and sold on the foreign exchange market as a requirement for subsequent access to the market for principal and interest payments. Com A 6776 of September 5, 2019 provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the PGC. These provisions are found in Para. 2.4 of the TO de EyC.

Para. 2.6 allows exceptions to said sale under specific conditions.

Para. 3.5 of the TO de EyC establishes that entities may provide access to the foreign exchange market for principal and interest payments on foreign financial debt as long as the following conditions are met: Funds disbursed as from September 1, 2019 were repatriated and sold on the foreign exchange market. This requirement is not applicable to foreign debts originated as from September 1, 2019, which do not generate disbursements as they consist of refinancing foreign financial debts that would have had access under the applicable regulations, as long as that the refinancing does not occur prior to the maturity of the original debt. The operation is declared, if appropriate, in the most recent statement “Survey of External Assets and Liabilities.” Access to the foreign exchange market by residents, including entities, for the prepayment of capital and interest on debt more than 3 business days prior to the due date will require the prior approval of the BCRA, except if all of the following conditions are met: the prepayment takes place simultaneously with the settlement of funds from a new financial debt disbursed as from that date. The average term of the new debt is greater than the average residual term of the debt being prepaid. The due date of the first principal payment of the new debt is not prior to the due date of the next principal payment of the debt being prepaid. The amount of the first principal payment of the new debt is not greater than the amount of the next principal payment of the debt being prepaid.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no funds have been repatriated on the foreign exchange market and/or future access to this market is not planned.

In the case of the operations covered by Art. 3 of Decree No. 616/05, the proceeds from the sale of foreign exchange must be credited to a local account. For the remaining requirements set out in Art. 4 of said decree, the provisions of Resolution No. 3/15 of the former Ministry of the Treasury and Public Finance, which reduced the percentage of the deposit indicated in paragraph (c) of this article to 0, and the provisions of Resolution No. 1/17 of the Ministry of Finance, which reduced the term indicated in Articles 2 and 4(a) of Decree No. 616, as amended, to 0 days, are applicable (currently Para. 2.7 of the TO de EyC).

Gifts, endowments, inheritances, and legacies

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Settlement of debts abroad by</td>
<td>Yes.</td>
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<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
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</tbody>
</table>

There are no restrictions or specific requirements for processing these transactions.
immigrants residents apply if the immigrant is deemed a resident in Argentina.

Transfer of assets Yes. Under Para. 6.5 of the TO de EyC, the exchange regulations apply based on residence or nonresidence in Argentina.

Transfer abroad by emigrants Yes. Under Para. 6.5 of the TO de EyC, the exchange regulations apply based on residence or nonresidence in Argentina.

Transfer into the country by immigrants Yes. Under Para. 6.5 of the TO de EyC, the exchange regulations apply based on residence or nonresidence in Argentina.

Transfer of gambling and prize earnings No. There are no restrictions or specific foreign exchange requirements for these transactions. There is no repatriation obligation, but if the funds are repatriated under Para. 4.2.1 of the TO de EyC, entities may conduct swaps and arbitrage with customers and allow the credit of these operations to foreign currency accounts opened by the customer.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. On foreign exchange aspects, effective September 1, 2019, Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019, must be repatriated and the funds sold on the foreign exchange market as a requirement for later access to that market for principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the PGC. These provisions are collected in Para. 2.4 of the TO de EyC.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) Yes. Only financial intermediaries are permitted to grant credit assistance to residents in the country to finance investment, production, marketing, or consumption of goods and services for domestic consumption or export, or outward foreign direct investment by enterprises resident in the country. Financial assistance will only be granted to residents abroad if this general criterion is met and in certain specific cases (credit facilities to foreign banks, whether or not they are correspondents, for the purpose of facilitating local exports, credits to residents abroad corresponding to lags in the payment of operations involving quoted foreign currencies or securities, inter alia).

Lending locally in foreign exchange Yes. Lending capacity based on foreign exchange deposits and other liabilities through financial intermediation in foreign exchange (with the exception of inward commercial credit facilities) may be applied to the following: (1) prefinancing and financing of exports directly or through principals, trustees, or other brokers; (2) other financing for exporters expecting future foreign currency income streams and demonstrating, in the year prior to when the financing is granted, invoices reasonably comparable to the amount of financing; (3) financing of investment projects, working capital, or goods that increase the value of or are related to the production of goods to be exported; (4) financing for the producers of goods to be exported, whether as is or as part of other goods, by third-party purchasers, provided they have total assurances or guarantees in foreign currency from those third parties and/or firm sales contracts in foreign currency and/or in exportable goods; (5) financing for providers of goods and/or services that are part of the production process for fungible goods regularly and customarily quoted in foreign currency in domestic or foreign markets and widely disseminated and easily
known to the public, provided they have firm sales contracts for those goods and/or services in foreign currency and/or in those goods; (6) commercial financing for commercial portfolio customers that is treated as consumer or housing loans – in accordance with the provisions established in the regulations on “Borrower Classification” – for the purpose of importing capital goods (“BK” in accordance with the MERCOSUR Common Nomenclatures as indicated in Annex I to Decree No. 690/02 and other supplementary provisions) that increase the production of goods intended for the domestic market; (7) loans made from one financial institution to another; (8) foreign currency debt securities or financial trust investment certificates publicly quoted with CNV authorization whose underlying assets are securities acquired by the trust and guaranteed by reciprocal guarantee companies, to finance export transactions; (9) financing of producers, processors, or storage operators, provided they have contracts for the outright sale of the goods to an exporter at a price set or to be set in foreign currency that is customary in local or foreign markets and is widely published and easily accessible to the public; (10) other financing included in the credit program referred to in Inter-American Development Bank (IADB) Loan No. 1192/OC-AR, not to exceed 10% of borrowing capacity; (11) letters and notes of the BCRA denominated in US dollars; (12) direct investments abroad by companies resident in Argentina, the purpose of which is to develop productive activities in goods and/or nonfinancial services, whether through contributions or through purchases of shares in companies, provided they are established in countries or territories considered cooperative for purposes of fiscal transparency based on the provisions of Article 1 of Decree No. 589/13 and Supplementary Provisions; (13) financing of investment projects, including working capital, that allow increased production in the energy sector and have firm sales contracts and/or total assurances or guarantees in foreign currency; (14) primary subscription of foreign currency debt instruments of the National Treasury, up to an amount equal to one-third of the applications made; (15) financing of investment projects focusing on cattle ranching, including working capital, not to exceed 5% of the institution’s deposits in foreign exchange; (16) financing of foreign importers for the acquisition of goods and/or services produced in the country, directly or through credit facilities to external banks; (17) financing to residents in the country guaranteed with standby LCs issued by foreign banks or multilateral development banks having investment grade international risk ratings, provided these credit portfolios are unrestricted and that the funds are credited immediately on the simple request of the beneficiary.

For purposes of such financing, whatever the source of the funds, financial institutions must verify that customers have sufficient payment capacity. To that end, they must consider at least two scenarios involving significant fluctuations in the exchange rate of different magnitudes within up to one year.

There are currently no limits on bank holdings of securities from a particular issuer.

Foreign Exchange Portion.

Effective September 1, 2019, entities authorized to deal in foreign exchange may freely determine the level of their PGC (Para. 5.9.1). Under Para. 5.9.3 of the TO de EyC, entities may not purchase securities on the secondary market with settlement in foreign exchange and may not use funds from their PGC to make payments to local suppliers (Para. 5.9.4 of said TO).
Differential treatment of deposit accounts in foreign exchange

Yes.

Reserve requirements

Yes.

Saving deposits including payroll/social security and special deposits are subject to a minimum cash requirement of 45% effective February 1, 2019 (previously 28%), or 20% (previously 26%) (based on the category of financial institution), or 25% for such deposits denominated in pesos or foreign currency, respectively.

Fixed-term deposits are subject to a requirement that differs for pesos and foreign currencies (and based on the type of institution) and decreases according to the residual term.

For fixed-term deposits with maturities of up to 29 days: The minimum cash requirement is 32% or 11% for peso deposits depending on the type of institutions and 23% for foreign currency deposits.

For fixed-term deposits with maturities from 30 to 59 days: The minimum cash requirement is 22% or 7% for peso deposits depending on the type of institutions and 17% for foreign currency deposits.

For fixed-term deposits with maturities from 60 to 89 days: The minimum cash requirement is 4% or 2% for peso deposits depending on the type of institutions and 11% for foreign currency deposits.

For fixed-term deposits with maturities 90 days or more: The minimum cash requirement is 0% for peso deposits.

Effective February 1, 2019, Communication A 6616 amended the method for calculating the reserve requirements, which until then were based on the category of the financial entity according to the municipality, replacing it with a method based on the group to which the financial institutions belong, according to their assets compared to the total assets in the financial system.

Communication A 6857: effective January 1, 2020, the limit on the deduction of the minimum cash requirement based on financing granted under the “AHORA 12” program was increased from 1% to 1.5% (with the possibility of an additional 1%) of the items subject to the requirement.

Communication A 6858: effective February 1, 2020, a new deduction from the minimum cash requirement was established for entities in Group A, equivalent to 30% of the sum of peso financing to micro, small and medium enterprises (MSMEs) granted at a maximum annual nominal fixed interest rate of 40% with a limit of 2% of the items in peso subject to the requirement.

Communication A 6871 specifies, effective February 1, 2020, the way in which the residual term of deposits with a prepayment option in Unidad de Valor Adquisitivo (UVAs) updatable on the basis of the Coeficiente de Establización de Referencia (CER) should be calculated – Law 25.827 (“UVA”).

Communication A 6884: effective February 1, 2020, the minimum cash requirement was reduced based on the special treatment provided for financing in UVAs updatable on the basis of the CER—
**ARGENTINA**

<table>
<thead>
<tr>
<th>Legal Instrument</th>
<th>Description</th>
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<tbody>
<tr>
<td>Law 25.827 (&quot;UVA&quot;)</td>
<td>To which a limit on the increase in the value of the installments to be paid is applied.</td>
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<th>Regulation Type</th>
<th>Status</th>
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<tr>
<td>Liquid asset requirements</td>
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<tr>
<td>Interest rate controls</td>
<td>No.</td>
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<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
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</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
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<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Transactions are prohibited by general policies on lending.

Open foreign exchange position limits Yes. The net global foreign exchange position comprises total assets and liabilities from financial intermediation in foreign currencies and foreign currency securities (spot and forward transactions), including gold coins and good delivery gold bars; foreign currency banknotes; demand deposits in banks abroad; derivatives contracts related to these items; deposits in the currency held in accounts at the BCRA; and BCRA notes in US dollars. Also included are forward operations entered into under framework agreements within authorized markets in Argentina in which settlement is by netting, without physical delivery of the underlying asset. The position in currencies other than US dollars is expressed in the currency in question by applying the exchange rate published by the BCRA. Assets deductible for purposes of determining regulatory capital (responsabilidad patrimonial computable – RPC) and items recorded by financial institutions in their branches abroad are not included.

The positive net global foreign exchange position may not exceed 5% of regulatory capital but may reach up to 30% of regulatory capital if under certain conditions National Treasury Notes denominated in US dollars (Paras. 6 and 7 of Communications “A” 6526 and Communications “A” 6699 and 6735) are included. The positive net global foreign exchange position must be measured on a daily basis instead of as the monthly average of daily balances. There is also a limit on the positive spot position, which, measured daily, may not exceed the amount of US$2,500,000 or 4% of regulatory capital, whichever is higher.

The negative net global foreign exchange position, expressed as a monthly average of the daily balances, should not exceed 30% of the financial institution’s regulatory capital for the previous month. Overruns are subject to a charge equivalent to 1.5 times the accrued annual nominal interest rate resulting from auctions of BCRA instruments in Argentine pesos.

ADs may freely determine the level and use of their PGC, under Para. 5.9.1 of the TO de EyC.

The PGC includes all of the institution’s liquid external assets, net of debit balances of correspondents deriving from foreign exchange market transactions. It also includes buying and selling arranged on the foreign exchange market and pending settlement. The following,
inter alia, are considered institutions’ liquid external assets: banknotes and coins in foreign exchange, good delivery holdings in monetary gold or gold bars, correspondents’ credit balances (including transfers to third parties without arranged settlement), other demand deposits with foreign financial institutions, investments in external public securities, and time certificates of deposit. PGCs do not include foreign direct investment, third-party external assets under custodianship, forward buying and selling of foreign exchange or foreign assets, deposits with the BCRA in foreign exchange in accounts in the name of the institution, and other local assets in foreign exchange, under Para. 6.7 of the TO de EyC.

On resident assets and liabilities
Yes.

The net global foreign exchange position comprises total assets and liabilities from financial intermediation in foreign currencies and foreign currency securities (spot and forward transactions), including gold coins and good delivery gold bars; foreign currency banknotes; demand deposits in banks abroad; derivatives contracts related to these items; deposits in the currency held in accounts at the BCRA; and BCRA notes in US dollars. Also included are forward operations entered into under framework agreements within authorized markets in Argentina in which settlement is by netting, without physical delivery of the underlying asset. The position in currencies other than US dollars is expressed in the currency in question by applying the exchange rate published by the BCRA. Assets deductible for purposes of determining regulatory capital and items recorded by financial institutions in their branches abroad are not included. The positive net global foreign exchange position may not exceed 5% of regulatory capital but may reach up to 30% of regulatory capital under certain conditions if National Treasury Notes denominated in US dollars (Paras. 6 and 7 of Communications “A” 6526 and Communications “A” 6699 and 6735) are included. The positive net global foreign exchange position must be measured on a daily basis instead of as the monthly average of daily balances. There is also a limit on the positive spot position, which, measured daily, may not exceed the amount of US$2,500,000 or 4% of regulatory capital, whichever is higher. The negative net global position in foreign exchange, expressed as a monthly average of the daily balances, should not exceed 30% of the financial institution’s regulatory capital for the previous month. Overruns are subject to a charge equivalent to 1.5 times the accrued annual nominal interest rate resulting from auctions of BCRA instruments in Argentine pesos. ADs may freely determine the level and use of their PGC under Para. 5.9.1 of the TO de EyC.

The PGC includes all of the institution’s liquid external assets, net of debit balances of correspondents deriving from foreign exchange market transactions. It also includes buying and selling arranged on the foreign exchange market and pending settlement. The following, inter alia, are considered institutions’ liquid external assets: banknotes and coins in foreign exchange, good delivery holdings in monetary gold or gold bars, correspondents’ credit balances (including transfers to third parties without arranged settlement), other demand deposits with foreign financial institutions, investments in external public securities, and time certificates of deposit. PGCs do not include foreign direct investment, third-party external assets under custodianship, forward buying and selling of foreign exchange or foreign assets, deposits with the BCRA in foreign exchange in accounts in the name of the institution, and other local assets in foreign exchange, under Para. 6.7 of the TO de EyC.

On nonresident assets and liabilities
Yes.

The net global foreign exchange position comprises total assets and liabilities from financial intermediation in foreign currencies and foreign currency securities (spot and forward transactions), including gold coins and good delivery gold bars; foreign currency banknotes; demand deposits in banks abroad; derivatives contracts related to these items; deposits in the currency held in accounts at the BCRA; and BCRA notes in US dollars. Also included are forward operations entered into under framework agreements within authorized markets in Argentina in which settlement is by netting, without physical delivery of the underlying asset. The position in currencies other than US dollars is expressed in the currency in question by applying the exchange rate published by the BCRA. Assets deductible for purposes of determining regulatory capital and items recorded by financial institutions in their branches abroad are not included. The positive net global foreign exchange position may not exceed 5% of regulatory capital but may reach up to 30% of regulatory capital under certain conditions if National Treasury Notes denominated in US dollars (Paras. 6 and 7 of Communications “A” 6526 and Communications “A” 6699 and 6735) are included. The positive net global foreign exchange position must be measured on a daily basis instead of as the monthly average of daily balances. There is also a limit on the positive spot position, which, measured daily, may not exceed the amount of US$2,500,000 or 4% of regulatory capital, whichever is higher. The negative net global position in foreign exchange, expressed as a monthly average of the daily balances, should not exceed 30% of the financial institution’s regulatory capital for the previous month. Overruns are subject to a charge equivalent to 1.5 times the accrued annual nominal interest rate resulting from auctions of BCRA instruments in Argentine pesos. ADs may freely determine the level and use of their PGC under Para. 5.9.1 of the TO de EyC.
liabilities from financial intermediation in foreign currencies and foreign currency securities (spot and forward transactions), including gold coins and good delivery gold bars; foreign currency banknotes; demand deposits in banks abroad; derivatives contracts related to these items; deposits in the currency held in accounts at the BCRA; and BCRA notes in US dollars. Also included are forward operations entered into under framework agreements within authorized markets in Argentina in which settlement is by netting, without physical delivery of the underlying asset. The position in currencies other than US dollars is expressed in the currency in question by applying the exchange rate published by the BCRA. Assets deductible for purposes of determining regulatory capital and items recorded by financial institutions in their branches abroad are not included. The positive net global foreign exchange position may not exceed 5% of regulatory capital or liquid own resources, whichever is smaller but may reach up to 30% of regulatory capital if under certain conditions National Treasury Notes (letras del Tesoro Nacional) denominated in US dollars (Paras. 6 and 7 of Communication “A” 6526 and Communications “A” 6699 and 6735) are included. The positive net global foreign exchange position must be measured on a daily basis instead of as the monthly average of daily balances.

There is also a limit on the positive spot position, which, measured daily, may not exceed the amount of US$2,500,000 or 4% of regulatory capital, whichever is higher.

The negative net global foreign exchange position, expressed as a monthly average of the daily balances, should not exceed 30% of the financial institution’s regulatory capital for the previous month.

Overruns are subject to a charge equivalent to 1.5 times the accrued annual nominal interest rate resulting from auctions of BCRA instruments in Argentine pesos.

ADs may freely determine the level of their PGC under Para. 5.9.1 of the TO de EyC. The PGC includes all of the institution’s liquid external assets, net of debit balances of correspondents deriving from foreign exchange market transactions. It also includes buying and selling arranged on the foreign exchange market and pending settlement. The following, inter alia, are considered institutions’ liquid external assets: banknotes and coins in foreign exchange, good delivery holdings in monetary gold or gold bars, correspondents’ credit balances (including transfers to third parties without arranged settlement), other demand deposits with foreign financial institutions, investments in external public securities, and time certificates of deposit. PGCs do not include foreign direct investment, third-party external assets under custodianship, forward buying and selling of foreign exchange or foreign assets, deposits with the BCRA in foreign exchange in accounts in the name of the institution, and other local assets in foreign exchange, under Para. 6.7 of the TO de EyC.

In foreign exchange aspects, the regulations governing resident legal entities in Para. 3.10 of the TO de EyC apply.

Provisions specific to institutional investors

| Insurance companies | Yes. |

Limits (max.) on securities issued by nonresidents

| Yes. |

All investments and funds of insurance companies must be located in Argentina. For this purpose, local investments are defined as those issued and transacted domestically as detailed in Item 35.5 of the General Insurance Regulations implementing Law No. 20.091, for each particular instrument.

The Superintendency of Insurance may grant its authorization for the maintenance of an operating account abroad for the sole purpose of...
expediting business operations. This account may not hold more than the minimum amount required for operational purposes, nor may it be operated to make any form of profit.

Specialist reinsurers and branches of foreign reinsurance companies established in Argentina may hold investments and funds abroad not exceeding 50% of the capital to be credited.

For purposes of meeting the institutions’ operational commitments, the special report of the acting auditor must verify the existence of available funds in the foreign bank accounts that can be used to make the payment requested.

**Limits (max.) on investment portfolio held abroad**

Yes.

All investments and funds of insurance companies must be located in Argentina.

For this purpose, local investments are defined as those issued and transacted domestically as detailed in Item 35.5 of the General Insurance Regulations implementing Law No. 20.091, for each particular instrument.

The Superintendency of Insurance may grant its authorization for the maintenance of an operating account abroad for the sole purpose of expediting business operations. This account may not hold more than the minimum amount required for operational purposes, nor may it be operated to make any form of profit.

Specialist reinsurers and branches of foreign reinsurance companies established in Argentina may hold investments and funds abroad not exceeding 50% of the capital to be credited.

**Limits (min.) on investment portfolio held locally**

Yes.

The minimum for reinsurance companies is determined by the parameters in the previous Item.

**Currency-matching regulations on assets/liabilities composition**

Yes.

The nature of the liabilities and the currency in which they were assumed: Insurers and reinsurers must maintain the investments portfolio based on the currency of the commitments assumed.

There is a single public pension regime, the Argentine Integrated Pension System (“SIPA”), established by Law No. 26.425 of December 4, 2008.

Law No. 27.260, Article 30 supersedes Article 74 of Law No. 24.241. Authorized investments of the Sustainability Guarantee Fund (Fondo de Garantía de Sustentabilidad – referred to either as the “FGS” or as the “Fund”):

Article 30. Article 74 of Law No. 24.241 as amended must be superseded with the following text:

Article 74: The assets of the FGS of the Argentine Integrated Pension System (SIPA) must be invested according to the criteria of adequate returns and security in compliance with the limits established under this law and the regulatory texts. The FGS may invest in:

(a) Public credit operations as a result of which Argentina becomes a debtor via the Finance Secretariat of the Ministry of Economy are permitted, whether they involve public securities, treasury bills, or loans, up to 50% of the Fund’s total assets. This may be raised to 100% net of the ceilings, provided in this Article, as long as the surplus funds involve either resources intended specifically to enable their fulfillment of collateral or guarantees granted by international organizations or entities of which Argentina is a member. Holdings of securities representing Argentina’s public debt that were received in swaps by retirement and pension fund administrators in the context of the restructuring of public debt under the terms of Article 65 of Law No. 24.156 as amended and Article 62 of Law No. 25.827 as amended are excluded from the ceiling established in this paragraph, independently of their not having the guarantees indicated therein.

Transitionally, until December 31, 2023, up to 70% of the portfolio of the FGS of the Argentine Integrated Pension System may be held
in public securities, with or without guarantees, and at the end of this period the holdings of these assets must be regularized to comply with the limits set in the previous paragraph (Text amended by Art. 57 of Law 27.541).

(b) Securities issued by provinces, the Autonomous City of Buenos Aires, municipalities, the BCRA, other autonomous national and municipal government bodies, and national, provincial, and municipal government-owned companies are permitted up to 30% of the Fund’s total assets.

(c) Corporate bonds, debentures, and other debt securities issued by domestic stock companies, financial institutions, cooperatives and civil associations, and branches of foreign companies, if authorized for public offering by the CNV, are authorized up to 40% of the Fund’s total assets.

(d) Fixed-term deposits with financial institutions governed by Law 21.526 as amended, up to 30% of the Fund’s total assets;

(e) Shares and/or negotiable bonds that can be converted to shares in domestic quasi-governmental or private stock companies, if authorized for public listing by the CNV and that are listed in markets authorized by the CNV, the purpose of which is to organize operations with negotiable securities that are offered publicly, for a minimum of 7% and up to a maximum of 50% of the Fund’s total assets.

Operations in shares include futures and options on these securities, subject to the limits stipulated in the regulations. Transfers and/or any other act or action that limits, alters, eliminates, or changes the purpose, interest, ownership, or nature of the assets indicated in this paragraph are prohibited, provided the result is Fund holdings lower than established in the first paragraph of the present section, without the express prior approval of the National Congress, with the following exceptions:

1. START Tender offers directed to all those holding such assets at a fair price authorized by the CNV, under the terms of Chapters II, III, and IV of Title III of Law No. 26.831.
2. Swaps of shares for other shares in the same or another corporation within the context of corporate mergers, splits, or reorganizations.

(f) Shares of government-held corporations and stock companies with majority government participation up to 20% of the Fund’s total shares;

(g) Shares of open or closed capital mutual funds authorized by the CNV for up to 20% of the Fund’s total assets;

(h) Contracts traded on futures and options markets as determined by the Executive Committee of the Argentine Integrated Pension System FGS, up to 10% of the Fund’s total assets;

(i) Mortgage-backed securities, mortgage-covered bonds, and other securities secured by a mortgage or those whose service is guaranteed through holdings in mortgage loans and authorized for public offering by the CNV, up to 25% of the Fund’s total assets;

(j) Securities representing participation shares in direct investment funds of a fiduciary and singular nature, whose public offering is authorized by the CNV, up to 10% of the Fund’s total assets;

(k) Securities issued by financial trusts not included in Paragraphs (9) or (j), up to 30% of the Fund’s total assets;

(l) Debt securities, certificates of participation, shares, assets, or other securities and loans intended to finance medium- and long-term production, real estate, or infrastructure projects in Argentina are authorized. A minimum of 5% and a maximum of 50% of the Fund’s total assets should be allocated to these investments;

(m) Financing to recipients of the SIPA up to 20% of the Fund’s total
assets, subject to the terms and conditions established by the ANSES.

Prohibitions:
Law 27.260, Article 31: Article 75 of Law No. 24.241 as amended must be superseded with the following text:
Article 75: Assets of the FGS of the Argentine Integrated Pension System (FGS) may not be invested in shares of investment fund management companies, whether mutual or direct funds, trusts, or special funds, nor may they invest in shares in risk rating companies.

Limits:
Law 27.260, Article 32: Article 76 of Law No. 24.241 as amended must be superseded with the following text:
Article 76:
The investments of the Argentine Integrated Pension System (FGS) will be subject to the following limits:
(a) Risk rating. The following assets or institutions must have a rating granted by a duly authorized risk rating agency:
1. The assets in Paragraph (b) of Article 74, except for securities issued by the BCRA.
2. The assets in Paragraphs (c), (i), and (k) of Article 74.
3. Financial institutions in which the investments indicated in Paragraph (d) of Article 74 are made or that maintain assets indicated in Article 77.
4. Negotiable bonds that can be converted to shares as set out in Paragraph (e) of Article 74.
5. The assets in Paragraph (g) of Article 74, when the purpose of the mutual investment fund involved is primarily to invest in.
(b) Other investments. The Executive Committee of the Argentine Integrated Pension System FGS may establish additional minimum requirements that must be met by each of the investments indicated in Article 74 to be subject to investment by the Argentine Integrated Pension System FGS.
(c) Guarantees. When the Argentine Integrated Pension System FGS engages in securitized operations with its assets or financial operations that require that its assets be pledged or encumbered, it may only do so up to a maximum of 20% of the Fund’s total assets.
The Fund’s resources must be invested in Argentine financial assets, including, among others, Argentine interest-bearing accounts and the purchase of government securities or local securities recognized as solvent.

Limits (max.) on securities issued by nonresidents
Yes.

Limits (max.) on investment portfolio held abroad
Yes. The Fund’s resources must be invested in Argentine financial assets, including, among others, Argentine interest-bearing accounts and the purchase of government securities or local securities recognized as solvent.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

Investment firms and collective investment funds
Yes. The FGS has no liabilities. The Fund’s resources must be invested in Argentine financial assets, including, among others, Argentine interest-bearing accounts and the purchase of government securities or local securities recognized as solvent.

The following limitations apply to stock exchange transactions by local market intermediaries involving foreign exchange operations:
Sale of negotiable securities with settlement in foreign exchange. Minimum holding period.
Article 3. – To conduct operations for the sale of negotiable securities with settlement in foreign exchange, or transfers of such securities to depositary entities abroad, said negotiable securities must be held in the portfolio for a minimum period of 5 business days from the time
of their credit to the depositary agent.

This minimum holding period will not be applicable to:
(i) purchases of negotiable securities in foreign exchange and sale of said securities in foreign exchange when the jurisdiction for the settlement is the same as for the purchase;
(ii) purchases of negotiable securities with settlement in a foreign jurisdiction and sales in foreign exchange in the local jurisdiction, except under the circumstances covered by the provisions contained in Article 1 of this Chapter.

Settlement and Clearing Agents and Trading Agents must demonstrate compliance with the aforementioned minimum holding period for negotiable securities.

Transfers received. Minimum period.

Article 4. – Negotiable securities credited to the Central Depositary Agent for Negotiable Securities (ADCVN) by depositary agencies abroad may not be applied to the settlement of transactions on the local market with settlement in foreign exchange until 5 business days have passed following credit to a subaccount or subaccounts with the aforementioned local custodian.

Contracting and settlement of transactions in domestic currency.

Article 5. – The contracting and settlement of transactions in domestic currency with negotiable securities accepted for listing and/or trading in the Argentine Republic, from subaccounts in the own portfolio of the registered agents and other parties subject to the oversight of the CNV, may only take place on authorized markets and/or clearinghouses registered with the CNV.

Registered agents. Own portfolio.

Article 6. – When, in the local contracting of transactions with settlement in “blue” foreign exchange (moneda extranjera cable) and in the contracting of transactions on foreign markets as a customer, conducted through subaccounts held by Registered Agents, the amount of registered forms of a negotiable security exceeds the amount purchased, resulting in an excess of funds, the agent must apply a minimum of 90% of said surplus on the day of trading to purchase operations for negotiable securities in “blue” foreign exchange contracted on the local regulated market and/or purchases on foreign markets as customer.

When said compensation includes purchase and sale operations as customer in foreign markets, the Registered Agents must, by means of a weekly affidavit for each of the subaccounts involved, report the details of the date of the contract/settlement, counterparty, currency, amount and price, broken down and grouped by contract date, justifying that at the close of each weekly period, the net amount resulting from the sales with settlement in “blue” foreign exchange plus sales abroad as customer, do not exceed purchases with settlement in “blue” foreign exchange on the local market plus purchases of negotiable securities abroad. Said supporting documentation must be submitted to the CNV by the Markets and provided in a timely manner for oversight of Registered Agents.

Interpretational criterion CNV No. 70:
Purchase and sale operations with settlement in “blue” foreign exchange and those contracted on foreign markets as customer through the subaccounts owned by the Registered Agents referred to in Art. 6 of Chapter V of Title XVIII of the CNV Regulations (N.T. 2013 as amended) may only be conducted with the following negotiable securities:
(a) negotiable securities that are offered publicly and listed and/or with authorized trading on Markets regulated by the CNV;
(b) Depositary certificates (ADRs) representing negotiable securities
issued by entities with public offering authorized in Argentina and listed and/or authorized trading on the Markets regulated by the CNV;

(c) negotiable securities issued by foreign issuers applicable as underlying assets for Argentine Certificates of Deposit (CEDEARs) with authorization for public offerings and listing and/or trading authorized on the Markets regulated by the CNV.

In the context of the operations referred to in Art. 6. above, when the amount of the registered forms of a negotiable security sold in a single day exceeds the amount purchased of the same on that day, the amount to be paid for the purchases may not be less than 90% of the total sales on local and foreign markets. Any surplus that results must be applied to purchases of the negotiable securities indicated in the previous paragraph. At the close of the week, the total cumulative amount of sales may not exceed the total cumulative amount of purchases of the instruments indicated. For all calculations, the final net amounts of purchases/sales must be considered, including transaction costs and/or conversion of the types involved.

Title XI. Payment methods and control procedures for the receipt and delivery of funds from and to customers.

Article 3. – Settlement and Clearing Agents and individuals and/or legal entities registered with the Commission that act in the placement of mutual funds and other collective investment products authorized by the Commission will abide by the following for the receipt of funds from and delivery of funds to customers:

(a) Cash
i. Received from customers. Only the value in pesos or its equivalent in foreign exchange established in Article 1 of Law No. 25.345 may be received per client and per day in cash.

ii. Paid to customers. Only the value in pesos or its equivalent in foreign exchange established in Article 1 of Law No. 25.345 may be paid per client and per day in cash.

When the funds received or paid, per client and per day, for these items exceed the amount established in the above-mentioned law, delivery by the customer or payment to the customer must be take one of the forms indicated below:

(b) Checks
i. Received from customers. Must be paid from current accounts opened with financial institutions in Argentina authorized by the BCRA, held or jointly held by the customer. As well, as long as irrefutable documentation is provided by the customer, the checks may be paid in favor of the customer, with full endorsement.

ii. Payments to customers. Checks used to pay customers must be crossed checks paid to the order of the customer for deposit in the account or include the words “not to order.” For (a) and (b) together, the regulated parties indicated may make no more than two payments of funds per customer per day.

(c) Transfers in Argentina
i. Received from customers. These must be made from sight bank accounts held or jointly held by the customer, opened with institutions in Argentina authorized by the BCRA or using the Uniform Virtual Key (CVU) of the Unique Tax Identification Code (CUIT) of the customer as long as it allows identification and traceability of the transfers of funds from sight accounts opened with institutions in Argentina authorized by the BCRA belonging to a PSP.

ii. Payments to customers. These must be made to sight bank accounts held or jointly held by the customer, opened with institutions in Argentina authorized by the BCRA or to the CVU of
the Unique Tax Identification Code of the customer as long as it allows identification and traceability of the transfers of funds to sight accounts opened with institutions in Argentina authorized by the BCRA belonging to a PSP.

As well, Settlement and Clearing Agents and individuals or legal entities registered with the Commission that act in the placement of Mutual Funds or other collective investment products authorized by the Commission, may make transfers, on the account and by order of their customers, to sight bank accounts held by one of the aforementioned regulated parties for credit to the subaccount that the same issuer has opened with the regulated party receiving the funds. Similarly, the receiver of the funds may credit the transfer to the customer’s account when it comes from sight bank account held by another of the regulated parties mentioned in this article and is transferred on account and by order of the same customer.

Without prejudice to the above, foreign investors subject to special due diligence, in accordance with provisions established by the FIU in the special regulations on this topic, may:

(d) Receive and send bank transfers to and from institutions regulated by the BCRA that act as local custodian for said investors. For this purpose, said foreign investors must issue a special or permanent instruction to the Settlement and Clearing Agents with the data on the account opened with the local custodian.

(e) Receive and send bank transfers to and from institutions regulated by the BCRA that act as local custodian of a foreign institution that participates as a “Foreign Bank/Financial Institution” for such investors, as defined in the specific FIU regulation on this topic. For this purpose, said foreign investors must provide the Settlement and Clearing Agents with a special or permanent instruction containing the data on the account opened with a local custodian – entity regulated by the BCRA – in the name of the foreign institution that participates as a “Foreign Banks/Financial Institution” for such investors, as defined in the specific FIU Resolution on this topic.

Section III
Transactions conducted by foreign investors.

Article 4. – The regulated parties contemplated in Article 20(4), (5), and (22) of Law No. 25.246, as amended, may only conduct transactions under public offerings of negotiable securities, term contracts, futures or options of any kind and other financial products and instruments when they are made or ordered by regulated parties constituted, domiciled or residing in associated dominions, jurisdictions, territories or states that are not considered Non-Cooperative or High Risk by the Financial Action Task Force (FATF). The regulated parties contemplated in Article 20(4) and (5) of Law No. 25.246, as amended, may apply special due diligence measures for identification to foreign investors in the Argentine Republic at the time of the remote opening of special investment accounts, in accordance with the provisions of the specific Resolution on this topic issued by the FIU.

Article 32. FIU Resolution No. 21/2018 – Customers supervised abroad.
Customers that carry out financial activities that are authorized, regulated and supervised adequately from an Anti-Money Laundering and Terrorist Financing standpoint in accordance with the FATF recommendations in the home country jurisdiction, as long as this jurisdiction is not considered to be non-cooperative or high risk by FATF, are subject to authorization and/prudential oversight by their respective specific oversight authorities, and have Cooperation Agreements or Memoranda of Understanding in effect signed with
the CNV and/or with the BCRA, may be subject to a special identification procedure as follows:
(a) they must obtain documentation from the customer or reliable sources to:
(1) identify the customer under the terms of Articles 23 and 24 of said law, indicating in an affidavit their primary activity for purposes of identifying the lawful origin of the funds.
(2) determine their respective authorization and registration by the supervisory authorities, specific authorization and/or oversight abroad, as well as their due oversight from an anti-money laundering and terrorist financing standpoint (AML/CFT).
(b) determine the existence of Cooperation Agreements or Memoranda of Understanding in effect, signed between the authorization agency and/or prudential oversight authority of the customer and the CNV or with the BCRA.
Regulated Entities must, in these cases, monitor and track the operations throughout the relationship with their customer with a risk-based focus, in accordance with the terms of Article 33(d). The documentation indicated in the above paragraphs may be sent electronically or by courier.

Open-Ended Mutual Funds:
There is a 25% limit on mutual fund portfolio investments in securities issued by nonresidents. Exceptions to this limit include negotiable securities issued pursuant to authorization in a MERCOSUR member country or Chile. The aforementioned exception does not apply in the case of Mutual Funds whose currency is legal tender in the Argentine Republic.

Closed-Ended Mutual Funds:
Closed-Ended Mutual Funds must invest directly and/or indirectly in assets located, established, originating, issued and/or based in Argentina, not resulting from the application of the provisions of the final part of the fifth paragraph of Article 6 of Law No. 24.083 as amended. This requirement will not be applied in the case of Closed-Ended Mutual Funds intended for financing technological innovation projects developed by companies established in Argentina with the potential for regional or international expansion by virtue of their activity.

When at least 75% of a Fund’s investment portfolio consists of assets authorized for open-ended mutual funds, it will be exempt from the requirement in the previous paragraph regarding their investments in these assets.

Open-Ended Mutual Funds:
There is a 25% limit on mutual fund portfolio investments in securities issued abroad. Exceptions to this limit include negotiable securities issued pursuant to authorization in a MERCOSUR member country or Chile. The aforementioned exception does not apply in the case of Mutual Funds whose currency is legal tender in the Argentine Republic.

Closed-Ended Mutual Funds:
Closed-Ended Mutual Funds must invest directly and/or indirectly in assets located, established, originating, issued and/or based in Argentina, not resulting from the application of the provisions of the final part of the fifth paragraph of Article 6 of Law No. 24.083 as amended. This requirement will not be applied in the case of Closed-Ended Mutual Funds intended for financing technological innovation projects developed by companies established in Argentina with the potential for regional or international expansion by virtue of their activity.
activity.

When at least 75% of a Fund’s investment portfolio consists of assets authorized for open-ended mutual funds, it will be exempt from the requirement in the previous paragraph regarding their investments in these assets.

Open-Ended Mutual Funds:
Mutual funds must invest a minimum of 75% in assets issued and negotiated in Argentina. Assets issued in Argentina are defined as negotiable securities authorized to be issued in a MERCOSUR member country and in the Republic of Chile. In the event that the currency of the Fund is legal tender in the Argentina Republic, at least 75% of the capital of said Fund must be invested in negotiable securities and financial instruments issued in Argentina, exclusively in that currency.

Closed-Ended Mutual Funds:
Closed-Ended Mutual Funds must invest directly and/or indirectly in assets located, established, originating, issued and/or based in Argentina, not resulting from the application of the provisions of the final part of the fifth paragraph of Article 6 of Law No. 24.083 as amended. This requirement will not be applied in the case of Closed-Ended Mutual Funds intended for financing technological innovation projects developed by companies established in Argentina with the potential for regional or international expansion by virtue of their activity.

When at least 75% of a Fund’s investment portfolio consists of assets authorized for open-ended mutual funds, it will be exempt from the requirement in the previous paragraph regarding their investments in these assets.

This information can be found at the AREAER ONLINE database: http://www.ELibrary-Areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification
Other managed arrangement

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/16/2019</td>
<td>It was decided that the adjustment to the intervention and non-intervention zone would be 0% for the rest of the year (keeping the lower and upper limits constant at 39.755 and 51.448 pesos per dollar, respectively).</td>
</tr>
<tr>
<td>04/29/2019</td>
<td>It was established that, because of the increase in exchange volatility, discretionary interventions could be made within what would become known as the Reference Zone (between 39.755 and 51.448 pesos per dollar) and that, if the exchange rate were above the upper limit, a total of US$250 million could be sold, maintaining the possibility of increasing this amount if deemed necessary. Additionally, the BCRA decided that it would not buy foreign exchange if the exchange rate breached the lower limit of the Reference Zone until July.</td>
</tr>
<tr>
<td>09/04/2019</td>
<td>Because the exchange rate followed a depreciating trend within a 2% band against the US dollar from September 2019, with a short period of stability (from November 2019 to January 2020), the de facto exchange rate arrangement was reclassified to “other managed” from “floating.”</td>
</tr>
</tbody>
</table>
Exchange bureaus may simultaneously carry out only activities related to tourism and sales of travel tickets. Previously, they could also participate in public offerings of securities, subject to the relevant legal provisions.

Exchange agencies may simultaneously carry out only activities related to tourism and sales of travel tickets. Previously, they may simultaneously carry out any commercial, industrial, or other type of activity, in accordance with the corresponding legal provisions.

Arrangements for Payments and Receipts

### Prescription of currency requirements

#### Use of foreign exchange among residents

Access to the foreign exchange market for the payment of debt and other foreign currency obligations is prohibited between residents with the following exceptions:

- foreign currency financing granted by local financial institutions, including payments for foreign currency consumer purchases via credit cards (Para. 3.6.1);
- foreign currency debts between residents taking the form of public instruments or entries in registries as of August 30, 2019 (Para. 3.6.2);
- new issues of debt securities intended to refinance debt included in Para. 3.6.2 and involving an increase in the average term of the obligations (Para. 3.6.3);
- issues of debt securities by residents with public registration in Argentina as from November 29, 2019, denominated and subscribed in foreign currency and the capital and interest of which are payable in Argentina in foreign currency, as long as all of the funds obtained have been sold on the foreign exchange market in accordance with the provisions of Para. 2.5 of the TO de EyC.

Previously, all individuals, legal entities, equity concerns, and other estates may operate freely on the foreign exchange market through authorized institutions without making the distinction by type of operation and/or residence of the customer.

### Payments arrears

Access to the foreign exchange market for the payment of debts due or payable on demand for imports of goods from related companies abroad is limited up to the equivalent of US$2 million per month per resident customer; higher amounts require the prior approval of the BCRA. These provisions are found in Para. 10.3.2.5 of the TO de EyC.

Para. 1.9 of the TO de EyC requires completion of the “Survey of External Assets and Liabilities,” even when no inflow of funds to the foreign exchange market has taken place and/or future access to this market is not planned.

Previously, there were no restrictions in the foreign exchange regulations on the payment of financial debts abroad, whether public or private.

### Resident Accounts

Communication A 6770 and Supplementary Provisions added various regulations to the previously existing regulations. Previously, domestic currency funds deposited in Argentina could be converted to foreign currencies without any limit.

Para. 5 established prior approval of the BCRA for access to the
foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the constitution of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to the contracting of derivative transactions.

Para. 6 established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance and derivative operations exceeding the equivalent of US$10,000 per month in all entities authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when the amount involved in relation to these items exceeds the equivalent of US$1,000 per month in the intervening institution, the operation must be conducted by debit to local accounts.

Communication A 6815 amended the aforementioned Para. 6 of Communication A 6770, establishing the first amount for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance, and derivative operations as US$200 per month and allowing the use of domestic currency cash for transactions up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

For access to the foreign exchange market without the prior approval of the BCRA, the institution must have an affidavit from the customer, indicating they have not conducted certain operations in securities.

Nonresident Accounts

Domestic currency accounts

Convertible into foreign currency

Para. 7 of Com. A 6770 established that access to the foreign exchange market by nonresident customers in amounts exceeding US$1,000 required the prior approval of the BCRA for purchases of foreign exchange, with the exception of international organizations, institutions acting as official export credit agencies, diplomatic and consular offices and diplomatic staff accredited to Argentina by means of transfers conducted in the exercise of their duties, and offices in Argentina of Tribunals, Authorities or Offices, Special Missions, Bilateral Agencies or Commissions established by International Treaties or Agreements to which the Argentine Republic is a party, to the extent that the transfers are conducted in the performance of their functions.

Previously, all individuals, legal entities, and certain trusts and other estates could operate freely on the foreign exchange market through authorized institutions, without any distinction by type of operation and/or residence of the customer.

Com. 6815 of October 28, 2019, amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100, with the additional exception of transfers abroad on behalf of individuals that receive pensions from the National Social Security Administration, up to the pension amount received in the calendar month and as long as the transfer is conducted via a bank account held by the beneficiary in his/her registered country of residence.

Said provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.

Para. 3.12 of the TO de EyC establishes that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange will require the prior approval of the BCRA, with
the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the aforementioned TO.

## Imports and Import Payments

<table>
<thead>
<tr>
<th>Financing requirements for imports</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payment requirements</td>
<td>09/01/19</td>
<td>Advance payments for imports of goods are allowed with the submission of supporting documentation, on condition that it is demonstrated that the goods enter the country within 180 days of access to the foreign exchange market. Previously, there were no restrictions on the various means used for import payments nor was approval required from the BCR to make payments.</td>
</tr>
<tr>
<td>Com A 6815</td>
<td>10/28/19</td>
<td>Com A 6815 reduced the period for demonstrating registration of the customs entry of the goods to 90 days in the case of advance payments for imports to suppliers not connected with the importer and the prior approval of the BCRA for advance payments for imports to suppliers connected with the importer.</td>
</tr>
<tr>
<td>Com A 6825</td>
<td>11/07/19</td>
<td>Com A 6825 sets the period for demonstrating registration of customs entry at 270 days for advance payments on capital goods and at 90 days for other goods.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Documentation requirements for release of foreign exchange for imports</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution must have all of the documentation needed to demonstrate the genuine nature of the import operation and its appropriate classification under the declared purpose. Previously, in foreign exchange matters, no documentation was required to make payments for imports using the various methods of payment.</td>
<td>09/01/19</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements were added for access to the foreign exchange market for payments for imports of goods or principal payments on debt originating in the import of goods, namely the prior approval of the BCRA is required unless the institution has an affidavit from the customer indicating that the payments made in 2020 (including the payment being requested) do not exceed the amount of formalizations between January 1, 2020, and the day prior to the access to the foreign exchange market, or that the operation meets one of the conditions set out in Paras. 2.2 through 2.7 of Com A 7030 and Supplementary Provisions.</td>
<td>05/28/20</td>
<td></td>
</tr>
</tbody>
</table>

## Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The equivalent in foreign exchange of exports with shipping licenses formalized up to the invoiced value, depending on the agreed terms of sale, must be repatriated and sold on the foreign exchange market within the periods established in Para. 1 of Com A 6770.</td>
<td>09/01/19</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export taxes</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decree No. 1201/2018 applies an export duty to the provision of services covered by Article 10(2)c of Law No. 22.415 (Customs Code) until December 31, 2020. The duty to apply is 12% up to a maximum of 4 pesos on each dollar of the taxable value. Micro and small enterprises that export less than US$600,000 annually are exempt from the payment, as long as they are registered with the SME Registry of the Ministry of Productive Development.</td>
<td>01/01/19</td>
<td></td>
</tr>
<tr>
<td>Law No. 27.541 on “Solidarity and the Reactivation of Production” eliminated the export duty ceilings of 4 pesos and 3 pesos per dollar exported, while a general tax rate of 12% remained in effect for all goods, with the exception of certain products such as soy-based products (33%), biodiesel (30%), peanuts, wheat flour and sunflower (7%), and peas, beans, chickpeas, lentils, sunflower oil, and sunflower seeds for human consumption (5%). As well, Law No. 27.541 on “Solidarity and the Reactivation of Production” establishes a universal export duty of 5% effective until</td>
<td>12/23/19</td>
<td></td>
</tr>
</tbody>
</table>
December 31, 2021, on exports of services, repealing Article 2 of Decree No. 1,201 of December 28, 2018, which established the limit of 4 pesos per dollar, but maintaining the exemption for SMEs exporting less than US$600,000.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Trade-related payments

Prior approval 12/06/2019

Prior approval of the BCRA is required for access to the foreign exchange market for the prepayment of debts for services and for service payments to related counterparties abroad, with the exception of:

- Credit card issuers by transfers for tourism and travel as long as they do not correspond to operations that require the prior approval of the BCRA, such as participation in gambling and betting and/or the transfer of funds to accounts with Payment Services Providers and/or to investment accounts with investment managers established abroad and/or for foreign exchange operations abroad and/or the purchase of cryptoassets, as set out in Para. 4.1.4;
- Local agents collecting funds in Argentina for services provided by nonresidents to residents;
- Expenditures paid by entities to entities abroad for regular operations;
- Payments of reinsurance premiums abroad, with the transfer abroad having to take place in the name of the foreign beneficiary approved by the National Superintendency of Insurance;
- Transfers by traveler assistance companies for payments of health coverage claims originating in services provided abroad by third parties to their resident customers;
- Payments of services related to the operational leasing of ships, subject to conditions, added as Para. 3.2.6 by Com A 6972.

Prior approval 12/06/2019

Prior approval of the BCRA is required to access the foreign exchange market for the prepayment of interest on commercial debts for the import of goods and services.

Indicative limits/bona fide test 09/01/2019

05/28/2020

For access to the foreign exchange market without the prior approval the BCRA, the institution must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).

The institution must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

Investment-related payments

Prior approval 01/17/2020

Access is authorized for transfers of foreign exchange abroad to nonresident shareholders for profits and dividends under the conditions set out in 3.4.1 through 3.4.6 of Para. 3.4 of the TO de EyC. Other cases require the prior approval of the BCRA to access the foreign exchange market for transfers abroad for these purposes.

Access to the foreign exchange market is allowed for the payment of principal and interest on foreign financial debts as long as compliance with the conditions indicated in Para. 3.5 of the TO de EyC is verified.

Prepayment more than 3 days before the due date requires prior approval except when such prepayment is made simultaneously with the settlement of funds under a new financial debt and compliance
with the other conditions indicated in Para. 3.5.3 is verified.

For access to the foreign exchange market without the prior approval of the BCRA, the institution must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).

The institution must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

Prior approval

Prior approval of the BCRA is required for access to the foreign exchange market for the prepayment of debts for services and to make service payments to related counterparties abroad, with the exception of:

- Credit card issuers by transfers for tourism and travel as long as they do not correspond to operations that require the prior approval of the BCRA, such as participation in gambling and betting and/or the transfer of funds to accounts with Payment Services Providers and/or to investment accounts with investment managers established abroad and/or for foreign exchange operations abroad and/or the purchase of cryptoassets, as set out in Para. 4.1.4;
- Local agents collecting funds in Argentina for services provided by nonresidents to residents;
- Expenditures paid by entities to entities abroad for regular operations;
- Payments of reinsurance premiums abroad, with the transfer abroad having to take place in the name of the foreign beneficiary approved by the National Superintendency of Insurance;
- Transfers by traveler assistance companies for payments of health coverage claims originating in services provided abroad by third parties to their resident customers;
- Payments of services related to the operational leasing of ships, subject to conditions, added as Para. 3.2.6 by Com A 6972.

For access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).

The entity must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

Prior approval

Para. 6 of Communication A 6770 and Supplementary Provisions established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance and derivative operations exceeding the equivalent of US $10,000 per month in all institutions authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when the amount involved for these items exceeds the equivalent of US $1,000 per month in the intervening institution, the operation must be conducted by debit to local accounts.

Communication A 6815 amended the aforementioned Para. 6, establishing the first amount indicated as US$200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

In addition to the general requirements established for outflow operations, Com. A 7030 and Supplementary Provisions established
that for access to the foreign exchange market without the prior approval of the BCRA, the institution must have an affidavit from the customer, indicating they have not conducted certain operations in securities (Para. 4).

New requirements were established indicating that beneficiaries of the loans at subsidized rates indicated in Com A 6993, 7006, and 7082 may not access the foreign exchange market to conduct these operations until payment in full of the loans.

Resident may access the market for the purchase of foreign currency banknotes for the purposes indicated without the prior approval of the BCRA under certain conditions, including that they do not exceed the equivalent of US$200 per calendar month in all entities and for all of the purposes indicated (Para. 3.8.1 of the TO) and that the operation takes place by debiting the accounts of the customer with local financial institutions, with the use of domestic currency cash allowed for operations up to the equivalent of US$100 per calendar month in all entities (Para. 3.8.2).

Nonresidents may purchase up to a maximum equivalent to US$100 from all entities for tourism and travel without prior approval from the BCRA, on the condition that the entity has verified in the BCRA online system that the customer has paid an amount equal to or exceeding the amount they wish to purchase within the previous 90 calendar days.

The entity must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.

Para. 1. Financial institutions and other local card issuers must have the prior approval of the BCRA to access the foreign exchange market for payments abroad relating to the use of credit, debit or prepaid cards issued in Argentina, when said payments result directly or indirectly from the use of international payment networks in the following operations: participation in specific types of gambling and betting and/or transfers of funds to Payment Services Providers and/or transfers of funds to investment accounts with investment managers established abroad and/or for foreign exchange operations abroad and/or for the purchase of various types of crypto assets.

Para. 2. Financial institutions and other local credit or charge card issuers may grant cash advances to cardholders abroad up to a maximum of US$50 per transaction.

Limit on cash advances to cardholders abroad was raised from US$50 to US$200 per transaction for cash withdrawals in countries not bordering on Argentina.

Financial institutions and other local card issuers must have the prior approval of the BCRA to access the foreign exchange market to make payments abroad relating to the use of credit, debit or prepaid cards issued in Argentina, resulting directly or indirectly from the use of international payment networks in the following transactions: participation in specific types of gambling and betting and/or transfers of funds to Payment Services Providers and/or transfers of funds to investment accounts with investment managers established abroad and/or foreign exchange operations abroad and/or the purchase of various types of crypto assets.

Financial institutions and other local credit or debit card issuers may grant cash advances to cardholders abroad up to a maximum of US$50 per transaction.

Com A 6948 increased that limit to US$200 per transaction for cash withdrawals in countries not bordering on Argentina.

The entity must have all of the documentation needed to demonstrate the genuine nature of the operation and its appropriate classification under the declared purpose.
**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

Para. 4 of Com A 6770 establishes that proceeds from the provision of services by residents to nonresidents must be repatriated and sold on the foreign exchange market within a maximum of 5 business days following their receipt abroad or in Argentina or their credit to accounts abroad.

**Capital Transactions**

**Repatriation requirements**

09/01/2019

Foreign financial debts disbursed as from September 1, 2019, must be repatriated and sold on the foreign exchange market as a prerequisite for subsequent access to the market for principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the General Exchange Position. These provisions are found in Para. 2.4 of the TO de EyC.

11/28/2019

Para. 1 of Com A 6838 establishes that issues of debt securities by residents that are registered in Argentina as from November 29, 2019, denominated and subscribed in foreign currencies and the capital and interest of which are payable in Argentina in foreign currencies, must be sold on the foreign exchange market as a requirement for subsequent access to the market for principal and interest payments. In the case of legal entities, the requirement is deemed to be met when the funds are included in the General Exchange Position (Para. 2.5 of the TO de EyC).

**Controls on capital and money market instruments**

**On capital market securities**

**Shares or other securities of a participating nature**

**Purchase locally by nonresidents**

09/01/2019

Access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.

10/28/2019

Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

12/27/2019

Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

**Sale or issue locally by nonresidents**

09/01/2019

Access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.

10/28/2019

Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

12/27/2019

Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

**Purchase abroad by residents**

10/28/2019

Communication A 6815 established the limit of US$200 per month for resident individuals from all entities and the remaining requirements established in the aforementioned paragraph must be...
Bonds or other debt securities

<table>
<thead>
<tr>
<th>Type</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>09/01/2019</td>
<td>Access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.</td>
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<tr>
<td></td>
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</tbody>
</table>

Sale or issue locally by nonresidents

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<tr>
<th>Date</th>
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</tr>
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<tbody>
<tr>
<td>09/01/2019</td>
<td>Access to the foreign exchange market by nonresident customers for any purpose, including the repatriation of investments, in amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.</td>
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</table>

Purchase abroad by residents

<table>
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<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/28/2019</td>
<td>Communication A 6815 established that for resident individuals there is a limit of US$200 per month with all entities, the remaining requirements established in the aforementioned paragraph must be met, and amounts above this limit are subject to prior approval. Legal entities require prior approval.</td>
</tr>
</tbody>
</table>

Sale or issue abroad by residents

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/01/2019</td>
<td>In the case of issues of debt securities, Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019, must be repatriated and the funds sold on the foreign exchange market as a requirement for later access to that market for purposes of principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the General Exchange Position. These provisions are found in Para. 2.4 of the TO de EyC.</td>
</tr>
</tbody>
</table>

On money market instruments

<table>
<thead>
<tr>
<th>Type</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>09/01/2019</td>
<td>Access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.</td>
</tr>
<tr>
<td></td>
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<td>12/27/2019</td>
<td>Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.</td>
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organizations, official export credit agencies, and diplomatic and consular offices.

10/28/2019 Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresidents to US$100.

12/27/2019 Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Purchase abroad by residents

10/28/2019 Communication A 6815 established that for resident individuals there is a limit of US$200 per month with all institutions, the remaining requirements established in the aforementioned paragraph must be met, and amounts above this limit are subject to prior approval. Legal entities require prior approval.

Sale or issue abroad by residents

09/01/2019 Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019, must be repatriated and the funds sold on the foreign exchange market as a requirement for later access to that market for principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the General Exchange Position. These provisions are collected in Para. 2.4 of the TO de EyC.

On collective investment securities

Purchase locally by nonresidents

09/01/2019 Access to the foreign exchange market by nonresident customers for amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of the foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.

10/28/2019 Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100.

12/27/2019 Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Sale or issue locally by nonresidents

09/01/2019 Para. 7 of Com A 6770 established that access to the foreign exchange market by nonresident customers in amounts exceeding US $1,000 required the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.

10/28/2019 Com A 6815 of October 28, 2019, amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers indicated to US$100.

12/27/2019 Com A 6855 of December 27, 2019, eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.

Purchase abroad by residents

10/28/2019 Communication A 6815 established that for resident individuals there is a limit of US$200 per month with all entities, the remaining requirements established in the aforementioned paragraph must be met, and amounts above this limit are subject to prior approval. Legal entities require prior approval.

Sale or issue abroad by residents

09/01/2019 In the case of issues, Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019, must be repatriated and the funds sold on the foreign exchange market as a requirement for later access to that market for principal and interest payments. Com A 6776 of September 5, 2019, provides that, in the case of institutions,
Controls on derivatives and other instruments

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<td>12/27/2019</td>
<td>Com A 6855 eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.</td>
</tr>
</tbody>
</table>

Sale or issue locally by nonresidents

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/01/2019</td>
<td>Access to the foreign exchange market by nonresident customers for any purpose, including repatriation, in amounts exceeding US$1,000 will require the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.</td>
</tr>
<tr>
<td>09/11/2019</td>
<td>All settlements of futures, forwards, options, and any other type of derivative contracted in Argentina by entities as from September 11, 2019, must be made in domestic currency.</td>
</tr>
<tr>
<td>10/28/2019</td>
<td>Com A 6815 amended Para. 7, reducing the amount of access to the foreign exchange market by nonresident customers to US$100. These provisions are found in Para. 3.12 of the TO established by Com A 6844 and Supplementary Provisions.</td>
</tr>
<tr>
<td>12/27/2019</td>
<td>Com A 6855 of December 27, 2019, eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.</td>
</tr>
</tbody>
</table>

Purchase abroad by residents

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/17/2019</td>
<td>Para. 3 of Com A 6814 allows access to the foreign exchange market for the payment of premiums, constitution of guarantees, and settlements corresponding to interest rate hedging contracts on foreign obligations of residents that have been declared and validated, if appropriate, in the “Survey of External Assets and Liabilities,” as they do not cover risks exceeding the foreign liabilities registered by the debtor at the interest rate for which the risk is covered in said contracts. A customer accessing the foreign exchange market using this mechanism must appoint an entity to track the operation and sign an affidavit in which they commit to repatriating and selling the funds payable to the local customer as a result of said operation or as a result of the release of the guarantee funds, within 5 business days.</td>
</tr>
</tbody>
</table>

Sale or issue abroad by residents

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/17/2019</td>
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</tr>
</tbody>
</table>

this requirement is deemed to be met when the funds are included in the General Exchange Position. These provisions are found in Para. 2.4 of the TO de EyC.
Liabilities,” as they do not cover risks exceeding the foreign liabilities registered by the debtor at the interest rate for which the risk is covered in said contracts.

A customer accessing the foreign exchange market using this mechanism must appoint an entity to track the operation and sign an affidavit in which they commit to repatriating and selling the funds resulting payable to the local customer as a result of said operation or as a result of the release of the guarantee funds, within 5 business days.

The remaining financial derivatives operations that are to be conducted by means of access the foreign exchange market by residents that are not entities authorized to deal in foreign exchange must comply with the conditions set out in Paras. 3.8 (Individuals) and 3.10 (Legal Entities) or, failing this, have the prior approval of the BCRA.

<table>
<thead>
<tr>
<th>Controls on credit operations</th>
<th>05/28/2020</th>
<th>05/28/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial credits</td>
<td>Communication A 7030 and Supplementary Provisions established that, for access to the foreign exchange market without the prior approval the BCRA, the entity must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Communication A 7030 and Supplementary Provisions established that, for access to the foreign exchange market without the prior approval the BCRA, the entity must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating that they have not conducted certain operations in securities (Para. 4).</td>
<td></td>
</tr>
</tbody>
</table>

Para. 5 requires prior approval from the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the formation of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to derivatives operations.

Para. 6 established prior approval for access to the foreign exchange market by resident individuals for the constitution of foreign assets, family assistance and derivative operations exceeding the equivalent of US$10,000 per month in all entities authorized to deal in foreign exchange and for all of the purposes indicated above. As well, when the amount involved for these purposes exceeds the equivalent of US$1,000 per month in the intervening entity, the operation must be conducted by debit to local accounts.

Communication A 6815 of October 28, 2019, amended the aforementioned Para. 6, establishing the first amount for access to the foreign exchange market by resident individuals as US$200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

Communication A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer, indicating they have not conducted certain operations in securities...
To residents from nonresidents 09/01/2019
Com A 6770 establishes that foreign financial debts disbursed as from September 1, 2019 must be repatriated and sold on the foreign exchange market as a requirement for subsequent access to the market for principal and interest payments. Com A 6776 of September 5, 2019 provides that, in the case of institutions, this requirement is deemed to be met when the funds are included in the General Exchange Position PGC. These provisions are found in Para. 2.4 of the TO de EyC.

Guarantees, sureties, and financial backup facilities
By residents to nonresidents
Guarantees, sureties, and financial backup facilities 05/28/2020
Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer regarding their holdings of foreign assets in Argentina and abroad (Para. 1) and indicating they have not conducted certain operations in securities (Para. 4).

Controls on direct investment
Outward direct investment
09/01/2019
Communication A 6770 and Supplementary Provisions added various provisions to the regulations then in effect.

Para. 5 requires prior approval from the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the formation of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to derivatives operations.

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10/28/2019
Com A 6815 amended the aforementioned Para. 6, establishing the amount of access to the foreign exchange market by residents as US $200 per month and allowing the use of domestic currency cash for operations up to the equivalent of US$100 per calendar month in all entities authorized to deal in foreign exchange.

05/28/2020
Com. A 7030 and Supplementary Provisions established that for access to the foreign exchange market without the prior approval of the BCRA, the entity must have an affidavit from the customer, indicating they have not conducted certain operations in securities (Para. 4).

Controls on liquidation of direct investment
09/01/2019
The liquidation of direct investments of nonresidents under Para. 7 of Com A 6770 in amounts exceeding US$1,000 required the prior approval of the BCRA for the purchase of foreign exchange, with various exceptions including international organizations, official export credit agencies, and diplomatic and consular offices.

10/28/2019
Com A 6815 of October 28, 2019, amended Para. 7, reducing the amount indicated to US$100.

12/27/2019
Com A 6855 of December 27, 2019, eliminated the exemption and provided that access to the foreign exchange market by nonresident customers for the purchase of foreign exchange would require the prior approval of the BCRA, with the exceptions indicated in Paras. 3.12.1 through 3.12.6 of the TO de EyC.
Communications A 6770 and Supplementary Provisions added various provisions to the regulations then in effect.

Para. 5 requires prior approval from the BCRA for access to the foreign exchange market by legal entities, local governments, mutual funds, and certain trusts and other estates established in Argentina for the formation of foreign assets (purpose codes A01, A02, A03, A04, A06, A07, A08, A09, A14, A16, and A17) and for the establishment of any type of guarantee related to derivatives operations.

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exchange and for all of the purposes indicated above. As well, when
the amount involved for these purposes exceeds the equivalent of
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10/28/2019 Com A 6815 amended the aforementioned Para. 6, establishing the
first amount indicated as US$200 per month and allowing the use
domestic currency cash for operations up to the equivalent of US$100
per calendar month in all entities authorized to deal in foreign
exchange.

05/28/2020 Com A 7030 and Supplementary Provisions established that for
access to the foreign exchange market without the prior approval of
the BCRA, the entity must have an affidavit from the customer,
indicating they have not conducted certain operations in securities
(Para. 4).

To residents from nonresidents
09/01/2019 Com A 6770 establishes that foreign financial debts disbursed as
from September 1, 2019, must be repatriated and sold on the foreign
exchange market as a requirement for subsequent access to the
market for principal and interest payments. Com A 6776 of
September 5, 2019, provides that, in the case of institutions, this
requirement is deemed to be met when the funds are included in the
General Exchange Position. These provisions are found in Para. 2.4
of the TO de EyC.

Provisions Specific to the Financial Sector

Provisions specific to
commercial banks and other
credit institutions

Borrowing abroad
09/01/2019 Com A 6770 establishes that foreign financial debts disbursed as
from September 1, 2019, must be repatriated and the funds sold on
the foreign exchange market as a requirement for later access to that
market for principal and interest payments. Com A 6776 of
September 5, 2019, provides that, in the case of institutions, this
requirement is deemed to be met when the funds are included in the
General Exchange Position. These provisions are collected in Para.
2.4 of the TO de EyC.

Purchase of locally issued
securities denominated in foreign
exchange
09/01/2019 Under Para. 5.9.3 of the TO de EyC, entities may not purchase
securities on the secondary market with settlement in foreign
exchange and may not use funds from their PGC to make payments
to local suppliers (Para. 5.9.4 of said TO).

Differential treatment of deposit
accounts in foreign exchange

Reserve requirements
02/01/2019 Saving deposits including payroll/social security and special deposits
are subject to a minimum cash requirement of 45% (previously 28%)
or 20% (previously 26%) (based on the category of financial
institution), or 25% for such deposits denominated in pesos or foreign
currency, respectively.

01/01/2020 The limit on the deduction of the minimum cash requirement based
on financing granted under the “AHORA 12” program was increased
from 1% to 1.5% (with the possibility of an additional 1%) of the
items subject to the requirement.

02/01/2020 A new deduction from the minimum cash requirement was
established for entities in Group A, equivalent to 30% of the sum of
peso financing to MSMEs granted at a maximum annual nominal
fixed interest rate of 40% with a limit of 2% of the items in peso
subject to the requirement.

The way in which the residual term of deposits with a prepayment
option in UVAs updatable on the basis of the CER should be
calculated – Law 25.827 (“UVA”).
The minimum cash requirement was reduced based on the special treatment provided for financing in UVAs updatable on the basis of the CER – Law 25.827 (“UVA”), to which a limit on the increase in the value of the installments to be paid is applied.
### ARMENIA

*(Position as of July 31, 2020)*

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>May 28, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: May 29, 1997.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

#### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Restrictions imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The currency of Armenia is the Armenian dram.

The exchange rate is classified as dual because of the agreement between the MOF and CBA to settle some budgetary transactions at

Under Article 28 of the AML/CFT Law, reporting entities and customs authorities are required to freeze the assets of persons designated under respective UNSC Resolutions or under lists established by the CBA. It is prohibited to make any property, economic resources, or financial or other related services available, directly or indirectly, wholly or jointly, to or for the benefit of terrorism-related or proliferation-related persons. Further specificities on applicable restrictions are provided under Guidance on Freezing of Property of Persons and Entities Related to Terrorism or Proliferation of Weapons of Mass Destruction, Providing Access to Frozen Property and Related Actions approved by the Decision of the Chairman of the CBA No. 1/435 – A of June 26, 2018. Decision of the Chairman of the CBA No. 1/434 – A of June 26, 2018, approved the Rules for Proposing Persons or Entities for Designation under the Lists published by or in accordance with the UNSC Resolutions and for Designating Persons or Entities under the Lists published by the CBA.

Financial transactions are restricted and accounts are frozen if they involve persons or entities designated under the lists of persons and entities related to terrorism pursuant to (1) the UNSC Resolutions 1373 and 1267 and (2) the list of current organizations associated with terrorism designated by the US Secretary of State.

There are no other security restrictions.

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an agreed accounting exchange rate throughout the fiscal year.

The de jure exchange rate arrangement is free floating. The CBA intervenes in the foreign exchange market only to smooth excessive exchange rate volatility, defined as short-term, high-frequency exchange rate movements caused by speculative or trend following elements rather than underlying macroeconomic fundamentals. The CBA intervenes anonymously mainly via auctions of foreign exchange, or openly in the interbank market, or through the stock exchange. The CBA publishes weekly intervention data through the stock exchange only on its website every Monday and publishes daily foreign exchange auction results on the local interbank platform.

The exchange rate of Armenian dram was relatively stable during 2019. The exchange rate was exposed to mainly appreciation pressures, caused by favorable developments in current account balance, mostly driven by exports of goods and services. Given the balance of payments (BOP) developments and taking into account the policy advice for reserve accumulation from IMF, CB intervened in foreign exchange market by purchasing US$565.6 mln in 2019 on net basis.

Because the exchange rate has appreciated within a 2% band against the US dollar from mid-February 2019, and stabilized from August 2019 to March 2020, the de facto exchange arrangement was reclassified twice: (1) to crawl-like from stabilized, effective January 2, 2019, and (2) to stabilized from crawl-like, effective August 12, 2019.

Every day the CB publishes official exchange rates. The official exchange rate against the US dollar is set as the weighted average of the buying and selling rates in the foreign exchange market. For other currencies, except for the SDRs of IMF, the official average exchange rates of Armenian dram are set as cross-rates using US dollar’s official exchange rate against corresponding currencies and official exchange rate of Armenian dram against US dollar published by the CBA. The official exchange rate is used for accounting purposes and for treasury operations connected with external debt service or to create new external obligations. All economic agents use the official exchange rate for bookkeeping and revaluation purposes.
Monetary policy framework

Exchange rate anchor

**U.S. dollar**

**Euro**

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework **Yes.**

Since 2006, the CBA has been implementing inflation-targeting framework.

Target setting body **Yes.**

Government **Yes.**

The Republic of Armenia Law on Budgetary System states that inflation target is jointly set by the government and the CBA. The inflation target is published in the Inflation Report every quarter, in the Medium-term Expenditure Program and in the State Budget Law.

Central Bank

**Monetary Policy Committee**

**Central Bank Board**

**Other**

Government and Central Bank

Inflation target **Yes.**

Target number **Yes.**

Point target

Target with tolerance band **Yes.**

The CPI inflation target is 4% with a ±1.5% tolerance band.

Band/Range

Target measure **Yes.**

The headline CPI is used as a target measure, which is calculated and published by the Statistical Committee of the Republic of Armenia. The inflation target is expressed in terms of 12-monthly inflation three years (12 quarters) ahead.

Core inflation

Target horizon **Yes.**

The CBA makes decisions regarding its monetary policy to meet the inflation target in the upcoming 12 quarters.

Operating target (policy rate) **Yes.**

The policy rate of the CBA is the refinancing rate, which is the lower bound for 7-day repo agreement auctions by the CBA. During 2019–2020, the refinancing rate was decreased from 5.75% to 4.5%. The refinancing rate was set at 5.75% as of January 29, 2019; 5.5% as of September 10, 2019; 5.25% as of March 17, 2020; and 5% as of April 28, 2020. As of June 16, 2020, the refinancing rate was decreased by 0.5pp to 4.5% The operational target of the CBA under the inflation-targeting regime is the short-term (1–7 days) interbank...
Target corridor band: Yes.

The target corridor band was steadily decreased during 2019–2020. The target corridor band was set at 4.25%–7.25% as of January 29, 2019; 4%–7% as of September 10, 2019; 3.75%–6.75% as of March 17, 2020; 3.5%–6.5% as of April 28, 2020; and 3%–6% as of June 16, 2020. The lower level of the band is the rate for Deposit facility and the upper level of the band is the rate for Lombard Repo agreement. The rates for both Deposit facility and Lombard Repo agreement are set as +1.5% and 1.5% from the policy rate. The short-term target of the CBA in IT framework is that short-term interest rates to be close to policy rate and not the target corridor band. The band is set only to limit excessive volatilities of interest rate in tail events.

Accountability: Yes.

Open letter: No.

Parliamentary hearings: Yes. According to the Law on the Central Bank, every year but no later than May 1, the CBA must present to the Parliamentary hearings the yearly statement of the CBA’s activity, which includes the report about the monetary policy program of first quarter of the current year and the report about implementation of monetary policy during the previous year.

Transparency: Yes.

Publication of votes: No.

Publication of minutes: Yes. The CBA publishes the press release on the CBA Interest Rates that contains a brief summary of discussions at the CBA Board meeting covering interest rates and the refinancing rate (repo interest rate) eight times a year. The Summary Minutes of the CBA Board Meeting on CBA Interest Rates, which are published within the next nine working days, contain the following information: the main trends of economic development, inflation, and financial markets; a summary of discussions held at the CBA Board meeting relative to the setting of the CBA Interest Rates; a decision on the interest rates of the monetary policy instruments. Effective June 30, 2020, the Governor of the CBA holds press conferences on the day of interest-rate decision explaining the main factors underlying the decision. The first press conference was held June 30, 2020, whereas the first press conference on the day of the decision making was held July 28, 2020.

Publication of inflation forecasts: Yes. The CBA publishes quarterly inflation reports, where it monitors the actual quarterly inflation in comparison with the projected one, explains the main underlying factors of any possible deviations, and discusses policy implications of bringing the inflation back to its projected path.

Other monetary framework

Exchange tax: No.

Exchange subsidy: No.

Foreign exchange market: Yes. Foreign exchange transactions take place in the interbank, intrabank, and stock exchange markets. The CBA participates mostly in the
interbank market via quick tender; it may also participate in the stock
exchange market. Commercial banks, foreign exchange dealers, and
credit institutions may freely set the exchange rate (as well as any
commissions) in transactions with their clients.

Effective April 15, 2020, according to the amendment of March 25,
Regulation and Currency Control, the foreign exchange dealer
trading is eliminated from the legislation of Armenia. (At the
moment of the amendment, notwithstanding the existing legislation,
there was no one licensed foreign exchange dealer.)

As of December 31, 2019, 17 commercial banks, 13 investment
companies, 5 investment fund managers, 43 credit institutions, 7
insurance companies, 3 insurance brokers, 8 pension funds, and 211
foreign exchange bureaus were licensed by the CBA and were in
operation. Foreign exchange entities carry out foreign exchange
transactions by freely setting their own buying and selling rates for
major currencies against the dram. The operations of foreign
exchange bureaus are limited: They are authorized to purchase and
sell foreign currency banknotes at freely determined rates only with
individuals. They may not make foreign currency payments and
transfers on behalf of their clients. Foreign exchange bureaus may
have accounts abroad.

**Spot exchange market**

Yes.

Purchases and sales of foreign currency may take place through
foreign exchange entities licensed by the CBA, including banks,
foreign exchange dealers investment companies, credit institutions,
and foreign exchange bureaus or, in the case of the government,
through the CBA, which acts as the government’s financial agent.
The CBA intervenes in the stock exchange only as a common market
participant.

Effective April 15, 2020, according to the amendment of March 25,
Regulation and Currency Control, the foreign exchange dealer
trading is eliminated from the legislation of Armenia. (At the
moment of the amendment, notwithstanding the existing legislation,
there was no one licensed foreign exchange dealer.)

**Operated by the central bank**

Yes.

**Foreign exchange standing facility**

No.

**Allocation**

No.

**Auction**

Yes. The CBA conducts foreign exchange transactions in the interbank
market via quick tender, announcing either the bid-ask rate or
volume. The underlying regulation is the CBA Monetary Policy
Indirect Instruments and Application Mechanisms – approved by
CBA Board Decree No. 7A of January 24, 2014. A master agreement
between the CBA and commercial banks governs sales and purchases
of foreign exchange, currency swaps, and currency cash and noncash
conversions. The auction has the following characteristics: (1)
preannouncement of either the exchange rate or volume; (2) no
predetermined frequency; (3) penalty of 0.5% of the transaction in
drams for banks that default on a foreign exchange transaction; (4)
no requirement to finance-specific international transactions with the
foreign exchange proceeds (retail auction); (5) purchases and sales
conducted with commercial banks that participate in the master
agreement; and (6) foreign exchange auction results published on the
local interbank platform.

**Fixing**

No.

**Interbank market**

Yes. Interbank foreign exchange transactions take place both on the stock
exchange and over the counter. All 17 banks licensed by the CBA (as of December 31, 2019) may freely participate in the interbank market both over the counter and on the stock exchange. There are no limits on bid-ask spreads and commissions for market participants, and there are no market makers in the foreign exchange market. As of December 31, 2019, ten banks were participating in the interbank market. The CBA does not intervene directly with market participants at their quoted rates. The CBA participates mostly in the interbank market via quick tender: announcing either fixed or variable tender. It may also participate in the stock exchange market.

The foreign exchange market operates both on the stock exchange and over the counter.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes. Under the Law on Payment and Settlement Systems and Payment and Settlement Organizations, payment organizations may transfer money in drams and foreign currencies. For transfers in a currency other than the currency of payment, the payable amount may be converted at the rate of the international payment system or at the payment organization’s internal rate.

<table>
<thead>
<tr>
<th>Controls on the use of domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Under the Law on Currency Regulation and Currency Control, prices of and payments (between residents of Armenia) for goods, services, wages, consumer credits, and interest to be paid on financial operations and investments in statutory and share capital of legal entities are quoted and made in drams only; winnings are also advertised and paid in drams. However, the following may be denominated and transacted in foreign currency: (1) charity, donation, and inheritance operations between residents; (2) noncash payments for BOP non-trade-related transactions; (3) noncash payments for BOP current and capital account transactions – between legal entities, private entrepreneurs, and legal entities and private entrepreneurs; and (4) noncommercial current account operations and payments between residents and nonresidents, except for salary.
payments. Nonresident individuals and residents may not use foreign exchange as a means of payment in Armenia. Effective July 21, 2020, according to the amendment of July 8, 2020, 359-N on the Law of the Republic of Armenia on Currency Regulation and Currency Control, the interest to be paid on loans and deposits denominated in foreign currency, as well as payments on foreign-currency-denominated bonds (including coupons), repo agreements, foreign-currency-denominated securities and payments associated with foreign currency or interest rate derivatives can also be made in foreign currency.

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Armenia has bilateral payments agreements with Russia and Turkmenistan, which are inoperative.

Armenia is a signatory of the 1993 Treaty of Economic Union (with Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Uzbekistan), which includes eventual establishment of a customs and payments union and cooperation on investment, industrial development, and customs procedures. Armenia also signed the Agreement on the Establishment of a Payments Union of CIS Member Countries and belongs to the Black Sea Economic Cooperation pact, together with Albania, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine. Bilateral FTAs were signed with Georgia, the Kyrgyz Republic, Kazakhstan, Moldova, Russia, Tajikistan, Turkmenistan, and Ukraine, but only the agreement with Russia is operational. Armenia is a member of the Eurasian Economic Union (EEU) with Belarus, Kazakhstan, and Russia. The CBA participates in the payment system of the Interstate Bank, which handles settlements among CBs of member countries.

<table>
<thead>
<tr>
<th>Clearing agreements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Administration of control**

Yes. The CBA is the main entity that formulates and administers exchange rate policy and issues foreign exchange regulations within Armenia. The CBA also has the overall responsibility for currency control, in close collaboration with the MOF. The CBA is responsible for supervision and control over the entities it licenses, including banks, foreign exchange dealers credit institutions, foreign exchange bureaus, and other financial entities.

Effective April 15, 2020, according to the amendment of March 25, 2020, 182-N on Law of the Republic of Armenia on Currency Regulation and Currency Control, the foreign exchange dealer trading is eliminated from the legislation of Armenia. (At the moment of the amendment, notwithstanding the existing legislation, there was no one licensed foreign exchange dealer.) The MOF is responsible for supervision and control over the activities of other agents.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no private arrears owing to regulations or other government actions.

**Controls on trade in gold (coins and/or)**

Yes.
<table>
<thead>
<tr>
<th>Section</th>
<th>Answer</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>bullion) On domestic ownership and/or trade</td>
<td>Yes</td>
<td>There are no restrictions on domestic ownership of gold. Export and import activities with gold to and from countries other than members of the EEU are allowed under a license granted by the Ministry of Economy. Residents may purchase, hold, and sell gold coins for numismatic purposes. Only the monetary authorities may acquire or hold gold domestically or abroad in any form other than numismatic coins and jewelry.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes</td>
<td>Pursuant to Republic of Armenia Government Resolution No. 83-N, exports to and imports from countries other than members of the EEU are allowed under a license granted by the Ministry of Economy.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No</td>
<td>Within the Customs Union, individuals may move unlimited cash and/or monetary instruments without declaration. A declaration is required in the case of imports from third countries (countries that are not Customs Union members) or exports to third countries of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities) (CBA Resolution No. 106-N of April 29, 2014). Banks are permitted freely import and export domestic and foreign currency provided they comply with the requirements of the customs legislation.</td>
</tr>
<tr>
<td>On exports</td>
<td>No</td>
<td>There are no restrictions on the amount of cash in domestic or foreign currency that may be exported by individuals. Within the Customs Union, individuals may move unlimited cash and/or monetary instruments without declaration. A declaration is required in the case of exports to third countries (countries that are not Customs Union members) of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities). Banks are permitted freely export domestic and foreign currency provided they comply with the requirements of the customs legislation.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No</td>
<td>There are no restrictions on the amount of cash in domestic currency that may be exported by individuals. Within the Customs Union, individuals may move unlimited cash and/or monetary instruments without declaration. A declaration is required in the case of exports to third countries (countries that are not Customs Union members) of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities). Banks are permitted freely export domestic and foreign currency provided they comply with the requirements of the customs legislation.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No</td>
<td>There are no restrictions on the amount of cash in foreign currency that may be exported by individuals. Within the Customs Union, individuals may move unlimited cash and/or monetary instruments without declaration. A declaration is required in the case of exports to third countries (countries that are not Customs Union members) of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities). Banks are permitted freely export domestic and foreign currency provided they comply with the requirements of the customs legislation.</td>
</tr>
</tbody>
</table>
On imports

No. Within the Customs Union, individuals may move unlimited cash and/or monetary instruments without declaration. A declaration is required in the case of imports from third countries (countries that are not Customs Union members) of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities). Banks are permitted freely import domestic and foreign currency provided they comply with the requirements of the customs legislation.

**Domestic currency**

No. Within the Customs Union, individuals may move unlimited cash and/or monetary instruments without declaration. A declaration is required in the case of imports from third countries (countries that are not Customs Union members) of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities). Banks are permitted freely import domestic and foreign currency provided they comply with the requirements of the customs legislation.

**Foreign currency**

No. Within the Customs Union, individuals may move unlimited cash and/or monetary instruments without declaration. A declaration is required in the case of imports from third countries (countries that are not Customs Union members) of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities). Banks are permitted freely import domestic and foreign currency provided they comply with the requirements of the customs legislation.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

Foreign exchange accounts permitted

Yes.

Held domestically

Yes. Residents are allowed to hold foreign exchange accounts domestically. The rules are the same as for domestic currency accounts. Foreign exchange balances may be transferred abroad freely. Identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities.

Approval required

No.

Held abroad

Yes. Residents are allowed to hold foreign exchange accounts abroad, and the balances may be transferred to Armenia freely. Identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities.

Approval required

No.

Accounts in domestic currency held abroad

Yes. Residents are allowed to hold accounts abroad in domestic currency, and the balances may be transferred to Armenia freely. Identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities.

Accounts in domestic currency convertible into foreign currency

Yes. Identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities. Balances of these accounts may be freely converted to foreign currency.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
Nonresident Accounts

Foreign exchange accounts permitted Yes. Nonresidents are allowed to hold foreign exchange accounts in Armenia, and the balances may be transferred abroad freely. Identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities.

Approval required No.

Domestic currency accounts Yes. Nonresidents are allowed to hold domestic currency accounts in Armenia, and the balances may be transferred abroad freely. Identification is required in all cases to prevent money laundering, the financing of terrorism, and other unlawful activities.

Convertible into foreign currency Yes. Balances of these accounts may be freely converted to foreign currency.

Approval required No.

Blocked accounts No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

Minimum financing requirements No.

Advance payment requirements No.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports No.

Domiciliation requirements No.

Preshipment inspection No.

Letters of credit No.

Import licenses used as exchange licenses No.

Other No.

Import licenses and other nontariff measures Yes.

Positive list No.

Negative list Yes. Import license from the Ministry of Economy (Licensing Agency) is required for imports of white sugar (EEU Foreign Economic Activity Commodity Nomenclature 1701 99 100 1 and 1701 99 100 9) from third (non-EEU) countries. Import licenses from the Ministry of Agriculture and Ministry of Health are required and are granted on a case-by-case basis for imports of drugs and other pharmaceuticals and pesticides. Imports of weapons, military equipment and parts, and explosives require government authorization. An MOF license is required for importation of firework materials and natural and artificial diamonds unless they are mounted and set. A license from
an authorized government agency is required for importation, exportation, and transport of strategic goods.

<table>
<thead>
<tr>
<th>Item</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange</td>
<td>No.</td>
</tr>
<tr>
<td>system</td>
<td></td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and</td>
<td></td>
</tr>
<tr>
<td>hyperlinks</td>
<td></td>
</tr>
<tr>
<td>Exports and Export Proceeds</td>
<td></td>
</tr>
</tbody>
</table>

Armenia is a member of the EEU with Belarus, Kazakhstan, Kyrgyz Republic, and Russia. There are no customs procedures within EEU member countries. Products imported from CIS countries are exempt from import tariffs. Imports from third countries are subject to import tariffs in accordance with the EEU Decree No. 54 of July 16, 2012. However, Armenia applies the tariffs that were used prior to joining the EEU on imports for more than 800 products based on the agreed schedule. Meanwhile, according to the Membership Agreement, Armenia secured customs duty preferences for imports to Armenia for a list of products.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Export licenses from the Ministry of Economy (Licensing Agency) are required for exports to third countries (non-EEU member) for precious metals, precious stones, unprocessed precious metals, waste and scrap of precious metals, precious metal ores and concentrates, and raw materials containing precious metals. Permits are required for exports of medicines, wild animals, and plants. In addition, special government permission is required for exports of nuclear technology and waste, related nonnuclear products, and technology with direct military applications. Minimum threshold prices for exports of ferrous and nonferrous metals and reexports of foreign-produced goods remain in effect. Permits are required for exports of
natural and artificial diamonds, except if mounted and set. A license from an authorized government agency is required for exportation and transport of strategic goods.

With quotas No.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

Trade-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Payments for travel No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Personal payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Foreign workers' wages No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Credit card use abroad No.

Prior approval No.

Quantitative limits No.
| **Indicative limits/bona fide test** | No. |
| **Other payments** | No. |
| **Prior approval** | No. |
| **Quantitative limits** | No. |
| **Indicative limits/bona fide test** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

| **Repatriation requirements** | No. |
| **Surrender requirements** | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Restrictions on use of funds** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

| **Controls on capital transactions** | Yes. |
| **Repatriation requirements** | No. |
| **Surrender requirements** | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Controls on capital and money market instruments** | Yes. |
| **On capital market securities** | Yes. |
| **Shares or other securities of a participating nature** | Yes. |
| **Purchase locally by nonresidents** | No. |
| **Sale or issue locally by nonresidents** | Yes. |

**Controls on capital and money market instruments**

The CBA reserves the right to impose capital controls to maintain the stability of the financial system and prevent money laundering and financing of terrorism, and for statistical purposes.

**On capital market securities**

Under the Republic of Armenia Law “On Securities Market,” the public sale of securities (including shares or other equity securities) of nonresidents must be handled by a local investment services provider (agent).

This requirement refers only to nonresident issuers with the aim of local investor protection. In particular, considering the fact that local investment services providers are under the CBA supervision, this legal provision gives the CBA a tool of effective control over the sale or issue of a nonresident securities.

The control measures over such sale or issue are implemented mostly through the prospectus and/or other sale (issue) documents, which are submitted to the CBA for approval prior to the sale or issue of
such securities. Moreover, if the securities are admitted to trading on the regulated market, additional control measures are implemented by both CBA and regulated market operator via the listing procedures, as well as periodic and ongoing reporting requirements.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Law of the Republic of Armenia “On Securities Market” does not restrict the purchase of bonds or other debt securities by nonresidents (either from nonresidents or from residents).

Under the Law of the Republic of Armenia “On Securities Market,” the public sale of securities (including bonds or other securities) of nonresidents must be handled by a local investment services provider (agent).

This requirement refers only to nonresident issuers with the aim of local investor protection. In particular, considering the fact that local investment services providers are under the CBA supervision, this legal provision gives the CBA a tool of effective control over the sale or issue of a nonresident securities.

The control measures over such sale or issue are implemented mostly through the prospectus and/or other sale (issue) documents, which are submitted to the CBA for approval prior to the sale or issue of such securities. Moreover, if the securities are admitted to trading on the regulated market, additional control measures are implemented by both CBA and regulated market operator via the listing procedures, as well as periodic and ongoing reporting requirements.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Money market instruments are exempt from the requirement that the public sale of securities of nonresidents must be handled by a local investment services provider (agent).

A lighter regulatory framework applies to money market instruments irrespective of the issuer residence (resident or nonresident) compared to the capital market instruments.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Under the Law of the Republic of Armenia “On Securities Market,” the public sale of securities (including collective investment securities) of nonresidents must be handled by a local investment services provider (agent).

This requirement refers only to nonresident issuers with the aim of local investor protection. In particular, considering the fact that local investment services providers are under the CBA supervision, this legal provision gives the CBA a tool of effective control over the sale or issue of a nonresident securities (including collective investment...
securities). The control measures over such sale or issue are implemented mostly through the prospectus and/or other sale (issue) documents (for example, fund rules), which are submitted to the CBA for approval prior to the sale or issue of such securities. Moreover, if the securities are admitted to trading on the regulated market, additional control measures are implemented by both CBA and regulated market operator via the listing procedures, as well as periodic and ongoing reporting requirements.

<table>
<thead>
<tr>
<th>Financial Instrument Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
</tbody>
</table>
### Loans

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Gifts, endowments, inheritances, and legacies

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Settlement of debts abroad by immigrants

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
</tbody>
</table>

### Transfer of assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
</tbody>
</table>

### Transfer abroad by emigrants

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
</tbody>
</table>

### Transfer into the country by immigrants

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
</tbody>
</table>

### Transfer of gambling and prize earnings

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Provisions Specific to the Financial Sector

#### Provisions specific to commercial banks and other credit institutions

Yes.

CBA Board Resolution No. 39 of February 9, 2007, on approval of Regulation No. 2 on regulation of prudential standards for banking and CBA Board Resolution No. 347-N of November 5, 2002, on approval of Regulation No. 14 on the regulation of the activities of credit organizations, the prudential standards of activities of credit organizations, set prudential standards, and ratios for banks and credit institutions.

<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Reserve requirements

Yes.

The minimum reserve requirement is 2% for funds attracted in drams under the CBA Resolution No. 299-N of December 24, 2013. Effective June 8, 2019, under the CBA Resolution No. 75-N of June 7, 2019, the minimum reserve requirement for foreign currency funds is 18%, 16% of which is held in Armenian drams and the other 2% for funds attracted in EUR is held in euros, for funds attracted in US dollar and other foreign currencies is held in US dollar. (Previously, under the CBA Resolution No. 146-N of September 20, 2016, the minimum reserve requirement was 18% for foreign currency funds, which is fully held in drams.) The reserve requirement for residents’ and nonresidents’ deposits is not remunerated. If the funds come from bonds issued by the bank, meet certain requirements, and have a contractual maturity of at least two years, the minimum reserve requirement is reduced by 2%.
requirement is 0% for funds in drams and 0% or 4.5% of funds in foreign currency (CBA Resolution No. 44-N of February 24, 2015). If the funds come from bonds issued by the bank, meet certain requirements, and have a contractual maturity of at least four years, the minimum reserve requirement is 0% for funds in drams and 0%, 2.25%, or 4.5% of funds in foreign currency (CBA Resolution No. 236-N of November 10, 2015). If the funds are attracted from certain international financial institutions and the period prior to repayment of attracted resource is not less than two years, the minimum reserve requirement is 0% for funds in drams and 4.5% for funds in foreign currency (CBA Resolution No. 44-N of February 24, 2015). If the funds are attracted from certain international financial institutions and the period prior to repayment of attracted resource is not less than four years, the reserve requirement is 0% for funds in drams and 2.25% for funds in foreign currency (CBA Resolution No. 236-N of November 10, 2015).

Liquid asset requirements

Yes.

CBA Resolution No. 168-N of June 26, 2012, specifies the foreign exchange liquidity ratio requirements. For the total liquidity ratio of highly liquid assets to total assets, the floor is 4% for assets in one of the following: SDRs, US dollars, euros, pounds sterling, Japanese yen, Swiss francs, Canadian dollars, Swedish kronor, Danish kroner, Australian dollars, and monetary gold. If liabilities in another currency exceed 5% of total liabilities on a monthly basis, a special general liquidity ratio applies, which includes assets in that particular currency and US dollars and euros. The floor of the special ratio is 4%. For the current liquidity ratio of highly liquid assets to demand liabilities, the floor is 10% for assets and liabilities in one of the following: SDRs, US dollars, euros, pounds sterling, Japanese yen, Swiss francs, Canadian dollars, Swedish kronor, Danish kroner, Australian dollars, and monetary gold. If liabilities in another currency exceed 5% of total liabilities on a monthly basis, a special current liquidity ratio applies, which includes assets and liabilities in that particular currency and US dollars and euros. The floor of the special ratio is 10%. The total liquidity ratio and current liquidity ratio are 15% and 60%, respectively, for all currencies; no special liquidity ratio is required for domestic currency.

Interest rate controls

No.

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents

No.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

Yes.

Investment transactions of banks operating in Armenia are regulated by Article 35 of the Law on Banks and Banking, which applies to transactions in Armenia and abroad. Under Article 35 of the Law on Banks and Banking, unless permitted by the CBA, bank operations may not lead to (1) acquisition of 4.99% or more participation in the statutory fund of any other person; (2) acquisition of equity interest in the statutory fund of one person exceeding 15% of the bank’s total capital; or (3) acquisition of equity interest in the statutory funds of

Abroad by banks

Yes.
other persons exceeding 35% of the bank’s total capital. CBA consent is required for transactions that result in a bank’s participation in the statutory fund of another or the same person exceeding 9%, 15%, 25%, 35%, 50%, or 70% or leading to 100%.

In banks by nonresidents

Under Article 18 of the Law on Banks and Banking, significant ownership in banks by residents or nonresidents must be approved by the CBA. Under Article 9 of this law and other laws regulating banking activity, significant participation in a legal entity means (1) ownership of 10% or more of voting stocks (shares) of the legal entity or (2) ownership of less than 10% of voting stocks (shares) or ownership with no voting power but in the opinion of the CB able to determine the decisions of management, exercise significant influence over decision making and application of decisions, or determine the targets and spheres of a legal entity’s activity through participation, directly or indirectly, business reputation, and standing. According to this law and other laws regulating banking activities, significant interest means that a legal entity is able to determine the decisions of management, influence decision making or application, or determine the targets and spheres of a legal entity’s activity.

According to the point 5 of the Article 18 of the Law on Banks and Banking, physical entities permanently residing or acting in offshore zones, as well as legal entities or entities with no legal status determined or incorporated there and parties related with them may acquire participation in the statutory capital of a bank (regardless of the extent of the participation) through one or a number of transactions only through the procedure outlined in this Article, after securing preliminary consent of the CB.

The legal entities determined with participation of parties listed in this article or parties related with them may acquire participation in the statutory capital of a bank (regardless of the extent of the participation) only through the procedure outlined in this Article, after securing preliminary consent of the CB.

The described regulations are of a prudential nature and not a form of a capital control.

Open foreign exchange position limits

The limits on open foreign exchange positions are calculated with and without including derivatives. A limit of 7% of capital applies on open foreign exchange positions of individual currencies, and a limit of 10% of capital applies on aggregate gross foreign exchange positions of all currencies. For the purpose of calculation, currencies are grouped into two categories: (1) SDR, US dollar, euro, Japanese yen, pound sterling, Swiss franc, Swedish krona, Danish koruna, Australian dollar, Canadian dollar, and bank gold and (2) all other currencies. Derivatives contracts with international organizations (for example, ECB, IMF, World Bank), multilateral development banks, sovereigns, CBs, and foreign commercial banks rated at least A+ (A1) are included in the calculation of limits on open foreign exchange positions, which exclude derivatives.

On resident assets and liabilities

There is no differentiated approach between resident and nonresident assets and liabilities when calculating open foreign exchange position. The limits on open foreign exchange positions are calculated with and without including derivatives. A limit of 7% of capital applies on open foreign exchange positions of individual currencies, and a limit of 10% of capital applies on aggregate gross foreign exchange positions of all currencies. For the purpose of the calculation, currencies are grouped into two categories: (1) SDR, US dollar, euro, Japanese yen, pound sterling, Swiss franc, Swedish krona, Danish koruna, Australian dollar, Canadian dollar, and bank gold and (2) all other currencies. Derivatives contracts with international organizations (for example, ECB, IMF, World Bank),
multilateral development banks, sovereigns, CBs, and foreign commercial banks rated at least A+ (A1) are included in the calculation of limits on open foreign exchange positions, which exclude derivatives.

**On nonresident assets and liabilities**

Yes. There is no differentiated approach between resident and nonresident assets and liabilities when calculating open foreign exchange position. The limits on open foreign exchange positions are calculated with and without including derivatives. A limit of 7% of capital applies on open foreign exchange positions of individual currencies, and a limit of 10% of capital applies on aggregate gross foreign exchange positions of all currencies. For the purpose of calculation, currencies are grouped into two categories: (1) SDR, US dollar, euro, Japanese yen, pound sterling, Swiss franc, Swedish krona, Danish koruna, Australian dollar, Canadian dollar, and bank gold and (2) all other currencies. Derivatives contracts with international organizations (for example, ECB, IMF, World Bank), multilateral development banks, sovereigns, CBs, and foreign commercial banks rated at least A+ (A1) are included in the calculation of limits on open foreign exchange positions, which exclude derivatives.

**Provisions specific to institutional investors**

Yes. The only institutional investors in Armenia are insurance companies, investment companies, and pension funds. As of December 31, 2019, there were seven insurance companies, 13 investment companies, 29 investment funds, and eight pension funds in operation.

**Insurance companies**

Yes. The insurance companies are regulated according to the Law on Insurance and Insurance Activity and other legal acts.

**Limits (max.) on securities issued by nonresidents**

No. There are no limits specifically targeted toward securities issued by nonresidents.

**Limits (max.) on investment portfolio held abroad**

No. There are no limits specifically targeted toward investment portfolios held abroad.

However, under CBA Resolution No. 311-N of October 2, 2007, on approval of CBA Regulation No. 3/02 concerning prudential standards of insurance companies, there are limits regarding the asset composition of technical reserves. The maximums are (1) 3% on cash holdings; (2) 100% on Armenian government securities, CBA securities, and deposits in the CBA; (3) 5% for a single issuer and 40% for all issuers of state and corporate securities and bank accounts and deposits by issuers rated A+, A1, or A or higher by Standard & Poor’s, Fitch, Moody’s, A.M. Best; and nongovernmental bonds issued by the EBRD, ECB, EIB, and other international organizations (where Armenia has a membership) (CBA Resolution No. 176-N of June 23, 2013); (4) 10% for a single issuer and 40% for all issuers of securities, issued by financial organizations, operating in Armenia, securities from issuers rated A, B, or C by the CBA (CBA Resolution No. 225-N of August 12, 2014); (5) 20% for a single issuer and 100% for all issuers for accounts and deposits in banks operating in and lending to banks operating in Armenia; (6) 5% for a single issuer and 20% for all issuers for loans to insurance companies, investment companies, and credit institutions (collecting funds through public offer) operating in Armenia; (7) 10% for a single issuer and 50% for all issuers of securities by current (market) value, which were purchased through repo agreements; and (8) 5%, but not more than 100 million Armenian drams, on units of investment funds in fair value, which are registered by the CBA, implement their investment policy in Armenia, and there are not any bidding conditions to sell these units in the future.

**Limits (min.) on investment portfolio held locally**

No. There are no limits specifically targeted toward investment portfolios held locally.
However, under CBA Resolution No. 311-N of October 2, 2007, on approval of CBA Regulation No. 3/02 concerning prudential standards of insurance companies, there are limits regarding the asset composition of technical reserves. The maximums are (1) 3% on cash holdings; (2) 100% on Armenian government securities, CBA securities, and deposits in the CBA; (3) 5% for a single issuer and 40% for all issuers of state and corporate securities, bank accounts and deposits by issuers rated A+, A1, or A or higher by Standard & Poor’s, Fitch, Moody’s, and A.M. Best and nongovernmental bonds issued by the EBRD, ECB, EIB, and other international organizations (where Armenia has a membership) (CBA Resolution No. 176-N of June 23, 2013); (4) 10% for a single issuer and 40% for all issuers of securities, issued by financial organizations, operating in Armenia, securities from issuers rated A, B, or C by the CBA (CBA Resolution No. 225-N of August 12, 2014); (5) 20% for a single issuer and 100% for all issuers for accounts and deposits in banks operating in and lending to banks operating in Armenia; (6) 5% for a single issuer and 20% for all issuers for loans to insurance companies, investment companies, and credit institutions (collecting funds through public offer) operating in Armenia; (7) 10% for a single issuer and 50% for all issuers of stocks by current (market) value, which were purchased through repo agreements; and (8) 5%, but not more than 100 million Armenian drams, on units of investment funds in fair value, which are registered by the CBA, implement their investment policy in Armenia, and there are not any bidding conditions to sell these units in the future.

Limits on foreign exchange positions conform to CBA Resolution No. 368-N of December 20, 2011, and amendments, and the addition to CBA Regulation No. 3/02 concerning the prudential standards of insurance companies. The limits on open foreign exchange positions include inclusive and exclusive derivatives. A limit of 7% of capital applies on open foreign exchange positions of individual currencies, and a limit of 10% of capital applies on gross foreign exchange positions of all currencies. Derivatives contracts with international organizations (for example, ECB, IMF, World Bank), multilateral development banks, sovereigns, CBs, and foreign financial companies rated at least A+ (A1/A); and currency; and foreign exchange swaps are included in the calculation of open foreign exchange positions, which exclude derivatives. Foreign exchange risk is captured in the calculations of the capital adequacy ratio. Under CBA Resolution No. 151-N of June 29, 2010, on approval of amendments and the addition to CBA Regulation No. 3/02, the insurance companies’ capital adequacy ratio is calculated as the ratio of total capital to the sum of risk-weighted assets and required solvency, with the risk-weighted assets calculated as follows: 0.12 × (credit risk + foreign exchange risk) + operational risk. Under Regulation No. 3/02, an insurance company’s foreign exchange risk is the highest of each day’s end-of-day maximum foreign exchange positions during the reporting month.

Pension funds are regulated according to the Republic of Armenia Law “On Funded Pensions.” According to the Republic of Armenia Law “On Funded Pensions,” the total investments in securities issued or fully guaranteed by a foreign state or its CB may not exceed 40% of the total assets of a mandatory pension fund. The total investment in one issue (tranche) may not exceed 20% of the total assets of the fund. According to CBA Board Resolution No. 161-N of July 15, 2014, on Approving Regulation No. 10/30 “On Quantitative and Foreign
Currency Restrictions for Voluntary Pension Funds’ Investments,” the total investments in securities issued or fully guaranteed by a foreign state or its CB may not exceed 40% of the total assets of a voluntary pension fund. The total investment in one issue (tranche) may not exceed 20% of the total assets of the fund.

Though there are no direct limits on investment portfolios held abroad, however, an indirect limit is set by the Republic of Armenia Law “On Funded Pensions” for mandatory pension funds and by CBA Board Resolution No. 161-N of July 15, 2014, on Approving Regulation No. 10/30 “Quantitative and Foreign Currency Restrictions for Voluntary Pension Funds’ Investments” for voluntary pension funds.

The total foreign exchange investments of mandatory pension funds are limited at 40% of the total assets of the fund. For voluntary pension funds, the limit is set at 50%.

The total amount of non-convertible foreign exchange investments of mandatory and voluntary pension funds may not exceed 3% of total assets.

The credit ratings of foreign banks, in which the assets of mandatory pension funds may be invested, may not be lower than Standard & Poor’s “BBB,” Moody’s “Baa3,” or Fitch’s “BBB.”

The credit ratings of foreign banks, in which the assets of voluntary pension fund may be invested, may not be lower than Standard & Poor’s “BBB,” Moody’s “Baa3,” or Fitch’s “BBB.”

The credit ratings of foreign issuers (if guaranteed by any third person, then of that guarantor), in debt securities of which the assets of voluntary pension funds may be invested, may not be lower than Standard & Poor’s “BBB,” Moody’s “Baa3,” or Fitch’s “BBB-.” except for debt securities issued or fully guaranteed by the foreign state or its CB.

According to the Republic of Armenia Law “On Funded pensions,” the total amount of foreign-exchange-denominated investments may not exceed 40% of the total assets of a mandatory pension fund. According to CBA Board Resolution No. 161-N of July 15, 2014, the total amount of foreign-exchange-denominated investments may not exceed 50% of the total assets of a voluntary pension fund.

Investment firms are regulated by the Republic of Armenia Law “On Securities Market.”

Collective investment funds are regulated according to the Republic of Armenia Law “On Investment Funds.”

Foreign exchange risk of investment firms is captured in calculations of the capital adequacy ratio, as component of market risk.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement
Because the exchange rate has stabilized from August 2019 to March 2020, the de facto exchange arrangement was reclassified to stabilized from crawl-like.

Because the exchange rate has appreciated within a 2% band against the US dollar from mid-February 2019, the de facto exchange arrangement was reclassified to crawl-like from stabilized.

The Governor of the Central Bank of Armenia holds press conferences on the day of interest-rate decision explaining the main factors underlying the decision. The first press conference was held June 30, 2020, where the Governor of the CBA presented monetary policy program of second quarter of 2020, whereas the first press conference on the day of the decision making was held July 28, 2020.

According to the amendment of March 25, 2020, 182-N on Law of the Republic of Armenia on Currency Regulation and Currency Control, the foreign exchange dealer trading is eliminated from the legislation of Armenia. (At the moment of the amendment, notwithstanding the existing legislation, there was no one licensed foreign exchange dealer.)

According to the amendment of July 8, 2020, 359-N on the Law of the Republic of Armenia on Currency Regulation and Currency Control, the interest to be paid on loans and deposits denominated in foreign currency, as well as payments on foreign-currency-denominated bonds (including coupons), repo agreements, foreign-currency-denominated securities and payments associated with foreign currency or interest rate derivatives can also be made in foreign currency.

According to the amendment of March 25, 2020, 182-N on Law of the Republic of Armenia on Currency Regulation and Currency Control, the foreign exchange dealer trading is eliminated from the legislation of Armenia. (At the moment of the amendment, notwithstanding the existing legislation, there was no one licensed foreign exchange dealer.)

The minimum reserve requirement for foreign currency funds is 18%, 16% of which is held in Armenian drams and the other 2% for funds attracted in EUR is held in euros, for funds attracted in US dollar and other foreign currencies is held in US dollar. Previously, the
minimum reserve requirement was 18% for foreign currency funds, which is fully held in drams.
**ARUBA**

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>February 15, 1961.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
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</tbody>
</table>

### Exchange Measures

The IMF staff report for the 2019 Article IV Consultation discussions with the Kingdom of the Netherlands—Aruba states that, as of May 6, 2019, Aruba maintained an unapproved exchange restriction arising from the foreign exchange tax on payments by residents to nonresidents (1.3% of the transaction value). (Country Report No. 19/148)

#### Exchange Measures imposed for security reasons

- **Restrictions and/or multiple currency practices**: Yes.
- **Exchange measures imposed for security reasons**: Yes.
- **In accordance with IMF Executive Board Decision No. 144-(52/51)**: No.
- **Other security restrictions**: Yes.

Aruba maintains a Sanctions State Decree to Combat Terrorism and Terrorist Financing (AB 2010 No. 27), which is based on the Sanctions State Ordinance 2006 (AB 2007 No. 24). The Sanctions State Decree provides for the direct implementation of United Nations Security Council Resolution (UNSCR) 1267 (1999) and for the establishment of a domestic freezing mechanism as required in UNSCR 1373 (2001). The Interim-State Decree on Priority Sanction Regimes effective September 3, 2019 (AB 2019 No. 47), containing the provisions for the implementation of Articles 2 and 2a of the Sanction State Ordinance 2006 (AB 2007 No. 24) requires the freezing of all funds and other assets of persons and organizations mentioned in the annex of the State Decree. This Interim-State Decree was enacted for the purpose of implementing in short term a number of regulations and decisions adopted in the context of the Common Foreign and Security Policy of the EU. Sanctions State Decree Libya (AB 2011 No. 25) provides for the freezing of all funds or other assets in Aruba that belong directly or indirectly to, are owned by, are in possession of, or are under the control of a natural person, legal entity, or other entity mentioned in Annex II of UNSCR 1970 (2011) and UNSCR 1973 (2011). Sanctions State Decree Ukraine (AB 2014 No. 26) implemented Regulation No. 208/2014 (March 5, 2014) adopted by the Council of the EU regarding the freezing of funds and economic resources of persons identified as responsible for the misappropriation of Ukrainian State funds, persons responsible for human rights violations in Ukraine, and natural or legal persons, entities, or bodies associated with them. Sanctions State Decree Sudan (September 25, 2014) (AB 2014 No. 46) provides for the freezing of funds or other assets in Aruba that belong directly or indirectly to, are owned by, are in possession of, or are under the control of a natural person, legal entity, or other entity or body mentioned in Annex I of Regulation No. 747/2014 (July 10, 2014) of Council of the EU. Sanctions State Decree South Sudan (September 25, 2014) (AB 2014 No. 47) provides for the freezing of funds or other assets in Aruba that belong directly or indirectly to, are...
owned by, are in possession of, or are under the control of a natural person, legal entity, or other entity or body mentioned in Annex I of Regulation No. 748/2014 (July 10, 2014) of Council of the EU. Sanctions State Decree Syria (AB 2016 No. 2) implemented Regulation No. 36/2012 (January 18, 2012), as well as two subsequent Decisions (Decision No. 2011/782/CFSP and Decision No. 2013/255/CFSP), adopted by the Council of the EU regarding restrictive measures against Syria and certain persons, entities, and bodies from Syria. Sanctions Decree Central African Republic (October 25, 2016) (AB 2016 No. 55) implemented Regulation 224/2014 by the Council of the EU of March 10, 2014, regarding restrictive measures against certain persons, entities and bodies from the Central African Republic; Decision No. 2013/798/CFSP by the Council of the EU of December 23, 2013, also concerning restrictive measures against the Central African Republic. Sanctions State Decree Yemen (March 7, 2017) (AB 2017 No. 10) provides for the freezing of funds or other assets in Aruba that belong directly or indirectly to, are owned by, are in possession of, or are under the control of a natural person, legal entity, or other entity or body mentioned in Annex I of Regulation No. 1352/2014 (December 18, 2014) of the Council of the EU and in the Annex of the Decision No. 2014/932 (December 18, 2014) adopted by the Council of the EU. Sanctions State Decree Democratic People’s Republic of Korea (July 17, 2017) (AB 2017 No. 42) implemented UN Resolution Nos. 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2345 (2017), 2356 (2017), annexes to the Regulation No. 329/2007 (March 27, 2007) of the Council of the EU and annexes of the Decision No. 2016/849 adopted by the Council of the EU.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Aruba is the Aruban florin.

Other legal tender
No.

Exchange rate structure
Unitary
Yes.

Dual
Multiple

Classification
No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement is a conventional peg. The legal documents that established the fixed exchange rate arrangement are AB 1992 No. GT 6 State Decree for Fixing Parity of the Aruban Florin and Notice on Foreign Exchange Transactions 90/A2.

Stabilized arrangement

Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**  Yes.
The florin is pegged to the US dollar at Afl. 1.79 per US dollar. Assets and liabilities denominated in foreign currencies are converted to florins at the rate of exchange (midrate) prevailing on the balance sheet date. The authority to change the exchange rate arrangement lies with the government.

**Monetary policy framework**
Exchange rate anchor  Yes.

*U.S. dollar*  Yes.  The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

*Euro*
*Composite*
*Other*

Monetary aggregate target
Inflation-targeting framework

**Target setting body**
Government
Central Bank

*Monetary Policy Committee*
*Central Bank Board*
*Other*
Government and Central Bank

**Inflation target**
Target number

**Point target**

**Target with tolerance band**
Band/Range
Target measure

*CPI*
*Core inflation*
Target horizon

**Operating target (policy rate)**
A foreign exchange commission of 1.3% applies to all payments by residents to nonresidents, including those made through local banks and foreign accounts. Certain payments, such as those of certain government-related companies, are exempt.

The Central Bank of Aruba (CBA) determines the daily foreign exchange rate for the officially quoted foreign currencies, which commercial banks must use when calculating foreign currency cross-rates among themselves and for transactions with residents and nonresidents. If there is a large exchange rate fluctuation of a foreign currency against the US dollar for transactions with a counter value of Afl. 100,000 or more, a commercial bank may request a new exchange rate. The spread between the foreign exchange buying and selling rates may not exceed 2%. The foreign exchange commission is not included in the bid-ask spreads but is added afterward.

From April 1, 2015, the State Ordinance on Exchange Rate Margin Compensation Central Bank of Aruba requires commercial banks to pay a fee to the CBA on all sales of foreign currency to the public, both cash and noncash, amounting to 3/8% of the florin equivalent of these sales. The CBA will pay a fee to the commercial banks on all purchases of foreign currency from the public, both cash and noncash, amounting to 1/8% of the florin equivalent of these purchases.

Under the SOSMTC, the CBA may grant foreign exchange bureaus a registration to operate under certain conditions. Only banks and money exchange offices established in Aruba and granted license from the CBA may conduct foreign exchange transactions with the public. In September 2017, the SOSMTC was amended to extend its supervisory scope to money exchange offices. In 2018, the CBA granted licenses to two companies to operate as a money exchange office. In 2019, one foreign exchange bureau was granted a registration to conduct foreign exchange transactions. However, the registration of this foreign exchange bureau was revoked in 2020 on its own request. Money exchange offices may exchange coins or banknotes against other coins or banknotes, or pay out coins or
banknotes on presentation of a credit card or payment card or on handing over checks, traveler’s checks, bills of exchange, or postal money orders. They may maintain accounts abroad; however, all resident companies that have a foreign bank account (FBA) or foreign intercompany account (FIA) must notify these to the CBA pursuant to Article 11 of the State Ordinance Foreign Exchange Transactions. Money exchange offices may not make foreign exchange transactions directly with the CB.

Operated by the central bank: Yes.
Foreign exchange standing facility: Yes.

The CBA deals with local commercial banks within margins of 0.002795% on either side of parity. Depending on banks’ B-9 arrangement, which sets a maximum amount of foreign exchange commercial banks may hold (in net foreign assets), they may buy or sell foreign exchange from or to the CBA. The CBA deals directly with the government.

Allocation: No.
Auction: No.
Fixing: No.

Interbank market: No.

Banks may trade among themselves; however, in general, they deal directly with the CBA. The interbank market is not operational. There are no limits on the bid-ask spread and commission of the market participants.

Over the counter: No.
Brokerage: No.
Market making: No.

Forward exchange market: No.

There is no forward exchange market in Aruba. The CBA does not participate in the forward exchange market.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: Yes.
Controls on the use of domestic currency: No.

For current transactions and payments: No.
For capital transactions: No.

Transactions in capital and money market instruments: No.
Transactions in derivatives and other instruments: No.
Credit operations: No.

Use of foreign exchange among residents: Yes.
Legal entities that hold a hotel or a casino license are allowed to accept and return change in US dollars and Venezuelan bolivares.

Payments arrangements: No.
Bilateral payments arrangements: No.
| **Operative** | No. |
| **Inoperative** | No. |
| Regional arrangements | No. |
| Clearing agreements | No. |
| Barter agreements and open accounts | No. |
| **Administration of control** | Yes. |
| The CBA administers foreign exchange control. |
| **Payments arrears** | No. |
| **Official** | No. |
| **Private** | No. |
| **Controls on trade in gold (coins and/or bullion)** | No. |
| On domestic ownership and/or trade | No. |
| On external trade | No. |
| **Controls on exports and imports of banknotes** | Yes. |
| On exports | Yes. |
| **Domestic currency** | Yes. |
| Exports of domestic banknotes and coins are prohibited. |
| **Foreign currency** | Yes. |
| Exports of foreign banknotes require a license, except for travel purposes. Imports and exports of foreign currency cash exceeding Afl. 20,000 (approximately US$11,000) must be reported to the inspector of Customs and Excise (Paragraph 1, Article 2, of the State Ordinance on Reporting Imports and Exports of Cash). |
| On imports | No. |
| **Domestic currency** | No. |
| **Foreign currency** | No. |
| Imports and exports of foreign currency cash exceeding Afl. 20,000 (approximately US$11,000) must be reported to the inspector of Customs and Excise (Paragraph 1, Article 2, of the State Ordinance on Reporting Imports and Exports of Cash). |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Resident Accounts**

| **Foreign exchange accounts permitted** | Yes. |
| Residents may open accounts denominated in foreign currency with local banks, provided these accounts are funded with foreign currency. In the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions, including dividend declarations. The Notice concerning Foreign Exchange Transactions 2002/K.1 (General Foreign Exchange License) has been suspended for all outgoing capital transactions, effective March 17, 2020, until further notice. Furthermore, the CBA has also revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 |
| **Held domestically** | Yes. |
for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Previously, transactions of less than Afl. 300,000 a year or its equivalent in foreign currency for natural persons and Afl. 750,000 a year or its equivalent in foreign currency for legal entities (excluding commercial banks and institutional investors) could be carried out without CBA authorization. These ceilings were applicable to all capital transactions with nonresidents; a special foreign exchange license from the CBA was required for capital transactions exceeding these ceilings.

Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing capital transfers. However, if it regards an incoming transfer, then this is allowed no matter the amount, as long as the resident legal entity is included in the Quarterly list.

Previously, legal entities included in the CBA’s Quarterly list could make transfers to and from their notified FBAs and/or FIAs without a special foreign exchange license, no matter the amount of the transfer.

Approval required No. The local banks should adhere to CBA instructions related to maintaining such accounts at all times.

Held abroad Yes. Accounts of resident companies abroad must be reported to the CBA. Approval is not required, but holders of such accounts must report them to the CBA if they wish to be exempt from the requirement that they collect foreign claims as soon as they fall due and transfer and sell them to a local foreign exchange bank. Absent an exemption, payments in foreign exchange to nonresidents must be made from an authorized bank’s account or an account of a foreign bank in the country of the transaction or to a nonresident’s nostro account with the authorized bank. Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing capital transfers. However, if it regards an incoming transfer, then this is allowed no matter the amount, as long as the resident legal entity is included in the Quarterly list.

Previously, resident companies that had notified the CBA of their foreign accounts and comply with the conditions of the exemption as stipulated in the Decree concerning Foreign Exchange Transactions 2013-O.1 General Exemption could make transfers freely to and from these accounts, based on the Decree concerning Foreign Exchange Transactions 2013/K.2 (General Foreign Exchange License). A general exemption from the provisions of SOFET Articles 11 and 12 applied to residents whose previous exemptions (pursuant to SOFET Articles 16 and 17) were revoked and who reported such bank accounts to the CBA again.

Approval required No.

Accounts in domestic currency held abroad No. These accounts are not allowed.

Accounts in domestic currency convertible into foreign currency No.
### Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
<td>Commercial banks are allowed to open, hold, and close foreign currency accounts in the name of nonresidents. The balances may be transferred freely abroad and/or to other nonresident accounts.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes</td>
<td>Commercial banks are allowed to open, hold, and close florin accounts in the name of nonresidents. Deposits into these accounts must be made from the proceeds of foreign currency sales or from florins obtained in transactions with residents. The balances may be transferred freely abroad and/or to other nonresident accounts.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes</td>
<td>Balances in these accounts are fully convertible.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes</td>
<td>The importation of eggs may be subject to quotas, depending on the domestic supply.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes</td>
<td>Import taxes range from 0% to 57%, depending on the product.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Taxes collected through the exchange system
No.

State import monopoly
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
Yes. Unless exempt, residents are required to surrender export proceeds either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

Surrender requirements
Yes.

Surrender to the central bank
Yes. Unless exempt, residents are required to surrender export proceeds either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

Surrender to authorized dealers
Yes. Unless exempt, residents are required to surrender export proceeds either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

Financing requirements
No.

Documentation requirements
No.

Letters of credit
No.

Guarantees
No.

Domiciliation
No.

Preshipment inspection
No.

Other
No.

Export licenses
No.

Without quotas
No.

With quotas
No.

Export taxes
No.

Collected through the exchange system
No.

Other export taxes
No. Exports of goods are exempt from the turnover tax (AB 2010 No. 20).

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
Yes.

Trade-related payments
No.

Prior approval
No.
<table>
<thead>
<tr>
<th><strong>Quantitative limits</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Effective March 17, 2020, in the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions, including dividend payments and profit transfers until further notice. This means that a resident is not allowed to make a dividend payout or a profit transfer to its foreign shareholder, unless that company is already in the possession of a dividend/profit declaration of the CBA for this transfer prior to the date of the Public Announcement of March 17, 2020.

Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing capital transfers. Previously, for the transfer of dividends and profits, CBA’s prior approval was required.

<table>
<thead>
<tr>
<th><strong>Quantitative limits</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Effective March 17, 2020, in the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions, including dividend payments and profit transfers until further notice. The thresholds of Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. This means that a resident is not allowed to make a dividend payout or a profit transfer to its foreign shareholder, unless that company is already in the possession of a dividend/profit declaration of the CBA for this transfer prior to the date of the Public Announcement of March 17, 2020.

Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing capital transfers. No interest payments can be made until the mentioned restrictions have been lifted by the CBA, unless the loan in question has been granted before March 17, 2020, and the resident has a special foreign exchange license for the loan or made use of the general license applicable to transfers below the thresholds. Then, the repayments and interest payments are allowed.

Previously interest payments could be made on foreign loans with a permit from the CBA. For profits and dividends, financial statements had to be submitted to the CBA indicating the amount involved. In the case of depreciation of direct investment, a special foreign exchange license was required for amounts exceeding Afl. 750,000 or its equivalent in foreign currency authorized for legal entities (excluding commercial banks and institutional investors).
Indicative limits/bona fide test  No.

Personal payments  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Foreign workers' wages  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Credit card use abroad  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Other payments  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  Yes.  Unless exempt, residents are required to surrender proceeds from invisible transactions either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

Surrender requirements  Yes.

Surrender to the central bank  Yes.  Unless exempt, residents are required to surrender proceeds from invisible transactions either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

Surrender to authorized dealers  Yes.  Unless exempt, residents are required to surrender proceeds from invisible transactions either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Capital Transactions

**Controls on capital transactions**
Yes.

In the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba pursuant to the Public Announcement of the CBA of March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions, including dividend declarations. Furthermore, the CBA has also revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Previously, transactions of less than Afl. 300,000 a year or its equivalent in foreign currency for natural persons and Afl. 750,000 a year or its equivalent in foreign currency for juridical persons (excluding commercial banks and institutional investors) could be carried out without CBA authorization. These ceilings were applicable to all capital transactions with nonresidents; a special foreign exchange license from the CBA was required for capital transactions exceeding these ceilings.

**Repatriation requirements**
Yes.

The CBA may require the divestment, repatriation, and surrender to the CBA of proceeds from direct investment by residents abroad. Unless exempt, residents are required to surrender proceeds from capital transactions either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

**Surrender requirements**
Yes.

Unless exempt, residents are required to surrender proceeds from capital transactions either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

**Surrender to the central bank**
Yes.

Unless exempt, residents are required to surrender proceeds from capital transactions either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

**Surrender to authorized dealers**
Yes.

Unless exempt, residents are required to surrender proceeds from capital transactions either by selling them to a foreign exchange bank, against florins, within eight working days of receipt or by depositing them into a foreign exchange account with the CBA or a foreign exchange bank in the name of a resident.

**Controls on capital and money market instruments**
Yes.

**On capital market securities**
Yes.

**Shares or other securities of a participating nature**
Yes.

**Purchase locally by nonresidents**
Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new...
nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before. Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Sale or issue locally by nonresidents

Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Purchase abroad by residents

Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing capital transfers. Previously, legal entities included in the CBA’s Quarterly list could make transfers to and from their notified FBAs and/or FIAs without a special foreign exchange license, no matter the amount of the transfer.

Sale or issue abroad by residents

Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded
Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

**Bonds or other debt securities**

Yes.

**Purchase locally by nonresidents**

Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

There is no minimum holding period requirement for purchases of bonds.

**Sale or issue locally by nonresidents**

Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

**Purchase abroad by residents**

Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

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Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing capital transfers. Previously, legal entities included in the CBA’s Quarterly list, could make transfers to and from their notified FBAs and/or FIAs without a
Sales or issue abroad by residents: Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

On money market instruments: Yes.

Purchase locally by nonresidents: Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Sale or issue locally by nonresidents: Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

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Purchase abroad by residents: Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed
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Sale or issue abroad by residents

Yes. Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

On collective investment securities

Yes. Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.

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Purchase locally by nonresidents

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Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.
Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

**Sale or issue locally by nonresidents** | Yes.
---|---
Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

**Purchase abroad by residents** | Yes.
---|---
Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing capital transfers. Previously, legal entities included in the CBA’s Quarterly list, could make transfers to and from their notified FBAs and/or FIAs without a special foreign exchange license, no matter the amount of the transfer.

**Sale or issue abroad by residents** | Yes.
---|---
Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

**Controls on credit operations** | Yes.
**Commercial credits** | Yes.
**By residents to nonresidents** | Yes.
---|---
Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.
exchange licenses that relate to outgoing capital transactions; hence, commercial credits by residents to nonresidents are not allowed until further notice.

Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing credit to notified FIAs.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

To residents from nonresidents

Yes.

Residents are allowed to receive loans from nonresidents; however, effective March 17, 2020, because of the foreign exchange restrictions in place, no repayments of the loan and interest payments can be made until the mentioned restrictions have been lifted by the CBA, unless the loan in question has been granted before March 17, 2020, and the resident has a special foreign exchange license for the loan or made use of the general license applicable to transfers below the thresholds. Then, the repayments and interest payments are allowed.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Financial credits

Yes.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions hence financial credits by residents to nonresidents are not allowed until further notice.

Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the CBA’s Quarterly list) may not make any outgoing credit to notified FIAs.

Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Guarantees, sureties, and financial backup facilities

Yes.

Effective March 17, 2020, under the foreign exchange restrictions in place, the CBA at this moment will only grant a foreign exchange
license for a guarantee if this is directly related to an inflow of foreign funds.

To residents from nonresidents

Yes.

Controls on direct investment

Yes.

Outward direct investment

Yes. The CBA may require divestment, repatriation, and surrender of proceeds. Repatriations and surrender requirements are in place since 1986.

Effective March 17, 2020, in the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba, the CBA will not grant foreign exchange licenses that relate to outgoing capital transactions. The Notice concerning Foreign Exchange Transactions 2002/K.1 (General Foreign Exchange License) has been suspended for all outgoing capital transactions, until further notice. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions.

Inward direct investment

Yes. Transactions by natural persons with nonresidents related to inward direct investment require a special foreign exchange license for amounts exceeding Afl. 300,000 a year or its equivalent in foreign currency. Legal entities must have a license if the amount involved exceeds Afl. 750,000 a year.

Controls on liquidation of direct investment

Yes. Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their direct investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable.

Previously, capital transactions with nonresidents related to the liquidation of direct investment required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

Controls on real estate transactions

Yes.

Purchase abroad by residents

Yes. Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

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Previously, capital transactions with nonresidents required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 by natural persons and Afl. 750,000 by legal entities or its equivalent in foreign currency a year.

**Purchase locally by nonresidents**

Yes.

Capital transactions with nonresidents by natural persons require a special foreign exchange license if the amount of the transaction exceeds Afl. 300,000 a year or its equivalent in foreign currency. For legal entities a license is required if the amount involved exceeds Afl. 750,000 a year.

**Sale locally by nonresidents**

Yes. Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. These restrictions apply to nonresidents investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable.

**Controls on personal capital transactions**

Yes.

**Loans**

Yes.

**By residents to nonresidents**

Yes. Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions hence loans by residents to nonresidents are not allowed until further notice.

Previously, certain personal capital transactions, such as loans to or settlement of debt with nonresidents by natural persons, required a special foreign exchange license if the amount of the transaction exceeded Afl. 300,000 a year or its equivalent in foreign currency.

**To residents from nonresidents**

Yes. Residents are allowed to receive loans from nonresidents; however, effective March 17, 2020, because of the foreign exchange restrictions in place, no repayments of the loan and interest payments can be made until the mentioned restrictions have been lifted by the CBA, unless the loan in question has been granted before March 17, 2020, and the resident has a special foreign exchange license for the loan or made use of the general license applicable to transfers below the thresholds. Then, the repayments and interest payments are allowed.

**Gifts, endowments, inheritances, and legacies**

Yes.

**By residents to nonresidents**

Yes. Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

Previously, transactions involving gifts, endowments, inheritances, and legacies that do not exceed Afl. 300,000 a year for natural persons were considered current transactions and as such did not require any special foreign exchange license. Transactions involving gifts, endowments, inheritances, and legacies above aforementioned amount required a special foreign exchange license.
To residents from nonresidents: Yes. If the amount is below the thresholds of Afl. 300,000 for natural persons, then no foreign exchange license is required. However, if the incoming gift amount is above mentioned threshold, then a foreign exchange license is required. The foreign exchange restrictions taken by the CBA because of COVID-19 do not affect incoming transfers.

Settlement of debts abroad by immigrants: Yes.

Transfer of assets: No. No controls apply to transfers of assets.

Transfer abroad by emigrants: No.

Transfer into the country by immigrants: No.

Transfer of gambling and prize earnings: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions: Yes.

Borrowing abroad: Yes. Commercial banks are subject to the B-9 arrangement, which sets a maximum amount of foreign exchange the commercial banks are allowed to hold (in net foreign assets). Commercial banks are not allowed to have a net foreign liability position.

Maintenance of accounts abroad: No.

Lending to nonresidents (financial or commercial credits): Yes. A special foreign exchange license is required for loans granted by commercial banks to nonresidents if they exceed Afl. 1 million a year or its equivalent in foreign currency, as well as for certain transfers or sales of local financial instruments, such as loans, bonds, and notes, to nonresidents.

Lending locally in foreign exchange: No.

Purchase of locally issued securities denominated in foreign exchange: No.

Differential treatment of deposit accounts in foreign exchange: No.

Reserve requirements: No. Resident interbank deposits (in both florins and foreign exchange) and long-term deposits (of residents and nonresidents) are excluded from the calculation of the reserve requirement, which is a monetary instrument.

Effective March 17, 2020, the CBA lowered the reserve requirement on commercial bank deposits from 12 to 11 percent in response to the pandemic shocks.

Effective May 5, 2020, the CBA lowered the reserve requirement on commercial bank deposits from 11 to 7 percent, also in response to the pandemic shock.

Liquid asset requirements: No. In response to the adverse economic and financial developments resulting from COVID-19, the CBA decided to temporarily ease the capital and liquidity requirements applicable for credit institutions. These measures went into effect as of March 17, 2020, and will remain in effect insofar as the CBA considers necessary. The minimum risk-weighted solvency rate was decreased from 16% to 14%, and the loan-to-deposit ratio was increased from 80% to 85%.

Effective March 17, 2020, the requirement for commercial banks to maintain a minimum prudential liquidity ratio (PLR) (defined as liquid assets to total net assets) was decreased from 18% to 15%.
Previously, effective January 1, 2019, the minimum required PLR was increased to 18% from 16%.

<table>
<thead>
<tr>
<th>Interest rate controls</th>
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<tr>
<td>Credit controls</td>
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<td>Differential treatment of deposit accounts held by nonresidents</td>
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<tr>
<td>Reserve requirements</td>
<td>No.</td>
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<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
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</tbody>
</table>

Long-term deposits (of residents and nonresidents) are excluded from the calculation of the reserve requirement.

In response to the adverse economic and financial developments resulting from COVID-19, the CBA decided to temporarily ease the capital and liquidity requirements applicable for credit institutions. These measures went into effect as of March 17, 2020, and will remain in effect insofar as the CBA considers necessary. The minimum risk-weighted solvency rate was decreased from 16% to 14%, and the loan-to-deposit ratio was increased from 80% to 85%.

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<td>Yes.</td>
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<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Unless it has written permission from the CBA, a credit institution may not hold, acquire, or increase a qualifying holding in another firm or institution or take over all or a substantial part of the assets and liabilities of another firm or institution. A qualifying holding is defined as a direct or indirect stake of more than 10% of the issued share capital of a firm or institution, more than 10% of the direct or indirect voting rights, or a comparable degree of control.

CBA approval is required for any investor to hold or acquire a qualifying holding in a bank.

Banks are not allowed to have a negative foreign exchange position.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice.

Previously, according to the 40%–60% investment rule, a progressive scale was used to determine the limit on investment abroad. Institutional investors could not invest abroad more than 60% of their first Afl. 10 million in liabilities, 50% of their second Afl. 10 million
in liabilities, and 40% of their remaining liabilities.

Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice.

Previously, according to the 40%–60% investment rule, a progressive scale was used to determine the limit on investment abroad.

Institutional investors could not invest abroad more than 60% of their first Afl. 10 million in liabilities, 50% of their second Afl. 10 million in liabilities, and 40% of their remaining liabilities.

Insurance companies invest primarily in US dollars. In view of the peg with the US dollar, the CBA has not issued currency-matching regulations on assets and liabilities composition. However, the CBA monitors currency mismatches.

The supervised pension funds invest primarily in US dollars. In view of the peg with the US dollar, the CBA has not issued currency-matching regulations on assets and liabilities composition. However, the CBA monitors currency mismatches.

The State Ordinance on the Supervision of the Securities Business prohibits the conduct of business of a securities broker, asset manager, investment institution, or a manager of an investment fund or stock exchange in or from Aruba without a license from the CBA.
Effective March 17, 2020, the CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. Effective March 27, 2020, the general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice.

Previously, according to the 40%–60% investment rule, a progressive scale was used to determine the limit on investment abroad. Institutional investors could not invest abroad more than 60% of their first Afl. 10 million in liabilities, 50% of their second Afl. 10 million in liabilities, and 40% of their remaining liabilities.

Exchange Measures

The Interim-State Decree on Priority Sanction Regimes of September 3, 2019 (AB 2019 No. 47), containing the provisions for the implementation of Articles 2 and 2a of the Sanction State Ordinance 2006 (AB 2007 No. 24) requires the freezing of all funds and other assets of persons and organizations mentioned in the annex of the State Decree. This Interim-State Decree was enacted for the purpose of implementing in short term a number of regulations and decisions adopted in the context of the Common Foreign and Security Policy of the EU.

Resident Accounts

In the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba, the Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions, including dividend declarations. The Notice concerning Foreign Exchange Transactions 2002/K.1 (General Foreign Exchange License) has been suspended.
for all outgoing capital transactions, until further notice. Furthermore, the CBA has also revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Previously, transactions of less than Afl. 300,000 a year or its equivalent in foreign currency for natural persons and Afl. 750,000 a year or its equivalent in foreign currency for legal entities (excluding commercial banks and institutional investors) could be carried out without CBA authorization. These ceilings were applicable to all capital transactions with nonresidents; a special foreign exchange license from the CBA was required for capital transactions exceeding these ceilings.

The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the Central Bank of Aruba’s (CBA’s) Quarterly list) may not make any outgoing capital transfers. However, if it regards an incoming transfer, then this is allowed no matter the amount, as long as the resident legal entity is included in the Quarterly list. Previously, legal entities included in the CBA’s Quarterly list could make transfers to and from their notified foreign bank accounts and/or intercompany accounts without a special foreign exchange license, no matter the amount of the transfer.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Investment-related payments

Prior approval

In the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba, the Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions, including dividend payments and profit transfers until further notice. This means that a resident is not allowed to make a dividend payout or a profit transfer to its foreign shareholder, unless that company is already in the possession of a dividend/profit declaration of the CBA for this transfer prior to the date of the Public Announcement of March 17, 2020.

The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the Central Bank of Aruba’s Quarterly list) may not make any outgoing capital transfers. However, if it regards an incoming transfer, then this is allowed no matter the amount, as long as the resident legal entity is included in the Quarterly list.
and profit transfers until further notice. The thresholds of Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. This means that a resident is not allowed to make a dividend payout or a profit transfer to its foreign shareholder, unless that company is already in the possession of a dividend/profit declaration of the CBA for this transfer prior to the date of the Public Announcement of March 17, 2020.

The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the Central Bank of Aruba’s (CBA’s) Quarterly list) may not make any outgoing capital transfers. No interest payments can be made until the mentioned restrictions have been lifted by the CBA, unless the loan in question has been granted before March 17, 2020, and the resident has a special foreign exchange license for the loan or made use of the general license applicable to transfers below the thresholds. Then, the repayments and interest payments are allowed.

Capital Transactions

The Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.

The CBA will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerningForeign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

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The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the Central Bank of Aruba’s Quarterly list) may not make any outgoing capital transfers.

Sale or issue abroad by residents 03/27/2020

The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.

Sale or issue locally by nonresidents 03/17/2020

The Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.

Purchase locally by nonresidents 03/17/2020

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**On money market instruments**

**Purchase locally by nonresidents** 03/17/2020

The Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.

**Sale or issue locally by nonresidents** 03/17/2020

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The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

**Sale or issue abroad by residents** 03/17/2020

The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the Central Bank of Aruba’s Quarterly list) may not make any outgoing capital transfers.

**On collective investment securities**

**Purchase locally by nonresidents** 03/17/2020

The Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. Inward capital transactions are not affected and are permitted as before.
The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.
Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable. Also, nonresident investments into Aruba are not affected and permitted as before.

**Sale or issue locally by nonresidents**  
03/17/2020

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**Purchase abroad by residents**  
03/17/2020

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**Sale or issue abroad by residents**  
03/17/2020

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**Controls on credit operations**

**Commercial credits**

**By residents to nonresidents**  
03/17/2020

The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions; hence, commercial credits by residents to nonresidents are not allowed until further notice.

03/27/2020

The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the Central Bank of Aruba’s Quarterly list) may not make any outgoing capital transfers.

**To residents from nonresidents**  
03/17/2020

Residents are allowed to receive loans from nonresidents; however, because of the foreign exchange restrictions in place, no repayments of the loan and interest payments can be made until the mentioned restrictions have been lifted by the Central Bank of Aruba, unless the loan in question has been granted before March 17, 2020, and the resident has a special foreign exchange license for the loan or made use of the general license applicable to transfers below the thresholds.
### Financial credits

**By residents to nonresidents**

03/17/2020  The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions hence financial credits by residents to nonresidents are not allowed until further notice.

03/27/2020  The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice. Thus, legal entities with such licenses (listed in the Central Bank of Aruba’s Quarterly list) may not make any outgoing credit to notified intercompany accounts.

### To residents from nonresidents

03/17/2020  Residents are allowed the receive loans from nonresidents; however, because of the foreign exchange restrictions in place, no repayments of the loan and interest payments can be made until the mentioned restrictions have been lifted by the Central Bank of Aruba, unless the loan in question has been granted before March 17, 2020, and the resident has a special foreign exchange license for the loan or made use of the general license applicable to transfers below the thresholds. Then, the repayments and interest payments are allowed.

### Guarantees, sureties, and financial backup facilities

**By residents to nonresidents**

03/17/2020  Under the foreign exchange restrictions in place, the Central Bank of Aruba at this moment will only grant a foreign exchange license for a guarantee if this is directly related to an inflow of foreign funds.

### Controls on direct investment

#### Outward direct investment

03/17/2020  In the context of the measures taken resulting from the impact of COVID-19 pandemic on the economy of Aruba, the Central Bank of Aruba will not grant foreign exchange licenses that relate to outgoing capital transactions. The Notice concerning Foreign Exchange Transactions 2002/K.1 (General Foreign Exchange License) has been suspended for all outgoing capital transactions until further notice. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions.

#### Controls on liquidation of direct investment

03/17/2020  The Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice. These restrictions apply to nonresidents and new nonresident investors who want to liquidate their direct investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable.

### Controls on real estate transactions

#### Purchase abroad by residents

03/17/2020  The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no
outgoing capital transactions, no matter the amount, are allowed until further notice.

The Central Bank of Aruba (CBA) will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. These restrictions apply to nonresidents investors who want to liquidate their investments in Aruba and repatriate their capital overseas if the investors sell these investments to residents. Such transfers will be possible when the foreign exchange restrictions have been lifted by the CBA. However, if the nonresident investor sells its investment to another nonresident, the foreign exchange measures are not applicable.

Controls on personal capital transactions

Loans

By residents to nonresidents 03/17/2020 The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions hence loans by residents to nonresidents are not allowed until further notice.

To residents from nonresidents 03/17/2020 Residents are allowed to receive loans from nonresidents; however, because of the foreign exchange restrictions in place, no repayments of the loan and interest payments can be made until the mentioned restrictions have been lifted by the Central Bank of Aruba, unless the loan in question has been granted before March 17, 2020, and the resident has a special foreign exchange license for the loan or made use of the general license applicable to transfers below the thresholds. Then, the repayments and interest payments are allowed.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents 03/17/2020 The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions. This means that the thresholds of Afl. 300,000 a year for resident natural persons and Afl. 750,000 a year for resident legal entities are no longer applicable for outgoing capital transactions. Consequently, no outgoing capital transactions, no matter the amount, are allowed until further notice.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

03/17/2020 The CBA lowered the reserve requirement on commercial bank deposits from 12 to 11 percent.

05/05/2020 the CBA lowered the reserve requirement on commercial bank deposits from 11 to 7 percent.

Liquid asset requirements

01/01/2019 The requirement for commercial banks to maintain a minimum prudential liquidity ratio (defined as liquid assets to total net assets) was increased from 16% to 18%.

03/17/2020 The requirement for commercial banks to maintain a minimum prudential liquidity ratio (defined as liquid assets to total net assets) was decreased from 18% to 15%.

Differential treatment of deposit accounts held by nonresidents

Liquid asset requirements

01/01/2019 The requirement for commercial banks to maintain a minimum prudential liquidity ratio (defined as liquid assets to total net assets) was increased from 16% to 18%.
The requirement for commercial banks to maintain a minimum prudential liquidity ratio (defined as liquid assets to total net assets) was decreased from 18% to 15%.

Provisions specific to institutional investors

Insurance companies

Limits (max.) on securities issued by nonresidents

03/17/2020 The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions.

03/27/2020 The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice.

Limits (max.) on investment portfolio held abroad

03/17/2020 The Central Bank of Aruba will not grant any new foreign exchange licenses that relate to outgoing capital transactions and revoked the general license issued by Notice concerning Foreign Exchange Transaction 02/K.1 for all outgoing capital transactions.

03/27/2020 The general foreign exchange license (pursuant to Decree concerning Foreign Exchange Transactions 2013/K.2) was suspended for all outgoing capital transactions until further notice.

Pension funds

Limits (max.) on securities issued by nonresidents

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Limits (max.) on investment portfolio held abroad

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Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents

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Limits (max.) on investment portfolio held abroad

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AUSTRALIA

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>August 5, 1947.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>July 1, 1965.</td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Australia maintains targeted financial sanctions on an autonomous basis under the Autonomous Sanctions Regulations 2011. Australia implements targeted financial sanctions against individuals or entities pursuant to UNSC Resolutions concerning sanctions, including UNSC Resolution No. 1373 (2001). Pursuant to UNSC Resolution No. 1373 (2001) concerning international terrorism, Australia maintains targeted financial sanctions to freeze the assets of, and prohibit assets being made available to, individuals or entities designated by the Minister for Foreign Affairs as associated with the commission of acts involved in terrorism.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The currency of Australia is the Australian dollar, which also circulates in several other countries, including Kiribati, Nauru, and Tuvalu.

<table>
<thead>
<tr>
<th>Other legal tender</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary</td>
</tr>
<tr>
<td>Dual</td>
</tr>
<tr>
<td>Multiple</td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
<tr>
<td>Stabilized arrangement</td>
</tr>
<tr>
<td>Crawling peg</td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
</tr>
</tbody>
</table>
Both the de jure and de facto exchange rate arrangements are classified as free floating. However, the Reserve Bank of Australia (RBA) retains discretionary authority to intervene in the foreign exchange market and has done so during periods of significant market disorder and/or gross misalignment of the exchange rate. Given the high level of development of the Australian foreign exchange market, interventions have been rare. The most recent period of intervention was in 2007–08 and was in response to episodes of significant market disorder—that is, instances when market functioning was impaired to such a degree that it was clear that the observed volatility was excessive. The RBA may also vary the way intervention is conducted; it may enter the interbank foreign exchange market directly through voice or electronic brokerage platforms or use an agent bank. As a matter of government policy, most wholesale purchases of foreign currency by government agencies are made through the RBA. The RBA manages the flows from purchases on behalf of the government so as to minimize their market impact—for example, by executing these trades when the market is liquid and, if necessary, breaking up the required purchases into a series of smaller transactions. Monthly purchases and sales of foreign exchange are published on the RBA website. Daily data on foreign exchange market interventions are published on the RBA website annually, following the release of the RBA Annual Report.

There is no official RBA fixing rate for the Australian dollar. World Market/Reuters provide hourly fixing rates for the Australian dollar against the US dollar. The legal and commercial reference rate against the US dollar, which is often used in private contracts, is the World Market/Reuters Australian dollar fixing rate at 10:00 a.m. Australian Eastern Standard Time. For public information, the RBA publishes an Australian dollar–US dollar reference rate based on the 4:00 p.m. Australian Eastern Standard Time World Market/Reuters Australian dollar fixing rate and the trade-weighted index of the Australian dollar based on market rates at 4:00 p.m. The RBA also publishes the Australian dollar cross-rates for all currencies in the trade-weighted index.
The Reserve Bank Act provides for decisions to be reached by a majority of the votes of the members present and voting, with the Chair having a casting vote, if necessary, in addition to a deliberative vote. Votes are not published. The Statement on the Conduct of Monetary Policy (the Statement) has recorded the common understanding of the governor, as Chair of the Reserve Bank Board, and the government on key aspects of Australia’s monetary and central banking policy framework since 1996. The Statement seeks to foster a sound understanding of the nature of the relationship between the Reserve Bank and the government, the objectives of monetary policy, the mechanisms for ensuring transparency and accountability in the way policy is conducted, and the independence of the Reserve Bank. The inflation target is set as part of the agreement on the monetary policy framework and the key features of the target could not be changed by the Bank unilaterally.

### Inflation target

- **Yes.**

### Target number

- **Yes.**

### Point target

- **Yes.**

### Target with tolerance band

- **Yes.**

#### Band/Range

- **Yes.** Both the RBA governor and the government agree that a flexible medium-term inflation target is the appropriate framework for achieving medium-term price stability. They agree that an appropriate goal is to keep consumer price inflation between 2% and 3%, on average, over time. This formulation allows for the natural short-run variation in inflation over the economic cycle and the medium-term focus provides the flexibility for the Reserve Bank to set its policy so as best to achieve its broad objectives, including financial stability. The 2%–3% medium-term goal provides a clearly identifiable performance benchmark over time.

### Target measure

- **Yes.**

#### CPI

- **Yes.** The target measure is end-year growth in the CPI. The CPI measures the changes in the price of a “basket” of goods and services, which account for a high proportion of expenditure by the CPI population group (that is, metropolitan households).

#### Core inflation

- **Yes.** The inflation target is defined as a medium-term average rather than as a rate (or band of rates) that must be held at all times.

### Operating target (policy rate)

- **Yes.**

#### Policy rate

- **Yes.** The RBA’s monetary policy involves setting a target for the interest rate on unsecured overnight loans in the money market (“the cash rate”). The RBA’s target for the cash rate was 0.25% as of June 30, 2020.

#### Target corridor band

- **Yes.** The RBA’s cash rate target is expressed as a point target. The RBA pays an interest rate on Exchange Settlement balances held in accounts with the RBA that is set at a margin below the cash rate.
target. Banks have an incentive to deposit as little as possible at this rate, and instead prefer to earn the higher cash rate by lending out their balances overnight in the money market. The RBA is also willing to lend Exchange Settlement balances to banks if this is required. The interest rate on these loans is set at a margin above the cash rate target under its standing facilities. Banks have an incentive to borrow as little as possible at this rate, and instead prefer to borrow at the lower cash rate. The deposit and lending rates form the lower and upper bounds of the policy interest rate corridor. They prevail until the package of policy measures is implemented by the RBA in March 2020.

Effective March 20, 2020, the cash rate was lowered to 25 basis points, and the RBA modified the interest rate corridor system, so that balances held in Exchange Settlement Accounts at the RBA earn 10 basis points (previously zero). Previously, the lower and upper bounds of the corridor were set at 25 basis points below and above the target cash rate, respectively. There are no changes to arrangements for the top of the corridor, which remains 25 basis points above the target cash rate.

**Accountability**

Yes.

**Open letter**

No.

**Parliamentary hearings**

Yes. The governor, deputy governor, and a small number of other senior officers of the Reserve Bank usually appear twice-yearly before the House of Representatives Standing Committee on Economics. Between January 1, 2019, and June 30, 2020, the RBA appeared at three public hearings of this committee. Senior staff are also periodically invited to appear at public hearings held as part of inquiries by other committees of both Houses of parliament.

**Transparency**

Yes.

**Publication of votes**

No.

**Publication of minutes**

Yes. Minutes of the monetary policy meetings of the Reserve Bank Board are published two weeks after each meeting. (The Reserve Bank Board normally meets 11 times each year, on the first Tuesday of each month, except January.) Minutes were first published in December 2007, when minutes for meetings from October 2006 were also released.

**Publication of inflation forecasts**

Yes. Inflation forecasts are published every quarter in the RBA’s Statement of Monetary Policy.

**Other monetary framework**

**Exchange tax**

No.

**Exchange subsidy**

No.

**Foreign exchange market**

Yes. Licensed dealers of foreign exchange are allowed to freely determine their bid-ask spreads and foreign exchange commissions in transactions with their clients.

**Spot exchange market**

Yes. The Australian Securities and Investments Commission (ASIC) is responsible for licensing of all financial services providers, including foreign exchange dealers that deal in foreign currency contracts, whether exchange traded or over the counter, by its administration of the Australian financial services license (AFSL) regime. As of
August 13, 2020, there were 1,120 licensees licensed to deal in foreign exchange products in Australia; 581 of these are licensed to deal with retail investors. Licensed foreign exchange dealers that deal in foreign currency contracts are permitted to maintain accounts abroad and to make foreign currency payments and transfers on behalf of their clients. The ASIC does not license entities dealing in spot foreign exchange contracts.

Operated by the central bank: No.
Foreign exchange standing facility: No.
Allocation: No.
Auction: No.
Fixing: No.

Interbank market: Yes. The RBA survey of foreign exchange turnover indicates that at least 23 financial institutions participate in the Australian interbank foreign exchange market. The Australian dollar is also widely traded by financial institutions in offshore interbank markets. There are no limits on the bid-ask spread and commission of market participants. Interventions in the Australian foreign exchange market are rare, given the high level of market development. However, if the RBA were to intervene, the intervention could be conducted either directly with market participants at their quoted rates, via market makers, or by placing an interest in an electronic system whereby a market maker would have to accept the quoted price.

Over the counter: Yes. Turnover occurs almost entirely over the counter with licensed dealers. ASIC grants licenses to Australian Derivatives Trade Repositories who report on OTC derivatives transactions.

Brokerage: Yes. Licensed dealers may deal among themselves and with their overseas counterparties at mutually negotiated rates for spot transactions in any currency for trade- and non-trade-related transactions. Trading is conducted through several mediums, including electronic broking platforms.

Market making: Yes. An ASIC license is generally required for foreign exchange dealing (other than spot). An AFSL and authorization to make a market for foreign exchange products and derivatives are required, subject to some exemptions, such as Reg 7.6.02AG.

As of August 13, 2020, there were 216 licensees authorized to make a market in derivatives, 183 authorized to make a market in foreign exchange and 249 authorized to make a market in both derivatives and foreign exchange. Pursuant to Section 766D of the Corporations Act, persons make a market for a financial product if (1) they regularly state the prices at which they propose to acquire or dispose of financial products on their own behalf, (2) others have a reasonable expectation that they will be able to regularly effect transactions at the stated prices, and (3) the persons’ actions do not constitute a financial market under Section 767A.

Forward exchange market: Yes. Active trading takes place in forward and futures contracts. The RBA uses foreign exchange swaps in its domestic liquidity operations and foreign exchange reserves management. Foreign exchange swaps by the RBA for liquidity management are executed with market participants in the market and at market prices. Foreign exchange swaps have been used for many years to augment liquidity operations in domestic securities.

Official cover of forward operations: No.

References to legal instruments andThis information can be found at the AREAER ONLINE database:
**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Arrangement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
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<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Corporations Act 2001 indicates that spot foreign exchange is not covered within the definition of a foreign exchange contract because of the exemption in Section 764A(1)(k)(ii). An AFSL is, however, generally required to deal on behalf of others in nonspot foreign exchange. There are some exemptions from holding an AFSL such as Reg 7.6.02AG.

With respect to the Democratic People’s Republic of Korea (DPRK), it is prohibited to transfer to another person gold (including through gold couriers) that could contribute to the DPRK’s nuclear, ballistic, or weapons-of-mass destruction (WMD) programs or to activities prohibited, or the evasion of measures imposed by UNSC resolutions relating to the DPRK. Australian law also prohibits the procurement of “import sanctions goods” (which includes gold), without a permit from the DPRK, or from a person or entity in the DPRK. A sanctions permit may be granted in very limited circumstances. With respect to Syria, the following are prohibited: (1) the supply, sale, or transfer of gold (to the Government of Syria or their public bodies, corporations, or agencies, including persons, entities, or
bodies acting on their behalf or at their direction and entities or bodies owned or controlled by them); (2) the importation, purchase, or transport of gold from the Government of Syria or their public bodies, corporations, or agencies, including persons, entities, or bodies acting on their behalf or at their direction and entities or bodies owned or controlled by them; and (3) the provision of related financial services or financial assistance or technical advice, assistance or training or another service to the Government of Syria, or their public bodies, corporations, or agencies, including persons, entities, or bodies acting on their behalf or at their direction and entities or bodies owned or controlled by them, if it assists with, or is provided in relation to an activity involving the supply, sale, transfer import, purchase, or transport of certain items including gold.

Exports and imports of $A 10,000 in cash or more, or the foreign currency equivalent must be reported to the Australian Transaction Reports and Analysis Centre chief executive officer (CEO), a police officer, or an Australian Border Force officer for transmission to the Australian Transaction Reports and Analysis Centre for anti-money-laundering and counter-terrorism financing purposes.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

With respect to Syria, Australian law prohibits the direct or indirect supply, sale, or transfer to Syria, for use in Syria or for the benefit of Syria of “export sanctioned goods,” which include: newly printed or unissued Syrian-denominated banknotes and coinage, without a permit. Australian law also prohibits the provision to any person of technical advice, assistance, or training; financial assistance; a financial service; or another services if it assists with or is provided in relation to either: the direct or indirect supply, sale, or transfer to Syria, for use in Syria or for the benefit of Syria of “export sanctioned goods”; or the manufacture, maintenance, or use of an “export sanctioned good” for Syria, without a sanctions permit.

With respect to the DPRK, Australian law also prohibits the transfer to another person of any financial or other assets or resources (including bulk cash) which could contribute to the nuclear or ballistic missile programs, or other WMD programs, of the DPRK, or activities prohibited, or the evasion of measures imposed, by any relevant UNSC regarding the DPRK.

| On imports                                   | No. |
| Domestic currency                            | No. |
| Foreign currency                             | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

| Foreign exchange accounts permitted | Yes. |
| Held domestically                  | Yes. |
| Approval required                  | No.  |
| Held abroad                        | Yes. |
| Approval required                  | No.  |
### Accounts in domestic currency held abroad
Yes.

### Accounts in domestic currency convertible into foreign currency
Yes.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>Yes. Australian sanctions law prohibits the holding, use, or dealing of an asset owned or controlled by a designated person or entity.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes. Imports of some products require written authorization from the relevant authorities and/or compliance with the requirements of the relevant regulation controlling the importation of the item. Among the goods subject to control are narcotic, psychotropic, and therapeutic substances; certain tobacco products; firearms and certain weapons; certain chemicals and primary commodities; asbestos and goods containing asbestos; specimens of CITES-listed endangered species; some glazed ceramic ware; rough diamonds; incandescent lightbulbs; signal jammers; cultural heritage items; and various.</td>
</tr>
</tbody>
</table>
dangerous goods. Importation of certain organochlorine chemicals is prohibited unless written permission, either from the minister responsible for the Commonwealth Department of Agriculture, Water and the Environment or from an authorized officer, is provided to the Australian Border Force at the time of importation. There is no licensing fee or administrative charge. The Environment Protection and Biodiversity Conservation Act 1999 regulates international trade in Australian native species, live wildlife, and species listed under CITES.

The Biosecurity Act 2015 and its subordinate legislation apply controls to the importation of all plants, parts of plants, and plant products, all animals (including birds, fish, and insects), animal products, soil, and other items of general quarantine concern. The importation of woolpacks is prohibited under the provisions of the Customs Act 1901 and Customs (Prohibited Imports) Regulations 1956 unless the permission of the Commonwealth Minister for Agriculture and Water Resources or an authorized person is granted, or a test certificate issued by a prescribed testing authority certifying that the woolpacks conform to Australian standards is produced. There is no licensing fee or administrative charge.

These controls and prohibitions reflect mainly health and safety requirements; requirements for labeling, packaging, and technical specifications; implementation of the government’s energy-efficiency policy; autonomous sanctions; and obligations of international agreements or UNSC sanctions. The importation of arms or related material is prohibited under the sanctions regimes for the DPRK, Iran, Libya, and Russia. Arms or related material is defined broadly and includes, but is not limited to, weapons, ammunition, military vehicles and equipment, and spare parts for any of those things, as well as paramilitary equipment.

In addition to these restrictions, there are other restrictions on imports which relate to each specific sanctions regime. With respect to Crimea and Sevastopol, Australian law prohibits the import, purchase, or transport of any goods, without a sanctions permit, if the goods originate in, or are exported from, Crimea or Sevastopol (except certain goods, which have been made available to the Ukrainian authorities for examination and for which compliance with conditions conferring entitlement to preferential origin has been verified by Ukrainian officials).

With respect to the DPRK, under the UNSC sanctions, it is also prohibited to procure from the DPRK, or from a person or entity in the DPRK, any of the following “import sanctioned goods”; and a permit cannot be obtained to authorize their import: certain items relevant to nuclear, ballistic missiles, and other WMD-related programs; certain arms-related items listed in Resolution No. 1718 (2016) of the Security Council, subparagraph 8(a)(1) and (2) (such as battle tanks, combat vehicles, and aircraft); gold, titanium ore, vanadium ore, or rare earth minerals; goods mentioned in paragraph 5(1)(c) of the Charter of the UN (Sanctions – Democratic People’s Republic of Korea) Regulations 2008; copper, nickel, silver, or zinc; statues; coal, iron, or iron ore; lead or lead ore; seafood; textiles; or goods covered by Chapters 07, 08, 12, 25, 44, 84, 85, or 89 of the Harmonized Commodity Description and Coding Systems. The following “import sanctioned goods” cannot be procured, received, or transported from the DPRK, or from a person or entity in the DPRK, without a permit, which may be granted in certain circumstances: statues, textiles, coals; and any goods that are not “specified import sanctioned goods” and not food or medicine.

Australian law also prohibits the receipt of “import sanctioned goods” from the DPRK, or a person or entity in the DPRK, if the
goods are received for the purposes of repair, servicing, refurbishing, testing, reverse engineering, or marketing by the person or another person if it is not authorized by a sanctions permit.

With respect to Iraq, it is prohibited to hold, use, or deal with a “controlled asset” or allow or facilitate the use of it. A “controlled asset” is an asset: (1) of the government led by Saddam Hussein (including a state body, corporation, or other body or agency) that was located in Australia on May 22, 2003; and (2) that has been removed from Iraq, or acquired, by a person or entity designated for the purposes of the Iraq sanctions regime. It is also prohibited to deal with an item of Iraqi cultural property or of archeological, historical, cultural, rare scientific, or religious importance that has been illegally removed from Iraq on or after August 6, 1990.

With respect to Somalia, under UNSC sanctions, it is prohibited to import charcoal from Somalia or from a person or entity in Somalia.

With respect to Syria, it is prohibited to import crude oil, petroleum, and petrochemical products if they originate in or have been exported from Syria, without a sanctions permit. It is also prohibited to import or purchase gold, precious metals, or diamonds from the Government of Syria or an entity or body owned or controlled by it or acting on its behalf or direction, without a sanctions permit. It is also prohibited to give “illegally removed cultural property” to another person, to trade in it, or to transfer the ownership of it to another person. “Illegally removed cultural property” means an item of Syrian cultural property; or of archeological, historical, cultural, rare scientific, or religious importance that has been illegally removed from Syria on or after March 15, 2011.

The targeted financial sanctions outlined in category II “Exchange Measures” above prohibit providing assets to a proscribed or designated person or entity. This would effectively prohibit imports from any person or entity listed on the Consolidated List maintained by the Department of Foreign Affairs and Trade (DFAT).

Open general licenses No.

Licenses with quotas No.

Other nontariff measures No.

Import taxes and/or tariffs Yes. Most agricultural products enter Australia duty free. A maximum tariff of 5% applies to some manufactured goods, including household textile products. Tariffs on many goods have been eliminated. Tariff concessions are available under the Tariff Concession System for most goods subject to a tariff, if no domestic manufacturers produce substitutable goods. Other concessions are available for specific purposes, such as to accommodate split import consignments and for donations and bequests.

Effective February 1, 2020, a temporary concession in relation to COVID-19 is provided for medical and hygiene goods imported between February 1, 2020, and December 31, 2020.

Australia currently has 14 multilateral or bilateral trade agreements in force. The following trade agreements have provided the following reduction in tariff duties, excluding excise-equivalent customs duty on alcohol, fuel, and tobacco, for originating goods under each of the agreements:

(1) Indonesia-Australia Comprehensive Economic Partnership Agreement, effective July 5, 2020 – Australia has eliminated duties on all tariff lines.

(2) Peru-Australia FTA, effective February 11, 2020 – Australia has eliminated duties on 96% of tariff lines on entry into force and 99.8%
is to be eliminated by January 1, 2023.

(3) FTA between Australia and Hong Kong, China, effective January 17, 2020 – Australia has eliminated duties on all tariff lines.

(4) Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), in force since December 30, 2018, among Australia, Canada, Japan, Mexico, New Zealand, and Singapore, and, effective January 14, 2019, Vietnam.

(5) Japan-Australia Economic Partnership Agreement has eliminated duties on 99.0% of tariff lines by April 1, 2020 (same as of April 1, 2018), with the remaining tariffs to be eliminated by April 1, 2021.

(6) Korea-Australia FTA has eliminated duties on 99.5% of tariff lines by January 1, 2020 (same as of January 1, 2019), with the remaining tariffs to be eliminated by January 1, 2021.

All tariff lines are eliminated under the Malaysia-Australia FTA, the Australia-Chile FTA, the Singapore-Australia FTA, the China-Australia FTA (effective January 1, 2019), the Thailand-Australia FTA, the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA), the Australia-United States FTA, and the Agreement Establishing the ASEAN-Australia-New Zealand FTA (effective January 1, 2020).

Tariffs and quantitative import and export restrictions on trade in goods from the FTA are prohibited under the ANZCERTA with New Zealand.

Tariff quotas apply to certain types of cheese and curd that may be imported at a concessional rate of duty of $A 0.096/kg and is restricted to 11,500 tons a year. Imports may be made outside the 11,500 ton quota allocated each year, but a higher rate of duty of $A 1.220/kg applies.

Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Financing requirements No.

Documentation requirements Yes.

Letters of credit No.

Guarantees No.

Domiciliation No.

Preshipment inspection No.

Other Yes. Export Control (Plants and Plant Products) Order 2011 as amended through the Export Control (Plants and Plant Products) Amendment
(Accredited Properties) Order 2018 provides for the accreditation of properties. Importing country requirements set out in bilaterally agreed horticulture export protocols (protocol agreements) apply, as well as requirements for Australian properties, including orchards, farms, vineyards, packhouses, and treatment facilities, that produce or prepare fresh fruit and fresh vegetables for export to these specific protocol markets. An exporter is required to demonstrate, for the purpose of exporting specific fresh fruit and fresh vegetables to protocol markets, that the product was produced and/or prepared at an accredited property for the purpose of supporting an application for export permits and other certification necessary to accompany prescribed agriculture export consignments.

<table>
<thead>
<tr>
<th>Export licenses</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Export prohibitions and restrictions enforce quality control measures, administer UNSC and Australian autonomous sanctions, and meet obligations under international treaties and commitments under international arrangements. Australia’s export control policies reflect the government’s commitment to ensure that exports of defense and dual-use goods are consistent with Australia’s interests, international obligations, and commitments. Prohibitions also maintain adequate measures of control over designated cultural property, resources, flora, and fauna; secure conservation objectives; and respond to specific market distortions abroad. Remaining controls on primary products apply mainly to food and agricultural products and are administered by the Department of Agriculture. Export controls apply to rough diamonds which may be exported only to countries participating in the Kimberley Process Certification Scheme, and each shipment must include a Kimberley Process Certificate issued by the Minister administering the Offshore Minerals Act 1994 (or authorized delegate). Export controls apply to uranium, thorium, and other specified nuclear materials. Export permissions for uranium and related materials are issued by the Minister administering the National Radioactive Waste Management Act 2012 (or authorized delegate). The Australian Safeguards and Non-Proliferation Office requires exporters to hold a permit to possess uranium and issue safeguards clearance for each individual shipment as required. Export permits from the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) are required for exports of high-activity radioactive sources. Controls administered by the Department of Agriculture require an export license for exports of woodchips and unprocessed wood (for example, whole logs). These controls apply to wood sourced from areas outside Regional Forest Agreement regions and plantation forests within states and territories where Codes of Practice for plantation forestry are not approved by the Australian Government. Export registration and/or licensing procedures apply to agricultural products (meat, dairy products, eggs, live animals and their reproductive material, fish, vegetables, fruit) to ensure that exporters meet other countries’ import conditions. These include sanitary and phytosanitary conditions. In the case of live animals, controls apply to exporters to ensure they meet Australia’s animal welfare standards. Export controls are regulated by the Department of Agriculture and the appropriate industry agencies. Exports of wine and brandy products in both bulk and bottled form require licenses from the Wine Australia Corporation. Only one entity has an export monopoly for selected agricultural products—the Rice Marketing Board for the State of New South Wales. This board appointed Ricegrowers Limited (trading as SunRice) as the sole and exclusive export license holder for exports of rice grown in New South Wales. (Ricegrowers Limited is also an authorized buyer.) There are no
statutory restrictions on the exportation of rice in other Australian states.
Effective March 30, 2020, temporary export controls were applied to noncommercial exports of certain goods that contribute to the controlling and preventing the spread of the COVID-19 virus, including personal protective equipment, disinfectant wipes, and hand sanitizers.

DFAT coordinates the implementation, administration, and enforcement of UNSC sanctions and autonomous sanctions, working closely with a wide range of agencies, including the Department of Defence, the Department of Home Affairs, the Australian Transaction Reports and Analysis Centre, and the Australian Federal Police. The export of arms or related material is prohibited, without a permit, under sanctions regimes for the Central African Republic, the DPRK, the Democratic Republic of the Congo, Iran, Iraq, Lebanon, Libya, Myanmar, Russia, Somalia, South Sudan, Sudan, Syria, the Taliban, Yemen, and Zimbabwe. Australian law prohibits the export of arms or related material to a designated person or entity for the UNSC sanctions regime in relation to ISIL (Da’esh) and Al-Qaida, and it is not possible to obtain a permit for the export of such items. Arms or related material is defined broadly and includes, but is not limited to, weapons, ammunition, military vehicles and equipment, and spare parts for any of those things, as well as paramilitary equipment. In addition to these restrictions, there are other restrictions on exports which relate to each specific sanctions regime. For example, with respect to the DPRK, food and medicine are the only goods which may be exported, supplied, sold, or transferred to the DPRK without restriction. Likewise, significant restrictions apply to exports bound for Iran, Iraq, Syria, Russia, and Crimea and Sevastopol. The targeted financial sanctions outlined in category II “Exchange Measures” above prohibit dealing with the assets of a proscribed or designated person or entity. This would effectively prohibit exports from any person or entity listed on the Consolidated List maintained by the DFAT.

Payments for Invisible Transactions and Current Transfers

<p>| Controls on these transfers | No. |
| Trade-related payments      | No. |
| Prior approval              | No. |
| Quantitative limits         | No. |
| Indicative limits/bona fide test | No. |
| Investment-related payments | No. |
| Prior approval              | No. |</p>
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

- **Repatriation requirements**: No.
- **Surrender requirements**: No.
- **Surrender to the central bank**: No.
- **Surrender to authorized dealers**: No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions
Controls on capital transactions: Yes.

Repatriation requirements: No.

Surrender requirements: No.

Surrender to the central bank: No.

Surrender to authorized dealers: No.

Controls on capital and money market instruments: Yes.

Certain Autonomous Sanctions apply. With respect to the DPRK, Australian law prohibits, without a sanctions permit, acquiring or extending an interest in, or establishing or participating in a business with, or granting a financial loan or credit to (1) a person or entity (wherever located) that is engaged in an extractive or its related industry or associated infrastructure, in the DPRK (or persons or entities acting on their behalf, direction or control; and (2) a DPRK person or entity, or those acting on their behalf, direction or control, that is engaged in an extractive or related industry outside the DPRK.

With respect to Crimea and Sevastopol, Australian law prohibits, without a sanctions permit: (1) the granting of any financial loan or credit, or the establishment of a joint venture, in relation to the following sectors; and/or (2) the acquisition or extension of an interest in an enterprise that was established in Crimea or Sevastopol and is engaged in the following sectors:

- the creation, acquisition, or development of infrastructure in the transport, telecommunications, or energy sectors; or
- the exploitation of oil or gas, or of mineral resources specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015.

With respect to Russia, Australian law generally prohibits, without a sanctions permit (with some exceptions): (1) the purchase or sale of, or any other dealing with, bonds, equity, transferable securities, money market instruments, or other similar financial instruments, if the financial instrument is issued by an entity specified by the Minister for Foreign Affairs; and (2) making, or being part of any arrangement to make loans or credit if the loan or credit is made to an entity specified by the Minister for Foreign Affairs.

With respect to Syria, Australian law prohibits, without a sanctions permit, the acquisition or extension of an interest in: (1) the establishment of, or participation in, a joint venture with; and/or (2) the granting of a financial loan or credit to an entity that is engaged in the petrochemical industry or the oil and gas industry, and connected to Syria.

On capital market securities: Yes.

Shares or other securities of a participating nature: Yes.

Purchase locally by nonresidents: Yes.

The acquisition of shares and other securities of a participating nature that may be affected by laws and policies on inward direct investment may require notification to the Australian authorities. Notification may be required under the foreign investment review framework subject to the percentage interest and monetary thresholds prescribed under the Foreign Acquisitions and Takeovers Act 1975, associated regulations, and foreign investment policy. Effective March 29, 2020, the monetary threshold of the notification requirement under the foreign investment review framework was temporarily reduced to zero for agreements entered into after 10:30 p.m. Australian Eastern Daylight Saving Time (AEDT) March 29, 2020. This measure was taken because the significant impact of
Coronavirus on the Australian economy has increased the risk of foreign investment in Australia occurring in ways that would be contrary to the national interest. The nil monetary threshold means a greater number of investments by foreign persons are required to be notified to the Treasurer. To ensure sufficient time for screening applications, the Foreign Investment Review Board (FIRB) is working with existing and new applications to extend statutory timeframes for reviewing applications from 30 days to up to six months. Urgent applications that protect and support Australian businesses and Australian jobs are being prioritized.

If a person acquires a substantial holding in a listed entity, or there is a change in their substantial holding, they are also subject to disclosure obligations under Chapter 6C of the Corporations Act. Chapter 6C applies to residents and nonresidents for acquisitions of securities in an entity listed on an Australian financial market. The acquisition of shares and other securities in listed companies or unlisted companies with over 50 shareholders is separately regulated by the takeover rules in Chapters 6 and 6A of the Corporations Act. The requirements in Chapters 6 and 6A apply to both residents and nonresidents but only for acquisitions of securities in companies incorporated in Australia. Disputes regarding control transactions are primarily resolved by the Takeovers Panel. The Panel has published a number of Guidance Notes explaining policy relevant to control transactions.

The policy underlying Chapter 6 is that a bid for an Australian target company should be made on the same terms to all holders: s619(1). However, if a bidder is offering scrip consideration, the securities do not need to be offered to foreign holders (holders with a registered address outside Australia) if the bidder appoints a nominee approved by ASIC to sell the scrip that would have been issued to the foreign holders and distribute the net proceeds of sale to the holders: Section 619(3). This nominee procedure should only be used where the bidder is constrained by foreign laws from offering scrip and the bidder risks a declaration of unacceptable circumstances from the Takeovers Panel if that is not the case: ASIC Regulatory Guide 9 Takeover bids at paragraphs 71–72.

A pro-rata offer of securities may exclude nonresidents (members with a registered address outside of Australia or New Zealand) but only if the company determines that it is unreasonable to extend the offer to nonresidents having regard to the number of holders in the place where the offer would be made, the number and value of securities the holders would be offered, and the cost of legal compliance: s9A(3)(a). If the pro-rata offer is renounceable, the entity must also appoint a nominee to arrange for the sale of entitlements of any excluded nonresident and distribution of the proceeds to them: s9A(3)(c). These requirements are relevant if the company wishes to rely on the disclosure exemption for rights issues in s708AA. Similar requirements are also imposed on all entities listed on the Australian Securities Exchange under Listing Rule 7.7.1 (regardless of whether a disclosure document is provided or not).

If any person, such as a member or underwriter, needs to rely on the takeovers’ exemption for rights issues in item 10 of Section 611, the securities that would otherwise be issued to nonresidents who accept the offer (or the right to acquire those securities) must be transferred to a nominee approved by ASIC to sell and distribute the proceeds of sale to the foreign holders: Section 615. Both of these provisions are intended to facilitate control or capital transactions in circumstances where extending an offer of securities to nonresidents may be constrained by foreign law, or where the cost of compliance with foreign law may be disproportionate to the number of nonresident.
holders in a particular jurisdiction. ASIC’s policy on approval of a nominee for nonresidents is set out in Regulatory Guide – 6 Takeovers: Exceptions to the general prohibition at paragraphs 118–124. Ordinarily ASIC would not approve a nominee for the purposes of s615 if the company was able to make offers to nonresidents. Australian companies which conduct a share buyback must follow the procedure set out in Part 2J.1 of the Act. For an equal-access scheme, all shareholders must be treated equally, including nonresident shareholders. However, ASIC can give individual relief from this legislative requirement to an Australian company to exclude nonresident shareholders from a buyback (which is, in essence, an equal-access scheme) where the company cannot make an offer to some shareholders because of the laws of the country in which they reside, pursuant to Regulatory Guide 110 – Share buybacks at Table 3.

The Treasurer’s approval is required to hold more than 20% of the voting shares of an Australian bank. The Treasurer may grant approval only if the shareholding is in the national interest or for recently established companies that are below a specified asset size threshold.

While the Corporations Act usually requires a prospectus or other disclosure document for an offer of securities that is received in Australia, whether from a local or foreign issuer, ASIC has given conditional relief from the prospectus disclosure requirements where a foreign entity makes certain offers to Australian resident shareholders of the foreign entity. The conditional relief for rights issues by foreign companies, foreign scrip takeovers, and schemes of arrangement is subject to certain conditions, including listing of the foreign securities on an approved foreign market. We also give relief for offers that result in securities being issued to 20 or fewer investors in 12 months to Australian residents.

The provision of financial services, including the offers of financial products including shares in Australia, by residents and nonresidents, is subject to Chapter 7 of the Corporations Act. Chapter 7 imposes a requirement on the provider of the financial services to hold an AFSL, such as dealing and advising, and to meet certain requirements about the operation of the financial services business, for example capital requirements. There are limited exceptions to the AFSL requirement.

In March 2020, ASIC updated its Regulatory Guide 176 – Foreign financial services providers with its new regulatory framework for foreign financial services providers (FFSPs) providing financial services to wholesale clients or professional investors in Australia. The new framework has two key elements: a new foreign Australian financial services (AFS) licensing regime for FFSPs and licensing relief for providers of funds management financial services to certain types of professional investors in Australia.

It replaces ASIC’s previous licensing exemptions for foreign providers. Effective April 1, 2020, new foreign providers may apply to obtain a foreign AFSL to provide financial services in Australia to wholesale clients. To be eligible, the foreign provider must be authorized under an overseas regulatory regime that ASIC has assessed as sufficiently equivalent to the Australian regulatory regime. The list of sufficiently equivalent foreign regulatory regimes currently includes the U.K. Financial Conduct Authority; U.S. Securities and Exchange Commission; U.S. Federal Reserve and the Office of the Comptroller of the Currency; the Monetary Authority of Singapore; Hong Kong’s Securities & Futures Commission; the U.S. Commodity Futures Trading Commission; Germany’s Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority).
Authority); and Luxembourg’s Commission de Surveillance du Secteur Financier. An FFSP holding a foreign AFSL is exempt from certain provisions in Chapter 7 of the Corporations Act, as ASIC acknowledges that similar regulatory supervision and outcomes are achieved by the equivalent overseas requirements. Foreign providers currently relying on preexisting relief have a two-year transition period until March 31, 2022, to make arrangements to continue their operations in Australia, which may include applying for a foreign AFS license.

Funds management licensing relief will commence April 1, 2022. The relief is available to foreign providers inducing certain types of Australian professional investors to use the funds management financial services it provides. Under the relief, a license is not needed for that inducing conduct. Inducing conduct includes attempts to persuade, influence, or encourage a particular person to become a client, for example, mass marketing campaigns. Foreign providers must separately consider if they need to hold a license to actually provide financial services. Previously, the relief could be available broadly when (1) regulation by the FFSP’s overseas regulatory authority was sufficiently equivalent to ASIC regulation (from a market integrity and systemic risk perspective), (2) there were effective cooperation arrangements between the overseas regulatory authority and ASIC, and (3) the financial services provided were restricted to wholesale clients. Generally, relief was available for complying entities regulated by the aforementioned institutions.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

The offer of debentures usually requires a prospectus or other disclosure document for an offer that is received in Australia, whether from a local or from a nonresident issuer. This is subject to exemptions in s708 of the Corporations Act, including exemptions for persons who are sophisticated. An offer of debentures that requires a disclosure document is also subject to Chapter 2L of the Corporations Act, which imposes certain obligations on the borrower and requirements as to the appointment of a trustee.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

The offer of money market instruments may constitute the offer of debentures and requires a prospectus or other disclosure document for an offer that is received in Australia. The offer of debentures usually requires a prospectus or other disclosure document for an offer that is received in Australia, whether from a local or nonresident issuer. This is subject to exemptions in s708 of the Corporations Act, including exemptions for persons who are sophisticated. An offer of debentures that requires a disclosure document is also subject to Chapter 2L of the Corporations Act, which imposes certain obligations on the borrower and requirements as to the appointment of a trustee.
The offer of money market instruments may constitute the offer of a deposit-taking facility and require the provider of the facility to be an Authorized Deposit Institution (within the meaning of the Banking Act 1959) in the course of its banking business (within the meaning of that Act), other than an RSA (retirement savings account) (within the meaning of the Retirement Savings Account Act 1997).

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
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</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The acquisition of a controlling interest in securities issues by a collective investment vehicle may be affected by laws and policies on inward direct investment and therefore may require notification to the Australian authorities. Notification may be required under the foreign investment review framework subject to the percentage interest and monetary thresholds prescribed under Foreign Acquisitions and Takeovers Act 1975, associated regulations, and foreign investment policy. Further, the acquisition of securities in listed collective investment schemes is regulated by the takeover rules in Chapter 6 of the Corporations Act. If Australian issuers have determined that it would not be reasonable to make an offer of securities to nonresidents required or permitted by Chapter 6, nonresidents may receive cash instead of securities. Section 615 of the Act allows for the appointment of a nominee approved by ASIC (holding an AFSL) to sell securities for the benefit of foreign holders and to distribute the proceeds of sale to the holders.

The provision of financial services, including the offers of financial products (including shares) in Australia, by residents and nonresidents, is subject to Chapter 7 of the Corporations Act. Chapter 7 imposes a requirement on the provider of the financial services to hold an AFSL and to meet certain structural requirements. There are limited exceptions to the AFSL requirement. Further, where the financial service is the operation of a registered collective investment scheme (CIS), subject to some limited exceptions, the operator must be an Australian public company, must register the CIS with ASIC, and issue a compliant disclosure document.

In March 2020, ASIC updated its Regulatory Guide 176 – Foreign financial services providers with its new regulatory framework for FFSPs providing financial services to wholesale clients or professional investors in Australia. The new framework has two key elements: a new foreign AFS licensing regime for FFSPs and licensing relief for providers of funds management financial services to certain types of professional investors in Australia. It replaces ASIC’s previous licensing exemptions for foreign providers. Effective April 1, 2020, new foreign providers may apply to obtain a foreign AFSL to provide financial services in Australia to wholesale clients. To be eligible, the foreign provider must be authorized under an overseas regulatory regime that ASIC has assessed as sufficiently equivalent to the Australian regulatory regime. The list of sufficiently equivalent foreign regulatory regimes currently includes the U.K. Financial Conduct Authority; U.S. Securities and Exchange Commission; U.S. Federal Reserve and the Office of the Comptroller of the Currency; the Monetary Authority of Singapore; Hong Kong’s Securities & Futures Commission; the U.S. Commodity Futures Trading Commission; Germany’s Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority); and Luxembourg’s Commission de Surveillance du Secteur Financier. An FFSP holding a foreign AFSL is exempt from
certain provisions in Chapter 7 of the Corporations Act, as ASIC acknowledges that similar regulatory supervision and outcomes are achieved by the equivalent overseas requirements. Foreign providers currently relying on preexisting relief will have a two-year transition period until March 31, 2022, to make arrangements to continue their operations in Australia, which may include applying for a foreign AFSL.

Funds management licensing relief will commence April 1, 2022. The relief is available to foreign providers inducing certain types of Australian professional investors to use the funds management financial services it provides. Under the relief, a license is not needed for that inducing conduct. Inducing conduct includes attempts to persuade, influence, or encourage a particular person to become a client, for example, mass marketing campaigns. Foreign providers must separately consider if they need to hold a license to actually provide financial services. Previously, the relief could be available broadly when (1) regulation by the FFSP’s overseas regulatory authority was sufficiently equivalent to ASIC regulation (from a market integrity and systemic risk perspective), (2) there were effective cooperation arrangements between the overseas regulatory authority and ASIC, and (3) the financial services provided were restricted to wholesale clients. Generally, relief was available for complying entities regulated by the aforementioned institutions.

If the financial service that the foreign provider is providing deals with the operation of, and issue of interests in, a foreign collective investment scheme (FCIS), ASIC may exempt the FCIS operator from the requirement to hold an AFSL in relation to that operation, to register the FCIS in Australia with ASIC, and to issue a compliant disclosure document. ASIC’s policy in relation to the FCIS is set out in Regulatory Guide 178 – Foreign collective investment schemes. ASIC can grant relief from the legal provisions, if the applicant who applies complies with ASIC requirements in relation to that relief. Broadly, the relief is based on (1) the regulation by the regulatory regime to which the FCIS is subject to is sufficiently equivalent to ASIC regulation (from a market integrity and systemic risk perspective); (2) there are effective cooperation arrangements between the overseas regulatory authority and the ASIC; and (3) adequate rights and remedies are practically available to Australian investors. Effective July 27, 2020, applications for relief should be submitted through the ASIC Regulatory Portal.

Other exemptions from regulatory requirements may apply in respect of FCIUs under frameworks in the Corporations Act. This currently applies to New Zealand schemes under Chapter 8 of the Act and applies to schemes that seek to register as passport funds in a foreign member economy of the Asia Region Funds Passport (currently Japan, New Zealand, Thailand, and the Republic of Korea) and become notified foreign passport funds in Australia (also a member economy) under Chapter 8A of the Act.
hold an AFSL and to meet certain requirements about the financial services business for example capital requirements. There are limited exceptions to the AFSL requirement.

In March 2020, ASIC updated its Regulatory Guide 176 – Foreign financial services providers with its new regulatory framework for FFSPs providing financial services to wholesale clients or professional investors in Australia. The new framework has two key elements: a new foreign Australian financial services (AFS) licensing regime for FFSPs, and licensing relief for providers of funds management financial services to certain types of professional investors in Australia.

It replaces ASIC’s previous licensing exemptions for foreign providers. Effective April 1, 2020, new foreign providers may apply to obtain a foreign AFS license to provide financial services in Australia to wholesale clients. To be eligible, the foreign provider must be authorized under an overseas regulatory regime that ASIC has assessed as sufficiently equivalent to the Australian regulatory regime. The list of sufficiently equivalent foreign regulatory regimes currently includes the U.K. Financial Conduct Authority; U.S. Securities and Exchange Commission; U.S. Federal Reserve and the Office of the Comptroller of the Currency; the Monetary Authority of Singapore; Hong Kong’s Securities & Futures Commission; the U.S. Commodity Futures Trading Commission; Germany’s Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority); and Luxembourg’s Commission de Surveillance du Secteur Financier. An FFSP holding a foreign AFS license is exempt from certain provisions in Chapter 7 of the Corporations Act, as ASIC acknowledges that similar regulatory supervision and outcomes are achieved by the equivalent overseas requirements.

Foreign providers currently relying on preexisting relief have a two-year transition period until March 31, 2022 to make arrangements to continue their operations in Australia, which may include applying for a foreign AFS licence.

Funds management licensing relief will commence on April 1, 2022. The relief is available to foreign providers inducing certain types of Australian professional investors to use the funds management financial services it provides. Under the relief, a license is not needed for that inducing conduct. Inducing conduct includes attempts to persuade, influence or encourage a particular person to become a client, for example, mass marketing campaigns. Foreign providers must separately consider if they need to hold a license to actually provide financial services. Previously, the relief could be available broadly when (1) regulation by the FFSP’s overseas regulatory authority was sufficiently equivalent to ASIC regulation (from a market integrity and systemic risk perspective), (2) there were effective cooperation arrangements between the overseas regulatory authority and ASIC, and (3) the financial services provided were restricted to wholesale clients. Generally, relief was available for complying entities regulated by the aforementioned institutions.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
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</tbody>
</table>

Certain Autonomous Sanctions apply. With respect to the DPRK, Australian law prohibits without a sanctions permit, acquiring or extending an interest in, or establishing or participating in a business with, or granting a financial loan or credit to: (1) a person or entity (wherever located) that is engaged in an extractive or related industry, or its associated infrastructure, in the DPRK (or persons or entities acting on their behalf, direction, or control); and (2) a DPRK
person or entity, or those acting on their behalf, direction, or control, that is engaged in an extractive or related industry outside the DPRK. With respect to Crimea and Sevastopol, Australian law prohibits, without a sanctions permit: (1) the granting of any financial loan or credit, or the establishment of a joint venture, in relation to the following sectors; and/or (2) the acquisition or extension of an interest in an enterprise that was established in Crimea or Sevastopol and is engaged in the following sectors:

- the creation, acquisition, or development of infrastructure in the transport, telecommunications, or energy sectors; or
- the exploitation of oil or gas, or of mineral resources specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015.

With respect to Crimea and Sevastopol, Australian law prohibits, without a sanctions permit: (1) the granting of any financial loan or credit, or the establishment of a joint venture, in relation to the following sectors; and/or (2) the acquisition or extension of an interest in an enterprise that was established in Crimea or Sevastopol and is engaged in the following sectors:

- the creation, acquisition, or development of infrastructure in the transport, telecommunications, or energy sectors; or
- the exploitation of oil or gas, or of mineral resources specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015.

With respect to Russia, Australian law generally prohibits, without a sanctions permit (with some exceptions): (1) the purchase or sale of, or any other dealing with, bonds, equity, transferable securities, money market instruments, or other similar financial instruments, if the financial instrument is issued by an entity specified by the Minister for Foreign Affairs; and (2) making, or being part of any arrangement to make loans or credit if the loan or credit is made to an entity specified by the Minister for Foreign Affairs.

With respect to Syria, Australian law prohibits, without a sanctions permit, the acquisition or extension of an interest in: (1) the establishment of, or participation in, a joint venture with; and/or (2) the granting of a financial loan or credit to an entity that is engaged in the petrochemical industry or the oil and gas industry, and connected to Syria.

### Commercial credits

- No. By residents to nonresidents
- No. To residents from nonresidents

### Financial credits

- No. By residents to nonresidents
- No. To residents from nonresidents

### Guarantees, sureties, and financial backup facilities

- No. By residents to nonresidents
- No. To residents from nonresidents

### Controls on direct investment

- Yes. Persons engaging in regulated credit activities generally need an Australian Credit License or an authorization from a credit licensee (before commencing business). Some credit activities may be exempt from licensing requirements under Regulations or through a specific exemption from ASIC. Foreign entities may apply for a credit license but must meet additional requirements, which may include registering as a foreign company and appointing a local agent for legal processes (such as a local agent resident in the jurisdiction who is authorized to accept service of process and notices).

With respect to Crimea and Sevastopol, Australian law prohibits, without a sanctions permit: (1) the granting of any financial loan or credit, or the establishment of a joint venture, in relation to the following sectors; and/or (2) the acquisition or extension of an interest in an enterprise that was established in Crimea or Sevastopol and is engaged in the following sectors:

- the creation, acquisition, or development of infrastructure in the transport, telecommunications, or energy sectors; or
the exploitation of oil or gas, or of mineral resources specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015.

With respect to the DPRK, under the UNSC sanctions regime, Australian law prohibits a financial institution to (1) open a representative office, branch, or subsidiary in the DPRK; (2) establish a joint venture or correspondent banking relationship with, open a bank account with, or acquire, extend, sell, or make available an interest in a financial institution domiciled in the DPRK, a branch or subsidiary, wherever located, of a financial institution domiciled in the DPRK, or a financial institution wherever domiciled that is controlled by an entity or person in the DPRK. It is also prohibited, without a sanctions permit, to establish, maintain, or operate a joint venture or cooperative entity with a DPRK person or entity, an entity controlled by a DPRK person or entity, or a person or entity acting on behalf of or at the direction of a DPRK person or entity. Under Australia’s autonomous sanctions regime, it is prohibited, without a sanctions permit, to acquire or extend an interest in, establish or participate in a business relationship with, or grant a financial loan or credit to (1) a person or entity engaged in an extractive or related industry or associated infrastructure in the DPRK, or those acting on their behalf, or (2) a DPRK person or entity, or those acting on their behalf, engaged in an extractive or related industry outside the DPRK. It is also prohibited, without a sanctions permit, to obtain, use, deal with, or make available any asset that is a tenement or permission in relation to an extractive or related industry or associated infrastructure in the DPRK. It is also prohibited, without a sanctions permit, to obtain any tenement or permission in relation to an extractive or related industry or associated infrastructure in the DPRK from a DPRK person or entity, or those acting on their behalf.

With respect to Iran, in accordance with the UNSC sanctions regime, Australian law prohibits, without a sanctions permit, the sale, or otherwise making an interest available to Iran; an Iranian national; an Iranian entity; or a person or entity acting on their behalf or under their control, in commercial activities involving uranium mining, production, or the use of certain nuclear-related and ballistic missile-related goods.

With respect to Russia, Australian law generally prohibits, without a sanctions permit (with some exceptions): (1) the purchase or sale of, or any other dealing with, bonds, equity, transferable securities, money market instruments, or other similar financial instruments, if the financial instrument is issued by an entity specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015; and (2) making, or being part of any arrangement to make loans or credit if the loan or credit is made to an entity specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015.

With respect to Syria: It is prohibited, without a sanctions permit, to acquire or extend an interest in, establish or participate in a joint venture with, and grant a financial loan or credit to an entity that is engaged in the petrochemical industry or the oil and gas industry, and connected to Syria. It is also prohibited, without a sanctions permit, for a financial institution to obtain a representative office, or a branch or subsidiary, in Syria.

<table>
<thead>
<tr>
<th>Outward direct investment</th>
<th>No.</th>
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<tbody>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to interests including: (1) investment in media, telecommunications (including Telstra), the financial sector, transport (including Australian international airlines and shipping), defense and military-related industries, the development, manufacture, or
supply of or services relating to encryption and security technologies and communication systems, and the extraction of uranium or plutonium or the operation of nuclear facilities, as well as other critical infrastructure; (2) proposals within the scope of the foreign investment screening regime, which broadly cover the following where the specified thresholds were indexed on an annual basis effective January 1, 2020 (previously indexed effective January 1, 2019): (a) actions for which approval is required to acquire interests in securities, assets, entities (being corporations and unit trusts), and businesses that have a connection to Australia valued at more than $A 275 million; (b) if the foreign investor is from Chile, China, Japan, Republic of Korea, New Zealand, Singapore, the USA, . . . , as well as Peru (effective February 11, 2020), a country (other than Australia) for which the Comprehensive and Progressive Agreement for Trans-Pacific Partnership is in force (CPTPP) (since December 30, 2018, the CPTPP is in force for Canada, Japan, Mexico, New Zealand, Singapore and, effective January 14, 2019, Vietnam, and Hong Kong, SAR (effective January 17, 2020), and is acquiring an interest in nonsensitive businesses exceeding $A 1,192 million and in sensitive business valued at more than $A 275 million; (c) actions to acquire an interest in Agribusiness valued above $A 60 million unless the foreign investor is from Chile, New Zealand, and the USA in which case the acquired interest is valued above $A 1,192 million; (d) direct investment by foreign government investors and proposals for new businesses in Australia and acquisition of land regardless of value; (e) direct interest in developed commercial real estate exceeding $A 275 million unless the interest is in low-threshold land above $A 60 million or the direct interest is from a foreign investor from Chile, China, Japan, the Republic of Korea, New Zealand, Singapore, the USA, . . . as well as Peru (effective February 11, 2020), a country (other than Australia) for which the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and the Hong Kong, SAR (effective January 17, 2020), and interest acquired exceeds $A 1,192 million; (f) actions to acquire an interest in vacant commercial land regardless of value; (g) approval is required for direct investment in agricultural land exceeding the value of $A 15 million (cumulative) unless acquired by a foreign investor from Thailand and the agricultural land is used wholly and exclusively for a primary production business and the acquisition exceeds $A 50 million, or if the foreign investor is from Chile, New Zealand, and the USA and their cumulative interest exceeds $A 1,192 million. All monetary thresholds referred to in (a)–(g) are indexed annually January 1 each year, except the threshold for agricultural land exceeding $A 15 million (cumulative) and $50 million threshold for investors from Thailand where the agricultural land is used wholly and exclusively for a primary production business; (3) foreign life insurers, who under the Life Insurance Act 1995 may not establish branches in Australia (except for those specified in the Life Insurance Regulations 1995: Chinese, Japanese, Korean, New Zealand, and US insurers); and (4) investment to the extent that constituent states or territories of Australia exercise legislative control over such investment. Controls do not apply to the acquisition of an interest in securities, assets, a trust, Australian land, or a tenement by foreign custodian companies acting at the direction of clients. Effective March 29, 2020, the Australian Government announced temporary changes to the foreign investment review framework. From this date, all proposed foreign investments into Australia subject to the Foreign Acquisitions and Takeovers Act1975 require approval, regardless of value or the nature of the foreign investor — that is, a reduced zero-dollar threshold applies to all investment
agreements entered into after 10:30 p.m. AEDT March 29, 2020. To ensure sufficient time for screening applications, the FIRB extended timeframes for reviewing applications from 30 days to up to six months.

June 5, 2020, the Australian Government announced comprehensive reforms to the foreign investment review framework that include a new national security test for foreign investors who will be required to seek approval to start or acquire a direct interest in a sensitive “national security business.” The reform is subject to parliamentary approval.

The temporary measures are to remain in place for the duration of the crisis. The government anticipates a smooth transition from the current temporary arrangements to the new system, though the timing of the temporary measures ultimately depends on coronavirus developments.

With respect to the DPRK, under Australia’s autonomous sanctions regime, it is prohibited, without a sanctions permit, to sell or make available (otherwise than by sale) an interest in a commercial activity in an extractive or related industry in Australia to a DPRK person or entity, or those acting on their behalf. Under the UNSC sanctions regime, it is prohibited, without a sanctions permit, to (1) open a representative office in Australia of, or (2) establish a branch or subsidiary in Australia of, or (3) conclude an agreement related to (1) or (2) for or on behalf of: a financial institution domiciled in the DPRK; a branch or subsidiary, wherever located, of a financial institution domiciled in the DPRK; or a financial institution wherever domiciled that is controlled by an entity or person in the DPRK.

With respect to Syria, under Australia’s autonomous sanctions regime, there are prohibitions, without a sanctions permit, on the sale or making available of an interest in a commercial activity in Australia in the oil and gas industry (in the following sectors: refining of fuels, exploration or production of crude oil and natural gas or liquefaction of natural gas) to the Syrian Government, or any Syrian person or entity, or an entity or person acting on their behalf, at their direction or under their control. It is also prohibited, without a sanctions permit, for a Syrian financial institution (or a financial institution controlled by a Syrian person or entity) to open a representative office, branch, or subsidiary in Australia, and acquire an interest in an Australian financial institution. It is also prohibited, without a sanctions permit, to establish a joint venture or a correspondent banking relationship with a Syrian financial institution.

Controls on liquidation of direct investment
No.

Controls on real estate transactions
Yes.

Purchase abroad by residents
No.

Purchase locally by nonresidents
Yes.

Controls apply to the acquisition of real estate in Australia, except for acquisitions including (1) direct interest in developed nonresidential commercial real estate valued at less than, effective January 1, 2020, because of annual indexation (previously indexed effective January 1, 2019), $A 275 million or less than $A 60 million for low-threshold land or the direct interest is from a foreign investor from Chile, China, Japan, the Republic of Korea, New Zealand, Singapore, the USA, , as well as Peru (effective February 11, 2020), a country (other than Australia) for which the Comprehensive and Progressive Agreement for Trans-Pacific Partnership is in force (CPTPP) (since December 30, 2018, the CPTPP is in force for Canada, Japan, Mexico, New Zealand, Singapore and, effective January 14, 2019,
Vietnam), and Hong Kong, SAR (effective January 17, 2020), and interest acquired is below $A 1,192 million (thresholds are indexed annually); (2) interest in time-share plans whose foreign interest and that of any associates are less than four weeks a year; (3) residential real estate by approved migrants, special category visa holders, and other foreigners entitled to permanent residence in Australia, including Australian permanent residents and those ordinarily resident in Australia and special category visa holders buying through Australian companies; (4) nonresident Australians, directly or indirectly through Australian companies and trusts; (5) residential real estate by spouses or de facto partners of Australian citizens or Australian permanent residents; (6) offices and residences by foreign government missions for use as official missions or residences for staff, subject to sale to Australians or other eligible purchasers when no longer used for those purposes; (7) minority interests in public companies and trusts whose principal assets are real estate, as permitted by regulations under the Foreign Acquisitions and Takeovers Act 1975; (8) by general insurance companies operating in Australia, if the acquisition is made from the reserves of the companies and conforms to the company’s obligations under the Insurance Act 1973; (9) Australian land by foreign-controlled responsible entities acting on behalf of a managed investment scheme (MIS) registered under Section 601EB of the Corporations Act 2001, when investing primarily for the benefit of members ordinarily resident in Australia; (10) interests in Australian land by foreign custodians acting at the direction of clients; (11) interests acquired by will or devolution of law. Hospitality facilities, such as hotels, motels, hostels, and guesthouses, are considered developed commercial land and are subject to the thresholds specified above at (1). Residential real estate purchased by temporary residents directly or through Australian companies or trusts, which is an established dwelling intended to be the buyer’s place of residence, constitutes single blocks of vacant land, or is a new dwelling that requires notification and approval under the Foreign Acquisitions and Takeovers Act 1975. The Commonwealth Government (1) applies an annual vacancy fee on foreign owners of underutilized residential property where the property is not occupied or is genuinely available on the rental market for at least six months in a 12-month period; (2) capped sales from property developers directly to foreign persons at 50% of dwellings in new residential housing developments under New Dwelling Exemption Certificates; and (3) eliminated the main residence capital gains tax exemption for foreign tax residents. Most states and territories of Australia impose either higher stamp duties on the purchase of real estate by nonresidents or land tax surcharges on the ownership of land by nonresidents or both. These taxes are levied by the state or territory governments, not the Commonwealth Government. Foreign buyers of properties are subject to additional duty (stamp duty) of 7% in the states of Victoria, Queensland, Western Australia (effective January 1, 2019, previously 4%), and South Australia. The surcharge purchaser duty (stamp duty) on residential property imposed on foreign buyers is 8% in New South Wales. Effective April 1, 2020, in Tasmania an 8% stamp duty with a 1.5% surcharge applies to foreign purchasers of primary production property (previously, 3% stamp duty with an additional 0.5% surcharge). New South Wales imposes a land tax surcharge on foreign owners of 2%. In Victoria, the additional land tax surcharge on all land owned by absentee owners is 2%. Queensland has an “absentee” owner surcharge of, effective July 1, 2020, 2% (previously 1.5%) that can apply to absentee individuals, foreign corporations, and trustees of...
foreign trusts. The Australian Capital Territory (ACT) imposes a 0.75% surcharge on the unimproved land value of foreign investors.

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<thead>
<tr>
<th>Sale locally by nonresidents</th>
<th>No.</th>
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<tbody>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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**Provisions Specific to the Financial Sector**

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<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
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Under the Banking Act 1959, a body corporate requires an authorization by the Australian Prudential Regulation Authority (APRA) to conduct banking business in Australia. Foreign banks may operate as domestically incorporated subsidiaries or as foreign branches. Foreign branches are subject to less intensive prudential regulation, although they are restricted to wholesale and corporate business.

Authorization for licensees providing financial services in emissions units is a requirement. Some new applicants also request authorization to deal in foreign exchange because emissions units' authorizations also include eligible international emissions units. The financial requirements for licensees that issue OTC derivatives to retail clients, including contracts for difference and margin foreign exchange, were increased beginning January 31, 2013, through Class Order 12/752. These requirements are outlined in Regulatory Guide 166. The increases affected some licensees that have foreign exchange authorizations.

The Autonomous Sanctions Regulations of 2011 prohibit: a financial institution from establishing a joint venture, correspondent banking relationship, or a bank account with a Syrian financial institution, or setting up a representative office, branch, or subsidiary in Syria. Syrian financial institutions are prohibited, without a sanctions permit, from opening a representative office, branch, or subsidiary in Syria.
Australia. They are also prohibited from acquiring interests in
Australian financial institutions and establishing a joint venture or
correspondent banking relationship with Australian financial
institutions. They are also prohibited from the sale of an interest in an
Australian financial institution to a Syrian financial institution. They
are also prohibited from opening a representative office, branch, or
subsidiary in Syria.

With respect to Iran, the Australian Government maintains certain
autonomous sanction measures, as the Charter of the UN (Sanctions
– Iran) Regulation of 2016 entered into force, giving effect to
Resolution 2231, amending and repealing the Charter of the UN
(Sanctions – Iran) Regulations of 2008.

| Borrowing abroad | No. |
| Maintenance of accounts abroad | No. |
| Lending to nonresidents (financial or commercial credits) | No. |
| Lending locally in foreign exchange | No. |
| Purchase of locally issued securities denominated in foreign exchange | No. |
| Differential treatment of deposit accounts in foreign exchange | No. |
| Reserve requirements | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |
| Differential treatment of deposit accounts held by nonresidents | No. |
| Reserve requirements | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |
| Investment regulations | Yes. |
| Abroad by banks | No. |
| In banks by nonresidents | Yes. |

The Treasurer’s approval is required to hold more than 20% of the
voting shares of an Australian bank. The Treasurer may grant
approval only if the shareholding is in the national interest or for
recently established companies that are below a specified asset size
threshold if the shareholders are deemed fit and proper.
Health Insurance (Prudential Supervision) Act 2015, respectively. The amendments made to the Insurance Act 1973 in 2008 provide for limited exemptions to be made under the Insurance Regulations 2002; these enable general insurance business that cannot be appropriately placed in Australia to be provided by an unauthorized foreign insurer (UFI). The types of insurance business that can be provided by an unauthorized foreign insurer are insurance contracts for atypical risks, high-value insureds, and other risks that cannot reasonably be placed in Australia. There are also exceptions for large businesses and global companies headquartered in Australia. Foreign life insurers must generally operate through Australian-incorporated subsidiaries. The Life Insurance Regulations 1995 provide that only Chinese, Japanese, Korean, New Zealand, and US life insurers may operate through branches in Australia. Insurers are also subject to the licensing, conduct, and disclosure requirements in the Corporations Act 2001 in their dealings with retail clients.

The operation of investment firms is subject to strict legal requirements under the Corporations Act that outline operations, licensing and compliance obligations, including the FFSPs’ regulatory framework.
The operation of retail MIS (collective investment vehicles that issue interests to retail clients) is subject to registration, licensing, conduct, and disclosure provisions under Chapter 5C of the Corporations Act 2001. The Chapter 5C requirements do not apply to wholesale schemes. Where a wholesale scheme is unregistered, it must still meet certain requirements regarding licensing and reporting obligations under the relevant provisions of the Corporations Act. Scheme operators may also be required to obtain licenses under other legislation, depending on the nature of their investments.

For taxation purposes, nonresidents investing through a MIS are treated differently to resident investors. Generally, nonresidents are subject to Australia’s withholding tax rules, with income arising from passive income investments (such as shares, rent, or interest) subject to a form of withholding tax, while capital gains are taxed only in respect of nonportfolio interests in taxable Australian property. Australia only imposes taxing rights on Australian sourced income. Domestic (that is, resident) investors are taxed on all incomes at their marginal tax rate.

Limits (max.) on securities issued by nonresidents  No.
Limits (max.) on investment portfolio held abroad  No. From a tax perspective, there are restrictions on the extent to which a trust can be “closely held” for the purposes of accessing concessional withholding tax rates. One such example is that a trust must not have one nonresident individual holding 10% or more of the participation interests. This restriction applies to both a registered MIS that is a retail trust and a MIS that is a wholesale trust.

Limits (min.) on investment portfolio held locally  No.
Currency-matching regulations on assets/liabilities composition  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Inflation-targeting framework

Operating target (policy rate)

<table>
<thead>
<tr>
<th>Target corridor band</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>03/20/2020</td>
</tr>
</tbody>
</table>

The cash rate was lowered to 25 basis points, and the Reserve Bank of Australia (RBA) modified the interest rate corridor system, so that balances held in Exchange Settlement Accounts at the RBA earn 10 basis points (previously zero). Previously, the lower and upper bounds of the corridor were set at 25 basis points below and above the target cash rate, respectively. There are no changes to arrangements for the top of the corridor, which remains 25 basis points above the target cash rate.

Imports and Import Payments

<table>
<thead>
<tr>
<th>Import taxes and/or tariffs</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01/01/2019</td>
<td>Under the China-Australia FTA, Australia had eliminated duties on 100% of tariff lines by this date.</td>
</tr>
<tr>
<td></td>
<td>01/14/2019</td>
<td>The Comprehensive and Progressive Agreement for Trans-Pacific Partnership became effective in Vietnam.</td>
</tr>
<tr>
<td></td>
<td>01/01/2020</td>
<td>Under the Agreement Establishing the ASEAN-Australia-New Zealand FTA, Australia had eliminated duties on 100% of tariff lines by this date.</td>
</tr>
</tbody>
</table>
01/17/2020 The FTA between Australia and Hong Kong, China, went into force and Australia has eliminated duties on all tariff lines.

02/01/2020 A temporary concession in relation to COVID-19 is provided for medical and hygiene goods imported between February 1, 2020, and December 31, 2020.

02/11/2020 The Peru-Australia FTA went into force and Australia has eliminated duties on 96% of tariff lines on entry into force and 99.8% is to be eliminated by January 1, 2023.

07/05/2020 The Indonesia-Australia Comprehensive Economic Partnership Agreement went into force and Australia eliminated duties on all tariff lines.

**Exports and Export Proceeds**

**Export licenses**

**Without quotas**

03/30/2020 Temporary export controls were applied to noncommercial exports of certain goods that contribute to the controlling and preventing the spread of the COVID-19 virus, including personal protective equipment, disinfectant wipes, and hand sanitizers.

**Capital Transactions**

**Controls on capital transactions**

**Controls on capital and money market instruments**

**On capital market securities**

Shares or other securities of a participating nature

03/29/2020 The monetary threshold of the notification requirement under the foreign investment review framework was temporarily reduced to zero for agreements entered into after 10:30 p.m. Australian Eastern Daylight Time March 29, 2020. This measure was taken because the significant impact of Coronavirus on the Australian economy has increased the risk of foreign investment in Australia occurring in ways that would be contrary to the national interest. The nil monetary threshold means a greater number of investments by foreign persons are required to be notified to the Treasurer. To ensure sufficient time for screening applications, the Foreign Investment Review Board is working with existing and new applications to extend statutory timeframes for reviewing applications from 30 days to up to six months. Urgent applications that protect and support Australian businesses and Australian jobs are being prioritized.

In March 2020, the Australian Securities and Investments Commission (ASIC) updated its Regulatory Guide 176 – Foreign financial services providers with its new regulatory framework for foreign financial services providers (FFSPs) providing financial services to wholesale clients or professional investors in Australia. The new framework has two key elements: a new foreign Australian financial services (AFS) licensing regime for FFSPs and licensing relief for providers of funds management financial services to certain types of professional investors in Australia. It replaces ASIC’s previous licensing exemptions for foreign providers. From this date, new foreign providers may apply to obtain a foreign AFS license (AFSL) to provide financial services in Australia to wholesale clients. To be eligible, the foreign provider must be authorized under an overseas regulatory regime that ASIC has assessed as sufficiently equivalent to the Australian regulatory regime. The list of sufficiently equivalent foreign regulatory regimes currently includes the U.K. Financial Conduct Authority; U.S. Securities and Exchange Commission; U.S. Federal Reserve and the
On collective investment securities
Sale or issue locally by nonresidents

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Funds management licensing relief will commence April 1, 2022. The relief is available to foreign providers inducing certain types of Australian professional investors to use the funds management financial services it provides. Under the relief, a license is not needed for that inducing conduct. Inducing conduct includes attempts to persuade, influence, or encourage a particular person to become a client, for example, mass marketing campaigns. Foreign providers must separately consider if they need to hold a license to actually provide financial services.

Previously, the relief could be available broadly when (1) regulation by the FFSP’s overseas regulatory authority was sufficiently equivalent to ASIC regulation (from a market integrity and systemic risk perspective), (2) there were effective cooperation arrangements between the overseas regulatory authority and ASIC, and (3) the financial services provided were restricted to wholesale clients. Generally, relief was available for complying entities regulated by the aforementioned institutions.
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Applications for relief should be submitted through the Australian Securities and Investments Commission Regulatory Portal.

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Controls on direct investment

Inward direct investment

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>All specified monetary thresholds with respect to proposals within the scope of the foreign investment screening were indexed on an annual basis.</td>
</tr>
<tr>
<td>01/14/2019</td>
<td>Regarding the foreign investment screening regime, pursuant to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Vietnam was included in the list of countries with higher thresholds for acquiring an interest in sensitive and nonsensitive businesses.</td>
</tr>
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</tr>
</tbody>
</table>

Controls on real estate transactions

Purchase locally by nonresidents

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>In the state of Western Australia, the additional duty (stamp duty) imposed on foreign buyers of properties was increased to 7% from 4%.</td>
</tr>
<tr>
<td>01/01/2019</td>
<td>The thresholds for direct interest in developed nonresidential commercial real estate and sensitive land were indexed on an annual basis.</td>
</tr>
<tr>
<td>01/14/2019</td>
<td>Regarding the foreign investment screening regime, pursuant to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Vietnam was included in the list of countries with higher thresholds for acquiring direct interest in developed commercial real estate and sensitive land.</td>
</tr>
<tr>
<td>01/01/2020</td>
<td>The thresholds for direct interest in developed nonresidential commercial real estate and low-threshold land were indexed on an annual basis.</td>
</tr>
</tbody>
</table>
annual basis.

01/17/2020  Regarding the foreign investment screening regime, pursuant to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Hong Kong, SAR, was included in the list of countries with higher thresholds for acquiring direct interest in developed commercial real estate and sensitive land.

02/11/2020  Regarding the foreign investment screening regime, pursuant to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Peru was included in the list of countries with higher thresholds for acquiring direct interest in developed commercial real estate and sensitive land.

04/01/2020  In Tasmania, an 8% stamp duty with a 1.5% surcharge applies to foreign purchasers of primary production property (previously, 3% stamp duty with an additional 0.5% surcharge).

07/01/2020  Queensland’s “absentee” owner surcharge was increased to 2% from 1.5%.
### Status under IMF Articles of Agreement

**Date of membership**
- August 27, 1948.

**Article VIII**
- Yes. Date of acceptance: August 1, 1962.

**Article XIV**

### Exchange Measures

**Restrictions and/or multiple currency practices**
- No.

**Exchange measures imposed for security reasons**
- Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

- Yes.

In accordance with EU regulations and, if applicable, relevant UNSC resolutions, certain restrictions are maintained with respect to certain individuals/entities (a consolidated list of EU sanctions is available at www.sanctionsmap.eu/#/). EU sanctions are currently associated with, for example, Belarus, Bosnia and Herzegovina, Burundi, Central African Republic, China, Democratic Republic of the Congo, Egypt, Guinea (Conakry), Guinea-Bissau, Haiti, the Islamic Republic of Iran, the former government of Iraq, the Democratic People’s Republic of Korea, Lebanon, Libya, Mali, Moldova, Myanmar, Nicaragua (effective October 14, 2019), Russia, Somalia, South Sudan, Sudan, Syria, Tunisia, Turkey, Ukraine, Venezuela, the former Federal Republic of Yugoslavia (Serbia and Montenegro), Yemen, and Zimbabwe. Restrictions also apply to transfers with respect to the Taliban (Afghanistan), Al-Qaida, ISIL (Da’esh), and individuals and organizations associated with terrorism. New restrictive measures against the proliferation and use of chemical weapons and against cyberattacks threatening the Union or its member states (effective May 16, 2019) were introduced.


Restrictive measures in view of the situation in the Republic of Maldives were revoked effective June 18, 2019, (Council Decision (CFSP) 2019/993 of June 17, 2019).

**Other security restrictions**
- Yes.

With regard to EU internal terrorism, these restrictions are established by OeNB (Österreichische Nationalbank, Austrian Central Bank) regulations based either on the Austrian Exchange Control Act (Devisengesetz 2004), as amended, or on the Sanctions Act of 2010 (Sanktionengesetz 2010), as amended.

**References to legal instruments and hyperlinks**
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

**Currency**
- Yes. The currency of Austria is the euro.

**Other legal tender**
- No.

**Exchange rate structure**
Unitary
Yes.
Dual
Multiple

Classification
No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement

Floating
Free floating
Yes. The exchange rate arrangement of the euro area is free floating. Austria participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate
Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 2:15 p.m. Central European Time. On July 1, 2016, the ECB changed the publication time of the euro foreign exchange reference rates (ECB reference rates) from around 2:30 p.m. Central European Time to around 4:00 p.m. Central European Time. The reference rate against the euro is the average of the buying and selling rates. The publication regime aims to reinforce the distinction between exchange rate fixings used as benchmarks for transaction purposes and the ECB reference rates that are published for information purposes only.

Monetary policy framework
Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body
Government
Central Bank

Monetary Policy Committee
Central Bank Board
Other

Government and Central Bank

Inflation target
Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes.

To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the
Exchange tax No.
Exchange subsidy No.
Foreign exchange market Yes. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.
Spot exchange market Yes. The institutional setting for the market is the Model Code—The International Code of Conduct and Practice for the Financial Markets. Banks are the principal participants. The Austrian Financial Market Authority (FMA) grants foreign exchange licenses. Foreign exchange bureaus are licensed by the FMA.

Operated by the central bank No.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.
Interbank market Yes. Interventions are initiated by the ECB—for Austria, the Austrian Central Bank (OeNB) handles these operations.
Over the counter Yes. Interbank foreign exchange transactions may take place over the counter.
Brokerage Yes. The brokerage system may be used for interbank foreign exchange transactions.
Market making Yes. The interbank foreign exchange market operates on the basis of a market-making agreement.
Forward exchange market Yes. Forward exchange transactions are permitted. The CB participates in the forward foreign exchange market.
Official cover of forward operations No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No. Settlements with all countries may be made either in foreign currency or through free euro accounts.
Controls on the use of domestic currency No.
For current transactions and payments No.
For capital transactions No.
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents No.
Payments arrangements No.
Bilateral payments arrangements No.
Operative No. There are no bilateral payments agreements; however, several...
bilateral agreements exist for the promotion and protection of investments, which include provisions on transfers among the signatories.

**Inoperative**

No.

**Regional arrangements**

No.

**Clearing agreements**

No.

**Barter agreements and open accounts**

No.

**Administration of control**

Yes.

Exchange transactions in the private economy take place through banks (credit institutions) licensed by the FMA. The OeNB and the Federal Ministry of the Interior are in charge of the administration of the control of financial sanctions (see Section II B).

**Payments arrears**

No.

**Official**

No.

**Private**

No.

**Controls on trade in gold (coins and/or bullion)**

No.

**On domestic ownership and/or trade**

No.

**On external trade**

No.

**Controls on exports and imports of banknotes**

No.

In accordance with EC Regulation No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit (FIU). The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EU regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EU regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EU regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EU regulation; the EU regulation only harmonizes the system for the EU’s external borders.

**On exports**

No.

**Domestic currency**

No.

Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

**Foreign currency**

No.

Travelers entering or leaving the EU and carrying more than €10,000
are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

On imports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

| Yes. |

Held domestically

| Yes. |

Approval required

| No. |

Held abroad

| Yes. |

Approval required

| No. |

Accounts in domestic currency held abroad

| Yes. |

Accounts in domestic currency convertible into foreign currency

| Yes. |

References to legal instruments and hyperlinks

For private pension funds, effective January 1, 2019, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

Nonresident Accounts

Foreign exchange accounts permitted

| Yes. |

Approval required

| No. |

Domestic currency accounts

| Yes. |

Convertible into foreign currency

| Yes. |

Approval required

| No. |

Blocked accounts

| Yes. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

| No. |

Financing requirements for imports

| No. |

Minimum financing requirements

| No. |
Advance payment requirements  No.
Advance import deposits  No.
**Documentation requirements for release of foreign exchange for imports**  No.
Domiciliation requirements  No.
Preshipment inspection  No.
Letters of credit  No.
Import licenses used as exchange licenses  No.
Other  No.
**Import licenses and other nontariff measures**  Yes.

Export and import licenses must be issued by the Federal Ministry of Economic Affairs and Energy for industrial products and by the Federal Ministry of Agriculture, Forestry, Environment and Water Management for agricultural products. As a member of the EU, Austria applies import regulations based on the common commercial policy, that is, import restrictions for industrial products in the textile and clothing sectors and statistical surveillance for products under the scope of the ECSC Treaty. There are also regulations based on the current EU law with regard to China for imports of some consumer products.

Positive list  Yes.
Negative list  No.
Open general licenses  No.
Licenses with quotas  Yes.
Other nontariff measures  No.
**Import taxes and/or tariffs**  Yes.  Austria applies the Common Import Regime of the EU.
Taxes collected through the exchange system  No.
**State import monopoly**  No.
**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements  No.
Surrender requirements  No.
**Surrender to the central bank**  No.
**Surrender to authorized dealers**  No.
Financing requirements  No.
**Documentation requirements**  No.
Letters of credit  No.
Guarantees | No.  
Domiciliation | No.  
Preshipment inspection | No.  
Other | No.  

**Export licenses** | Yes.  
Licenses for exports must be obtained from the relevant ministry or, at the time of clearance, from the customs authorities. For most exports, licenses are not required. Export licenses are issued in accordance with the provisions of relevant EU trade agreements, the fulfillment of quotas under such agreements, and the needs of the Austrian economy.

Without quotas | Yes.  
With quotas | Yes.  

**Export taxes** | No.  
Collected through the exchange system | No.  
Other export taxes | No.  

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** | No.  
Trade-related payments | No.  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | No.  
Investment-related payments | No.  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | No.  
Payments for travel | No.  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | No.  
Personal payments | No.  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | No.
Foreign workers' wages  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Credit card use abroad  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Other payments  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Controls on capital and money market instruments  Yes.  With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). However, for small mutual associations and small insurance companies outside the scope of Solvency II restrictions on eligible investments, their currency denomination and localization (Art. 72 and 90 VAG 2016, Art. 3
With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). However, for small mutual associations and small insurance companies outside the scope of Solvency II restrictions on eligible investments, their currency denomination and localization (Art. 72 and 90 VAG 2016, Art. 3 Small Mutual Associations Investment Regulation – kV-KAV, Art. 3 Small Insurance Undertakings Investment Regulation – kVU-KAV) continue to be in place.

**On capital market securities**

- **Yes.** With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). Small mutual (insurance) associations are restricted to invest in euro-denominated assets subject to thresholds and the following localization requirements: Eligible share investments issued by corporations with head offices in a member state. Similar regulations apply to Small Insurance Undertakings not subject to Solvency II (Art. 3 Small Mutual Associations Investment Regulation – kV-KAV, Art. 3 Small Insurance Undertakings Investment Regulation – kVU-KAV).

**Shares or other securities of a participating nature**

- **Yes.** With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). For private pension funds, effective January 1, 2019, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

**Sale or issue locally by nonresidents**

- **No.**

**Sale or issue abroad by residents**

- **No.**

**Purchase abroad by residents**

- **Yes.**

With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). Small mutual (insurance) associations are restricted to invest in euro-denominated assets subject to thresholds and the following localization requirements: Eligible share investments issued by corporations with head offices in a member state. Similar regulations apply to Small Insurance Undertakings not subject to Solvency II (Art. 3 Small Mutual Associations Investment Regulation – kV-KAV, Art. 3 Small Insurance Undertakings Investment Regulation – kVU-KAV).

**Sale or issue abroad by residents**

- **No.**

**Bonds or other debt securities**

- **Yes.**

According to the Treaty on the Functioning of the European Union, Article 123, overdraft facilities and other credit facilities with the ECB or the CBs of member countries in favor of EU institutions or bodies; central governments; regional, local, and other public authorities; other bodies governed by public law; and public enterprises of member countries and direct purchases from these public sector entities by the ECB or CBs of debt instruments are prohibited. Purchases of sovereign debt of Eurosystem countries on the primary market are forbidden.

**Sale or issue locally by nonresidents**

- **No.**

**Sale or issue locally by nonresidents**

- **No.**

**Purchase abroad by residents**

- **Yes.**

With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC).
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For private pension funds, effective January 1, 2019, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). However, for small mutual associations and small insurance companies outside the scope of Solvency II restrictions on eligible investments, their currency denomination and localization (Art. 72 and 90 VAG 2016, Art. 3 Small Mutual Associations Investment Regulation – kV-KAV, Art. 3 Small Insurance Undertakings Investment Regulation) continue to be in place.

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<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). Small mutual (insurance) associations are restricted to invest in euro-denominated assets.
subject to thresholds and the following localization requirements:
Units in real estate funds managed by an investment fund
management company with head offices in another OECD member
state and subject to public supervision. Similar regulations apply to
Small Insurance Undertakings not subject to Solvency II (Art. 3
Small Mutual Associations Investment Regulation – kV-KAV, Art. 3
Small Insurance Undertakings Investment Regulation – kVU-KAV).

For private pension funds, effective January 1, 2019, former
quantitative investment limits were removed and requirements for
internal investment guidelines were introduced. Previously,
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<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

With the transposition of Solvency II into national law entering into
force, the prudent person principle for investments has been
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assets for funds covering technical provisions and territorial
restrictions referring to these assets have been abandoned (cf. Art.

Small mutual (insurance) associations are restricted to invest in euro-denominated assets
subject to thresholds and the following localization requirements:
Non-subordinated, non-recurring loans granted to or guaranteed by a
regional or local authority of an OECD member state as well as loans
and other receivables where liability for repayment and interest
payments lies with a regional or local authority of an OECD member
state; mortgage loans on real estate entered in a public register or
immovable property rights entered in a public register which are
located in an OECD member state, up to an encumbrance of 60% of
the current market value of the real estate or the immovable property
right provided the current market value has been documented by
means of an appraisal carried out by a certified court expert at the
time of the acquisition and that the real estate has been sufficiently
insured against the risk of fire for the term of the loan; non-recurring
loans and other receivables from municipal governments or loans
guaranteed by a municipal authority, with the exception of the federal
capital of Vienna, provided the income from statutory duties is
pledged. Similar regulations apply to Small Insurance Undertakings
not subject to Solvency II (Art. 3 Small Mutual Associations
Investment Regulation – kV-KAV, Art. 3 Small Insurance
Undertakings Investment Regulation – kVU-KAV).

| Commercial credits | No. |
By residents to nonresidents  No.

To residents from nonresidents  No.

Financial credits  Yes.  With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). Small mutual (insurance) associations are restricted to invest in euro-denominated assets subject to thresholds and the following localization requirements: Non-subordinated, non-recurring loans granted to or guaranteed by a regional or local authority of an OECD member state as well as loans and other receivables where liability for repayment and interest payments lies with a regional or local authority of an OECD member state; mortgage loans on real estate entered in a public register or immovable property rights entered in a public register which are located in an OECD member state, up to an encumbrance of 60% of the current market value of the real estate or the immovable property right; non-recurring loans and other receivables from municipal governments or loans guaranteed by a municipal authority, with the exception of the federal capital of Vienna, provided the income from statutory duties is pledged, mortgage loans on real estate entered in a public register or immovable property rights entered in a public register which are located in an OECD member state, up to an encumbrance of 60% of the current market value of the real estate or the immovable property right, provided the current market value has been documented by means of an appraisal carried out by a certified court expert at the time of the acquisition and that the real estate has been sufficiently insured against the risk of fire for the term of the loan. Similar regulations apply to Small Insurance Undertakings not subject to Solvency II (Art. 3 Small Mutual Associations Investment Regulation – kV-KAV, Art. 3 Small Insurance Undertakings Investment Regulation – kVU-KAV).

By residents to nonresidents  Yes.  Controls apply to the loans granted (1) to nonresidents, or for which the designated collateral is located abroad, if the asset in question is to form part of the guarantee funds of a local branch of a third country insurance company established in Austria with the solvency regime in the third country not considered equivalent by the European Commission (Art. 13 para 4 and Art. 14 para 1 no. 6 VAG 2016) and (2) to residents not in a member state or for which the designated collateral is not located in a member state, if the asset in question is to form part of the cover of the prescribed solvency margin for the local branch of a third country insurance company established in Austria with the solvency regime in the third country not considered equivalent by the European Commission (Art. 13 para 4 and Art. 14 para 1 no. 6 VAG 2016).

For private pension funds, effective January 1, 2019, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

To residents from nonresidents  No.

Guarantees, sureties, and financial backup facilities  No.
By residents to nonresidents No.

To residents from nonresidents No.

Controls on direct investment Yes.

Outward direct investment No.

Inward direct investment Yes. Certain controls apply to the following investments by nonresidents and residents who are not EU nationals: (1) auditing services; (2) accountancy, legal, engineering, and architectural services exceeding 49%; (3) energy; (4) majority ownership in the maritime sector; (5) airlines that must by law be controlled by EU countries or EU citizens, unless otherwise provided for under an international agreement to which the EU is a signatory; (6) 49% interest in ships registered in Austria; and (7) to the extent that under Directive No. 2009/65/EC, a depository of a UCITS must have its registered office either in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country.

Controls on liquidation of direct investment No.

Controls on real estate transactions Yes. With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the Directive 2009/138/EC). Small mutual (insurance) associations are restricted to invest in euro-denominated assets subject to thresholds and the following localization requirements: real estate and immovable property rights entered in a public register in an OECD member state. Similar regulations apply to Small Insurance Undertakings not subject to Solvency II (Art. 3 Small Mutual Associations Investment Regulation – kV-KAV, Art. 3 Small Insurance Undertakings Investment Regulation – kVU-KAV).

Purchase abroad by residents Yes. Controls apply to (1) the acquisition of real estate abroad that is to form part of the guarantee funds of a third country branch of a non-EU insurance company with the solvency regime in the third country not considered equivalent by the European Commission (Art. 13 para 4 and Art. 14 para 1 no. 6 VAG 2016) and (2) the acquisition of real estate outside the EU that is to form part of the cover of the prescribed solvency margin for the local branch.

Purchase locally by nonresidents Yes. Controls apply to the extent that the authorities of the Lander (federal provinces) have the right to restrict the acquisition of real estate.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans No.

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.
Settlement of debts abroad by immigrants No.
Transfer of assets No.
Transfer abroad by emigrants No.
Transfer into the country by immigrants No.
Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes. Global standards on bank capital and resolution were incorporated into European law by Regulation (EU) No. 575/2013 (Capital Requirements Regulation), Directive 2013/36/EU (CRD IV) and Directive 2014/59/EU (Bank recovery and resolution directive).

In Member states whose currency is the euro, the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM), and the Common Deposit Guarantee Scheme (which is not yet in place) form the European Banking Union. Non-euro Member States may participate if close cooperation has been established. The legal basis for the SSM is Council Regulation (EU) No. 1024/2013; for the SRM it is Regulation (EU) No. 806/2014.

Within the SSM, the ECB directly supervises all so-called significant institutions (SI), while less significant institutions (LSI) remain within the remit of the national supervisory authorities under the ECB’s oversight. The Single Resolution Board (SRB) mandate covers SIs and cross-border operating groups. The SRM differs in comparison to the SSM since the decisions of the SRB need to be implemented by national resolution authorities to become legally effective.

The regulatory framework for credit institutions in Austria, the Federal Banking Act (Bankwesengesetz - BWG), and the national regulations based on this act were revised because of the new European framework. According to Article 69 (5) BWG, FMA follows the guidelines and recommendations and other measures passed by the EBA, as well as comply with the warnings and recommendations issued by the ESRB.

According to Article 9 (1) BWG, credit institutions (as defined in Article 4 (1) No. 1 CRR) that are authorized and established in an EU Member state may conduct activities listed in Annex I CRD IV by the establishment of a branch or under the freedom to provide services.

The Federal Act on the Recovery and Resolution of Banks (Bank Recovery and Resolution Act – BaSAG) transposed the BRRD into Austrian law. The BaSAG conveys far-reaching powers to FMA to deal with credit institutions in crisis. To this effect, institutions must submit recovery plans to FMA, while the FMA draws up resolution plans.


Additionally, laws exist concerning specific requirements for special credit institutions (for example, the Federal Act on Savings and Loan Associations).

Regulation (EU) No. 260/2012 establishing technical and business requirements for credit transfers and direct debits in euros is in force,
which set up the single euro payments area (SEPA) that replaced national payment services with a common EU-wide payment service.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
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<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
</tbody>
</table>

Lending locally in foreign currency is governed by the FMA’s Minimum Standards for the Risk Management and Granting of Foreign Currency Loans and Loans with Repayment Vehicles (FMA-FXTT-MS). The minimum standards aim to impose strict criteria on new foreign currency loans (FCLs) to unhedged private consumers and to require banks to develop strategies to reduce the current high volume of outstanding FCLs. FMA minimum standards are not regulations in the legal sense, but are the supervisory authority’s recommendations on limiting risk. They are based on the FMA’s mandate to protect the national economic interest and the stability of the financial market (BWG Article 69, Paragraph 1) and are linked to the due diligence requirements of managers as specified in BWG Article 39. The exposure of domestic private households to FCLs had been deemed unsustainable by the Austrian authorities. Accordingly, strict regulatory measures were taken (tough interpretation of the minimum standards that restrict FCLs to hedged households or the most creditworthy households).

Reserve requirements apply to deposits and debt securities up to two years in all currencies. Liabilities from other credit institutions that are already required to hold minimum reserves and liabilities vis-à-vis the ECB are exempt. The current reserve requirement is 1% minus an allowance deduction of €100,000.

Pursuant to the Governing Council decision ECB/2019/31 published October 15, 2019, a part of the excess reserves holdings, up to a multiple of the required reserves, is exempt from the negative remuneration. On the basis of this decision, the interest rate of excess reserves holdings up to six times of the required reserves is 0% effective October 30, 2019.

Liquid asset requirements apply only to deposits held in euros.

Deposit accounts held by nonresidents are not taxed differently.

According to Article 89 para. 3(b) CRR, institutions may not have qualifying holdings exceeding 15% of the eligible capital of the...
institution in an enterprise that is a nonbank financial institution, nonancillary company, or noninsurance company. The total amount of such holdings may not exceed 60% of eligible capital of the institution.

*In banks by nonresidents*  
No.  
According to BWG Articles 20–20b, any party (resident or nonresident) that decides to hold a qualifying participation in a credit institution directly or indirectly, or to increase a qualifying participation directly or indirectly so that it reaches or exceeds the 20%, 30%, or 50% limits of the voting rights or capital—or in a way that causes the credit institution to become a subsidiary of that party—must notify the FMA in writing and indicate the amount of the participation and the information required under BWG Article 20b (3).

*Open foreign exchange position limits*  
Yes.  
According to Article 351 CRR, credit institutions must fulfill at all times the minimum capital requirement to cover foreign exchange risk.

*On resident assets and liabilities*  
Yes.

*On nonresident assets and liabilities*  
Yes.

*Provisions specific to institutional investors*  
Yes.  
With the transposition of Solvency II into national law entering into force, the prudent person principle for investments has been introduced (Art. 124 VAG 2016) and requirements as regards eligible assets for funds covering technical provisions and territorial restrictions referring to these assets have been abandoned (cf. Art. 134 of the directive 2009/138/EC). Investments of Austrian insurance companies are regulated in the Versicherungsunternehmen Kapitalanlageverordnung (VU-KAV), subordinated to the Insurance Supervision Act 2016. While under Solvency II the prudent person principle applies to investments, the VU-KAV regulation specifies qualitative requirements for investments (for example, concentration risks, credit risk analysis, derivatives, securities lending, risk management, and specifically prudent requirements for funds covering technical provisions). For small mutual associations and small insurance companies outside the scope of Solvency II restrictions on eligible investments and quantitative limits (Art. 72 and 90 VAG 2016, Art. 3 Small Mutual Associations Investment Regulation – kV-KAV, Art. 3 Small Insurance Undertakings Investment Regulation) continue to be in place.

*Limits (max.) on securities issued by nonresidents*  
Yes.  
For small mutual associations the following thresholds apply: Individual investments may only be made up to the percentages stated below, based on the carrying amount of the total investment ("individual threshold"): up to 2% each: shares and other variable-yield participations of companies admitted to trading on a regulated market, up to 10% each: (1) debt securities of the same issuer, (2) shares and other variable-yield participations of the same company (eligible participations), (3) units in investment funds of the same fund, (4) loans of the same issuer; up to 30% each: bank balances; up to 35% each: real estate and immovable property rights. The following total investments may only be made up to the percentages stated below, based on the carrying amount of the total investment ("total threshold"): (1) up to 3% in total: cash balances; (2) up to 10% in total: debt securities (corporate bonds not admitted to trading on a regulated market); (3) up to 25% in total: shares and other variable-yield participations (excl. real estate companies) including any shares held indirectly via investment funds; (4) up to 30% in total: (a) real estate and immovable property rights, (b) shares and
other variable-yield participations in real estate companies, (c) units in real estate funds, and (d) mortgage loans and immovable property rights; (5) up to 50% each in total: (a) debt securities (corporate bonds) and loans to regional or local authorities of an OECD member state. Similar regulations apply to Small Insurance Undertakings not subject to Solvency II (Art. 4 Small Mutual Associations Investment Regulation – kV-KAV, Art. 4 Small Insurance Undertakings Investment Regulation – kVU-KAV).

### Limits (max.) on investment portfolio held abroad

Yes.

Controls apply to (1) the acquisition of real estate outside the EU, if the asset in question is to form part of the cover of the prescribed solvency margin for a local branch of a third country insurance company established in Austria with the solvency regime in the third country not considered equivalent by the European Commission (Art. 13 para 4 and Art. 14 para 1 no. 6 VAG 2016); (2) the acquisition of real estate abroad, if the asset in question is to form part of the guarantee funds of a local branch of a third country insurance company established in Austria with the solvency regime in the third country not considered equivalent by the European Commission (Art. 13 para 4 and Art. 14 para 1 no. 6 VAG 2016); (3) loans granted to nonresidents, or for which the designated collateral is located abroad, if the asset in question is to form part of the guarantee funds of a local branch of a third country insurance company established in Austria with the solvency regime in the third country not considered equivalent by the European Commission (Art. 13 para 4 and Art. 14 para 1 no. 6 VAG 2016); and (4) loans to residents outside the EU, or for which the designated collateral is located outside the EU, if the asset in question is to form part of the cover of the prescribed solvency margin for a local branch of a third country insurance company established in Austria with the solvency regime in the third country not considered equivalent by the European Commission (Art. 13 para 4 and Art. 14 para 1 no. 6 VAG 2016).

### Limits (min.) on investment portfolio held locally

No.

### Currency-matching regulations on assets/liabilities composition

No.

### Pension funds

No.

The management board of the Pensionskasse (pension company) ensures that the investment of the assets allocated to an investment and risk-sharing group is performed by persons who are professionally qualified to do so and who have the relevant professional experience, in particular in the areas of portfolio management and risk management, as well as asset liability management and that appropriate technical resources are available for risk management. The investment of the assets allocated to an investment and risk-sharing group must be effected within prudent person rule and must take account of the other provisions of the current Federal Pensionskassen Act.

Effective January 1, 2019, the Federal Pensionskassen Act was amended within the course of the implementation of the Institutions for Occupational Retirement Provision (IORP II) Directive (EU) 2016/2341. Former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing about the investment of assets allocated to an investment and risk-sharing group, which where applicable must at least cover the following areas: (1) investment objectives taking into account the commitments arising from the Pensionskasse contracts; (2) criteria for the security, quality, liquidity, profitability, and availability of the entire assets allocated to the investment and risk-sharing group; (3) strategic asset allocation, suitable parameters for deviation from such
an allocation, and the respective rules for determining such parameters; (4) definition of the investment universe according to the following investment categories: (a) cash at banks, (b) loans and credits, (c) securities representing money claims (from regional or local authorities, from credit institutions, from other undertakings), (d) shares and other equity securities, (e) real estate, (f) other assets. Investments in unit certificates in investment funds, real estate funds, and alternative investment funds (AIFs) must be split up according to the investment categories; (5) investment procedures with regard to the selection, mixture, and diversification of assets; (6) determination of an appropriate limit system with quantitative investment thresholds with regard to par. 1 no. 7, at least with regard to the investment categories pursuant to no. 4 for both issuers and counterparties; (7) criteria for the computations of investments in unit certificates of investment funds, real estate funds, and AIFs for thresholds for issuers and counterparties pursuant to no. 6 including the general defining of materiality thresholds; (8) conditions for the investment in (a) assets pursuant to par. 1 no. 5, (b) derivative products pursuant to par. 1 no. 6, as well as (c) securities lending and securities repurchasing transactions; (9) description of the escalation processes in the event that the determined thresholds are exceeded; (10) criteria for the canceling of the dedication of securities as hold-to-maturity investments (Article 23 para. 1 no. 3a).

Previously, the assets acquired for the benefit of an investment and risk-sharing group had to be allocated to the following investment categories: (1) cash at bank; (2) loans and credits; (3) securities representing money claims; (4) shares, negotiable securities equivalent to shares, corporate bonds, and other equity securities; (5) real estate; and (6) other assets. Investments in shares, negotiable securities equivalent to shares, corporate bonds, other equity securities, and other assets were jointly limited to 70% of the assets allocated to the investment and risk-sharing group. Notwithstanding the above, investments with the exception of investment-grade corporate bonds in an investment and risk-sharing group within defined contribution plans that managed commitments with minimum yield guarantees were limited to 50% of the assets allocated to the investment and risk-sharing group. With the exception of investments in debt securities of the federal government, a federal province, another EEA member country, or a constituent state of another EEA member country, investments in assets of the same issuer were limited to 5% of the assets allocated to the investment and risk-sharing group; investments in assets of issuers that belonged to one group were limited to 10% of the assets allocated to the investment and risk-sharing group. Cash at bank at a single banking group was limited to 25% of the assets allocated to the investment and risk-sharing group. Investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments. Investments in securities representing money claims, shares, and negotiable securities equivalent to shares that were not admitted to trading on a regulated market were jointly limited to 30% of the assets allocated to the investment and risk-sharing group. Derivative products that were not purchased to hedge against risk could be purchased only if they helped lower investment risk or improved the administration of the assets allocated to an investment and risk-sharing group.

The FMA determines by regulation minimum risk management standards.
### Limits (max.) on securities issued by nonresidents

No. Effective January 1, 2019, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing that determines an appropriate limit system with quantitative investment thresholds. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

### Limits (max.) on investment portfolio held abroad

No. Effective January 1, 2019, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing that determines an appropriate limit system with quantitative investment thresholds. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

### Limits (min.) on investment portfolio held locally

No.

### Currency-matching regulations on assets/liabilities composition

No. Effective January 1, 2019, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing that determines an appropriate limit system with quantitative investment thresholds. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

### Investment firms and collective investment funds

No.

### Exchange measures imposed for security reasons

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/16/2019</td>
<td>Restrictive measures against cyberattacks threatening the European Union or its member states were imposed.</td>
</tr>
<tr>
<td>06/18/2019</td>
<td>Restrictive measures in view of the situation in the Republic of Maldives were revoked.</td>
</tr>
<tr>
<td>10/14/2019</td>
<td>Restrictive measures with respect to Nicaragua were imposed.</td>
</tr>
<tr>
<td>11/13/2019</td>
<td>Council Regulation (European Union) 2019/1890 of November 11,</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Measures
2019, concerns restrictive measures in view of Turkey’s unauthorized drilling activities in the Eastern Mediterranean.

**Resident Accounts**

Former quantitative investment limits for private pension funds were removed and requirements for internal investment guidelines were introduced. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

**Capital Transactions**

For pension funds, former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

**Foreign exchange accounts**

- **permitted**
- Held abroad

**Controls on capital transactions**

- **Controls on capital and money market instruments**
  - **On capital market securities**
    - Shares or other securities of a participating nature
      - **Purchase abroad by residents**

- **Bonds or other debt securities**
  - **Purchase abroad by residents**

- **On money market instruments**
  - **Purchase abroad by residents**

- **On collective investment securities**
  - **Purchase abroad by residents**

**Controls on credit operations**

- **Financial credits**
  - By residents to nonresidents
removed and requirements for internal investment guidelines were introduced. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Differential treatment of deposit accounts in foreign exchange

Reserve requirements

10/30/2019 The interest rate of excess reserves holdings up to six times of the required reserves was exempt from negative remuneration and is 0%.

Provisions specific to institutional investors
Pension funds

01/01/2019 The Federal Pensionskassen Act was amended within the course of the implementation of the Institutions for Occupational Retirement Provision II Directive (EU) 2016/2341. Former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing about the investment of assets allocated to an investment and risk-sharing group, which where applicable must at least cover the following areas: (1) investment objectives taking into account the commitments arising from the Pensionskasse contracts; (2) criteria for the security, quality, liquidity, profitability, and availability of the entire assets allocated to the investment and risk-sharing group; (3) strategic asset allocation, suitable parameters for deviation from such an allocation, and the respective rules for determining such parameters; (4) definition of the investment universe according to the following investment categories: (a) cash at banks, (b) loans and credits, (c) securities representing money claims (from regional or local authorities, from credit institutions, from other undertakings), (d) shares and other equity securities, (e) real estate, (f) other assets. Investments in unit certificates in investment funds, real estate funds, and AIFs must be split up according to the investment categories; (5) investment procedures with regard to the selection, mixture, and diversification of assets; (6) determination of an appropriate limit system with quantitative investment thresholds with regard to para. 1 no. 7, at least with regard to the investment categories pursuant to no. 4 for both issuers and counterparties; (7) criteria for the computations of investments in unit certificates of investment funds, real estate funds, and AIFs for thresholds for issuers and counterparties pursuant to no. 6 including the general defining of materiality thresholds; (8) conditions for the investment in (a) assets pursuant to para. 1 no. 5, (b) derivative products pursuant to para. 1 no. 6, as well as (c) securities lending and securities repurchasing transactions; (9) description of the escalation processes in the event that the determined thresholds are exceeded; (10) criteria for the cancelling of the dedication of securities as hold-to-maturity investments (Article 23 para. 1 no. 3a).

Previously, the assets acquired for the benefit of an investment and risk-sharing group had to be allocated to the following investment categories: (1) cash at bank; (2) loans and credits; (3) securities representing money claims; (4) shares, negotiable securities equivalent to shares, corporate bonds, and other equity securities; (5) real estate; and (6) other assets. Investments in shares, negotiable securities equivalent to shares, corporate bonds, other equity
securities, and other assets were jointly limited to 70% of the assets allocated to the investment and risk-sharing group. Notwithstanding the above, investments with the exception of investment grade corporate bonds in an investment and risk-sharing group within defined contribution plans that managed commitments with minimum yield guarantees were limited to 50% of the assets allocated to the investment and risk-sharing group. With the exception of investments in debt securities of the federal government, a federal province, another European Economic Area (EEA) member country, or a constituent state of another EEA member country, investments in assets of the same issuer were limited to 5% of the assets allocated to the investment and risk-sharing group; investments in assets of issuers that belonged to one group were limited to 10% of the assets allocated to the investment and risk-sharing group. Cash at bank at a single banking group was limited to 25% of the assets allocated to the investment and risk-sharing group. Investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments. Investments in securities representing money claims, shares, and negotiable securities equivalent to shares that were not admitted to trading on a regulated market were jointly limited to 30% of the assets allocated to the investment and risk-sharing group. Derivative products that were not purchased to hedge against risk could be purchased only if they helped lower investment risk or improved the administration of the assets allocated to an investment and risk-sharing group.

Limits (max.) on securities issued by nonresidents

01/01/2019

Former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing that determines an appropriate limit system with quantitative investment thresholds. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

Limits (max.) on investment portfolio held abroad

01/01/2019

Former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing that determines an appropriate limit system with quantitative investment thresholds. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.

Currency-matching regulations on assets/liabilities composition

01/01/2019

Former quantitative investment limits were removed and requirements for internal investment guidelines were introduced. The Pensionskasse must draw up and implement guidance in writing that determines an appropriate limit system with quantitative investment thresholds. Previously, investments in assets denominated in a currency other than that of the liabilities were limited to 30% of the assets allocated to the investment and risk-sharing group. If the exchange risk was eliminated by hedging transactions, these investments could be attributed to the euro-denominated investments.
Status under IMF Articles of Agreement

Date of membership: September 18, 1992.


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): No.

Other security restrictions: Yes.

Restrictions have been imposed on financial transactions and accounts held by individuals and organizations associated or suspected of association with terrorism and terrorism financing or money or other property laundering, pursuant to UNSC resolutions and to the list of current organizations associated with terrorism maintained by the US secretary of state and the Central Bank of the Republic of Azerbaijan (CBA), which is in charge of the supervision system over prevention of legalization of criminally obtained funds and other property and financing of terrorism. Moreover, the FIU, established on May 26, 2018, is an independent public legal entity that aims to improve the potential of relevant government agencies which are taking measures against legalization of criminally obtained funds or other property and financing of terrorism, to create a coordination mechanism for effective connection of activities, to increase the efficiency of cooperation and information exchange among them, and to widen international cooperation. The FIU is the authority that implements the powers identified by the legislation on the prevention of legalization of criminally obtained funds and other property and financing of terrorism and participates in policy formulation.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of the Republic of Azerbaijan is manat.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification
Azerbaijan’s de jure exchange rate arrangement is free floating. The exchange rate of manat rests on fundamental factors determining the supply and demand ratio in the foreign exchange market. The CBA operates a currency auction mechanism organized on the unilateral basis, in which the CBA provides the auction’s operational platform, and the State Oil Fund of Azerbaijan. This mechanism implies selling currency to the customer offering the higher price at the first place. The amount of the currency to be offered at an auction will be announced in advance. The de facto exchange rate arrangement is classified as a stabilized arrangement. The CBA publishes its foreign exchange intervention data quarterly.

The weighted average USD/AZN rate of both the auction transactions and interbank trades executed on Bloomberg is the official exchange rate for the next day. It is calculated on Bloomberg, and the CBA announces it at 5 p.m. each working day. Entities and banks use the official exchange rate as a reference point.
Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. Under the Law of the Republic of Azerbaijan on the CBA, the CBA uses the monetary base and a bilateral exchange rate target to maintain inflation at an acceptable level. The bilateral exchange rate target vis-à-vis the US dollar was implemented in January 2011.

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. Commercial banks freely determine their bid-ask spreads and commissions.

There is no concrete legal framework for foreign exchange regulation. However, a definition of foreign exchange contracts is given in the “Rules on margin trading,” effective October 5, 2019, as follows: a financial instrument that provides the party to the contract to pay the difference between the initial and final prices of the underlying asset determined by the contract.

Spot exchange market Yes. The foreign exchange market consists of the interbank (between commercial banks) and the intrabank (between commercial banks
and their clients) markets. All commercial banks (30) may participate in both the interbank and intrabank markets.

**Operated by the central bank**
- Yes.

**Foreign exchange standing facility**
- No.

The standing facility was eliminated when the CBA started holding foreign currency auctions through the Bloomberg Auction Platform.

**Allocation**
- No.

**Auction**
- Yes.

On January 12, 2017, the CBA introduced one-sided, multiple-price, and competitive auction format, where banks can send up to three different bids with no price and amount restriction. Only banks are allowed to participate in the auctions. Banks are notified about the auction at least thirty minutes before the auction, specifying the time, the direction of operation, as well as the amount of offered currency. The auctions are held two times a week. At the end of the auction, the balance on the correspondent account of each bank is checked. A bank with insufficient funds compared to its order is excluded from the auction. The results of the auctions are published on the CBA website, and the amount sold is published on the website of the State Oil Fund of Azerbaijan. Banks are free to decide to make any transaction with the foreign exchange obtained at the auction. The weighted average rate of both the auction transactions and interbank trades executed on Bloomberg is the official exchange rate for the next day.

**Fixing**
- No.

**Interbank market**
- Yes.

All commercial banks (30) are allowed to freely execute foreign exchange transactions among themselves in the interbank foreign exchange market. All trades are fulfilled on Bloomberg.

As of December 31, 2019, 26 banks traded in interbank foreign exchange market on Bloomberg.

**Over the counter**
- Yes.

The interbank foreign exchange market operates over the counter.

**Brokerage**
- No.

**Market making**
- No.

**Forward exchange market**
- Yes.

All commercial banks may execute foreign exchange forward transactions. However, this market is in the initial stages of development.

**Official cover of forward operations**
- No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**
- Yes.

**Controls on the use of domestic currency**
- No.

Resident and nonresident individuals and legal entities may transfer national currency abroad without limitations through assigned banks or the national operator of postal communication for current and capital transactions.

**For current transactions and payments**
- No.

**For capital transactions**
- No.

**Transactions in capital and money market instruments**
- No.

**Transactions in derivatives and other instruments**
- No.
### Credit operations

<table>
<thead>
<tr>
<th>Use of foreign exchange among residents</th>
<th>Yes.</th>
</tr>
</thead>
</table>

There are no restrictions on the use of foreign currency (exchange, possession, lending, bank accounts, and deposits, obtained from a bank or exchanged in a bank or currency exchange bureau) among residents. Legal entities and individuals must identify the source of foreign currency to place it in a bank account in accordance with the Law of the Republic of Azerbaijan on Combating the Legalization of Illicitly Gained Money or Other Property and Terrorism Financing of February 10, 2009. Under Article 19.2 of the Constitution, the manat is the only means of payment (settlement) for goods and services.

### Payments arrangements

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Operative

| Inoperative | Yes. |

Agreements with the CIS countries are inoperative.

#### Regional arrangements

| No. |

Azerbaijan is a member of the Payment Union of the CIS, which is now inoperative.

### Clearing agreements

| Yes. |

Government-owned firms and firms that are majority government owned must register these agreements with the Ministry of Economy.

### Barter agreements and open accounts

| Yes. |

The CBA regulates foreign exchange transactions, conducts foreign currency operations, and administers official gold and convertible currency reserve holdings. The Financial Market Supervisory Authority of Azerbaijan (FIMSA) was liquidated effective November 29, 2019. Previously, it was responsible for issuing licenses to deal in foreign exchange and conducting monitoring to ensure compliance with the law in Azerbaijan Republic. Now, the CBA establishes governing rules for foreign exchange operations and conducting operations with foreign currency accounts, and, effective November 29, 2019, issues rules for opening foreign currency accounts as well. Subjects, operating in financial markets are supervised (persons licensed in the securities market, credit institutions, professional participants of the insurance market, investment funds, and investment fund managers), may open foreign currency accounts outside the Republic of Azerbaijan in the cases and under the terms and conditions set by relevant legislation. The Ministry of Economy regulates foreign trade, whereas the organization and operation of the customs agencies are regulated under the Law on Custom Tariffs. Controls are also administered by authorized banks holding a license to effect foreign exchange transactions as agents of foreign exchange control.

### Administration of control

| Yes. |

### Payments arrears

| No. |
| Official | No. |
| Private | No. |

### Controls on trade in gold (coins and/or bullion)

| Yes. |

| On domestic ownership and/or trade | No. |
| On external trade | Yes. |

A license from the Ministry of Economy is required to conduct international trade in gold.

### Controls on exports and imports of banknotes

| Yes. |

The exportation and importation of foreign banknotes are controlled by the customs agencies. There are no restrictions on the exportation...
On exports

**Domestic currency**
No. Residents and nonresidents may take out of the Republic of Azerbaijan any amount of national currency banknotes only by declaring the amount to the customs authorities in writing. Amount up to 20,000 manat requires only verbal declaration to the customs authorities.

**Foreign currency**
Yes. Resident and nonresident individuals may export up to the equivalent of US$10,000 without documentation but with a customs declaration, or up to the equivalent of US$50,000 with a customs declaration and relevant documentation confirming its earlier import into Azerbaijan Republic. These limits are applied for each trip.

On imports

**Domestic currency**
No. Residents and nonresidents may bring into the Republic of Azerbaijan any amount of national currency banknotes only by declaring the amount to the customs authorities in writing. Amount up to 20,000 manat requires only verbal declaration to the customs authorities.

**Foreign currency**
No. There are no restrictions on the importation of banknotes.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**
Yes.

**Held domestically**

**Approval required**
No.

**Held abroad**
Yes. Resident may open and use foreign exchange accounts abroad. The opening and use of foreign exchange accounts in foreign banks are regulated by the Law of the Republic of Azerbaijan on Currency Regulation, Tax Code, and Regulations for Opening, Managing, and Closing of Bank Accounts. Pursuant to Parts 6 and 7 of the Regulations on Currency Operations of Residents and Non-residents by the Decision of the Board of the Central Bank of March 15, 2019, effective April 5, 2019, residents may freely open foreign currency denominated accounts beyond the Republic of Azerbaijan. When opening a foreign currency-denominated account beyond the Republic of Azerbaijan for entrepreneurial activities, residents should obtain a certificate-duplicate from tax authorities under Article 16.1.11 of the Tax Code of the Republic of Azerbaijan and submit its notification part to the tax authority by making relevant notes until the date operations are maintained on the account.

**Approval required**
Yes.

**Accounts in domestic currency held**
No.
### Nonresident Accounts

Foreign exchange in these accounts may be transferred abroad or sold to banks for manat. Nonresidents engaged in commercial activities must present duplicate certificate from tax authorities to open foreign currency accounts. Duplicate certificate is not required for nonresidents not engaged in business activities. The FIMSA was liquidated effective November 29, 2019. Previously, it was responsible for issuing licenses to deal in foreign exchange and conducting monitoring to ensure compliance with the law in Azerbaijan Republic. Now, the CBA establishes governing rules for foreign exchange operations and conducting operations with foreign currency accounts, and, effective November 29, 2019, issues rules for opening foreign currency accounts as well. Subjects, operating in financial markets are supervised (persons licensed in the securities market, credit institutions, professional participants of the insurance market, investment funds, and investment fund managers), may open foreign currency accounts outside the Republic of Azerbaijan in the cases and under the terms and conditions set by relevant legislation.

### Imports and Import Payments

In case of advance payment, a document reflecting the purpose, terms and conditions, and amount of payment must be delivered to the bank. Customs declaration confirming import of goods (supply of services) in exchange for down payment must be delivered to the bank, or the person or the third party in whose favor the down payment is made must refund the amount paid. Effective February 20, 2020, if the relevant documents are not delivered to the bank or the prepaid amount is not refunded at the latest within 2 years (previously, 270 days) after the payment is made and the outstanding amount of goods not imported (services not supplied) or advance payments not refunded exceeds US$10,000 (previously, any amount), the bank must deliver all documents related to advance payments to the CBA within 5 days (previously, 2 days) to impose enforcement measures stipulated in Article 430.4 of the Code of Administrative

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Offences of the Republic of Azerbaijan.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
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<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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</tr>
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</table>

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents are required to repatriate all proceeds from exports within 180 days and transfer them to a licensed bank in Azerbaijan within 10 days of receipt. Expenses, commissions, and taxes paid abroad relating to economic activities may be deducted from the proceeds prior to their transfer to a licensed bank.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export operations must be secured by 100% prepayment, an irrevocable LC, or a bank guarantee.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export operations must be secured by 100% prepayment, an</td>
<td></td>
</tr>
</tbody>
</table>
Guarantees: Yes. Export operations must be secured by 100% prepayment, an irrevocable LC, or a bank guarantee.

Domiciliation: No.

Preshipment inspection: No.

Other: No.

**Export licenses**

Yes.

Without quotas: Yes. Exports of scrap metal are prohibited.

With quotas: No.

**Export taxes**

Yes.

Collected through the exchange system: No.

Other export taxes: Yes. Export taxes apply to domestic producers’ exports of crude oil and petroleum products. For crude oil, the basis for the export tax is the difference between the export price (excluding export costs) and the fixed domestic price. For petroleum products, it is the difference between the export price (excluding export costs) and the ex-refinery price (also referred to as the intercompany price). The tax rate is 25%. A progressive export tax also applies.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Yes.

Trade-related payments: Yes.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. In accordance with the law, measures are taken to identify and verify banking operations of residents and nonresidents.

Investment-related payments: Yes.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. In accordance with the law, measures are taken to identify and verify banking operations of residents and nonresidents.

Payments for travel: No.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: No.

Personal payments: Yes.

Prior approval: No.

Quantitative limits: No.
Indicative limits/bona fide test  Yes.  These transactions are permitted, subject to documentary requirements. Residents and nonresidents are free to transfer abroad for personal reasons up to the equivalent of US$1,000 a day from accounts with banks on declaration of purpose. Residents are free to transfer abroad up to the equivalent of US$10,000 a month from accounts with banks for the maintenance of close relatives (that is, parents, spouses, children, siblings, adopted children) on presentation of supporting documents. In accordance with the law, measures are taken to identify and verify banking operations of residents and nonresidents.

Foreign workers' wages  Yes.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes.  Transfer abroad of wages received by nonresidents on their local bank accounts is subject to documentary requirements, such as work contract, bank document that identifies the received wages are paid by an employer, or official statement on work place and wage amount extracted from the Electronic Government Portal.

Credit card use abroad  Yes.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes.  In accordance with the law, measures are taken to identify and verify banking operations of residents and nonresidents.

Other payments  Yes.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes.  In accordance with the law, measures are taken to identify and verify banking operations of residents and nonresidents.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.

Repatriation requirements  No.
Surrender requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**On capital market securities**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Purchase locally by nonresidents**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>The domestic circulation of foreign securities is subject to controls and monitoring.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**On money market instruments**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Purchase abroad by residents**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Bonds or other debt securities**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Purchase abroad by residents**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**On collective investment securities**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on derivatives and other**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>The rules for circulation of securities of foreign issuers in Azerbaijan are determined by the State Committee for Securities of the Republic of Azerbaijan.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of securities of resident issuers by foreign investors is not restricted, unless otherwise stipulated by law. Nevertheless, in the charter capital of the insurer, the share of one foreign natural person may not exceed 10% and the general size of the share of foreign natural persons may not exceed 30% of shares. Except for international financial institutions to which Azerbaijan Republic is a member, foreign insurers and foreign institutional investors (banking and credit institutions, pension funds, investment funds), the general share of other foreign legal persons in the charter capital of an insurer must be less than 50% of shares.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>No more than 40% of the stock of a company incorporated in Azerbaijan may be traded outside Azerbaijan.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of Azerbaijan securities issued by foreign investors is not restricted, unless otherwise stipulated by law. The rules for circulation of securities of foreign issuers in Azerbaijan are determined by the FMSA of the Republic of Azerbaijan.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
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<tbody>
<tr>
<td>Acquisition of Azerbaijan securities issued by foreign investors is not restricted, unless otherwise stipulated by law. The rules for circulation of securities of foreign issuers in Azerbaijan are determined by the FMSA of the Republic of Azerbaijan.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>This area is governed by the provisions of the Civil Code of the</td>
<td>Yes.</td>
</tr>
<tr>
<td>Category</td>
<td>Restrictions</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct investment</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Controls on real estate transactions</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No</td>
</tr>
</tbody>
</table>

**Instruments**


**Purchase locally by nonresidents**

Acquisition of securities of resident issuers by foreign investors is not restricted, unless otherwise stipulated by law.

**Sale or issue locally by nonresidents**

Sale, purchase, and issue of derivatives and other instruments by non-residents are not restricted. Derivatives and other instruments are regulated by Article 403-1 of Civil Code and “Rules for placement and circulation of derivatives” № 32-1 of December 14, 2015.

**Purchase abroad by residents**

Banks are subject to net foreign currency exposure limits. The foreign exchange position of banks for a single currency is limited to 10% of regulatory capital. Total exposure from such positions may not exceed 20% of regulatory capital. (For nonconvertible foreign currencies, these limits are, respectively, 7% and 15%.)

**Sale or issue abroad by residents**

Banks are subject to net foreign currency exposure limits. No more than 40% of the stock of a company incorporated in Azerbaijan may be traded outside Azerbaijan.

**Controls on credit operations**

No.

**Commercial credits**

No.

**By residents to nonresidents**

No.

**To residents from nonresidents**

No.

**Financial credits**

No.

**By residents to nonresidents**

No.

**To residents from nonresidents**

No.

**Guarantees, sureties, and financial backup facilities**

No.

**By residents to nonresidents**

No.

**To residents from nonresidents**

No.

**Controls on direct investment**

Yes.

**Outward direct investment**

No. These capital transactions do not require CBA approval.

**Inward direct investment**

Yes. The minimum authorized capital is, effective March 18, 2020, manat 5 million for non-life insurance companies; manat 10 million for life insurance companies; manat 20 million for reinsurance companies operating exclusively; manat 5 million for reinsurance activity of insurance companies and manat 1 million for co-insurers realizing activity as a manager of agricultural insurance system on behalf of agricultural insurance body. Previously, the minimum authorized capital was manat 1 million for reinsurance companies and manat 0.8 million for insurance companies. The share of foreign insurance companies in the authorized capital of local insurance companies may not exceed 30% of aggregate authorized capital, and the share of one foreign natural person may not exceed 10% of capital. The minimum authorized capital for commercial banks is manat 50 million.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

No.

**Purchase abroad by residents**

No. Real estate transactions are subject to documentation requirements.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>These transactions are permitted, subject to documentary</td>
<td></td>
</tr>
<tr>
<td>requirements. Residents are free to transfer abroad (1) for</td>
<td></td>
</tr>
<tr>
<td>personal reasons, up to the equivalent of US$1,000 a day,</td>
<td></td>
</tr>
<tr>
<td>and up to the equivalent of US$10,000 a month from accounts</td>
<td></td>
</tr>
<tr>
<td>on declaration of purpose; (2) to close relatives (that is,</td>
<td></td>
</tr>
<tr>
<td>spouses, parents, adopters, grandchildren, children,</td>
<td></td>
</tr>
<tr>
<td>adoptees, sisters, and brothers) up to the equivalent of US$</td>
<td></td>
</tr>
<tr>
<td>10,000 a month from accounts with banks on the basis of</td>
<td></td>
</tr>
<tr>
<td>documents confirming the relationship. Only nonresidents are</td>
<td></td>
</tr>
<tr>
<td>permitted to transfer inheritances (funds received on</td>
<td></td>
</tr>
<tr>
<td>heritage, or sale of inherited property) abroad.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>These operations are permitted under the procedure stipulated</td>
<td></td>
</tr>
<tr>
<td>by the regulations of the CBA and subject to Anti-Money</td>
<td></td>
</tr>
<tr>
<td>Laundering and Counter-Terrorism Financing requirements.</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes.</td>
</tr>
<tr>
<td>Regulations on Currency Operations of Residents and</td>
<td></td>
</tr>
<tr>
<td>Nonresidents in the Republic of Azerbaijan of November</td>
<td></td>
</tr>
<tr>
<td>28, 2016, apply.</td>
<td></td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>These capital transactions are subject to Regulations on</td>
<td></td>
</tr>
<tr>
<td>Currency Operations of Residents and Nonresidents in the</td>
<td></td>
</tr>
<tr>
<td>Republic of Azerbaijan. These transfers are subject to</td>
<td></td>
</tr>
<tr>
<td>documentation requirements.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>Yes.</td>
</tr>
<tr>
<td>According to the Regulations on Currency Operations of</td>
<td></td>
</tr>
<tr>
<td>Residents and Nonresidents in the Republic of Azerbaijan,</td>
<td></td>
</tr>
<tr>
<td>transfers related to awards and other fees paid to</td>
<td></td>
</tr>
<tr>
<td>nonresidents for results of sport competitions are</td>
<td></td>
</tr>
<tr>
<td>classified as operations of foreign currency-denominated</td>
<td></td>
</tr>
<tr>
<td>transfers from bank accounts from the Republic of Azerbaijan.</td>
<td></td>
</tr>
<tr>
<td>Such transfers are made upon delivery of a document</td>
<td></td>
</tr>
<tr>
<td>confirming payment of relevant amounts to the bank.</td>
<td></td>
</tr>
<tr>
<td>Organizers of gambling and sport-bets are monitored for the</td>
<td></td>
</tr>
<tr>
<td>purposes of AML/CFT.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE</td>
<td></td>
</tr>
<tr>
<td>database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports">http://www.elibrary-areaer.imf.org/Pages/Reports</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>For the purpose of assessment of the financial situation of a bank,</td>
<td></td>
</tr>
<tr>
<td>the bank must submit to the CBA both its own prudential and banking</td>
<td></td>
</tr>
<tr>
<td>statistical reports and those of its affiliated economic entities,</td>
<td></td>
</tr>
<tr>
<td>individually and on a consolidated basis. There are no provisions for</td>
<td></td>
</tr>
<tr>
<td>borrowing abroad by banks and other financial institutions so long as</td>
<td></td>
</tr>
<tr>
<td>they stay within the open foreign exchange position limit.</td>
<td></td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Financial Policy Area</td>
<td>Country Standard</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
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<tr>
<td>Liquid asset requirements</td>
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<td>Interest rate controls</td>
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</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio</td>
<td></td>
</tr>
<tr>
<td>Policy Area</td>
<td>Status</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
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</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Changes during 2019 and 2020**

**Exchange Arrangement**

**Foreign exchange market**

10/05/2019

The “Rules on margin trading” became effective, which, among other things defined foreign exchange contracts as follows: a financial instrument that provides the party to the contract to pay the difference between the initial and final prices of the underlying asset determined by the contract.

**Arrangements for Payments and Receipts**

**Administration of control**

11/29/2019

The FIMSA was liquidated. Previously, it was responsible for issuing licenses to deal in foreign exchange, and conducting monitoring to ensure compliance with the law in Azerbaijan Republic. Now, the Central Bank of the Republic of Azerbaijan issues rules for opening foreign currency accounts.
Resident Accounts

Pursuant to Parts 6 and 7 of the Regulations on Currency Operations of Residents and Non-residents by the Decision of the Board of the Central Bank of March 15, 2019, residents may freely open foreign currency denominated accounts beyond the Republic of Azerbaijan. When opening a foreign currency-denominated account beyond the Republic of Azerbaijan for entrepreneurial activities, residents should obtain a certificate-duplicate from tax authorities under Article 16.1.11 of the Tax Code of the Republic of Azerbaijan and submit its notification part to the tax authority by making relevant notes until the date operations are maintained on the account.

Nonresident Accounts

The FIMSA was liquidated. Previously, it was responsible for issuing licenses to deal in foreign exchange, and conducting monitoring to ensure compliance with the law in Azerbaijan Republic. Now, the Central Bank of the Republic of Azerbaijan issues rules for opening foreign currency accounts as well.

Imports and Import Payments

If the relevant documents confirming import of goods (supply of services) are not delivered to the bank or the prepaid amount is not refunded at the latest within 2 years (previously, 270 days) after the payment is made and the outstanding amount of goods not imported (services not supplied) or advance payments not refunded exceeds US$10,000 (previously, any amount), the bank must deliver all documents related to advance payments to the Central Bank of the Republic of Azerbaijan within 5 days (previously, 2 days) to impose enforcement measures stipulated in Article 430.4 of the Code of Administrative Offences of the Republic of Azerbaijan.

Capital Transactions

The minimum authorized capital is manat 5 million for non-life insurance companies; manat 10 million for life insurance companies; manat 20 million for reinsurance companies operating exclusively; manat 5 million for reinsurance activity of insurance companies and manat 1 million for co-insurers realizing activity as a manager of agricultural insurance system on behalf of agricultural insurance body. Previously, the minimum authorized capital was manat 1 million for reinsurance companies and manat 0.8 million for insurance companies.
THE BAHAMAS

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance: December 5, 1973.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes.

The governor general may issue orders and regulations implementing the decisions, resolutions, and recommendations of international organizations and associations of countries of which The Bahamas is a member that requests their members to take economic measures against a foreign government. The economic measures may include but are not limited to (1) seizure, freezing, or sequestration of property owned by the foreign government in question; and (2) prohibition or restriction of persons in The Bahamas or Bahamians outside The Bahamas from (a) dealing with property held by or on behalf of the foreign government; (b) selling or supplying arms to foreign governments, entities, or individuals; and (c) providing technical advice, financial assistance, or training to foreign governments, entities, or individuals. There are restrictions on Bahamas-licensed banks and financial institutions regarding transactions with (1) the Democratic Republic of the Congo; (2) the Islamic Republic of Iran; (3) the Democratic People’s Republic of Korea; and (4) Osama bin Laden, the Al-Qaida organization, and any associated individuals or entities as designated from time to time by the attorney general after consultation with the government of the CB and the director of the financial intelligence unit (FIU).

Other legal tender
No.

The US dollar circulates concurrently with the Bahamian dollar.

Exchange Arrangement

Currency
Yes.

The currency of The Bahamas is the Bahamian dollar. Commemorative gold coins in denominations of B$10, B$20, B$50, B$100, B$150, B$200, B$250, B$1,000, and B$2,500 and silver coins in denominations of B$10 and B$25 are legal tender but do not circulate.

Other legal tender
No.

Exchange rate structure

Unitary

Dual
Yes. In addition to the official foreign exchange market, there is a market in which investment currency may be negotiated among residents.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
through, effective January 1, 2019, the ADs (previously through the CB). The CB ceased buying from or selling investment currency to the general public. The use of investment currency is prescribed for the purchase of foreign currency securities from nonresidents and direct investments abroad. The current premium bid and offer rates are 5% and 2.5%, respectively. Similarly, a premium of 5% may be charged on approved purchases of securities and foreign real estate. In certain circumstances, the Central Bank of The Bahamas (CBB) may permit residents to retain and use foreign currency from other sources to make outward investments. Certain external investments (including investment in foreign stocks by company-based retirement funds) may take place at the official exchange rate without an investment currency premium.

Classification

No separate legal tender

Currency board

Conventional peg Yes. The exchange rate arrangement is a conventional peg arrangement. The Bahamian dollar is pegged to the US dollar at par. Central Bank Act 2010 Article 9 establishes “that the Minister may, after consultation with the Bank, by order alter the said parity whether in terms of gold or any other standard.” The CB has fixed the Bahamian dollar parity to 1 US dollar since 1972.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Official exchange rate Yes. The Bahamian dollar is pegged to the US dollar, the intervention currency, at par. This rate is used for actual CBB foreign exchange transactions and for accounting and valuation.

Monetary policy framework

Exchange rate anchor Yes.

U.S. dollar Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework
Target setting body

Government
Central Bank

Monetary Policy Committee
Central Bank Board
Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band
Other

Accountability

Open letter
Parliamentary hearings
Other

Transparency

Publication of votes
Publication of minutes
Publication of inflation forecasts
Other monetary framework

Exchange tax  Yes.  A stamp tax of 1.5% is applied to the conversion of Bahamian dollars on all outward remittances. Section 4(b) 51 A of the Stamp (Amendment) Act, 2013, imposes a 5% tax on Bahamian dollar conversion amounts in excess of B$0.5 million a year for funds to be remitted or transferred outside The Bahamas to a related party in
respect of dividends or profits and payment for services by third parties.

**Exchange subsidy** No.

**Foreign exchange market** Yes. ADs are largely permitted to determine their bid-ask spread on foreign exchange transactions. Commercial bank fees and charges are set solely by the banks themselves.

For transactions with the public, commercial banks are authorized to charge a commission of 0.50% per US dollar on the purchase and 0.75% per US dollar on the sale of US dollars and 0.50% per pound on the purchase or sale of pounds sterling.

**Spot exchange market** Yes. Along with commercial banks, stand-alone money transfer business operators are also included as participants. These operators are licensed by the CBB and make payments to correspondents abroad on behalf of clients.

As of December 31, 2019, there are 221 licensed banks, 5 nonbank money transmission service providers, and 22 money transmission agents.

Money transmission businesses must obtain Exchange Control approval to deal in foreign currency and operate foreign currency accounts with local commercial banks and abroad. Money transmission businesses do not make foreign exchange transactions directly with the CBB.

**Operated by the central bank** Yes. Buying and selling rates for pounds sterling are also officially quoted, with the buying rate based on the rate in the New York market; the selling rate is 0.5% above the buying rate. There is also a market in which investment currency may be negotiated among residents through the CBB.

**Foreign exchange standing facility** Yes. The CBB buys and sells US dollars at the official rate without a commission and deals only with commercial banks and the government. The CBB and commercial banks (when acting under delegated authority) verify the bona fide nature of each transaction before providing foreign exchange. For pound sterling sales, the CBB adds a commission of 0.5% to the midrate. The CBB deals with commercial banks for a range of transactions.

**Allocation** No. **Auction** No. **Fixing** No.

**Interbank market** Yes. Interbank transactions may be freely negotiated among banks but are not significant because of structural excess bank liquidity and relatively predictable liquidity needs.

The CBB does not intervene directly with market participants at their quoted rates nor does the CBB propose its own quotes to market participants or intervene via market markers. The details (value and negotiated rate) of each transaction are required to be reported to the CBB for statistical purposes and to ensure adherence to open position limits.

As of December 31, 2019, all eight licensed local banks participate in the interbank market.

**Over the counter** Yes. Interbank transactions are negotiated over the counter.

**Brokerage** No. **Market making** No.

**Forward exchange market** Yes. Commercial banks may provide forward cover for residents who are due to receive or must pay in foreign currency under a contractual
commitment. Commercial banks may not, however, sell foreign currency spot to be held on account to cover future requirements without the CBB’s permission. ADs may deal forward in foreign currency with nonresidents without prior approval from the CBB. Commercial banks may execute forward deals among themselves at market rates, but they must ensure when carrying out all forward cover arrangements that their open spot or forward position does not exceed 5% of the respective bank’s Tier 1 capital.

While the CBB does not itself participate in the forward exchange market, it facilitates swap transactions on behalf of the Government of The Bahamas.

<table>
<thead>
<tr>
<th>Official cover of forward operations</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>References to legal instruments and hyperlinks</td>
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</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

**Prescription of currency requirements**

Yes.

The Exchange Control system of The Bahamas makes no distinction among foreign territories. Settlements with residents of foreign countries may be made in any foreign currency or in Bahamian dollars through an external account. Foreign currency is defined as all currencies other than the Bahamian dollar.

**Controls on the use of domestic currency**

Yes.

Nonresidents may not access domestic currency for capital purposes; however, they may access domestic currency up to a certain limit for working capital in local businesses they operate.

**For current transactions and payments**

Yes.

Exchange Control regulations apply. Generally, domestic currency may not be used for outward transactions between residents and nonresidents.

**For capital transactions**

Yes.

Exchange Control approval is required. Generally, domestic currency may not be used for outward transactions between residents and nonresidents.

**Transactions in capital and money market instruments**

Yes.

Exchange Control approval is required. Generally, domestic currency may not be used for outward transactions between residents and nonresidents.

**Transactions in derivatives and other instruments**

Yes.

Exchange Control approval is required. Generally, domestic currency may not be used for outward transactions between residents and nonresidents.

**Credit operations**

Yes.

Generally, nonresidents may not obtain credit facilities in domestic currency, except for domestic currency overdraft facilities for local businesses owned by nonresidents. Otherwise, local businesses owned by nonresidents are required to obtain credit facilities in proportion to their ownership structure. Temporary residents may receive domestic currency loan facilities on a restricted basis. Resident individuals and wholly Bahamian-owned businesses require Exchange Control approval to obtain foreign currency credit and must demonstrate that efforts have been made, without success, to obtain local financing.

**Use of foreign exchange among residents**

Yes.

Officially, all settlements between residents must be made in domestic currency. Foreign currency received domestically from nonresidents (for example, tourism related) must be surrendered to ADs, unless approved by the CBB.

**Payments arrangements**

Yes.

**Bilateral payments arrangements**

No.

**Operative**

No.

**Inoperative**

No.

**Regional arrangements**

Yes.

The Bahamas is a member of CARICOM, but it does not participate...
Clearing agreements No.

Barter agreements and open accounts No.

**Administration of control** Yes. Exchange Control is administered by the CBB, which authorizes ADs to approve allocation of foreign exchange for certain current payments, including for imports up to the equivalent of B$1.0 million and cash gift transfers up to the equivalent of B$15,000 a transaction.

**Payments arrears** No.

Official No.

Private No.

**Controls on trade in gold (coins and/or bullion)** Yes. Residents, other than ADs, are not permitted to hold or deal in gold bullion. However, residents who are known users of gold for industrial purposes may, with CBB approval, meet their current industrial requirements. There are no restrictions on residents’ acquisition or retention of gold coins.

On domestic ownership and/or trade Yes. ADs are not required to obtain licenses for bullion or coins, and no import duty is imposed on these items. Commercial imports of gold jewelry do not require a license and are duty free, although they are subject to a 10% stamp tax. A 1.5% stamp tax payable to customs is also assessed on commercial shipments of gold jewelry from any source.

**On external trade** No.

**Controls on exports and imports of banknotes** Yes.

**On exports** Yes.

**Domestic currency** Yes. Travelers may export banknotes up to a total of B$200. ADs may export Bahamian notes to nonresident banking correspondents against payment in Bahamian dollars from an External Account or any foreign currency, Bahamian currency notes in any quantity, provided the AD concerned is satisfied that they are required for the purpose of providing notes for travelers to The Bahamas.

In other cases, the prior permission of the CBB is required for the export of Bahamian currency notes.

Each application is considered on a case-by-case basis, within defined areas of usage, including, but not limited to, educational, promotional, government sponsor initiatives.

**Foreign currency** Yes. Bahamian travelers need CBB approval to export foreign banknotes. Providing the requisite documentation, Bahamian travelers may apply to ADs for foreign currency to travel abroad up to a specified amount, beyond which, application must be made to the CB.

**On imports** Yes.

**Domestic currency** Yes. Importation is subject to CBB approval. There are no restrictions on the importation of domestic currency banknotes by ADs.

**Foreign currency** No. There is no restriction on the import of foreign currency notes and coins.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Resident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes. Permission from the CBB is required to open and hold foreign exchange accounts. Permission is generally granted to residents earning substantial amounts of foreign exchange who make regular payments abroad. Balances in excess of current requirements must generally be converted to Bahamian dollars. Balances on these accounts may not be transferred abroad without the prior permission of the CBB. Without prior approval from the CBB resident businesses may open and maintain foreign currency for operating transactions, from revenues earned in foreign currency, with balances of up to $100,000. The limit applies to accounts maintained in the aggregate, if at multiple commercial banks. Prior CBB approval is required for resident businesses to maintain accounts with balances exceeding $100,000.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes. Permission from the CBB is required to open and hold foreign exchange accounts. Permission is generally granted to residents earning substantial amounts of foreign exchange who make regular payments abroad. Balances in excess of current requirements must generally be converted to Bahamian dollars. Balances on these accounts may not be transferred abroad without the prior permission of the CBB. Without prior approval from the CBB resident businesses may open and maintain foreign currency for operating transactions, from revenues earned in foreign currency, with balances of up to $100,000. The limit applies to accounts maintained in the aggregate, if at multiple commercial banks. Prior CBB approval is required for resident businesses to maintain accounts with balances exceeding $100,000.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes. Residents may not establish accounts abroad without Exchange Control approval. Such accounts must be maintained in foreign currency, and balances in excess of current requirements must generally be converted to Bahamian dollars. On application to the CBB, approval will be granted to retain existing foreign currency assets, without penalty, with the right to repatriate the assets or to maintain the holdings outside The Bahamas. Deposits and other assets repatriated to the Bahamas may be retained in foreign currency. Restrictions remain in place against funding of such foreign-currency-denominated accounts with proceeds converted from Bahamian dollars.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes. Residents may not establish accounts abroad without Exchange Control approval. Such accounts must be maintained in foreign currency, and balances in excess of current requirements must generally be converted to Bahamian dollars. On application to the CBB, approval will be granted to retain existing foreign currency assets, without penalty, with the right to repatriate the assets or to maintain the holdings outside The Bahamas. Deposits and other assets repatriated to the Bahamas may be retained in foreign currency. Restrictions remain in place against funding of such foreign-currency-denominated accounts with proceeds converted from Bahamian dollars.</td>
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</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No. With the permission of the CBB (Exchange Control), balances on accounts held by residents in domestic currency may be converted to foreign currency.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes. With the permission of the CBB (Exchange Control), balances on accounts held by residents in domestic currency may be converted to foreign currency.</td>
</tr>
<tr>
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## Nonresident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes. These accounts may be credited with (1) payments in foreign currency from residents of The Bahamas with CBB permission, (2) payments in foreign currency from nonresidents, and (3) foreign currency receipts arising from dealings between nonresidents and ADs. These accounts may bear interest. Accounts may be debited for (1) payments to residents or nonresidents, (2) payments to other foreign exchange accounts, and (3) payment of foreign currency costs involved in dealings between nonresidents and ADs.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No. With CBB approval, authorized banks may open external accounts in Bahamian dollars for nonresident companies that have expenses in The Bahamas and for nonresident investors. Authorized banks may freely open external Bahamian dollar accounts for nonresident entities and individual investors that have local expenses. Authorized</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes. With CBB approval, authorized banks may open external accounts in Bahamian dollars for nonresident companies that have expenses in The Bahamas and for nonresident investors. Authorized banks may freely open external Bahamian dollar accounts for nonresident entities and individual investors that have local expenses. Authorized</td>
</tr>
</tbody>
</table>
banks may freely open external accounts in Bahamian dollars for
winter residents and other such categories of non-Bahamians—for
example, certain temporary residents employed in the Bahamian
offshore sector. External accounts in Bahamian dollars must be
funded entirely from foreign currency originating abroad, but income
from registered investments may be credited to these accounts with
CBB approval. These accounts may not bear interest.

Balances on these accounts may be transferred abroad freely.

Convertible into foreign currency: Yes. These accounts are freely convertible to foreign currency.

Approval required: Yes. With CBB approval, authorized banks may open external accounts in Bahamian dollars for nonresident companies that have expenses in The Bahamas and for nonresident investors. Authorized banks may freely open external Bahamian dollar accounts for nonresident entities and individual investors that have local expenses. Authorized banks may freely open external accounts in Bahamian dollars for winter residents and other such categories of non-Bahamians—for example, certain temporary residents employed in the Bahamian offshore sector. External accounts in Bahamian dollars must be funded entirely from foreign currency originating abroad, but income from registered investments may be credited to these accounts with CBB approval. These accounts may not bear interest.

Blocked accounts: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

- **Foreign exchange budget**: No.
- **Financing requirements for imports**: No.
- **Minimum financing requirements**: No.
- **Advance payment requirements**: No.
- **Advance import deposits**: No.
- **Documentation requirements for release of foreign exchange for imports**: Yes. CBB approval is required to make payments for non-oil imports exceeding the equivalent of B$1.0 million, regardless of origin. This approval is generally given automatically on submission of pro forma invoices, Customs Entry Form, or other relevant documents proving the existence of a purchase contract.
- **Domiciliation requirements**: Yes. Transactions must be domiciled with a local AD.
- **Preshipment inspection**: No.
- **Letters of credit**: No.
- **Import licenses used as exchange licenses**: No.
- **Other**: Yes. Customs Department Entry Form is required together with pro forma invoice or other documentation proving the existence of a purchase contract.

**Import licenses and other nontariff measures**

- **Positive list**: No.
- **Negative list**: Yes. The importation of certain commodities is prohibited or controlled for social, humanitarian, or health reasons. For all imports of...
agricultural products, a permit must be obtained from the Ministry of Agriculture. All other goods may be imported without a license. Customs entries are subject to a stamp tax of 7%.

<table>
<thead>
<tr>
<th>Open general licenses</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>OGLs must comply with the Agricultural Manufactories Act.</td>
<td></td>
</tr>
</tbody>
</table>

| Licenses with quotas | No. |

<table>
<thead>
<tr>
<th>Other nontariff measures</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary or phytosanitary restrictions apply.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Import taxes and/or tariffs</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import duties vary from 0% to 210%. The tariff rate on most goods is 35%, and the average tariff rate is 31%. Stamp duties on imports range from 2% to 20%. There is no import duty on certain tourism-related goods, but these goods are subject to stamp duties ranging from 8% to 20%.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
</table>

| State import monopoly | No. |

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
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</tr>
</thead>
<tbody>
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<td></td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export proceeds must be collected without delay, that is it should not be delayed to an extent which is unreasonable having regard to the ordinary course of trade.</td>
<td></td>
</tr>
</tbody>
</table>

| Surrender requirements | Yes. |

<table>
<thead>
<tr>
<th>Surrender to the central bank</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Surrender to authorized dealers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export proceeds must be offered for sale to an AD as soon as the goods have reached their destination or within six months of shipment; alternatively, export proceeds may be used in any manner acceptable to the CBB. Exemption from surrender requires CBB approval.</td>
<td></td>
</tr>
</tbody>
</table>

| Financing requirements | No. |

| Documentation requirements | No. |

<table>
<thead>
<tr>
<th>Letters of credit</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Guarantees</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Domiciliation</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Preshipment inspection</th>
<th>No.</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th>No.</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Export licenses</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export licenses are not required, except for crawfish, conch, and arms and ammunition.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Without quotas</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>With quotas</th>
<th>No.</th>
</tr>
</thead>
</table>

| Export taxes | No. |

<table>
<thead>
<tr>
<th>Collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
</table>

| Other export taxes | No. |
Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. There are no restrictions on current payments. However, there are limits on the approval authority delegated to commercial banks by the CBB. ADs may make payments to nonresidents on behalf of residents and individuals deemed “temporary residents” for Exchange Control purposes—that is, non-Bahamians authorized to work in The Bahamas for a specified period, for certain services and other invisible transactions, such as commissions, royalties (excluding franchise fees), and education, within specified limits. CBB approval is required for payments in excess of those limits and for categories of payments not delegated to commercial banks.

Trade-related payments

Yes.

Prior approval

Yes. CBB approval is required for transactions of more than B$25,000 for unloading and storage costs and commissions.

Quantitative limits

Yes. Limits are based on pro forma invoices or other relevant documents proving the existence of a service contract.

Indicative limits/bona fide test

Yes. Approval is based on a bona fide test.

Investment-related payments

Yes.

Prior approval

Yes. For all investments with approved status, permission is given on application for the transfer. In light of the COVID-19 pandemic, the CBB suspended, effective March 4, 2020, all Exchange Control approvals for domestic bank dividends.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Payments for travel

Yes.

Prior approval

Yes. CBB approval is required for travel of more than B$15,000 a person a trip and business travel to facilitate imports.

Quantitative limits

Yes. ADs may provide up to B$15,000 or its equivalent a person a trip for tourism and other personal travel. The limit on travel for education is B$15,000 a person a trip. For business or professional travel, the limit is B$15,000 a trip. The allowance for tourism travel excludes the cost of fares and travel services, which is generally paid in Bahamian dollars to a travel agent in The Bahamas. Foreign exchange obtained for travel and any unused balance must be surrendered within one week of issue or, if the traveler is still abroad, within one week of returning to The Bahamas.

Indicative limits/bona fide test

Yes. Approval is based on a bona fide test.

Personal payments

Yes. There is no limit for medical expenses.

Prior approval

Yes. Except for the medical expenses, CBB approval is required for amounts exceeding this established limit.

Quantitative limits

Yes. ADs may provide up to B$25,000 a transaction or its equivalent for payments to education institutions (B$2,500 a transaction if paid to the student), family maintenance, and alimony payments. CBB approval is required for amounts exceeding this limit. Limits are applied per transaction. An AD can facilitate payments to educational institution based on the full amount noted on the bill, as well as payments due under a court order for the total amount.

Indicative limits/bona fide test

Yes. Approval is based on a bona fide test, including supporting evidence.
Foreign workers' wages: Yes.  
Prior approval: No. Prior approval is not required.  
Quantitative limits: Yes. The limit is 100% of wages and salaries.  
Indicative limits/bona fide test: Yes. If commitments outside The Bahamas are more than 100% of wages and salaries, additional amounts may be remitted. Temporary residents may also repatriate all their accumulated savings resulting from their employment in The Bahamas.  
Credit card use abroad: Yes.  
Prior approval: Yes. Approval is required for residents to hold an international credit card. Cards may not be used to pay for life insurance premiums and capital items.  
Quantitative limits: Yes. Use of credit cards is limited to the amount indicated on the current bill.  
Indicative limits/bona fide test: Yes. Credit card transactions are subject to bona fide tests.  
Other payments: Yes.  
Prior approval: No. CBB approval is not required and AD may facilitate payment for services (that is, professional, subscription, membership fees, royalties, registration of patents, serial rights, and advertising) up to the amount indicated on the bill.  
Quantitative limits: Yes. Use of credit cards is limited to the amount indicated on the current bill.  
Indicative limits/bona fide test: Yes. AD may facilitate payment for services (that is, professional, subscription, membership fees, royalties, registration of patents, serial rights, and advertising) up to the amount indicated on the bill.  
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Proceeds from Invisible Transactions and Current Transfers**

Repatriation requirements: Yes. Residents must collect all proceeds without delay, that is it should not be delayed to an extent which is unreasonable having regard for ordinary course of trade.

Surrender requirements: Yes.

Surrender to the central bank: No.

Surrender to authorized dealers: Yes. All foreign currency proceeds must be offered for sale to an AD on receipt. Foreign exchange obtained for travel and any unused balance must be surrendered within one week of issue or, if the traveler is still abroad, within one week of returning to The Bahamas.

Restrictions on use of funds: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Capital Transactions**

Controls on capital transactions: Yes. The premium on approved purchases of securities and foreign real estate is 5%, while the premium on rates for investment currency sales by residents is 2.5%. However, certain categories of securities may be negotiated in the official market, with no premium. Cross-listing of Bahamian and foreign companies on CARICOM exchanges is allowed, and limited foreign investment by the National Insurance Board (the public pension fund) is authorized.
<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
<th>Repatriation must occur at the time of liquidation of foreign assets.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>Yes.</td>
<td>In the event of liquidation of the investment of funds that were initially purchased through the Investment Currency Market (ICM), the proceeds may be sold to the ICM and an element of the premium recovered, on the original capital invested, in line with the offer rate prevailing at the time of liquidation. The current premium on rate for sales is 2.5%.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
<td>Earnings on securities and money market instruments purchased abroad by residents must be surrendered to ADs, unless exemption is granted by the CBB. Foreign exchange loans by nonresidents to residents must be converted by an AD to Bahamian dollars, unless exemption is granted by the CBB.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
<td>All outward capital transfers require Exchange Control approval, and outflows of resident-owned capital are restricted. Inward transfers by nonresidents, which are encouraged, must be processed through the Exchange Control approval procedure, and the subsequent use of the funds in The Bahamas may also require authorization. Nonresidents may invest in obligations of companies listed on the Bahamas International Securities Exchange up to an aggregate of 10% of the respective issue or offering. They may also invest in public sector securities for which the CBB acts as registrar, subject to an overall limit of B$0.1 million a person or entity. Operational guidelines apply to issuance of non-sponsored Bahamian depository receipts. Proposed product offerings must be established under the supervision of the Securities Commission (SC) before the CBB is approached for foreign exchange to fund external portfolios. Additional rules are as follows: (1) Mutual funds may retain foreign currency cash in their portfolios up to the maximum percentage of overall assets, as specified or disclosed in the investment policy statements or strategies of the funds. (2) Purchases and sales of foreign exchange against Bahamian dollar facilities must be executed through the CBB. (3) Individual brokers or dealers may pool the foreign exchange allotted to them each quarter, but the resources may not be traded in any commercial sense, because this would be seen as constituting a parallel market in foreign exchange. (4) The CBB prohibits the accumulation of unused quarterly allocations of brokers or dealers.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
<td>The Mutual Funds Act and a regulation that provides for licensing of mutual fund administrators and the registration of mutual funds are enforced. The Securities Industry Act authorizes the SC to regulate the stock exchange and its operations.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
<td>Resident companies may invest in equities of Bahamas International Securities Exchange-listed companies, up to 10% of the issue or offering for each investing entity. Resident companies may invest in other private and public sector securities, without limit.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>In principle, inward investment by nonresidents is unrestricted. However, CBB approval is required for the issue or transfer of shares in a Bahamian company to a nonresident and for the transfer of control of a Bahamian company to a nonresident. The extent of such approvals generally reflects the government’s economic and investment policy guidelines.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>CBB approval is required for the issue and transfer of shares in a Bahamian entity to a nonresident. The extent of such activity is often a function of government economic and investment policy on nonresident ownership in sectors of the economy.</td>
</tr>
</tbody>
</table>
Residents employed by offshore and foreign-based institutions in The Bahamas may invest in employee stock options or share purchase plans through the official exchange market up to the equivalent of B$10,000 a person a year, on a noncumulative basis for contributory plans. Otherwise, residents may not purchase foreign currency securities with official exchange, export proceeds, or other current earnings; payment must be made with investment currency. All purchases, sales, and swaps of foreign currency securities by residents require CBB permission and are normally effected through authorized agents, who are free to act on behalf of nonresidents in relation to such transactions without additional approval from the CBB at a 5% premium. Certificates relating to ownership of all foreign securities purchased by residents must be held by, or to the order of, an AD.

Investment by pension funds of Bahamian dollar assets in securities issued by nonresidents or in an investment portfolio held abroad must receive CBB approval, and approved transactions must be conducted through the ICM. Limits are imposed by the CBB, in concert with primary regulators (for example, the SC), with respect to portfolios held abroad by investment firms and collective investment funds.

Effective May 4, 2020, in relation to the COVID-19 situation, the CBB suspended approvals of applications to purchase foreign currency for transactions via the ICM and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians.

Sale proceeds from resident-held foreign currency securities that were registered at the CBB before December 31, 1972, or that were acquired through the ICM are eligible for sale in the ICM. Unregistered securities may be offered for sale at the official rate of exchange.

Nonresident buyers of Bahamian-dollar-denominated securities must fund the acquisition of such securities from foreign currency sources. Interest, dividends, and capital payments on these securities may not be remitted outside The Bahamas, unless the holdings have been properly acquired by nonresidents. There is no minimum holding period for such bonds.

CBB approval is required and is based on government economic and investment policy on nonresident ownership in sectors of the economy.

All purchases, sales, and swaps of foreign currency securities by residents require permission from the CBB and are generally effected through authorized agents, who are free to act on behalf of nonresidents in relation to such transactions without any additional approval from the CBB at a 5% premium. All foreign securities purchased by residents of The Bahamas must be held by, or drawn to the order of, an AD. Investment by pension funds of Bahamian dollar assets in securities issued by nonresidents or in an investment portfolio held abroad must receive CBB approval, and approved transactions must be conducted through the ICM. Limits are imposed by the CBB, in concert with primary regulators (for example, the SC), with respect to portfolios held abroad by investment firms and collective investment funds.

Effective May 4, 2020, in relation to the COVID-19 situation, the CBB suspended approvals of applications to purchase foreign currency for transactions via the ICM and the Bahamas Depositary/Depository Receipt programs, suspending access to...
### Sale or issue abroad by residents

Yes. Proceeds from the sale of residents’ foreign securities initially approved by the CBB and acquired via the ICM are eligible for sale in the market. Investors may recover a portion of the original premium paid equivalent to the premium offer rate prevailing at the time of the sale. Investment proceeds that are not premium worthy are recovered at the official market rate through commercial banks.

### On money market instruments

Yes.

### Purchase locally by nonresidents

Yes. Nonresident buyers of Bahamian-dollar-denominated securities must fund the acquisition of such securities from foreign currency sources. Interest, dividends, and capital payments on these securities may not be remitted outside The Bahamas unless the holdings have been properly acquired by nonresidents.

### Sale or issue locally by nonresidents

Yes. Prior approval of the CBB is required, but generally restricted.

### Purchase abroad by residents

Yes. All purchases, sales, and swaps of foreign currency securities by residents require permission from the CBB and are generally obtained through authorized agents, who are free to act on behalf of nonresidents in relation to such transactions without any additional approval from the CBB at a 5% premium. All foreign securities purchased by residents of The Bahamas must be held by, or drawn to the order of, an AD. Investment by pension funds of Bahamian dollar assets in securities issued by nonresidents or in an investment portfolio held abroad must receive CBB approval, and approved transactions must be conducted through the ICM. Limits are imposed by the CBB, in concert with primary regulators (for example, the SC), with respect to portfolios held abroad by investment firms and collective investment funds.

Effective May 4, 2020, in relation to the COVID-19 situation, the CBB suspended approvals of applications to purchase foreign currency for transactions via the ICM and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians.

### Sale or issue abroad by residents

Yes. CBB approval is required and is granted based on merit. Generally, funding should be raised through the domestic money and capital market.

### On collective investment securities

Yes.

### Purchase locally by nonresidents

Yes. Nonresident buyers of Bahamian-dollar-denominated securities must fund the acquisition of such securities from foreign currency sources. Interest, dividends, and capital payments on these securities may not be remitted outside The Bahamas unless the holdings were properly acquired by nonresidents.

### Sale or issue locally by nonresidents

Yes. CBB approval is required. Sometimes, shares of foreign-owned companies that operate in The Bahamas may be sold to residents, typically within the framework of government economic and investment policy for the sector.

### Purchase abroad by residents

Yes. All purchases, sales, and swaps of foreign currency securities by residents require permission from the CBB and are generally effected through authorized agents, who are free to act on behalf of nonresidents in relation to such transactions without any additional approval from the CBB at a 5% premium. All foreign securities purchased by residents of The Bahamas must be held by, or drawn to the order of, an AD. Investment by pension funds of Bahamian dollar assets in securities issued by nonresidents or in an investment portfolio held abroad must receive CBB approval, and approved...
transactions must be conducted through the ICM. Limits are imposed by the CBB, in concert with primary regulators (for example, the SC), with respect to portfolios held abroad by investment firms and collective investment funds.

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| Sale or issue abroad by residents | Yes. | CBB approval is required. |
| Controls on derivatives and other instruments | Yes. |
| **Purchase locally by nonresidents** | Yes. | Nonresident buyers of Bahamian-dollar-denominated securities must fund the acquisition of such securities from foreign currency sources. Interest, dividends, and capital payments on these securities may not be remitted outside The Bahamas, unless the holdings have been properly acquired by nonresidents. |
| **Sale or issue locally by nonresidents** | Yes. | CBB approval is required. |
| **Purchase abroad by residents** | Yes. | All purchases, sales, and swaps of foreign currency securities by residents require permission from the CBB and are normally effected through authorized agents, who are free to act on behalf of nonresidents in relation to such transactions without any additional approval from the CBB at a 5% premium. All foreign securities purchased by residents of The Bahamas must be held by, or drawn to the order of, an AD. Investment by pension funds of Bahamian dollar assets in securities issued by nonresidents or in an investment portfolio held abroad must receive CBB approval, and approved transactions must be conducted through the ICM. Limits are imposed by the CBB, in concert with primary regulators (for example, the SC), with respect to portfolios held abroad by investment firms and collective investment funds. Effective May 4, 2020, in relation to the COVID-19 situation, the CBB suspended approvals of applications to purchase foreign currency for transactions via the ICM and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians. |
| **Sale or issue abroad by residents** | Yes. | CBB approval is required. |
| Controls on credit operations | Yes. |
| **Commercial credits** | Yes. |
| By residents to nonresidents | Yes. | A resident company wholly owned by nonresidents is not allowed to raise fixed capital in Bahamian dollars, although approval may be granted to obtain working capital in local currency. If the company is partly owned by residents, the amount of local currency borrowing for fixed capital purposes is determined in relation to residents’ interest in the equity of the company. However, companies set up by nonresidents primarily to import and distribute products manufactured outside The Bahamas are not allowed to borrow Bahamian dollars from residents for either fixed or working capital; instead, they must provide all their financing in foreign currency. Banks and other lenders resident in The Bahamas must have permission to extend loans in domestic currency to any corporate body (other than a bank) that is resident in The Bahamas but is controlled directly or indirectly by nonresidents. Foreign currency... |
loans are generally permitted on application. Exchange Control approval is required if local real estate is offered as collateral. Residents other than authorized banks must obtain permission to borrow foreign currency from nonresidents. Residents must also obtain permission to pay interest on, and to repay the principal of, foreign currency loans by conversion of Bahamian dollars. When permission is granted for residents to accept foreign currency loans, it is conditional on the currency being offered for sale without delay to an AD, unless the funds are required to meet specifically authorized payments to nonresidents.

<table>
<thead>
<tr>
<th>Financial credits</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

CBB approval is required.

<table>
<thead>
<tr>
<th>To residents from nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Residents other than authorized banks must obtain permission to borrow foreign currency from nonresidents. Residents must also obtain permission to pay interest on, and to repay the principal of, foreign currency loans by conversion of Bahamian dollars. When permission is granted for residents to accept foreign currency loans, it is conditional on the currency being offered for sale without delay to an AD, unless the funds are required to meet specifically authorized payments to nonresidents.

<table>
<thead>
<tr>
<th>Controls on direct investment</th>
<th>Yes.</th>
</tr>
</thead>
</table>

For direct (that is, not portfolio) investments both in The Bahamas’ offshore sector and abroad, residents are permitted to purchase up to $2 million a person or entity via the official market (that is, from ADs), with the prior approval of CBB, subject to an overall limit of $10 million a investor group, a transaction. This facility may be accessed once every three years. These limits apply to investments from which the additional benefits that are expected to accrue to the balance of payments from export receipts, profits, or other earnings within 18 months of the investment will be at least equal to the total amount of the investment and will continue thereafter. Investments abroad that do not meet the above criteria may be financed by foreign currency borrowed on suitable terms, subject to individual approval from the CBB; by foreign currency purchased in the ICM; or by the retained profits of foreign subsidiary companies. Permission is not given for investments that are likely to have adverse effects on the balance of payments. Effective May 4, 2020,
In relation to the COVID-19 situation, the CBB suspended approvals of applications to purchase foreign currency for transactions via the (ICM) and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market and real estate investments by Bahamians.

<table>
<thead>
<tr>
<th>Inward direct investment</th>
<th>Yes.</th>
<th>CBB approval is required.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td>In the event of a sale or liquidation, nonresident investors may repatriate the proceeds, including any capital appreciation, through the official foreign exchange market.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Residents require the specific approval of the CBB to buy property outside The Bahamas; such purchases, if for personal use, may be made only with investment currency, and approval is limited to one property a family. Incidental expenses connected with the purchase of property for personal use may generally be met with investment currency. Expenditures necessary for the maintenance of the property or arising directly from its ownership may, with permission, be met with foreign currency bought at the current market rate in the official foreign exchange market. The premium on approved purchases of foreign real estate through ICM is 5%. The ICM property premium excludes the purchase of time share units abroad, which may be funded at the official rate up to B$25,000 a family unit, once every 10 years. On CBB approval, residential or time share purchases may be made at the official rate, up to a limit of $0.5 million. Payments in excess of this amount will require use of the ICM. Effective May 4, 2020, in relation to the COVID-19 situation, the CBB suspended approvals of applications to purchase foreign currency for transactions via the ICM and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market and real estate investments by Bahamians.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Foreigners intending to purchase land for commercial purposes or property larger than two acres in size must obtain a permit from the Investments Board. If such an application is approved, payment for the purchase may be made either in Bahamian dollars from an external source or in foreign currency. Nonresidents wishing to purchase property for residential purposes may do so without prior approval but are required to obtain a certificate of registration from the Investments Board on completion of the transaction.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes.</td>
<td>CBB approval is required.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>CBB approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>CBB approval is required.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
<td>Authorized banks may approve foreign exchange transactions for cash gift payments up to B$15,000 a transaction. Larger amounts require CBB approval. Endowments, inheritance, and legacies require CBB approval.</td>
</tr>
</tbody>
</table>
### Settlement of debts abroad by immigrants

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| Immigrants (that is, work visa and contract workers) are permitted to remit up to half of their wages and salaries annually for the length of their contract. They may also with CBB approval transfer accumulated savings abroad, if needed to meet commitments abroad. Immigrants are permitted to remit up to 100% of wages and salaries annually for the length of contract.

### Transfer of assets

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
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</table>
| Immigrants (that is, work visa and contract workers) are permitted to remit up to half of their wages and salaries annually for the length of their contract. They may also with CBB approval transfer accumulated savings abroad, if needed to meet commitments abroad. Immigrants are permitted to remit up to 100% of wages and salaries annually for the length of contract.

### Transfer abroad by emigrants

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| An emigrant may transfer abroad a maximum of the equivalent of Bahamian $250,000 a family unit a year. Excess amounts may be approved by the CBB on an individual basis.

### Transfer into the country by immigrants

<table>
<thead>
<tr>
<th>Provisions</th>
<th>No</th>
<th>Details</th>
</tr>
</thead>
</table>
| Residents are not allowed to remit funds earned from gambling.

### Transfer of gambling and prize earnings

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### References to legal instruments and hyperlinks

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| Specific CB authorization is required for borrowing from abroad, including from the parent institution.

### Borrowing abroad

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| Exchange Control approval is required if local domestic securities are offered as collateral, for example, real estate, shares, etc.

### Maintenance of accounts abroad

<table>
<thead>
<tr>
<th>Provisions</th>
<th>No</th>
<th>Details</th>
</tr>
</thead>
</table>
| Exchange Control approval is required to make loans to residents in foreign exchange. When permission is granted for residents to accept foreign currency loans, it is conditional on the currency being offered for sale without delay to an AD, unless the funds are required to meet specifically authorized payments to nonresidents.

### Lending to nonresidents (financial or commercial credits)

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| Purchase of locally issued securities denominated in foreign exchange

### Lending locally in foreign exchange

<table>
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<tr>
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### Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Provisions</th>
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<th>Details</th>
</tr>
</thead>
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| Exchange Control approval is required to make loans to residents in foreign exchange. When permission is granted for residents to accept foreign currency loans, it is conditional on the currency being offered for sale without delay to an AD, unless the funds are required to meet specifically authorized payments to nonresidents.

### Reserve requirements

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<th>Details</th>
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| Exchange Control approval is required to make loans to residents in foreign exchange. When permission is granted for residents to accept foreign currency loans, it is conditional on the currency being offered for sale without delay to an AD, unless the funds are required to meet specifically authorized payments to nonresidents.

### Liquid asset requirements

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| Exchange Control approval is required to make loans to residents in foreign exchange. When permission is granted for residents to accept foreign currency loans, it is conditional on the currency being offered for sale without delay to an AD, unless the funds are required to meet specifically authorized payments to nonresidents.

### Interest rate controls

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### Credit controls

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<th>Provisions</th>
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### Differential treatment of deposit accounts held by nonresidents

<table>
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<tr>
<th>Provisions</th>
<th>No</th>
<th>Details</th>
</tr>
</thead>
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### Reserve requirements

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### Liquid asset requirements

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### Interest rate controls

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### Credit controls

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</table>
| Exchange Control approval is required to make loans to residents in foreign exchange. When permission is granted for residents to accept foreign currency loans, it is conditional on the currency being offered for sale without delay to an AD, unless the funds are required to meet specifically authorized payments to nonresidents.

### Investment regulations

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| Prudential guidelines apply.

### Abroad by banks

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| Investment abroad by banks is subject only to open foreign exchange position limits.

### In banks by nonresidents

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Yes</th>
<th>Details</th>
</tr>
</thead>
</table>
| There are no restrictions on nonresident investment in foreign listed
securities of banks with resident branches/subsidiaries. Nonresidents are not permitted to invest in locally listed securities of banks without CBB authorization.

<table>
<thead>
<tr>
<th>Open foreign exchange position limits</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The open foreign exchange position limits do not differ for resident and nonresident assets and liabilities. The limit is the equivalent of 5% of each bank’s Bahamian dollar Tier 1 capital, subject to a maximum of B$5 million and a minimum of B$0.5 million. Effective May 4, 2020, the CBB removed the limit of B$5 million.

<table>
<thead>
<tr>
<th>Provisions specific to institutional investors</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

The activity of insurance companies is regulated by the Insurance Commission of The Bahamas.

<table>
<thead>
<tr>
<th>Pension funds</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

Investment of Bahamian dollar assets must receive CBB approval, and approved transactions must be conducted through the ICM.

<table>
<thead>
<tr>
<th>Investment firms and collective investment funds</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

Limits are imposed by the CBB, in concert with primary regulators (for example, the SC), with respect to portfolios held abroad.

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Changes during 2019 and 2020

Exchange Arrangement
## Exchange rate structure

<table>
<thead>
<tr>
<th></th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td>01/01/2019</td>
<td>Investment currency may be negotiated among residents through the authorized dealers (previously through the Central Bank). The Central Bank ceased buying from or selling investment currency to the general public.</td>
</tr>
</tbody>
</table>

## Payments for Invisible Transactions and Current Transfers

### Controls on these transfers

#### Investment-related payments

<table>
<thead>
<tr>
<th></th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior approval</strong></td>
<td>03/04/2020</td>
<td>In light of the COVID-19 pandemic, the Central Bank of The Bahamas suspended all Exchange Control approvals for domestic bank dividends.</td>
</tr>
</tbody>
</table>

## Capital Transactions

### Controls on capital transactions

#### Controls on capital and money market instruments

<table>
<thead>
<tr>
<th></th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On capital market securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>05/04/2020</td>
<td>In relation to the COVID-19 situation, the Central Bank of The Bahamas suspended approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>05/04/2020</td>
<td>In relation to the COVID-19 situation, the Central Bank of The Bahamas suspended approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>05/04/2020</td>
<td>In relation to the COVID-19 situation, the Central Bank of The Bahamas suspended approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>05/04/2020</td>
<td>In relation to the COVID-19 situation, the Central Bank of The Bahamas suspended approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>05/04/2020</td>
<td>In relation to the COVID-19 situation, the Central Bank of The Bahamas suspended approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market investments by Bahamians.</td>
</tr>
</tbody>
</table>
### Controls on direct investment

#### Outward direct investment

05/04/2020

In relation to the COVID-19 situation, the Central Bank of The Bahamas suspended approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market and real estate investments by Bahamians.

### Controls on real estate transactions

#### Purchase abroad by residents

05/04/2020

In relation to the COVID-19 situation, the Central Bank of The Bahamas suspended approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depositary/Depository Receipt programs, suspending access to foreign exchange for international capital market and real estate investments by Bahamians.

## Provisions Specific to the Financial Sector

### Provisions specific to commercial banks and other credit institutions

#### Open foreign exchange position limits

<table>
<thead>
<tr>
<th>On resident assets and liabilities</th>
<th>05/04/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Central Bank of The Bahamas removed the limit of B$5 million.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On nonresident assets and liabilities</th>
<th>05/04/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Central Bank of The Bahamas removed the limit of B$5 million.</td>
</tr>
</tbody>
</table>
BAHRAIN
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

September 7, 1972.

Article VIII


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

No.

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons

Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Yes.

Measures have been taken to combat the financing of terrorists and terrorism, including the freezing of assets of certain individuals and organizations, pursuant to UNSC resolutions, and the Central Bank of Bahrain (CBB) requires all licensees to ensure diligence in examining their financial dealings with certain persons and organizations.

Other security restrictions

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes.  The currency of Bahrain is the Bahrain dinar.

Other legal tender

No.

Classification

No separate legal tender

Conventional peg

Yes.  The exchange rate arrangement is a conventional pegged arrangement. The dinar is pegged to the US dollar at the rate of BD 1 per US$2.659. The rate is published in the Official Gazette of the CBB.
bands
Other managed arrangement

Floating

Free floating

**Official exchange rate**
Yes. The dinar is pegged to the US dollar at the rate of BD 1 per US $2.659. This rate applies to actual CBB foreign exchange transactions, accounting, and valuation. Under the CBB Law, the CBB sets the parity rate of the domestic currency.

**Monetary policy framework**

Exchange rate anchor
Yes.

*U.S. dollar*
Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

Target number

**Point target**

**Target with tolerance band**

**Band/Range**

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate
Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. ADs, which operate under the Law on the Bank of Bahrain and the Financial Institutions Law (2006), set their exchange rates and commissions freely. In addition to banks, foreign exchange dealers operate in the foreign exchange market.

Spot exchange market

Yes. The CBB has licensed 141 institutions (including 32 retail banks and 78 wholesale banks) to deal in foreign exchange. The CBB has also licensed 19 money changers to sell, purchase, and exchange foreign currency directly and transfer currency from Bahrain on behalf of their clients.

Operated by the central bank

Yes.

Foreign exchange standing facility

Yes. The CBB buys US dollars at BD 0.375 per US dollar and sells US dollars at BD 0.377 per US dollar to ADs and the government. The CBB does not deal with the public. No documentation is required from banks to complete transactions with the CBB. Deals are executed and recorded in the automated dealing system, which is sufficient to verify the trade and prove the commitment of both parties.

Allocation

No.

Auction

No.

Fixing

No.

Interbank market

Yes. The CBB had authorized 410 financial institutions as of December 31, 2019, 140 of which were conventional and Islamic banks.

Over the counter

No.

Brokerage

Yes. Bahrain operates a brokerage system.

Market making

No.

Forward exchange market

Yes. The CBB monitors the forward exchange transactions of commercial banks through the open position of banks’ monthly returns. The CBB does not participate in the foreign exchange derivatives market.
(forwards and swaps).

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market</td>
<td>No.</td>
</tr>
<tr>
<td>instruments</td>
<td></td>
</tr>
<tr>
<td>Transactions in derivatives and other</td>
<td>No.</td>
</tr>
<tr>
<td>instruments</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
</tbody>
</table>
### BAHRAIN

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency accounts</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Requirement</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other documentation requirements, such as invoices, bill of lading. Documents are also required to verify source of funding. If the required documents are not available, imported goods may be released with a written promise to submit the documents at a later date.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Customs Affairs launched the whitelist initiative in 2019 in cooperation with Governmental Regulatory Authorities (OGA), reducing the OGA inspections in boarders, for certain importers and products to enable quicker clearance of shipments. In addition, encouraging inspections at the importer facility instead of the borders.

The Ministry of Health - Department of Environmental Health exempted a list of importers from OGA procedures for importing cosmetics, soups, and cleaning preparations products (June 2019). The Supreme Council for the Environment – Chemicals Section: exempted a list of importers from OGA procedures for importing chemical products, (November 2019). The National Health Regulatory Authority (NHRA) and Bahrain Customs updated the local tariff list by introducing new local HS codes for some medical devices to differentiate between multiple typed of devices (for example, those devices for human uses and those for animal uses, and the device itself and the spare parts).

NHRA restricted product list for medical devices was reduced to include only the required medical devices, and the control is limited to specific items for import (November 2019). The Ministry of Industry, Commerce and Tourism - Department of Inspection and Metrology, exempted a list of importers from OGA procedures for importing cars, electronic devices, electric cables and other products (May 2020).

The Ministry of Health - Smoking and Tobacco Control Group, exempted from OGA procedures imports of personal belongings containing tobacco products, as long as the imported quantities do not exceeds the OGA measures for personal belongings (June 2020). An Authorized Economic Operator (AEO) program was established January 26, 2018. Any company that joins the AEO program becomes an authorized economic operator and it is defined as one of the participating parties in the movement of international trade in a manner that conforms to international customs regulations or to equivalent adopted standards of supply chain security. AEO includes importers, exporters, manufacturers, brokers, transportation companies, ports, airports, ports operators, warehouses, and distributors. It permits the release of goods against financial or written guarantees upon completion of customs declaration procedures and is exempt from examination and physical inspection.

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
</tr>
</tbody>
</table>

Licenses are required to import weapons, ammunition, and alcoholic beverages. Imports from Israel are prohibited. It is prohibited to import some commodities from all sources for health, public policy, or security reasons. It is forbidden to import cultured pearls.
Open general licenses No.
Licenses with quotas No.
Other nontariff measures Yes. There are no nontariff measures between the GCC member and Arab countries, but there are other nontariff measures for imports from non-GCC countries.

Import taxes and/or tariffs Yes. (1) Most imported goods are subject to a customs duty of 5%, with the exception of most vegetables, fruits, and fresh and chilled meat and fish, which are exempt from tax. (2) Books and magazines are also exempt from tax. (3) Tobacco products are subject to a customs duty of 100% ad valorem rates. However, evaluations based on quantity or weight, whichever is higher, apply if they result in higher duties. (4) All imported goods are treated in accordance with version 2017 of the tariff code.

Taxes collected through the exchange system No.
State import monopoly No.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Financing requirements No.

Documentation requirements Yes.
Letters of credit No.
Guarantees No.
Domiciliation No.
Preshipment inspection No.
Other Yes. In accordance with the GCC Common Customs Law, exports of goods to the GCC countries are subject to documentation requirements, such as airway bills or bill of loadings, invoices, certificates of origin (required only if the shipment is duty free (FTA) or products with no indication of origin – that is, if the indication of origin is removable or if the customs affairs have doubt in the origin of the goods).

Export licenses Yes.
Without quotas Yes. Exports to Israel are prohibited.
With quotas No.

Export taxes No.
Collected through the exchange system No.
### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Category</th>
<th>Controls on these transfers</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>
Indicative limits/bona fide test

References to legal instruments and hyperlinks

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents
subject to the CBB approval, provided the foreign regulator in respective jurisdiction has approved the sale of issue.

The issuance of bonds and other debt securities is subject to the CBB Law and regulations, the CBB Rulebook, and the Commercial Companies Law. Sales of listed bonds and other debt securities are subject to the CBB Rulebook and the CBB Resolution No. 17 of 2012 in respect of Listing and Trading of Financial Instruments on the Bahrain Bourse and Bahrain Bourse’s rules.

**Bonds or other debt securities**
- Yes.

**Purchase locally by nonresidents**
- Yes.

In line with the CBB Directive (Ref. EDBO/44/2011) issued to all retail banks within the Bahrain on August 10, 2011, the participation of retail customers/investors in government securities’ issuance, in specific, was discussed.

The Directive was issued with the objective of promoting greater participation of individuals in the issuance of governmental securities (which must mean treasury bills, government development bonds, and Islamic securities issued by the CBB on behalf of the government of the Bahrain).

The Directive is general for all retail banks’ customers; therefore, nonresidents are eligible to participate only if they have an account with a retail bank. In summary, it requires any retail bank which is approached by a customer who wishes to acquire government securities to assist that customer by purchasing for him or her on a fiduciary basis and hold such government securities for him or her.

**Sale or issue locally by nonresidents**
- No.

The CBB Law and the OFS Module in Volume 6 of the CBB Rulebook apply.

**Purchase abroad by residents**
- No.

There are no restrictions on these transactions, provided the regulations of the foreign jurisdiction concerned are satisfied.

**Sale or issue abroad by residents**
- Yes.

No restriction applies, provided there is no objection by the CBB. As per the CBB Rulebook requirement, in particular, the OFS Module in Volume 6, sale or issue abroad by residents must be subject to the CBB approval, provided the foreign regulator in respective jurisdiction has approved the sale of issue.

**On money market instruments**
- No.

There are no restrictions on these transactions; however, they are regulated to prevent money laundering.

**Purchase locally by nonresidents**
- No.

**Sale or issue locally by nonresidents**
- No.

**Purchase abroad by residents**
- No.

**Sale or issue abroad by residents**
- No.

**On collective investment securities**
- No.

**Purchase locally by nonresidents**
- No.

**Sale or issue locally by nonresidents**
- No.

**Purchase abroad by residents**
- No.

**Sale or issue abroad by residents**
- No.

**Controls on derivatives and other instruments**
- Yes.

Derivatives trading must be conducted on a licensed exchange in Bahrain and is subject to the rules of the exchange and the CBB, which conform to International Organization of Securities Commissions’ recommendations and international practice.

**Purchase locally by nonresidents**
- Yes.

**Sale or issue locally by nonresidents**
- Yes.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>GCC citizens</th>
<th>Non-GCC individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>The GCC citizens may own up to 100% of the shares of domestic enterprises. Non-GCC individuals may own up to 100% of the shares of domestic (locally incorporated) companies and branches of foreign incorporated companies, with the exception of a small number of activities on the negative list and in accordance with restrictions that apply to the ownership of publicly listed companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>There are no restrictions on ownership of real estate by the GCC nationals (either natural or juridical persons). Nonresidents (both natural and juridical persons) may own buildings and property only in locations specified in Council of Ministers Regulation No. 5/2001, including most of the high-end and tourist areas. Commercial, tourism, and industrial companies, as well as banking and financial institutions licensed to operate in Bahrain, may own real estate without restriction.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| | Banks are subject to special rules regarding the payment of dividends and the remittance of profits. Licensed offshore banking units may engage freely in transactions with nonresidents; transactions with residents are not normally permitted. The reserve requirement on dinar deposits of residents and nonresidents is 5%, which applies to nonbank sector and retail banks only, but there is no reserve requirement on foreign currency deposits. Along with the regulatory measures to contain the financial repercussions of COVID-19, the required reserve ratio was reduced from 5% to 3% on March 17, 2020, and for a period of six months.

| Borrowing abroad | No. |
| Maintenance of accounts abroad | No. |
| Lending to nonresidents (financial or commercial credits) | Yes. |
| Lending locally in foreign exchange | No. |
| Purchase of locally issued securities denominated in foreign exchange | No. |
| Differential treatment of deposit accounts in foreign exchange | Yes. |
| Reserve requirements | Yes. |
| | Along with the regulatory measures to contain the financial repercussions of COVID-19, effective March 17, 2020, the required reserve ratio was reduced from 5% to 3% for a period of six months, which applies to all Bahrain dinar deposits held by residents and nonresidents in the nonbank sector and retail banks. There is no reserve requirement on foreign currency deposits.

| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |
| Differential treatment of deposit accounts held by nonresidents | No. |
| Reserve requirements | No. |
| | The reserve requirements apply equally to residents and nonresidents in the nonbank sector.

<p>| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |</p>
<table>
<thead>
<tr>
<th>Provision</th>
<th>Action</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment regulations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
<td>Banks are allowed to set their own limits.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
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<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
<td></td>
</tr>
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<td>Limits (max.) on securities issued by nonresidents</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
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<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

**Provisions Specific to the Financial Sector**

- **Provisions specific to commercial banks and other credit institutions**
  - Differential treatment of deposit accounts in foreign exchange
  - Reserve requirements

  03/17/2020 Along with the regulatory measures to contain the financial repercussions of COVID-19, the required reserve ratio was reduced from 5% to 3% for a period of six months, which applies to all
Bahrain dinar deposits held by residents and nonresidents in the nonbank sector and retail banks.
**BANGLADESH**

*(Position as of July 31, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Membership Date</th>
<th>Date of Acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII</td>
<td>August 17, 1972</td>
<td>April 11, 1994</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The IMF staff report for the 2019 Article IV Consultation with Bangladesh states that, as of August 7, 2019, Bangladesh maintained one restriction subject to IMF approval under Article VIII, Section 2(a) on the convertibility and transferability of proceeds of current international transactions in nonresident taka accounts. *(Country Report No. 19/299)*

<table>
<thead>
<tr>
<th>Exchange measures imposed for security reasons</th>
<th>Yes.</th>
</tr>
</thead>
</table>

In accordance with IMF Executive Board Decision No. 144-(52/51) Banks and other financial institutions have been instructed to block all capital transfers and to freeze financial assets of individuals, groups, and organizations associated with terrorism, pursuant to the relevant UNSC resolutions.

<table>
<thead>
<tr>
<th>Other security restrictions</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Banks and other financial institutions have been instructed to block all capital transfers and to freeze financial assets of individuals, groups, and organizations associated with terrorism, pursuant to the relevant UNSC resolutions. Banks have been instructed to follow the following provisions in case of international fund transfers.

No account may be opened or operated for a listed individual or entity suspected to be involved in terrorism or activities connected with its financing within the purview of different resolutions of the UNSC. Person or entities listed under various resolutions of the UNSC refer to the listed persons or entities under the resolutions defined under Article 2(g) of Anti-Terrorism Rules, 2013. If any account or transaction of any individual/entity directly or indirectly under their control/association is identified, banks must stop the transaction in that account and inform the Bangladesh Financial Intelligence Unit (BFIU) with detailed information within the next working day.

As soon as any news on the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction is published in the media and if any account of any person or entity related to that activity is maintained with the bank, detailed information must be reported to the BFIU without any delay.

No correspondent banking relationship may be established or maintained with any Shell Bank.

Conduct and review transaction, when necessary, to identify if there is any account or any other relationship, under Resolution No. 1373 (2001) of UNSC, on request of foreign government or foreign FIU or any listed or proscribed individual or entity as per the list sent from the BFIU or as per the listed or proscribed individual/entity by the Bangladesh Government. As soon as any account is identified of any listed or proscribed individual or entity, the bank must stop the transaction in that account and inform the BFIU with detailed information within the next working day. As of February 11, 2016,

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

**Currency**  
Yes. The currency of Bangladesh is the Bangladesh taka.

**Other legal tender**  
No.

**Exchange rate structure**

- **Unitary**: Yes.
- **Dual**:  
- **Multiple**:  

**Classification**

- **No separate legal tender**:  
- **Currency board**:  
- **Conventional peg**:  
- **Stabilized arrangement**:  
- **Crawling peg**:  
- **Crawl-like arrangement**: Yes. The de jure exchange rate arrangement is classified as floating. The Bangladesh Bank (BB) intervenes in the foreign exchange market to contain undue fluctuations in the exchange rate. The de facto exchange rate arrangement is classified as a crawl-like arrangement. Apart from the Annual Report, the BB publishes information on its intervention on quarterly and semiannually basis, respectively. Publication lags are: 2–3 months for Bangladesh Bank Quarterly, 3–4 weeks for Monetary Policy Statements, and 5–7 months for Annual Report.

- **Pegged exchange rate within horizontal bands**:  
- **Other managed arrangement**:  
- **Floating**:  
- **Free floating**:  

**Official exchange rate**  
Yes. The BB calculates the exchange rates of the taka against major foreign currencies for the purpose of valuation adjustment of foreign exchange reserves, for carrying out transactions related to government’s external loans, grants, and aids (receipt/service) in terms of local currency and for market intervention (sale/purchase, when required). To determine the exchange rate of Bangladesh taka...
(BDT) for a particular date, the latest New York closing exchange rate of major currencies against the US dollar and the US$/BDT exchange rate of the preceding day, which prevailed in the local interbank foreign exchange market, are taken into account. The weighted average US$/BDT exchange rate of the local interbank foreign exchange market is used for the valuation of US$ while cross-rates of other currencies against BDT are used for the valuation of those currencies. The cross-rate is calculated using the US$/BDT exchange rate (low as bid and high as ask) of the local interbank foreign exchange market. The BB publishes exchange rates of the taka against major currencies through its website.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Yes. The intermediate target of BB's monetary policy is to control monetary aggregate, that is, broad money (M2) in order to achieve its ultimate goal, that is, price stability. BB uses its monetary policy instruments and open market operation tools to maintain the ceiling of M2 growth target by controlling the growth rate of reserve money as an operating target. BB publishes its Monetary Policy Statement on annual basis.

**Inflation-targeting framework**

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*

*Core inflation*
Target horizon

*Operating target (policy rate)*

Policy rate

Target corridor band

Other

*Accountability*

Open letter

Parliamentary hearings

Other

*Transparency*

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

*Exchange tax* No.

*Exchange subsidy* No.

*Foreign exchange market* Yes. ADs are allowed to freely determine their bid-ask spread with bank and nonbank clients.

*Spot exchange market* Yes. Commercial banks participating in the local foreign exchange market may freely determine the exchange rate for interbank and customer-level transactions based on supply and demand. The BB grants licenses to deal in foreign exchange. There are 1,021 branches of commercial banks (known as AD banks) licensed to deal in foreign exchange with bank and nonbank customers. There are 235 money changers (MCs) and 113 limited MCs granted with licenses to buy foreign currency from tourists and to sell up to US$1,000 a person as a travel allowance to Bangladesh nationals. MCs are not allowed to transact directly with the CB and are not allowed to maintain account abroad. However, MCs can maintain foreign currency account with ADs in Bangladesh.

*Operated by the central bank* Yes.

*Foreign exchange standing facility* No. Currently, there is no foreign exchange standing facility for commercial banks. To ensure smooth functioning of the interbank market, the BB occasionally buys and sells foreign exchange from/to commercial banks considering the exchange position of the banks concerned, underlying transactions, market demand, and liquidity of the overall market.

*Allocation* Yes. The BB provides foreign currency support to exporters to bolster export through Export Development Fund. The current limit of the Export Development Fund is US$4.5 billion. The BB has introduced another two foreign exchange funds. Under the financing agreement with the International Development Association (IDA) regarding implementation of the Financial Sector Support Project (FSSP), the BB provides long-term financing in foreign currency (Long-Term
Financing Facility – LTFF) to the eligible banks for on-lending/refinancing to mainly small- and medium-scale manufacturing enterprises in the country. This facility is available for purchasing capital machinery and equipment for upgradation, expansion, or for newly setup manufacturing industries, relocating factories to designated industrial zones, etc., with a maturity from 3 to 10 years. Since 2016, the BB has established a revolving fund of US$200 million named the Green Transformation Fund (GTF) to accelerate sustainable growth in export-oriented textile and leather sectors conducive to transformation of green economy in the country. This fund allows the AD banks to lend to their customers for importing capital machineries and accessories in foreign exchange and the BB refines the fund to the AD banks. The BB occasionally engaged itself in the foreign exchange market to ensure stability of exchange rate of taka by absorbing excess liquidity and vice versa when needed. In 2018, the BB sold US$2371 million to commercial banks. The CB usually does not enter into any deals directly with the government and other public entities.

There is an effective interbank foreign exchange market where all 61 commercial banks participate to buy or sell foreign exchange on spot, swap, and forward basis. Since the adoption of the floating exchange rate system May 31, 2003, the exchange rate is determined based on demand and supply of the respective currencies in the market. Swap transactions are also very common and the size of swap transactions is larger than spot transactions. There is no brokerage system currently in the foreign exchange market. To maintain orderly market conditions, the BB remains vigilant over the movements in the foreign exchange market. The BB intervenes occasionally in the market to ensure market liquidity and to smooth the market in the case of unusual volatility.

These deals are made on a bilateral basis, and there is no broker or other market-making arrangement.

ADs may buy and sell foreign currency forward in accordance with international practices. Currency swaps and forward exchange transactions of ADs with nonbank customers must be backed by approved underlying commercial transactions. Although the limits on outstanding swap transactions have been relaxed, counterparty limits on swap transactions between ADs are determined according to the core risk management guidelines prescribed by the BB. Condition to cover forward sale by forward purchase was waived through FE Circular No. 18 of October 1, 2009. The BB buys and sells on a spot basis only in the foreign exchange market and does not participate in the foreign exchange derivatives market.

There is no official cover of forward operations.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Settlements generally take place in convertible currencies and, in some cases, through nonresident taka accounts (NRTA). The board of
directors of the ACU allows the use of euros in addition to US dollars for the settlement of transactions among ACU member countries. Settlements with ACU member countries must be effected through the ACU and in units denominated in AMUs (ACU dollars and ACU euros are equivalent in value to US$1 and €1, respectively.) The minimum threshold amount for transactions through ACU member CBs under ACU arrangement was set at 500 ACU dollars or ACU euros. As the payment channel for processing “ACU Euro” transactions had been suspended by some correspondents, ADs were advised to suspend operations in “ACU Euro” temporarily. Accordingly, all eligible current account transactions in “ACU Euro” were permitted to be settled outside the ACU mechanism until further notice. To facilitate transactions under ACU mechanism, along with “ACU Dollar,” ADs are advised to resume transactions in “ACU Euro” to settle current account transactions among ACU member countries. In addition, Japanese yen is also a settlement currency in the ACU mechanism.

Controls on the use of domestic currency Yes. Domestic currency held in the NRTAs of overseas bank branches and correspondents against inward remittance in convertible currencies may be used to settle eligible international transactions.

For current transactions and payments Yes. Payments for imports may be made to any country (with the exception of countries from which imports are prohibited). They may be made in (1) taka for credit in Bangladesh to a nonresident bank account of the country concerned, (2) the currency of the country concerned, or (3) any freely convertible currency. Export proceeds must be received in freely convertible foreign exchange or in taka from a NRTA.

For capital transactions Yes.

Transactions in capital and money market instruments Yes.

Transactions in derivatives and other instruments Yes. ADs may hedge the price risk of commodities (traded on exchanges or OTC) of their customers through standard exchange-traded futures and options and OTC commodity derivatives, subject to the BB approval. The use of commodity derivatives is permitted when customers have genuine underlying commodity-price risk exposure. Speculation through the use of commodity derivative instruments is not permitted by the BB.

Credit operations Yes.

Use of foreign exchange among residents Yes. The use of foreign exchange among residents is generally not allowed.

Payments arrangements Yes.

Bilateral payments arrangements Yes.

Operative Yes. There is a bilateral payments arrangement with Myanmar. Under a MoU signed between Bangladesh and India, there are zones (markets) for border trade between the two countries. Both countries’ exchange regulations are suspended in these zones for trading of goods up to the equivalent of US$100 a day an individual.

Inoperative No.

Regional arrangements Yes. The ACU was established at the initiative of the UN Economic and Social Commission for Asia and the Pacific (ESCAP). The Draft Agreement establishing the ACU was finalized in December 1974 after five CBs (India, Iran, Nepal, Pakistan, and Sri Lanka) signed the Agreement. In subsequent years, Bangladesh and Myanmar were the sixth and seventh signatories. Bhutan and Maldives signed the
Clearing agreements: Yes.

The CBs of Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka have reached an Agreement to settle current transactions between these countries through the ACU mechanism. ACU is a payment arrangement whereby the participants settle payments for intra-regional transactions among the participating CBs on a net multilateral basis. The main objectives of the clearing union are to facilitate payments among member countries for eligible transactions, thereby economizing on the use of foreign exchange reserves and transfer costs, as well as promoting trade and banking relations among the participating countries.

Barter agreements and open accounts: No.

Administration of control: Yes.

Foreign exchange policy is administered by the BB in accordance with the Foreign Exchange Regulation Act (FERA) (1947). Banks may deal in foreign exchange. The chief controller of imports and exports of the Ministry of Commerce is responsible for registering exporters and importers and for issuing import policy orders (IPOs). Registered importers may operate according to the terms of an IPO. LC authorization forms (LCAFs) are issued by ADs and do not require separate import licenses.

Payments arrears: No.

Official: No.

Private: No.

Controls on trade in gold (coins and/or bullion): Yes.

On domestic ownership and/or trade: Yes.

There are no restrictions on the internal sale, purchase, or possession of gold or silver ornaments (including coins) and jewelry.

On external trade: Yes.

The importation and exportation of gold and silver require special permission under the FERA, 1947, which was later amended September 9, 2015. However, women may bring in or take out any amount of personal jewelry they are wearing or carrying in their personal luggage, without approval. Exports of gold jewelry and imports of gold and silver for exports of jewelry manufacture are allowed under the Jewelry Export Scheme. Incoming passengers irrespective of their resident status may bring into Bangladesh gold or silver in bullion/ingot up to the prescribed limit in terms of relevant baggage rules in force issued under the Customs Act, 1969. The BB issues authorized gold dealer licenses for importation of gold bar and jewelry to AD banks and interested organizations.

Controls on exports and imports of banknotes: Yes.

On exports: Yes.

Domestic currency: Yes.

Residents and nonresidents may take out up to Tk 10,000 in domestic currency.

Foreign currency: Yes.

Residents may take out foreign currency and traveler’s checks (TCs) up to the amount of their travel allocation and up to the equivalent of, effective February 3, 2020, US$10,000 (previously US$5,000) brought in without declaration when returning from a visit abroad. Nonresidents may take out the foreign currency and TCs they declared on entry or up to the equivalent of, effective February 3, 2020, US$10,000 (previously US$5,000) brought in without declaration. The limit on foreign exchange (cash, TCs, notes, cards, etc.) that may be taken out from private foreign currency accounts,
nonresident foreign currency deposit (NFCD) accounts, and resident foreign currency deposit (RFCD) accounts for travel abroad by presenting a ticket and other travel documents is US$5,000. General permission has been granted to reconvert unspent taka (up to US$100 or its equivalent) at the bank booth in the departure lounge of international airports in Bangladesh, even if the foreign currency was converted at a different AD or MC. Licensed MCs, including bank booth at the airports, are allowed to reconvert the unspent taka to foreign currencies up to US$500 or equivalent for tourists, whether it was encashed earlier or not.

On imports

- Domestic currency: Yes.
- Foreign currency: No.

Foreign currency traveler’s checks and notes may be brought in freely up to the equivalent of, effective February 3, 2020, US$10,000 (previously US$5,000); larger amounts must be declared to customs on arrival.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

Foreign exchange accounts permitted

- Yes.

Held domestically

- Yes.

Residents returning from abroad may bring in any amount of foreign currency and deposit it in an RFCD account. However, proceeds of exports of goods and services and commissions arising from business deals in Bangladesh may not be credited to such accounts. Balances in these accounts are freely transferable abroad and may be used for travel in the usual manner. These accounts may be opened in US dollars, euros, pounds sterling, and Japanese yen. Foreign exchange accounts may also be opened (1) by local and joint-venture contracting firms executing projects financed by a foreign donor or international agency; (2) by returning nonresident Bangladeshis (NRBs) with foreign exchange brought in from abroad; (3) in the name of diplomatic missions in Bangladesh and their expatriate personnel, the UN and its agencies, and diplomatic bonded warehouses (duty-free shops); and (4) in the name of resident Bangladeshis working with foreign or international organizations in Bangladesh, if their salaries are paid in foreign currency. ADs may apply interest on the balances of the RFCD accounts at Eurocurrency deposit rates. Exporters of goods and services may deposit a certain percentage of the repatriated export proceeds in exporters’ retention quota (ERQ) accounts. Shipbuilders may open and maintain foreign exchange accounts to receive and hold advance export payments from buyers abroad. Balances in these accounts may be used for importing raw materials and components for ship building. These accounts must be closed within one month of delivery of the ship to the foreign importer. To facilitate foreign exchange transactions for transportation services for imports and exports, general authorization is given to shipping lines/airlines/licensed freight forwarders to open and maintain foreign currency accounts to deposit/make payment of foreign currency on account of freights for f.o.b. imports/exports. Importers may pay freight charges as declared in an LCAF issued for f.o.b. imports to shipping lines/airlines/licensed freight forwarders in foreign currency. Shipping lines/airlines may also accept payments in foreign currency from freight forwarders against handling of f.o.b. exports. Foreign currency deposited in foreign currency accounts of shipping lines/airlines against freight charges on f.o.b. exports from...
licensed freight forwarders may be used for outward remittances on account of surplus earnings. Balances held in the foreign currency accounts must first be used for outward remittances before use of local currency funds. AD banks must ensure the encashment of adequate foreign currency by the shipping lines/airlines to meet local expenses in case of shortfall in local currency funds.

To keep minimum involvement of AD’s own funds for settlement of import, ADs maintaining ERQ accounts may transfer funds from ERQ accounts to other ADs of same exporters or their subsidiaries/sister concerns for settlement of import payment. The transferable funds can be used only for the settlement of import payments.

ADs may use balances held in ERQ accounts or funds of unencumbered foreign currency transferred from ERQ accounts maintained with other ADs of the same borrowers on account of repayment of foreign loan. Such remittances may also be effected by nominated ADs out of funds transferred from ERQ accounts of borrowers’ subsidiaries/sister concerns.

Equity from foreign shareholders of “Type A” and “Type B” enterprises and authorized loan received in foreign currency from external sources by Export Processing Zone (EPZ) enterprises are permitted to be credited in their foreign currency accounts. “Type C” enterprises of EPZs are allowed to obtain foreign exchange from ADs to settle obligations for importing capital machinery by the conversion of equivalent equity and/or authorized loan received in local currency and to access short-term foreign currency loans from their subsidiaries/associates operating in the same EPZ/EZ (Economic Zone). “Type B” enterprises are allowed to convert their local equity/authorized loan received in local currency to foreign exchange to settle obligations for importing capital machinery if equity/authorized foreign loan received from abroad falls short of meeting such obligations.

Effective November 17, 2019, ADs may credit legitimate receipts against short weight claims, quality claims, freight charge of sample, insurance claims, reimbursement of expenses for samples from buyers or parents etc. received in foreign currency or local currency accounts of the enterprises operating in specialized economic zones like Export Processing Zones (EPZs), Economic Zones (EZs), and Hi-Tech Parks (HTPs).

Funds from Private Foreign Currency accounts may be used for payment of admissible imports in terms of the IPO in force. The payment for legitimate services is also admitted, subject to compliance with regulations on taxes’ deduction. Balances held in these accounts may also be used for payment in advance against import of legitimate goods and services.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Residents who opened an account abroad when residing abroad may retain it after returning to Bangladesh. To facilitate study abroad by Bangladeshi students in permissible courses, general permission was given to deposit foreign currency to be blocked in designated bank accounts or student accounts abroad for visa/admission processing.</td>
</tr>
</tbody>
</table>

| Approval required | No. |
| Accounts in domestic currency held abroad | No. |
| Accounts in domestic currency convertible into foreign currency | Yes. |
| ADs may open convertible taka accounts in the name of foreign organizations or nationals (that is, diplomatic missions, UN organizations, nonprofit international organizations, foreign contractors, consultants) engaged in projects of the government or |
government agencies and their expatriate personnel who are resident in Bangladesh. These accounts may be credited with foreign currency brought in or remitted from abroad or transferred from a foreign exchange account or another convertible taka account. Taka accounts of Type B and Type C industry units of EPZs are allowed to be credited with authorized payment received in taka. These accounts may be debited for (1) local payments in taka, (2) remittances abroad in convertible currency, (3) transfers to foreign exchange accounts or other convertible taka accounts, and (4) credits to nonconvertible taka accounts.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Bangladesh nationals residing abroad; foreign nationals, companies, and firms registered or incorporated abroad; banks and other financial institutions, including institutional investors; officers and staff of Bangladesh missions, government institutions, autonomous bodies, and commercial banks posted abroad or transferred to international or regional agencies may open and maintain during their assignment abroad NFCD accounts that earn interest and are denominated in US dollars, euros, pounds sterling, or Japanese yen. These accounts may be credited in initial minimum amounts equivalent to US$1,000 (US$25,000 for foreigners) with remittances in convertible currencies and transfers from existing foreign currency deposit accounts of Bangladeshis. The accounts earn interest if their terms range from one month to one year. The balance, including interest earned, may be transferred in foreign exchange by the account holder to any country or to any foreign currency deposit account maintained by a Bangladeshi abroad. The balances in the accounts, which are freely convertible to taka, must be reported monthly by banks to the BB. These accounts may be maintained as long as the account holder desires. All nonresident accounts are regarded for exchange control purposes as accounts related to the country in which the account holder is a permanent resident. (The accounts of the UN and its agencies are treated as resident accounts.) NRBs may open NFCD accounts with AD banks at home to credit their retirement benefits, periodical pensions, superannuation benefits etc., as per employment agreement with employers while on service abroad. The balances held in the accounts can be used for settlement of legitimate payment abroad. Bank booths operating in airports under license with limited scope from the BB are allowed to take deposits from NRBs in foreign currency brought in by them and credit their foreign currency accounts or NRTAs (by converting foreign currency at the prevailing exchange rate) maintained with concerned AD bank branches. In case the foreign currency brought in by NRBs differs from the account type (that is, US dollar a/c, British pound sterling a/c, etc.) of the account holders, bank booths will convert the currency to the relevant foreign currency at the appropriate cross currency exchange rate to effect the deposits. Effective July 7, 2020, dividend payable to foreign shareholders may be credited to their foreign currency accounts maintained in Bangladesh. Crediting these accounts is recorded as outward remittance, while encashment of balances in these accounts is recorded as inward remittance.

Approval required No.

Domestic currency accounts Yes. Foreign missions and embassies and their expatriate personnel,
foreign airlines and shipping companies, and international nonprofit organizations in Bangladesh may open interest-bearing convertible taka accounts, but the interest earned may be disbursed in local currency only. Taka accounts of individuals, firms, or companies residing outside Bangladesh are designated as nonresident accounts. For portfolio investments in Bangladesh through the stock exchange, a nonresident may open a nonresident investor’s taka account (NITA) with any AD with foreign exchange remitted from abroad through normal banking channels or through transfer of funds from a foreign exchange account. The balance in the NITA may be used freely to buy Bangladesh shares and other securities. These balances are also freely transferable to foreign exchange accounts opened in the name of (1) Bangladesh nationals residing abroad and Bangladesh nationals working and earning abroad, including self-employed Bangladesh migrants residing abroad; (2) foreign nationals residing abroad or in Bangladesh; (3) foreign firms registered abroad and operating in Bangladesh or abroad; and (4) foreign missions and their expatriate employees. Balances in these accounts are remittable abroad in equivalent foreign exchange. The list of permissible debits from NRTAs is expanded to include, subject to approval or reporting requirements, outward remittances in foreign currency for (1) subsistence expenses for individual account holders and their family members in their country of residence and (2) permissible procurement of goods and services from abroad for institutional account holders. Temporary NRTA may also be opened by scheduled bank branches, apart from ADs for direct and portfolio investment in Bangladesh by foreign investors.

Convertible into foreign currency  Yes. Funds from NITAs and convertible taka accounts may be converted freely.

Approval required  No.

Blocked accounts  Yes. Funds in NRTAs from unapproved payments may be blocked by the BB.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget  No.

Financing requirements for imports  Yes. For private sector imports on usance terms, the interest rate may be LIBOR plus a markup, according to prevailing market conditions and subject to an overall interest maximum of 6% a year. Importers may also obtain buyer credit for import payments from abroad through ADs for a period not exceeding one year; the overall interest cost may not exceed 6% a year.

To facilitate short-term import finance, ADs, on behalf of industrial importers, may issue repayment bank guarantees without the BB approval favoring International Islamic Trade Finance Corporation extending short-term buyer’s credit up to 180 days for import of industrial raw materials for own use by importers, on sight basis. ADs may open LCs on behalf of industrial units to import necessary spare parts of capital machineries for own industrial use up to 360 days usance basis. For such deferred payment imports, the prices must be internationally competitive and all in cost including usance interest must not exceed 6% p.a.

Exporters are allowed to use the unencumbered balances held in the single pool within 30 days to meet the import payments of exporters’ subsidiaries/sister concerns.

Minimum financing requirements  No. Banks may determine the margin requirement on LCs for imports by
themselves on the basis of the bank-customer relationship.

Advance payment requirements

Yes. Advance payments up to the equivalent of, effective November 25, 2019, US$10,000 (previously US$5,000) for imports of any permissible items do not require a repayment guarantee. The limit of advance payment from ERQ accounts is US$25,000 or its equivalent.

Advance import deposits

No. Banks may determine such requirements on the basis of the bank-customer relationship.

Documentation requirements for release of foreign exchange for imports

Yes. ADs must observe the following procedures during importation through land ports: (1) Only one port of entry (land port) may be named in the LC. (2) A copy of the LC and subsequent amendments, if any, including other relevant information, must be sent to the land port authority. (3) Sample signatures of the officials working at the import-export desks of the ADs concerned, along with their contact phone and fax numbers, must be supplied to all land ports. (4) ADs’ agents or representatives must obtain directly from the land port involved a list of goods entering Bangladesh, a certified invoice, and a bill of entry showing entry of the goods for inclusion in a database accessible to all ADs. (5) LCs must not contain any reimbursement or debit authority; rather, they must stipulate the following payment terms: “on receipt of documents complying with credit terms, we must effect payment as per instructions of the negotiating bank or collecting bank.” (6) LCs covering more than US$5,000 or its equivalent must be sent through the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system to the advising bank. Pursuant to Order No. 288/2017/Customs/529 of December 21, 2017, transactions between enterprises operating in Domestic Processing Area of EZs and in Tariff Area of Bangladesh may be settled in taka without observance of regulatory procedures such as EXP Form for export and IMP Form for import. To support the transactions by EZ enterprises, irrespective of their ownership status, their liabilities for imports and other permissible expenses may be settled out of the fund held in their taka accounts.

Domiciliation requirements

No.

Preshipment inspection

No. Preshipment inspection is optional but not mandatory since July 1, 2013, as instructed by the National Board of Revenue.

Letters of credit

Yes. Payment against imports is generally permissible only under irrevocable LCs. However, consignments of perishable food items valued at not more than US$7,500 or its equivalent do not require an LC. Capital machinery and industrial raw materials may also be imported without LCs and without limit on value. Recognized export-oriented units operating under the bonded warehouse system may import up to four months’ supply of their raw and packing materials by establishing import LCs without reference to an export LC. They may also effect such imports by opening back-to-back LCs (either on a sight basis under the Export Development Fund or for up to 180 days on a usage basis) against export LCs received by them. ADs may establish LCs on a c.f.r., c.p.t., or f.o.b. basis without the BB approval. Imports may also be on a delivered at terminal (d.a.t.) or delivered at place (d.a.p.) basis. Importation on a c.i.f. or c.i.p. basis requires the permission of the Ministry of Commerce. Foreign exchange for authorized imports is provided automatically by ADs when payments are due. The maximum import value (through an LC or contract) for a mandatory credit report of foreign suppliers by ADs is US$10,000 if a pro forma invoice is issued directly by the foreign supplier and US$20,000 if orders are issued by the foreign supplier’s local agent.

To facilitate the remittances for import payment against expired LCAF which are restricted without obtaining its revalidation, ADs
may effect remittances within 30 months of LCAF issuance against import of capital machinery without obtaining its revalidation. Revalidation of LCAF will not be required for remittances against import out of fund held in foreign currency accounts of importers maintained under general or special authorization from the BB. LCAFs issued for the import of hot-rolled coil, scrap, pig iron, and sponge iron for manufacturing of flat and long steel for use in own factories of steel industries on a 360-day deferred payment basis are valid for remittances for 18 months following the month of issuance. Effective February 5, 2019, LCAFs may also be signed by lawful representative(s) of the importer.

Import licenses used as exchange licenses No. LCAFs are issued by ADs and do not require a separate import license.

Other Yes. ADs are not permitted to open new LCs for importers who have failed to submit the bills of entry of imports or customs-certified invoices as evidence of actual importation of such goods within the stipulated time period.

Import licenses and other nontariff measures Yes. All importers (including all government departments, with the exception of the Ministry of Defence) are required to obtain LCAFs for imports. Under the authority of the IPO issued by the chief controller, importers may effect imports against LCAFs issued for imports under bilateral trade or payments agreements and for imports under tied-aid programs. LCAFs are otherwise valid worldwide, except for imports from Israel and imports transported on Israeli flag vessels, which are prohibited. Goods must be shipped within 30 months of the date of issuance of LCAFs in the case of machinery and spare parts, and 12 months in the case of all other items. ADs may effect import payment within 30 months of issuance of LCAF against import of capital machinery and spare parts. Revaluation of LCAF will not be required for such remittances against import out of fund held in importer’s foreign currency accounts maintained under general or special authorization from the BB. LCAFs issued for import of capital machinery and spares are valid for remittances for 18 months from the month of issuance. Incoming passengers irrespective of their resident status may bring into Bangladesh gold or silver in bullion/ingot up to the prescribed limit in terms of relevant baggage rules in force issued under the Customs Act, 1969.

Positive list No. All the items are importable freely pursuant to the provisions of the IPO 2015–2018 (replacing IPO 2012–2015), except the banned items therein the footnote of the prohibited lists and the list of controlled items subject to fulfillment of certain conditions specified attached concerned page of the IPO 2015–2018 (Annexure-1).

Negative list Yes. The goods are not importable if they are specified in the footnotes of the prohibited lists (Annexure-1).

Open general licenses No. Unless otherwise specified, no import license is required for imports. Importers with a valid Import Registration Certificate (IRC) may import any kind of goods against the ceiling value, except the goods specified in the prohibited lists.

Licenses with quotas Yes. Unless otherwise specified in the IPO 2015–2018, industrial units approved on a regular basis are allowed to import up to 300% of their regular import entitlement of items whose import is banned for commercial purpose and that are importable by industrial consumers only. Industrial units approved on an ad hoc basis are allowed to import up to the maximum value limit, not exceeding 100% of their half-yearly import entitlement.

Other nontariff measures No. As a member of the WTO and regional trade organizations, Bangladesh is liberalizing its trade policies gradually and is maintaining non-discriminating measures. The country is also not
applying nontariff measures to restrict imports and exports, except
the prohibited and restricted items of goods therein the Annexure-1 in
line with the WTO Agreements.

| Import taxes and/or tariffs | Yes. | The tariff bands are 0%, 1%, 5%, 10%, 15%, and 25%. A number of
goods are subject to supplementary duties. |
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<tbody>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
<td></td>
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<tr>
<td>State import monopoly</td>
<td>No.</td>
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</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

| Repatriation requirements | Yes. | Proceeds from exports must be repatriated within four months of
shipment, unless otherwise permitted by the BB. |
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<tbody>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
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</table>

Surrender to the central bank

No.

Surrender to authorized dealers

Yes.  Exporters must sell to ADs at least 85% of the proceeds from exports
of ready-made garments (RMGs) and other goods with high import
content and 40% of the proceeds from exports of merchandise,
computer data entry/data processing, offshore information
technology (IT) services, software services, business process
outsourcing (BPO) services such as business services,
professional/research, advisory services, etc. They may use retained
earnings for bona fide business purposes, such as business travel
abroad; establishment and maintenance of offices abroad;
participation in trade fairs and seminars; and imports of raw
materials, spare parts, and capital goods. Fully foreign-owned
industries and joint ventures and Bangladesh industries, other than in
the garment industry, located in EPZs may retain 100% and 80%,
respectively, of their export earnings in a foreign currency deposit
account. Joint ventures and Bangladesh industries in EPZs that are
part of the RMG sector may retain 75% of their export earnings in a
foreign currency deposit account. The BB allows receipt of proceeds
from small-value service exports, such as data entry/data processing,
offshore IT services, BPO, etc., through online payment service
providers up to US$5,000 or equivalent an instance. Service
providers receive payments through banks set up to receive online
payments from abroad. ADs may handle inward remittances for BPO
by residents. The ERQ without prior approval from the BB is 60%
for exports of high domestic value-added merchandise and for export
of services (for example, computer data entry/data processing,
offshore IT services, software services, BPO services such as
business services, professional/research, advisory services), and 15% for
merchandise exports of high import contents like RMG. To
provide immediate access to foreign exchange by exporters, usance
export bills related to direct and deemed exportation of Bangladesh
products may be discounted in foreign exchange by an exporter’s AD
with funds received from foreign banking units and correspondent
banks and financial institutions and from international financial
organizations. The overall cost may not exceed 6% a year.
Besides industrial units, EPZ developers and different service
providing units (water supply/treatment, dust management, cleaning,
effluent treatment plant, etc.) are allowed to operate in EPZs to serve
the industrial units therein. To facilitate such developers/service
providers of EPZs, EPZ developers and different service providing
companies of EPZs, exclusively formed and registered to serve a
particular EPZ, will be treated as industrial units of EPZs for foreign exchange regulation purposes. Existing foreign exchange regulations applicable for EPZ units (as mentioned in Guidelines for Foreign Exchange Transactions (GFET), FE Circulars, FE Circular Letters, etc.) are applicable for such entities as well. There is no restriction on the particular type of ownership; the EPZ developer and service providing units may be local, foreign, or jointly owned.

To promote Business-to-Consumer export by hosting goods on e-Commerce website accessible through Internet to foreign buyers, ADs may provide acquiring services to eligible exporters for repatriation of export proceeds against sales orders of exportable goods received on e-Commerce website subject to some operational procedures.

<table>
<thead>
<tr>
<th>Financing requirements</th>
<th>No.</th>
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<tbody>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>

Besides bills of lading and airway bills issued by the carriers concerned, negotiation of export bills may also take place against freight forwarders, provided (1) the export LC and the export sale contract specify negotiation of export bills of exchange against the forwarders’ cargo receipt or house airway bill, and, until September 9, 2015, (2) the freight forwarder issuing the forwarders’ cargo receipt or house airway bill has the BB authorization under Section 18A of the FERA, 1947. Section 18A of the FERA, 1947, was deleted September 9, 2015, removing the requirement to obtain permission under this section. The responsibility to repatriate full export proceeds within the period specified by the BB in terms of the FERA lies with the exporters. ADs must give the BB a full explanation only in the event of non-realization/short realization.

If the shipment is made against full payment received in advance through normal banking channel, ADs can allow carrier companies to draw railway receipts, bills of lading, airway bills, and other documents of title for the cargo to the order of importer or other designated parties as per stipulations of export LC/valid sales contract. In this context, the designated AD issues a certificate to the exporter to be produced to the carrier company, enabling them to draw the shipping documents accordingly.

Pursuant to Order No. 288/2017/Customs/529 of December 21, 2017, transactions between enterprises operating in Domestic Processing Area of EZs and in Tariff Area of Bangladesh may be settled in taka without observance of regulatory procedures such as EXP Form for export and IMP Form for import. Effective April 23, 2019, the BB introduced an electronic option for EXP Form submission for exports of goods from Bangladesh.

<table>
<thead>
<tr>
<th>Letters of credit</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
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<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
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</tbody>
</table>

In addition to LCs, exports under contract are allowed.

In addition to f.o.b. and c.f.r., exporters are allowed to export on an e.x.w., f.c.a., f.a.s., c.i.f., and c.i.p. basis.

According to the Export Policy 2018–2021, the exports of 16 items are banned. Fifteen products are exportable under certain conditions. Some of these items are restricted for ensuring adequate supply in the domestic market.
With quotas No.

**Export taxes** Yes.

Collected through the exchange system No.

Other export taxes Yes.

Exports of rice bran, unmanufactured tobacco; tobacco refuse, cigars, cheroots, cigarillos, and cigarettes of tobacco or of tobacco substitutes, other manufactured tobacco, and manufactured tobacco substitutes; homogenized or reconstituted tobacco extracts and essences, cotton waste, and building bricks are taxed.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Yes. Payments for invisible transactions related to authorized trade transactions are generally not restricted.

**Trade-related payments** Yes. ADs may pay freight charges to foreign shipowners for ships chartered by importers in Bangladesh without the BB approval. Importers may make payments of freight charges for f.o.b. imports as declared in an LCAF to the shipping lines/airlines/licensed freight forwarders in foreign currency. Shipping lines/airlines may also accept payment in foreign currency from freight forwarders for handling of f.o.b. exports. Foreign currency deposited in foreign currency accounts of shipping lines/airlines against freight charges on f.o.b. exports from licensed freight forwarders may be used for outward remittances on account of surplus earnings. Balances in foreign currency accounts must first be used for outward remittances before use of local currency funds. AD banks must ensure the encashment of adequate foreign currency by the shipping lines/airlines to meet local expenses in case of shortfall in local currency funds. In view of wider scope of fund sources in Bangladesh, the legitimate charges (charges of demurrage, detention, handling or equivalent charges) in addition to freight charges are also allowed to be considered for calculation of remittable surplus of foreign shipping lines/their agents working in Bangladesh subject to deduction of taxes and commission.

The list of permissible debits from NRTAs includes, subject to approval or reporting requirements, outward remittances in foreign currency for the purposes of permissible procurement of goods and services from abroad for institutional account holders.

To facilitate smooth operations of branches of foreign banking companies in Bangladesh, ADs are allowed to remit head office expenses without prior approval from the BB subject to observance of some instructions which is allocated by the head office to their branches in accordance with standard practices. Effective July 17, 2019, funds from Personal Foreign Currency accounts may be used for payment of admissible imports in terms of the IPO in force.

Effective March 19, 2020, to facilitate trade transaction in the context of COVID-19, the following were extended: (1) the tenure of realization of export proceeds up to 60 days, (2) the tenure of submission of bill of entry up to 60 days, and (3) the usance period of back-to-back LCs opened under supplier/buyer credit on bank-customer relationship within the admissible rate of interest of up to 180 days.

**Prior approval** Yes. Up to 5% of export receipts (up to 33.3% in the case of books) may be remitted abroad for commissions without the BB approval.

**Quantitative limits** No.
| **Indicative limits/bona fide test** | Yes. | Payment abroad of commissions or discounts and remittances for operating expenses is subject to indicative limits and verification. Purchases by individuals in border markets, from the respective local currency, are limited to the equivalent of US$100. Besides the ERQ, the remittable amount for IT and/or software firms is US$30,000. Within this limit, the amount that can be made through international cards is US$6,000. To facilitate export trade in meeting urgent needs, ADs are allowed to provide remittance facilities to the exporters for bona fide service payments to beneficiary’s bank account abroad up to US$5,000 or equivalent. |
| **Investment-related payments** | Yes. | ADs may remit dividends to nonresident shareholders without the BB approval on receipt of an application from the company concerned. Applications must be supported by an audited balance sheet; a profit and loss statement; and a board resolution declaring to the head office dividends from profits earned from foreign firms, banks, insurance companies, and other financial institutions operating in Bangladesh. Effective July 21, 2020, the requirement of document submission to BB for ex post verification of remittances on account of dividend was removed. Previously, these remittances were subject to ex post checks by the BB. No approval is required for remittances on loans if a loan agreement has been cleared by the Bangladesh Investment Development Authority (BIDA). Local stock brokerage firms acting in Bangladesh on behalf of foreign stock brokerage firms may repatriate, without the BB approval, a share of commission earnings to the respective foreign firms against services rendered to foreign portfolio investors for investment in Bangladesh. Private sector industrial enterprises approved by BIDA may release foreign exchange on account of royalty, fees for technical knowledge or technical assistance, and franchise fees to foreign persons or institutes in accordance with the prescribed manner as defined by BIDA through AD banks. |
| **Prior approval** | No. | |
| **Quantitative limits** | Yes. | |
| **Indicative limits/bona fide test** | Yes. | |
| **Payments for travel** | Yes. | Effective July 25, 2019, the indicative limit for private travel was increased to US$12,000 or equivalent an adult passenger a calendar year from US$5,000 and US$7,000 for travel to SAARC member countries (South Asian Association for Regional Cooperation region – Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka) and Myanmar, and for travel to other countries, respectively. For minors (below 12 years of age), the applicable quota, as before, is half the amount for adults. The entire unused balance may be released to individuals traveling abroad with a one-way ticket, if it is for valid job or migration purposes. ADs may release foreign exchange without visa to the resident Bangladesh nationals proceeding to the countries/zones with provision of visa on port of entry/arrival basis up to the unused annual travel quota entitlement applicable for the country concerned subject to complying with other relevant instructions. The facility will also be applicable for official visits abroad by the officials of |
| **Prior approval** | No. | |
| **Quantitative limits** | No. | |
| **Indicative limits/bona fide test** | Yes. | |
government/semi-government and autonomous bodies. ADs and Licensed Money Changers may release foreign exchange on account of overseas allowances of the cockpit and cabin crews of Biman Bangladesh Airlines Ltd.

Releasable foreign currency in cash US dollar notes for outgoing Bangladeshi residents is US$5,000 a person a trip from their annual entitlement applicable for personal travel quota/business travel quota/treatment abroad/immigration/higher education or other specially or generally approved purposes. The remainder or full amount of quota may be released in other freely convertible foreign currencies in cash or in international cards. The business travel quota entitlement was revised in 2014. New exporters, importers, and producers for the local market are entitled to foreign exchange for travel abroad of US$400 a day, subject to a limit of US$4,000 a trip and US$10,000 a calendar year. Established exporters may also use balances in their ERQ (15% of exports of goods with high import content, such as RMGs, and 60% of repatriated export proceeds of merchandise and services) for business travel abroad. Senior-level (top two tiers) expatriates in Bangladesh under valid visas and work permits are entitled to the same business travel allowance as Bangladesh nationals, which may be used through international credit/debit cards. Higher amounts require documentation. Effective July 25, 2019, foreign exchange quota for business travel abroad is also applicable for local agents operating in Bangladesh on behalf of foreign principals. Previously, it was limited to licensed local indenting and buying agents.

**Personal payments**
Yes.

**Prior approval**
Yes. Foreigners retiring from Bangladesh do not need approval to transfer genuine savings from salaries/benefits, retirement benefits such as provident funds and pensions, and gratuities due under an employment contract approved by the BIDA. Permissible debits from NRTAs include, subject to approval or reporting requirements, outward remittances in foreign currency for subsistence expenses for individual account holders and their family members in their country of residence.

**Quantitative limits**
Yes. Up to US$10,000 or its equivalent may be obtained for medical expenses without approval. Larger amounts require the BB approval, subject to submission of supporting documents. ADs may remit the registration fee to the bank accounts of the beneficiaries for medical checkup of migrant workers, the fee in case of invoices specifying details of the checkup and deduction of applicable taxes.

**Indicative limits/bona fide test**
Yes. Foreign exchange for education is available up to the cost of tuition and living expenses, as estimated by the educational institution concerned. Students are allowed to have travel entitlement (entire unused travel quota) against a one-way ticket when proceeding abroad for study. Permission is not required for the remittance of fees for approved undergraduate, postgraduate, diploma, and professional courses.

ADs may release foreign exchange for study of Bangladeshi students in permissible courses abroad in favor of the designated intermediary payment processing entity. Because of the concern that students intending to study abroad are in some cases required to pay a Health Insurance fee as a prerequisite for Visa/Admission, ADs are allowed to release foreign exchange on account of Health Coverage/Health Insurance/Medical Insurance fee, provided such fees are mandatory for Visa/Admission in permissible courses supported by documentary evidence from the concerned educational institution. Foreign exchange is available for the support of dependents abroad.
on presentation of a certificate from the Bangladesh Embassy in the country concerned, up to a reasonable level, which is based on prevailing prices. Applications for foreign exchange for studies abroad and for family maintenance are approved on verification of their validity. Foreign exchange may be remitted for right of landing/permanent residence fees required by foreign immigration authorities for Bangladesh nationals permanently emigrating abroad. ADs may release foreign exchange toward remittance of publication-related fees for publication of articles in reputed international journals written by resident Bangladesh nationals. While effecting remittance, ADs verify the genuineness of the invoices from the publishing companies/publishers abroad and the deduction of applicable taxes.

Foreign workers’ wages: Yes.
Prior approval: No.
Quantitative limits: Yes.
Indicative limits/bona fide test: Yes.

Foreign nationals may remit freely up to 75% of their net salary on a monthly basis in connection with service contracts approved by the government. The entire amount of their earned leave pay and savings may also be freely remitted after the end of their service period in Bangladesh. Besides their country of domicile, such monthly remittances are also allowed to be sent to other countries where their family members live as declared by them in the prescribed application form. Service sector industries within the purview of industrial policy may remit up to 1% of annual sales as declared in their previous year’s income tax return toward costs of training and consulting services. Effective December 5, 2019, to facilitate payment of remuneration, net income of foreign nationals employed in branch offices/liaison offices of foreign companies duly approved by BIDA may be credited to their foreign currency accounts. Effective March 22, 2020, to facilitate the remittance on account of bonus payments, foreign nationals may remit up to 75% of their bonus after deduction and payment of applicable taxes in one transaction. Previously, it had to be spread over the subsequent 12 months.

Credit card use abroad: Yes. Resident and nonresident Bangladesh nationals and foreign nationals may use abroad international credit cards (ICCs), debit cards, and prepaid cards issued by ADs in Bangladesh under different entitlements or different account balances. ICCs may be used for online payment to settle remittances for membership fees of foreign professional and scientific institutions and fees for application, registration, admission, and examination in connection with admission to a foreign educational institution. Individuals who do not have their own ICCs may make such online payments with a “virtual card.” ICCs issued under different entitlements may also be used for online hotel booking by the cardholders when traveling abroad. Visa processing fees may be remitted through online using international cards or virtual cards. The limit of international credit cards for online payment was US$300 or its equivalent for transaction against legitimate purchases of goods and services (downloadable application software, e-books, magazine/newspaper subscription fees, etc.) from reputed and reliable sources abroad. ICC holders may also make online payments for such purchases up to their available unused annual travel allowance plus an additional amount not exceeding US$1,000 annually. ICC holders must fulfill tax/duty payment obligations for such payments. Eligible individual developers/freelancers of mobile applications (apps) and games may...
remit foreign exchange for allowable IT expenses through the use of a virtual card, up to US$300 or its equivalent a calendar year. To enhance the scope of business travel abroad by officials of enterprises located in EPZs and EZs, card issuing banks are allowed to issue International Debit/Prepaid card up to three top tier officials of concerned enterprises against balances held in foreign currency accounts. EPZs and EZs enterprises can avail such card facility from one card issuing bank only. Effective April 7, 2019, ADs may issue International Debit/Prepaid/Credit cards in favor of Bangladeshi medical centers accredited by Gulf Health Council (GHC) to pay only the registration fee for medical checkup services of Bangladesh nationals proceeding abroad for employment in member countries of GCC. Effective November 24, 2019, ADs must make necessary arrangements to guard against illegitimate online payments abroad through International Cards from Bangladesh, for example, payments for participation in online casino/gambling, trading in foreign exchange/stock exchanges, purchase of cryptocurrencies/lottery tickets, and purchase of goods/services that originated in Bangladesh. Effective June 16, 2020, ADs may issue international debit cards in favor of eligible persons against their annual travel entitlements subject to observance of several instructions.

Prior approval

No.

General approval has been given for issuance of international credit, debit, and prepaid cards for use abroad by resident Bangladesh nationals issued against (1) balances in ERQs; (2) individual annual personal travel quota entitlements; (3) balances in RFCD accounts; (4) foreign exchange entitlements (established by the government for each person intending to perform Hajj) of approved private Hajj agencies for food and lodging expenses of pilgrims in Saudi Arabia; (5) foreign exchange entitlements established by the MOF or an appropriate authority for official or semiofficial visits abroad by government officials, autonomous and semiautonomous institutions, and so forth; (6) per diem foreign exchange entitlements for private sector participants attending seminars, conferences, and workshops abroad arranged by recognized international organizations; (7) personal entitlements established yearly by the government for pilgrims intending to perform Hajj; (8) against balance in private foreign currency accounts; (9) against annual entitlement for IT/software firms; (10) against membership fees, examination fees, etc; (11) against business travel quota entitlement; (12) against IT expenses; and (13) against visa processing fees. ADs may issue debit cards to NRBs and foreign nationals against the balances held in foreign exchange accounts opened and maintained with them. Effective June 16, 2020, ADs may issue international debit cards in favor of eligible persons against their annual travel entitlements subject to observance of several instructions.

Quantitative limits

Yes.

Indicative limits/bona fide test

Yes.

Transfers may be made up to the amount of the balance in respective foreign exchange accounts and respective entitlements.

Other payments

Yes.

Banks may remit registration fees for attendance at training, seminars, and workshops abroad by officials of government, autonomous/semiautonomous entities, and banks and banking training institutions. Banks may also remit registration fees for officials of the private corporate sector and nongovernmental organizations (NGOs) who attend training, seminars, and workshops abroad without the BB permission. Only one-time approval is required from the BB for foreign exchange remittance for maintenance/support fees for proprietary/specialized software service providers, with subsequent remittances validated by AD banks. Permissible debits from NRTAs include, subject to approval and
reporting requirements, outward remittances in foreign currency for permissible procurement of goods and services from abroad for institutional account holders. ADs may remit funds for membership/affiliation fees of local business/professional entities to professional/scientific institutions abroad. AD banks may effect remittance toward the cost of advertisement of Bangladeshi products in foreign electronic and online media in dynamic, image, video, interactive, and/or other formats, after verifying the genuineness and bona fide of the requests through agreement and invoices and after deducting all applicable taxes.

**Prior approval**
Yes.

**Quantitative limits**
Yes.

The BB permission is not required for the remittance of royalties and technical fees by firms registered with the BIDA as follows: (1) up to 6% of the cost of imported machinery or (2) up to 6% of the previous year’s sales, as declared in tax returns, for ongoing concerns, provided the contract is registered with the BIDA. Resident foreign nationals may remit abroad 75% of their monthly net income from Bangladesh.

**Indicative limits/bona fide test**
Yes.

Industrial enterprises producing for local markets may remit up to 1% of sales receipts declared in the previous year’s tax return for the purpose of training and consultation. Service sector businesses are also allowed such remittances. ADs may release foreign exchange up to the actual amount of the registration or participation fee for government officials and employees of banks, financial institutions, bank training institutions, and corporations and/or NGOs to attend training, seminars, and workshops abroad. Remittances are also allowed for subscription fees for foreign academic and research journals by universities, medical colleges, and research and training institutions, up to the equivalent of US$3,000 an institution a calendar year.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**
Yes.

Effective September 11, 2019, ADs were allowed to repatriate remittances against small-value service exports in nonphysical form up to US$10,000 per transaction (previously US$5,000) through Online Payment Gateway Service Providers (OPGSPs).

**Surrender requirements**
Yes.

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
Yes.

Exporters of services must sell to ADs not less than 40% of receipts in foreign exchange and may use retained earnings for valid business purposes. Bangladeshis working abroad may retain their earnings in foreign exchange accounts or in NFCD accounts. Unless they have an exemption from the BB, resident Bangladeshis must sell to an AD any foreign exchange they receive, whether held in Bangladesh or abroad, within one month of receipt. However, returning residents may keep, in foreign exchange accounts in their names, foreign exchange they brought in, provided it does not represent proceeds from exports from Bangladesh or commissions earned from business activities in Bangladesh. Residents must declare inward remittances from abroad, except remittances by Bangladeshis working abroad, using Form C for amounts exceeding US$10,000 or its equivalent. Foreigners residing in Bangladesh for more than six consecutive months must sell within one month of the date of receipt foreign exchange earned from business conducted in Bangladesh or services.
rendered while in Bangladesh. The BB allows receipt of proceeds from small-value service exports, such as data entry/data processing, offshore IT services, BPO, etc., through online payment service providers up to US$5,000 or equivalent an instance. Service providers receive payments through banks set up to receive online payments from abroad. ADs may handle inward remittances for BPO by residents, for which the retention quota is up to 60% of repatriated foreign exchange. ADs may provide facilities to credit inward remittances received in international card number/account against the services provided by individual developers/freelancers. In this context, ADs are allowed to issue to individual developers/freelancers international cards (termed as “Freelancer Card”) having dual currency units with features of being prepaid from abroad.

**Restrictions on use of funds**  Yes. 
Retained foreign exchange may be used for travel abroad or bona fide business purposes.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**  Yes.

**Repatriation requirements**  Yes. Residents must repatriate and sell to ADs the foreign exchange proceeds from all approved capital transactions abroad within one month.

**Surrender requirements**

- **Surrender to the central bank**  No.
- **Surrender to authorized dealers**  Yes. Residents must repatriate and sell to ADs the foreign exchange proceeds from all approved capital transactions abroad within one month.

**Controls on capital and money market instruments**  Yes.

**On capital market securities**  Yes.

- **Shares or other securities of a participating nature**

- **Purchase locally by nonresidents**  Yes. Since March 24, 1994, nonresidents may purchase shares locally without restriction or approval. Nonresidents may buy Bangladesh securities through stock exchanges against payment in freely convertible currency remitted from abroad through banking channels. Purchase of new public issues not yet listed in a stock exchange may be made directly from the company issuing the stock/security. ADs maintain NRTAs in the names of their overseas branches and correspondents against inward remittance in convertible foreign currencies are allowed to issue shares in favor of the nonresidents by debiting the NRTAs. Purchases of shares by a nonresident from another nonresident do not require approval from the BB. However, the fair value of shares determined by Merchant Banker licensed by Bangladesh Securities and Exchange Commission or a Chartered Accountant is required for the sale/transfer of shares exceeding BDT 1 million. There is no approval requirement or quantitative limitations in force. Remittances on account of dividends in favor of nonresident shareholders were simplified. As of July 7, 2020, dividend payable to foreign shareholders may be credited to their foreign currency accounts maintained in Bangladesh. Crediting these accounts is recorded as outward remittance, while encashment of balances in

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these accounts is recorded as inward remittance. As of July 21, 2020, the requirement of document submission to BB for ex post verification of remittances on account of dividend was removed. Effective June 18, 2020, ADs may effect remittances on account of sales proceeds of shares of nonresidents in private/public limited companies not listed with stock exchanges based on the NAV approach, regardless of the amount. Further, BB’s permission is not required to repatriate sales proceeds of shares up to Tk 10 million or equivalent in foreign currency without a valuation report from independent valuers, or to repatriate between Tk 10 million and Tk 100 million or equivalent in foreign currency on account of sales proceeds based on fair value determined using the valuation methods prescribed in FEID Circular No. 1 of May 6, 2018. Previously, in case of sale/transfer of shares from a nonresident to a resident in public/private limited companies not listed on the stock exchanges, a MoU for share sale/purchase agreement between the buyer and the seller had to be concluded on receipt of approval from the BB regarding the determination of the fair value of the shares. The BB accepted the fair value of the shares determined from the weighted average of the three valuation approaches (that is, NAV approach, market value approach, and discounted cash flow approach), or based on any of these approaches suitable on justified ground depending on the nature of the company.

<table>
<thead>
<tr>
<th>Sale or issue locally by nonresidents</th>
<th>Yes.</th>
<th>Nonresidents may not issue securities in Bangladesh.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These transactions are not allowed.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>These transactions are subject to Securities and Exchange Commission approval. The BB approval is required for securities denominated in foreign currency.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>Nonresidents may buy government-issued treasury bonds and foreign-currency-denominated bonds. Nonresidents may also buy debt securities listed on the stock exchange. Purchase of bonds or other debt securities locally by nonresidents is allowed, and there is no minimum holding period for such bonds.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresidents may not issue such instruments. However, they may sell their holdings issued and purchased locally.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These transactions are not allowed.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>These transactions are not allowed.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresidents may not purchase money market instruments.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These transactions are not allowed.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>These transactions are not allowed.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresidents may purchase mutual funds listed on the stock exchange. There are no approval requirement or quantitative limitations or prohibitions in force.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresidents may issue such instruments after complying with the requirements of the Securities Laws. They may also sell their</td>
</tr>
</tbody>
</table>
Holdings issued and purchased locally.

Purchase abroad by residents Yes. These transactions are not allowed.

Sale or issue abroad by residents Yes. These transactions are subject to Securities and Exchange Commission approval. The BB approval is required for instruments denominated in foreign currency.

Controls on derivatives and other instruments Yes.

Purchase locally by nonresidents Yes. These transactions are not allowed.

Sale or issue locally by nonresidents Yes. These transactions are not allowed.

Purchase abroad by residents Yes. ADs may acquire hedging instruments abroad against exchange rate risk on underlying trade transactions. ADs may hedge the price risk of commodities (traded on exchanges or OTC) of their customers through standard exchange-traded futures and options and OTC derivatives on commodities, subject to the BB approval. The use of commodity derivatives is permitted when customers have genuine underlying commodity-price risk exposure(s). Speculation through the use of commodity derivative instruments is not permitted.

Sale or issue abroad by residents Yes. These transactions are not allowed.

Commercial credits

By residents to nonresidents Yes. Export payments deferred for more than 120 days require the BB authorization.

To residents from nonresidents Yes. Commercial credits may be used by residents for imports of industrial raw materials (180 days) and capital machinery (up to 360 days) without approval; 6% interest is allowed on such trade financing. Importers may also obtain buyer credit for import payments from abroad through ADs for a period not exceeding one year; the overall interest cost may not exceed 6% a year.

Financial credits

By residents to nonresidents Yes. Except in certain cases, credits are subject to the BB approval.

To residents from nonresidents Yes. ADs may obtain short-term and overdraft loans from overseas branches and correspondents for a period not exceeding seven days at a time. Industrial enterprises may borrow funds or make deferred payments for imports for a period beyond 360 days, with BIDA approval.

Type A industries in EPZs/EZs may access short-term foreign currency loans from parent companies/shareholders abroad and other Type A subsidiaries/associates operating in EPZs/EZs.

Guarantees, sureties, and financial backup facilities

By residents to nonresidents Yes. ADs no longer need the BB approval to issue guarantees in foreign currency up to SRIs 200,000 (SRIs, Saudi Arabian riyals) to official pilgrimage (Umrah) service providers in Saudi Arabia. ADs no longer need the BB approval to hold collateral on behalf of foreign bank branches or correspondents with respect to external borrowing by industrial enterprises approved by the BIDA. ADs may on behalf of residents issue bid bonds/performance bonds/guarantees in foreign currency in favor of local project authorities against goods/services procurement tenders financed by the government, subject to regulations. Approval from the BB is also not required for issuing guarantees by the borrowers such as corporate guarantee, personal guarantee, third party guarantee, etc., as per loan agreement, favoring foreign lenders in case of external borrowing approved by the BIDA. ADs may issue guarantee in taka or equivalent convertible foreign currency.
currency on behalf of foreign-owned/foreign-controlled companies operating in Bangladesh, favoring concerned authorities in Bangladesh against foreign back-to-back guarantee acceptable to them subject to observance of some instructions.

<table>
<thead>
<tr>
<th>By residents to nonresidents</th>
<th>Yes.</th>
<th>On behalf of residents, banks may issue guarantees or sureties in favor of nonresidents for permissible current transactions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Receipt of guarantees or sureties by residents from abroad requires full disclosure of the underlying transaction. ADs may issue guarantee, bid bond, or performance bond in local currency against taka equivalent on behalf of a nonresident firm/company favoring residents in Bangladesh, provided there is a back-to-back foreign currency guarantee with suitable coverage for exchange rate fluctuation from counter guarantee issuing banks abroad.</td>
</tr>
</tbody>
</table>

**Controls on direct investment**

- **Outward direct investment**
  - Yes. All outward transfers of capital require approval. For resident-owned capital, approval is granted only in exceptional cases.

- **Inward direct investment**
  - Yes. Investment, except in the industrial sector, requires approval. The Foreign Private Investment (Promotion and Protection) Act of 1980 provides for the protection and equitable treatment of foreign private investment, indemnification, protection against expropriation and nationalization, and guaranteed repatriation of investments. There is no ceiling on private investment. Tax exemptions are granted for periods of up to nine years, depending on location.

**Controls on liquidation of direct investment**

- Yes. Liquidation of direct investment through a NITA and transfers of Bangladesh stocks and securities from one nonresident holder to another do not require the BB approval. However, proceeds from disinvestment of nonresidents’ equity investments in unlisted public and private limited companies must be repatriated with the BB approval, because there may not be an established market value for such investments at the time of disinvestment. When a nonresident liquidates an investment through sale to a resident investor, the net asset value, market value, and discounted cash flow of the shares of the company serve as the basis for calculating the repatriation of proceeds.

Remittances on account of dividends in favor of nonresident shareholders were simplified. As of July 7, 2020, dividend payable to foreign shareholders may be credited to their foreign currency accounts maintained in Bangladesh. Crediting these accounts is recorded as outward remittance, while encashment of balances in these accounts is recorded as inward remittance. As of July 21, 2020, the requirement of document submission to BB for ex post verification of remittances on account of dividend was removed.

**Controls on real estate transactions**

- Yes. Remittance of funds for these purchases is not permitted.

- **Purchase abroad by residents**
  - Yes. Purchases of real estate by a nonresident with funds from abroad are allowed. ADs were allowed to extend mortgage loans in taka to NRBs working abroad for the purpose of housing in Bangladesh, subject to observance of the existing guidelines of Prudential Regulations for Consumer Financing. The housing finance facility provided to NRBs may not exceed the debt-equity ratio of 75:25.

- **Sale locally by nonresidents**
  - Yes. Repatriation of sales proceeds is subject to the BB approval, which is not typically granted.

**Controls on personal capital transactions**

- Yes. Loans

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<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>These transactions are not allowed.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>These transactions are not allowed.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>Yes.</td>
<td>Title transfers to nonresidents by way of inheritance are not restricted, but income and sales proceeds from such assets are transferable abroad with the BB authorization.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Resident Bangladesh nationals must obtain government approval to receive gifts or endowments from a foreign donor. Inheritances must be reported to the BB. Net current income from estates inherited abroad must be repatriated.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>These transactions are usually not allowed, except for repayment of borrowing for industrial investment, in accordance with Board of Investment Bangladesh (BOI) guidelines.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>Yes.</td>
<td>These transactions are not allowed, except for movable personal assets.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>Yes.</td>
<td>These transactions are not allowed, except for standard travel allowances for residents.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
<td>These transactions are permitted; transfers exceeding US$5,000 or its equivalent must be declared. They must also comply with customs regulations (for duties) and Ministry of Commerce regulations (for eligibility of entry into Bangladesh).</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes.</td>
<td>Gambling is prohibited in Bangladesh.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>Yes.</td>
<td>The BB approval is not required for taka advances through the purchase of checks from foreign embassies, international organizations, or foreign nationals employed by them and drawn on their accounts abroad. Foreign-owned/foreign-controlled companies in Bangladesh that engaged in manufacturing or services output activities for three years or longer in Bangladesh may access taka term loans from the domestic market regardless of the local content in their equity, subject to applicable credit norms and prudential parameters, including the single borrower exposure limit, debt-equity ratio, and so forth. Foreign-owned/foreign-controlled industrial enterprises in Bangladesh may access interest-free loans for working capital other than input procurement from parent companies/shareholders abroad for up to one year without prior approval. These loans are available to companies that have not yet obtained working capital financing from the local market. ADs were allowed to extend mortgage loans in taka to NRBs working abroad for the purpose of housing in Bangladesh, subject to observance of the existing guidelines of Prudential Regulations for Consumer Financing. The housing finance facility provided to NRBs may not exceed the debt-equity ratio of 75:25. ADs may extend working capital facilities to Type B (joint-venture) units of EPZs for the procurement of components needed for up to four months’ worth of production on the basis of the bank-customer relationship and the customer’s ability to repay from export proceeds. ADs may obtain short-term and overdraft loans from overseas branches and correspondents for a period not exceeding seven days at a time.</td>
</tr>
</tbody>
</table>
Lending to nonresidents (financial or commercial credits) Yes.

Lending to nonresidents is not allowed, except with the BB approval and in specific cases. Foreign-owned/foreign-controlled companies in Bangladesh that engaged in manufacturing or services output activities for three years or longer in Bangladesh may access taka term loans from the domestic market regardless of the local content in their equity, subject to applicable credit norms and prudential parameters, including the single borrower exposure limit, debt-equity ratio, and so forth. Foreign-owned/foreign-controlled industrial enterprises in Bangladesh may access interest-free loans for working capital other than input procurement from parent companies/shareholders abroad for up to one year without prior approval. These loans are available to companies that have not yet obtained working capital financing from the local market. To widen the scope of taka working capital loans for foreign-owned/foreign-controlled companies operating in Bangladesh, resident persons/companies may purchase commercial papers issued by such companies.

ADs were allowed to extend mortgage loans in taka to NRBs working abroad for the purpose of housing in Bangladesh subject to observance of the existing guidelines of Prudential Regulations for Consumer Financing. The housing finance facility provided to NRBs may not exceed the debt-equity ratio of 75:25.

Lending locally in foreign exchange Yes.

Lending is subject to the BB approval. ADs may use up to 50% of NFCD balances (1) for loans to exporters for settlement of back-to-back sight LCs for imports of inputs and (2) to discount usage bills of wholly foreign-owned (Type A) and joint-venture (Type B) EPZ units against imports to exporters. Industrial enterprises may borrow funds or make deferred payments for imports for a period beyond 360 days, with BOI approval. Usance export bills related to direct and deemed exportation of Bangladesh products may be discounted in foreign exchange by an exporter’s AD with funds received from foreign banking units and correspondent banks and financial institutions and from international financial organizations: the overall cost may not exceed 6% a year.

Purchase of locally issued securities denominated in foreign exchange Yes.

Purchases are subject to the BB approval.

Differential treatment of deposit accounts in foreign exchange Yes.

Reserve requirements No.

The cash reserve ratio (CRR) for domestic banking operation is at least 4% (previously 5.5%) on biweekly basis with a daily provision of minimum 3.5% (previously 5%) of average total demand and time liabilities (ATDTL), effective April 15, 2020. Banks are required to maintain the CRR normally in local currency.

Liquid asset requirements No.

The Statutory Liquidity Ratio (SLR) is maintained in easily convertible assets (cash, gold, unencumbered approved securities, etc.). The daily minimum SLR for conventional banks is 13% of ATDTL (including the excess amount of CRR) and 5.5% for Islamic banks (inclusive of CRR). Effective September 1, 2019, SLR has to be maintained for offshore banking operation in addition to reserves for domestic banking operation. The requirements are determined against the ATDTL held by the bank. The SLR may be maintained both in local and foreign currency along with other approved assets. CRR and SLR may be maintained separately.

Interest rate controls Yes.

Banks must maintain interest rates on foreign currency deposits in line with international market rates, while they may freely determine at what interest rate they offer on local currency deposits with no
<table>
<thead>
<tr>
<th><strong>Credit controls</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Banks are required to maintain reserve requirements equally for both resident and nonresident deposit accounts.</td>
<td></td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Banks are required to maintain liquid asset requirements equally for both resident and nonresident deposit accounts.</td>
<td></td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>ADs may allow interest payments on ACU dollar and ACU euro accounts maintained with ADs by their correspondent banks in other ACU member countries.</td>
<td></td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Commercial banks may open subsidiaries abroad with approval from BB.</td>
<td></td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Nonresidents can purchase shares issued by banks.</td>
<td></td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The limit on ADs’ net open foreign exchange positions is 20% of their capital and applies to the total exposures in foreign exchange (assets and liabilities in foreign exchange of a bank) either held in Bangladesh or abroad. The capital base is defined as the total eligible capital composed of Tier 1 and Tier 2. As of the end of June 2019, the limit on net open foreign exchange positions for all banks was US$2.23 billion.</td>
<td></td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The limit on ADs’ net open foreign exchange positions is 20% of their capital and applies to the total exposures in foreign exchange (assets and liabilities in foreign exchange of a bank) either held in Bangladesh or abroad. The capital base is defined as total eligible capital composed of Tier 1 and Tier 2.</td>
<td></td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
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<td>The limit on ADs’ net open foreign exchange positions is 20% of their capital and applies to the total exposures in foreign exchange (assets and liabilities in foreign exchange of a bank) either held in Bangladesh or abroad. The capital base is defined as total eligible capital composed of Tier 1 and Tier 2.</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Institutional investors are not allowed to deal in foreign exchange including investing abroad.</td>
<td></td>
</tr>
<tr>
<td><strong>Insurance companies</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Pension funds of resident Bangladesh companies may not be invested abroad without the BB approval. However, there is no limit on local investment.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
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</tr>
<tr>
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<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td>There is no limit on local investment.</td>
<td></td>
</tr>
</tbody>
</table>
Currency-matching regulations on assets/liabilities composition

- No. There is no regulation on currency-matching regulations on assets/liabilities composition.

Investment firms and collective investment funds

- Yes. These transactions are not allowed.

Limits (max.) on securities issued by nonresidents

- Yes. Residents generally may not invest abroad, and there are no domestic securities issued by nonresidents because nonresidents may not issue any type of security in Bangladesh.

Limits (max.) on investment portfolio held abroad

- Yes. Residents generally may not invest abroad.

Limits (min.) on investment portfolio held locally

- No. There is no limit on local investment.

Currency-matching regulations on assets/liabilities composition

- No. There is no regulation on currency-matching regulations on assets/liabilities composition.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Arrangements for Payments and Receipts

Controls on exports and imports of banknotes

On exports

- Foreign currency 02/03/2020 Residents may take out foreign currency and traveler’s checks (TCs) up to the amount of their travel allocation and up to the equivalent of US$10,000 (previously US$5,000) brought in without declaration when returning from a visit abroad. Nonresidents may take out the foreign currency and TCs they declared on entry or up to the equivalent of US$10,000 (previously US$5,000) brought in without declaration.

On imports

- Foreign currency 02/03/2020 Foreign currency traveler’s checks and notes may be brought in freely up to the equivalent of US$10,000 (previously US$5,000); larger amounts must be declared to customs on arrival.

Resident Accounts

Foreign exchange accounts permitted

- Held domestically 11/17/2019 ADs may credit legitimate receipts against short weight claims, quality claims, freight charge of sample, insurance claims, reimbursement of expenses for samples from buyers or parents etc. received in foreign currency or local currency accounts of the enterprises operating in specialized economic zones like Export Processing Zones, Economic Zones, and Hi-Tech Parks.

Nonresident Accounts

Foreign exchange accounts permitted

- 07/07/2020 Dividend payable to foreign shareholders may be credited to their foreign currency accounts maintained in Bangladesh. Crediting these accounts is recorded as outward remittance, while encashment of balances in these accounts is recorded as inward remittance.

Imports and Import Payments

Financing requirements for imports

- Advance payment requirements 11/25/2019 Advance payments up to the equivalent of US$10,000 (previously US$5,000) for imports of any permissible items do not require a
### Documentation requirements for release of foreign exchange for imports

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/05/2019</td>
<td>LC authorization forms may be signed by lawful representative(s) of the importer.</td>
</tr>
</tbody>
</table>

#### Exports and Export Proceeds

**Documentation requirements**

- 04/23/2019 The Bangladesh Bank introduced an electronic option for EXP Form submission for exports of goods from Bangladesh.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>07/17/2019</td>
<td>Funds from Personal Foreign Currency accounts may be used for payment of admissible imports in terms of the Import Policy Order in force.</td>
</tr>
<tr>
<td></td>
<td>03/19/2020</td>
<td>To facilitate trade transaction in the context of COVID-19, the following were extended: (1) the tenure of realization of export proceeds up to 60 days, (2) the tenure of submission of bill of entry up to 60 days, and (3) the usance period of back-to-back LCs opened under supplier/buyer credit on bank-customer relationship within the admissible rate of interest up to 180 days.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Indicative limits/bona fide test</em></td>
<td>07/21/2020</td>
<td>The requirement of document submission to Bangladesh Bank for ex post verification of remittances on account of dividend was removed.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>07/25/2019</td>
<td>The indicative limit for private travel was increased to US$12,000 or equivalent an adult passenger a calendar year from US$5,000 and US $7,000 for travel to SAARC member countries (South Asian Association for Regional Cooperation region – Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka) and Myanmar, and for travel to other countries, respectively. For minors (below 12 years of age), the applicable quota, as before, is half the amount for adults.</td>
</tr>
<tr>
<td><em>Indicative limits/bona fide test</em></td>
<td>07/25/2019</td>
<td>Foreign exchange quota for business travel abroad became applicable for local agents operating in Bangladesh on behalf of foreign principals. Previously, it was limited to licensed local indenting and buying agents.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>12/05/2019</td>
<td>To facilitate payment of remuneration, net income of foreign nationals employed in branch offices/liaison offices of foreign companies duly approved by Bangladesh Investment Development Authority may be credited to their foreign currency accounts.</td>
</tr>
<tr>
<td><em>Indicative limits/bona fide test</em></td>
<td>03/22/2020</td>
<td>To facilitate the remittance on account of bonus payments, foreign nationals may remit up to 75% of their bonus after deduction and payment of applicable taxes in one transaction. Previously, it had to be spread over the subsequent 12 months.</td>
</tr>
</tbody>
</table>

#### Credit card use abroad

- 04/07/2019 ADs may issue International Debit/Prepaid/Credit cards in favor of Bangladeshi medical centers accredited by Gulf Health Council to pay only the registration fee for medical checkup services of Bangladesh nationals proceeding abroad for employment in member countries of GCC.
- 11/24/2019 ADs must make necessary arrangements to guard against illegitimate online payments abroad through International Cards from Bangladesh, for example, payments for participation in online casino/gambling, trading in foreign exchange/stock exchanges, purchase of cryptocurrencies/lottery tickets, and purchase of
goods/services originated in Bangladesh.

ADs may issue international debit cards in favor of eligible persons against their annual travel entitlements subject to observance of several instructions.

Prior approval

ADs may issue international debit cards in favor of eligible persons against their annual travel entitlements subject to observance of several instructions.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

ADs were allowed to repatriate remittances against small-value service exports in nonphysical form up to US$10,000 per transaction (previously US$5,000) through Online Payment Gateway Service Providers

Capital Transactions

Controls on capital transactions

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

ADs may effect remittances on account of sales proceeds of shares based on the NAV approach, regardless of the amount. Further, Bangladesh Bank’s permission is not required to repatriate sales proceeds of shares up to Tk 10 million or equivalent in foreign currency without a valuation report from independent valuers, or to repatriate between Tk 10 million and Tk 100 million or equivalent in foreign currency on account of sales proceeds based on fair value determined using the valuation methods prescribed in FEID Circular No. 1 of May 6, 2018. Previously, in case of sale/transfer of shares from a nonresident to a resident in public/private limited companies not listed on the stock exchanges, a MoU for share sale/purchase agreement between the buyer and the seller had to be concluded on receipt of approval from the BB regarding the determination of the fair value of the shares. The BB accepted the fair value of the shares determined from the weighted average of the three valuation approaches (that is, NAV approach, market value approach, and discounted cash flow approach), or based on any of these approaches suitable on justified ground depending on the nature of the company.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

The cash reserve ratio for domestic banking operation is at least 4% (previously 5.5%) on biweekly basis with a daily provision of minimum 3.5% (previously 5%) of average total demand and time liabilities.

Liquid asset requirements

The Statutory Liquidity Ratio has to be maintained for offshore banking operation in addition to reserves for domestic banking operation.
**BARBADOS**

*(Position as of June 30, 2020)*

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 29, 1970.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: November 3, 1993.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

**Exchange Measures**

- Restrictions and/or multiple currency practices: No.
- Exchange measures imposed for security reasons: No.
- Exchange measures imposed in accordance with IMF Executive Board Decision No. 144-(52/51): No.
- Other security restrictions: No.
- No restrictions as reported in the latest IMF staff report as of December 31, 2019.
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

- Currency: Yes. The currency of Barbados is the Barbados dollar.
- Other legal tender: No.

**Exchange rate structure**

- Unitary: Yes.
- Dual: Yes.
- Multiple: No.

**Classification**

- No separate legal tender: Yes.
- Currency board: Yes.
- Conventional peg: Yes. The exchange rate arrangement is a conventional pegged arrangement. The minister of finance, after consultation with the Central Bank of Barbados (CBB), pegged the Barbados dollar to the US dollar July 5, 1975, pursuant to the Exchange Control Act and the CBB Act.
- Stabilized arrangement: Yes.
- Crawling peg: No.
- Crawl-like arrangement: No.
- Pegged exchange rate within horizontal bands: No.
- Other managed arrangement: No.
Floating
Free floating

**Official exchange rate**  Yes.  The Barbados dollar is pegged to the US dollar, the intervention currency, at BDS$2 per US$1 dollar. This rate applies to accounting and valuation. The exchange rate is determined by the CBB in consultation with the minister of finance.

**Monetary policy framework**

Exchange rate anchor  Yes.

**U.S. dollar**  Yes.  The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

**Euro**

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

**Monetary Policy Committee**

**Central Bank Board**

**Other**

Government and Central Bank

**Inflation target**

Target number

**Point target**

Target with tolerance band

**Band/Range**

Target measure

**CPI**

**Core inflation**

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

**Other**
### Accountability
- Open letter
- Parliamentary hearings
- Other

### Transparency
- Publication of votes
- Publication of minutes
- Publication of inflation forecasts

### Other monetary framework

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange tax</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Exchange subsidy</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign exchange market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Spot exchange market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operated by the central bank</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Foreign exchange standing facility</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Allocation</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Auction</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Fixing</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interbank market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Over the counter</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Brokerage</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Market making</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Forward exchange market</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Foreign exchange market**
Certain businesses are allowed to exchange foreign currency. The exchange rate applied by commercial banks is determined by the CBB; banks, however, may charge processing fees.

**Spot exchange market**
As of December 31, 2019, eight institutions have been licensed to deal in foreign exchange with the public. There are no foreign exchange bureaus. The eight ADs comprise five commercial banks and three non-bank financial institutions.

**Operated by the central bank**
The CBB buys and sells US dollars for Barbados dollars on demand from ADs and the government at the official rate. Buying and selling rates for the Canadian dollar, euro, and pound sterling are also officially quoted on the basis of their cross-rate relationships to the US dollar. The quoted rates include commission charges of 0.125% buying and 1.75% selling against the US dollar and 0.1875% buying and 1.8125% selling against the Canadian dollar, euro, and pound sterling.

**Allocation**
As of December 31, 2019, five banks and three nonbank financial institutions participate in the interbank market. Licenses are granted by the CBB.

**Forward exchange market**
The CBB periodically obtains forward cover in the international foreign exchange market to cover or hedge its own or the central government’s exchange risk associated with foreign exchange loans not denominated in US dollars. Commercial banks may obtain forward cover in international markets. The CBB and commercial banks enter into swap transactions in US dollars, whereas
commercial banks switch freely among nonregional currencies.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

| Prescription of currency requirements | Yes. | Settlements with residents of countries outside the CARICOM area may be made in any foreign currency or through an external account in Barbados dollars. Settlements with residents of CARICOM member countries other than Jamaica, Suriname, and Trinidad and Tobago may be made in the currency of the CARICOM country. Settlements with residents of Jamaica, Suriname, and Trinidad and Tobago may be made in their respective currency or in US dollars. |
| Controls on the use of domestic currency | Yes. |
| For current transactions and payments | Yes. |
| For capital transactions | Yes. |
| Transactions in capital and money market instruments | Yes. |
| Transactions in derivatives and other instruments | Yes. |
| Credit operations | Yes. |
| Use of foreign exchange among residents | Yes. | CBB permission is required for retail outlets to issue change in the same foreign currency in which purchases are made. |
| Payments arrangements | Yes. |
| Bilateral payments arrangements | Yes. |
| Operative | Yes. | There is a limited CARICOM regional bilateral payments system. |
| Inoperative | No. | |
| Regional arrangements | Yes. | Barbados is a member of CARICOM. |
| Clearing agreements | Yes. | Under clearing arrangements with regional monetary authorities, the CBB currently sells only two CARICOM country currencies: the Eastern Caribbean dollar, and the Belize dollar. Trinidad and Tobago, Guyana, and Jamaican dollars float against the US dollar, and the CBB sets indicative selling rates based on rates supplied by the monetary authorities of these countries. |
| Barter agreements and open accounts | No. |
| Administration of control | Yes. | Exchange control applies to all countries and is administered by the CBB, which authorizes ADs to approve current payments, including standard import payments. Additional authority is delegated to commercial banks for current account transactions ranging from BDS $7,500 to BDS$250,000. Commercial banks may release up to BDS $250,000 in foreign exchange for advance payments for imports to Barbados. Commercial banks may allow the transfer of funds to CARICOM countries for all current transactions, except those with special limits or restrictions. Trade controls are administered by the Ministry of Commerce, Consumer Affairs, and Business Development. The authority to approve payments to OECS countries is delegated to ADs. |
| Payments arrears | No. |
Resident Accounts

Effective August 1, 2019, all residents are allowed to hold foreign exchange accounts. ADs may credit 100% of the foreign exchange earned related to current account transactions by residents to their foreign exchange accounts without CBB approval. Previously, only residents earning foreign exchange related to current account transactions were permitted to hold foreign exchange accounts. ADs could credit 30% of the foreign exchange surrendered by residents who earn foreign exchange to residents’ foreign exchange accounts without CBB approval. Other credits and debits required individual approval.

Effective August 1, 2019, approval was no longer required to open foreign exchange accounts. Previously, approval was given on the basis of the anticipated frequency of receipts and payments in foreign currency. Payments must be related to the account holder.

Permission of the CBB must be received to open and operate accounts abroad. Balances may be transferred freely to Barbados.

ADs may convert according to the provisions in the CBB circulars; they may freely convert for education outside of Barbados, medical
treatment outside of Barbados, gifts, and donations up to BDS $10,000.00 per annum for non-resident beneficiaries, for travel facilities as prescribed in the circulars, for import payments and sundry non-capital payments; relevant supporting documents must be provided. CBB permission is needed to convert for emigration allowances, repatriation of foreign investment by non-residents, proceeds of property sale, disposal of liquid assets from estates and for all capital remittances.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. ADs may open foreign exchange accounts for non-residents, including Barbadian and Caribbean Single Market and Economy (CSME) nationals permanently residing outside Barbados, without limit. Non-residents may place the full amount of funds brought into Barbados in their foreign exchange accounts. Non-Barbadian nationals employed in the offshore sector are classified as non-residents.

Approval required No. Non-resident foreign exchange account holders are not required to obtain CBB approval to remit abroad funds that are not the proceeds of payment for trade or non-trade transactions.

Domestic currency accounts Yes. These accounts may be credited with the proceeds from the sale of foreign currency, transfers from other external accounts, bank interest, and payments by residents for which the CBB has given general or specific permission. These accounts may be debited without restriction up to the balance in the account for payments to residents of Barbados, for the cost of foreign exchange required for travel or business purposes and for any other payment covered by delegated authority to ADs. Other debits and any overdrafts require individual approval.

Convertible into foreign currency Yes. Balances on external accounts are convertible. External Accounts are accounts held by non-residents but denominated in Barbados dollars.

Approval required Yes. Approval is required for the ADs to open such accounts in joint names with one or more residents. Otherwise, CBB approval is not required.

Blocked accounts Yes. The CBB may require certain payments in favor of non-residents that are ineligible for transfer to be credited to blocked accounts. Balances in blocked accounts may not be withdrawn without approval, other than for the purchase of approved securities.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports Yes.

Minimum financing requirements No.

Advance payment requirements Yes. ADs may release foreign exchange up to the equivalent of BDS $250,000 (c.i.f.) for advance payments for imports to Barbados. Advance payments in excess of BDS$250,000.00 must be considered by the CBB.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports Yes. ADs must have sight of a copy of the order for the goods certified by the importer or his certified agent or the ProForma invoice from the
Domiciliation requirements | Yes.  
Preshipment inspection | Yes.  
Letters of credit | Yes.  
Import licenses used as exchange licenses | No.  
Other | Yes.  

**Payments for authorized imports are permitted on application and submission of documentary evidence (invoices and customs warrants) to ADs; payments for imports of crude oil and its derivatives are subject to CBB approval.**

**Import licenses and other nontariff measures** | Yes.  

**Certain imports require individual licenses. Some items on the import-licensing list may be freely imported throughout the year, whereas other items are subject to temporary restrictions (particularly agricultural products, which tend to be subject to seasonal restrictions). Individual licenses are also required for imports of commodities that are subject to the provisions of the Oils and Fats Agreement, to which Barbados, Dominica, Grenada, Guyana, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago are signatories, whether the goods are being imported from CARICOM countries or from elsewhere. Special licensing arrangements have been made for the regulation of trade between Barbados and other CARICOM countries in 22 agricultural commodities.**

Positive list | No.  
Negative list | No.  
Open general licenses | No.  
Licenses with quotas | Yes.  
Other nontariff measures | No.  

**Not all goods that are subject to licensing are subject to quantitative restrictions or import surcharges.**

**Import taxes and/or tariffs** | Yes.  

**Customs duties corresponding to the fourth phase of the CARICOM CET are in the range of 5%–20%. A VAT of 17.5% is levied. Tariffs ranging from 20% to more than 200% apply to imports of prepared meats, detergents, and T-shirts.**

Taxes collected through the exchange system | No.  
State import monopoly | Yes.  

**Poultry products; onions; and sugar may be imported only by the Barbados Agricultural Development and Marketing Corporation, and milk may be imported only by the Pine Hill Dairy.**

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements | Yes.  
Surrender requirements | Yes.  

**Surrender to the central bank** | Yes.  

**The CBB requires authorized foreign exchange dealers to surrender 5% of their gross foreign exchange purchases to the CBB. Reporting is done on a weekly basis.**

**Surrender to authorized dealers** | No.  

**Effective August 1, 2019, exporters holding foreign exchange accounts no longer have to surrender their proceeds to ADs. Previously, exporters had to surrender 70% of their proceeds to ADs. Proceeds had to be sold to an AD within six months, but exporters**
Financing requirements | No.  
---|---
Documentation requirements | Yes.
Letters of credit | No.
Guarantees | No.
Domiciliation | No.
Preshipment inspection | No.
Other | Yes.  
Completion of an export form is required in duplicate detailing the goods, proceeds expected, and total shipment details.

Export licenses | Yes.  
Specific licenses are required for the exportation of certain goods to any country, including rice, sugarcane, rum, molasses, certain other food products, sewing machines, Portland cement, and petroleum products. All other goods may be exported without a license.

Without quotas | Yes.
With quotas | Yes.  
Exports of sugar to the United Kingdom and the United States are subject to bilateral export quotas, as are exports of rum to the EU.

Export taxes | No.
Collected through the exchange system | No.
Other export taxes | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

| Controls on these transfers | Yes.  
Trade-related payments | Yes.  
**Prior approval** | Yes.  
**Quantitative limits** | Yes.  
**Indicative limits/bona fide test** | Yes.  
Investment-related payments | Yes.  
**Prior approval** | Yes.  
**Quantitative limits** | No.
**Indicative limits/bona fide test** | Yes.  
Payments for travel | Yes.  
**Prior approval** | No.
**Quantitative limits** | Yes.  
Effective July 1, 2019, residents are allowed BDS$20,000 a person a calendar year for private travel and BDS$1,000 a day up to BDS $60,000 a person a calendar year for business travel, with an
allowance of foreign currency notes not exceeding the equivalent of BDS$2,500 per person per trip. Previously, ADs had full authority to release foreign exchange to residents, without limit, for travel within CARICOM countries. For travel outside CARICOM countries, the limits were BDS$7,500 a person a calendar year for private travel and BDS$750 a day up to BDS$50,000 a person a calendar year for business travel. Commercial banks have the authority to approve all payments for cash currency swaps by in-port ships and cruise liners.

Indicative limits/bona fide test
Yes. Provision of the relevant document/s indicating imminent travel, for example, confirmed travel ticket

Personal payments
Yes.

Prior approval
Yes. There are no limits on payments for medical treatment or study abroad; however, these payments require approval from a commercial bank, based on appropriate documentation.

Quantitative limits
Yes. The limit on cash gifts is BDS$10,000 a person a year. Remittances for alimony and other support are allowed in accordance with court orders. Non-residents residing outside Barbados may have their pensions remitted to them. Beneficiaries residing outside CARICOM countries may transfer abroad bequests or inheritances at the rate of BDS$250,000 in the first year and thereafter BDS$100,000 a year. Commercial banks must, however, continue to report such transfers to the CBB. Approval is required for amounts above the limit.

Indicative limits/bona fide test
Yes. Commercial banks may approve all payments with respect to bequests or inheritances that are because of beneficiaries resident in CARICOM countries, under the terms of the wills of persons who were resident or subject to the rules governing resident intestates for exchange control purposes.

Foreign workers’ wages
Yes. Wages in an external account or in a foreign exchange account may be remitted without limit.

Prior approval
Yes. CBB will freely approve applications by foreign workers to remit funds over a 12-month period by way of our Form PP.

Quantitative limits
No.

Indicative limits/bona fide test
Yes. External Accounts may not be overdrawn except with specific permission of the CBB. Provision of work permit or CARICOM Skilled National Certificate

Credit card use abroad
Yes. Locally issued credit cards may be used for transactions external to Barbados

Prior approval
No.

Quantitative limits
Yes. The limits for foreign exchange usage set by the issuer is usually the same as for travel allowances. See IX.A.3.b.

Indicative limits/bona fide test
Yes. Provision of relevant receipts.

Other payments
Yes. Commercial banks are permitted to approve all payments abroad for sundry non-capital transactions.

Prior approval
No.

Quantitative limits
No. Payments are permitted up to the amount stated in the invoice.

Indicative limits/bona fide test
Yes. Payments are permitted up to the amount stated in the relevant invoice.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
Yes.
Surrender requirements  Yes.

*Surrender to the central bank*  Yes. The CBB requires authorized foreign exchange dealers to surrender 5% of their gross foreign exchange purchases to the CBB.

*Surrender to authorized dealers*  No. Effective August 1, 2019, foreign currency proceeds from invisible transactions no longer have to be surrendered to ADs. Previously, 70% of foreign currency proceeds from invisible transactions had to be surrendered to ADs.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**  Yes. Capital account transactions with the ECCB area denominated in Eastern Caribbean dollars are free from controls, except for transactions in debt issues of OECS governments.

**Repatriation requirements**  Yes. Earnings on securities and money market instruments purchased abroad by residents must be repatriated. However, there is no defined timeline for repatriation of capital.

**Surrender requirements**  Yes.

*Surrender to the central bank*  Yes. The CBB requires authorized foreign exchange dealers to surrender 5% of their gross foreign exchange purchases to the CBB.

*Surrender to authorized dealers*  Yes. Earnings on securities and money market instruments purchased abroad by residents must be surrendered to ADs.

**Controls on capital and money market instruments**  Yes.

*On capital market securities*  Yes.

**Shares or other securities of a participating nature**  Yes.

*Purchase locally by nonresidents*  Yes. The issuance and transfer to non-residents of securities registered in Barbados require exchange control approval, which is freely given, provided an adequate amount of foreign currency is brought in for their purchase. Purchases and sales of shares and securities of companies cross-listed and cross-traded on any CARICOM stock exchange are permitted without limit. The Barbados Stock Exchange (BSE) is authorized to approve all investments in corporate securities in the form of equities cross-listed and cross-traded on CARICOM stock exchanges.

*Sale or issue locally by nonresidents*  Yes. Authority is delegated to commercial banks to approve, without CBB approval, applications related to remittance of the proceeds from the sale of unlisted equity investments.

*Purchase abroad by residents*  Yes. These purchases require exchange control approval, and certificates of title must be lodged with an authorized depository in Barbados, except for regional securities purchased through the BSE. Purchases and sales of shares and securities of companies cross-listed and cross-traded on any CARICOM stock exchange are permitted without limit. The BSE is authorized to approve all investments in corporate securities in the form of equities cross-listed and cross-traded on CARICOM stock exchanges.

*Sale or issue abroad by residents*  Yes. Exchange control approval is required.

**Bonds or other debt securities**  Yes.

*Purchase locally by nonresidents*  Yes. The issuance and transfer to non-residents of securities registered in Barbados require exchange control approval, which is freely given,
provided an adequate amount of foreign currency is brought in for their purchase. Transactions in interest-based securities (that is, corporate bonds, commercial paper, and government securities) denominated in regional currencies do not require CBB approval. Securities listed on the BSE may be approved by the BSE, and transactions in unlisted securities may be approved by commercial banks, provided these are denominated in regional currencies.

| Sale or issue locally by nonresidents | Yes. | Authority is delegated to commercial banks to approve, without CBB approval, applications related to remittance of the proceeds from the sale of unlisted investments in debt securities up to the amount registered with the CBB. |
| Purchase abroad by residents | Yes. | These purchases require exchange control approval, and certificates of title must be lodged with an authorized depositary in Barbados, except for regional securities purchased through the BSE. Transactions in interest-based securities (that is, corporate bonds, commercial paper, and government securities) denominated in regional currencies do not require CBB approval. Securities listed on the BSE may be approved by the BSE, and transactions in unlisted securities may be approved by commercial banks, provided these are denominated in regional currencies. |
| Sale or issue abroad by residents | Yes. | Exchange control approval is required. |

**On money market instruments**

| Purchase locally by nonresidents | Yes. | The issuance and transfer to non-residents of securities registered in Barbados require exchange control approval, which is freely given, provided an adequate amount of foreign currency is brought in for their purchase. Transactions in interest-based securities (that is, corporate bonds, commercial paper, and government securities) denominated in regional currencies do not require CBB approval. Securities listed on the BSE may be approved by the BSE, and transactions in unlisted securities may be approved by commercial banks, provided these are denominated in regional currencies. |
| Sale or issue locally by nonresidents | Yes. | There are restrictions on the issuance of securities by non-residents. |
| Purchase abroad by residents | Yes. | These purchases require exchange control approval, and certificates of title must be lodged with an authorized depositary in Barbados, except for regional securities purchased through the BSE. Transactions in interest-based securities (that is, corporate bonds, commercial paper, and government securities) denominated in regional currencies do not require CBB approval. Securities listed on the BSE may be approved by the BSE, and transactions in unlisted securities may be approved by commercial banks, provided these are denominated in regional currencies. |
| Sale or issue abroad by residents | Yes. | Exchange control approval is required. |

**On collective investment securities**

<p>| Purchase locally by nonresidents | Yes. | The issuance and transfer to non-residents of securities registered in Barbados require exchange control approval, which is freely given, provided an adequate amount of foreign currency is brought in for their purchase. Transactions in interest-based securities (that is, corporate bonds, commercial paper, and government securities) denominated in regional currencies do not require CBB approval. Securities listed on the BSE may be approved by the BSE, and transactions in unlisted securities may be approved by commercial banks, provided these are denominated in regional currencies. |
| Sale or issue locally by nonresidents | Yes. | Authority is delegated to commercial banks to approve, without the prior approval of the CBB, applications related to remittance of the |</p>
<table>
<thead>
<tr>
<th>Activity</th>
<th>Permitted</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>These purchases require exchange control approval, and certificates of title must be lodged with an authorized depository in Barbados, except for regional securities purchased through the BSE. Transactions in interest-based securities (that is, corporate bonds, commercial paper, and government securities) denominated in regional currencies do not require CBB approval. Securities listed on the BSE may be approved by the BSE, and transactions in unlisted securities may be approved by commercial banks, provided these are denominated in regional currencies.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>Exchange control approval is required.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>Prior permission of the CBB must be obtained for all remittances by residents of Barbados for overseas investments, including loans and credit enhancements.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes</td>
<td>ADs may approve borrowing by domestically owned parent companies from CARICOM and/or non-CARICOM sources for the purpose of investing in the operations of their CARICOM subsidiaries and/or affiliates. Prior permission of the CBB must be obtained for all remittances by residents of Barbados for overseas investments, including loans and credit enhancements.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes</td>
<td>Documentation is required.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>Documentation is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>Documentation is required.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
<td>Some direct investments require exchange control approval.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes</td>
<td>Commercial banks are authorized to approve investments in private and public unlisted securities in CARICOM countries. These securities must be denominated in regional currencies. Prior permission of the CBB must be obtained for all remittances by residents of Barbados for overseas investments, including loans and credit enhancements.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes</td>
<td>Non-residents are encouraged to register inward direct investment to facilitate remittance in the future. Approval for remittances from investments is granted based on relevant documentation, including</td>
</tr>
</tbody>
</table>
credit advice if the investment was not registered. Remittance of proceeds is permitted, provided evidence documenting the validity of the remittance is submitted, all liabilities related to the investment have been discharged, and the original investment was registered with the CBB.

Remittance of proceeds is permitted, provided evidence documenting the validity of the remittance is submitted, all liabilities related to the investment have been discharged, and the original investment was registered with the CBB.

Transfer of title to real property to or from a non-resident requires approval.

Purchases require exchange control approval.

Non-residents may acquire real estate in Barbados for private purposes with funds from foreign currency sources; local currency financing is not ordinarily permitted.

Commercial banks require CBB approval for applications related to remittance of the proceeds from the sale of real estate, up to the amount registered with the CBB.

Controls on real estate transactions
Yes.

Purchase abroad by residents
Yes.

Purchase locally by nonresidents
Yes.

Sale locally by nonresidents
Yes.

Controls on personal capital transactions
Yes.

Loans
Yes.

ADs may (1) approve loans, overdrafts, guarantees, and bank credits to non-residents up to certain limits, subject to appropriate documentation; (2) lend to active companies operating in Barbados controlled by Caribbean Single Market and Economy residents up to BDS$1 million a year, except for real estate; (3) grant loans to non-resident individual Caribbean Single Market and Economy nationals living in Barbados for settling-in expenses, including furniture, equipment, household appliances, and motor vehicles, but not real estate; and (4) facilitate borrowing by companies on behalf of subsidiaries and affiliates outside Barbados.

By residents to nonresidents
Yes.

To residents from nonresidents
Yes.

CBB prior approval must be obtained by the resident for lending abroad.

Gifts, endowments, inheritances, and legacies
Yes.

By residents to nonresidents
Yes.

The annual limit for gifts is BDS$10,000 and BDS$250,000 for endowments, inheritances, and legacies in the first year. Subsequent years for inheritances and legacies at a rate of BDS$100,000.

To residents from nonresidents
No.

Settlement of debts abroad by immigrants
Yes.

Transfer of assets
Yes.

Transfer abroad by emigrants
Yes.

The limit is BDS$250,000 in the first year. Subsequent years at a rate of BDS$100,000 per annum. Approval for remittances must be obtained from CBB.

Transfer into the country by immigrants
No.

Transfer of gambling and prize earnings
No.

Non-residents may take out winnings, subject to documentation.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Yes.

Borrowing abroad
Yes.

Borrowing abroad by ADs to finance their domestic operations requires CBB approval. ADs may assume short-term liability positions in foreign currency to finance approved transfers for trade
and nontrade transactions; however, they must sell 25% of the foreign currency borrowed to the CBB. ADs may approve borrowing by domestically owned parent companies from CARICOM and/or non-CARICOM sources for investment in their CARICOM subsidiaries and/or affiliates.

Maintenance of accounts abroad

Yes.

Accounts must be maintained with overseas correspondent banks.

Lending to nonresidents (financial or commercial credits)

Yes.

Exchange control permission is required.

Lending locally in foreign exchange

No.

Purchase of locally issued securities denominated in foreign exchange

Yes.

Investment in local securities requires CBB approval.

Differential treatment of deposit accounts in foreign exchange

Yes.

A foreign currency reserve requirement is in place, calculated on the foreign currency deposits held at ADs, merchant banks, and trust and finance companies, to be deposited at the CBB. The cash reserve requirement ratio on deposits in foreign exchange is 2% and on local currency deposits, 5%. There is also a 17.5% securities reserve requirement only on local currency deposits.

Maintenance of accounts abroad

Yes.

Accounts must be maintained with overseas correspondent banks.

Lending to nonresidents (financial or commercial credits)

Yes.

Exchange control permission is required.

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Differential treatment of deposit accounts in foreign exchange

Yes.

A foreign currency reserve requirement is in place, calculated on the foreign currency deposits held at ADs, merchant banks, and trust and finance companies, to be deposited at the CBB. The cash reserve requirement ratio on deposits in foreign exchange is 2% and on local currency deposits, 5%. There is also a 17.5% securities reserve requirement only on local currency deposits.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents

No.

Non-resident deposit accounts are treated the same as resident deposit accounts. Differential treatment is based on whether the amount is in domestic currency.

Reserve requirements

Yes.

A foreign currency reserve requirement is in place, calculated on the foreign currency deposits held at ADs, merchant banks, and trust and finance companies, to be deposited at the CBB. The cash reserve requirement ratio on deposits in foreign exchange is 2% and on local currency deposits, 5%. There is also a 17.5% securities reserve requirement only on local currency deposits.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

Yes.

Approval is required from the CBB.

Abroad by banks

Yes.

Approval is required from the CBB.

In banks by nonresidents

Yes.

Approval is required from the CBB.

Open foreign exchange position limits

Yes.

Limits on working balances are set by the CBB. Those on other assets and liabilities are controlled by the Exchange Control Act. If a bank has a short position in forward transactions, it may maintain a long spot position equivalent to 10% of the short position in forward transactions or 5% of the gross spot liabilities, whichever is higher. If a bank does not have a short position in forward transactions, it may maintain a long spot position equivalent to 5% of the gross spot liabilities. Banks must report weekly to the Foreign Exchange and Export Credits Department of the CBB.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

Yes.

Approval is required from the CBB.

Abroad by banks

Yes.

Approval is required from the CBB.

In banks by nonresidents

Yes.

Approval is required from the CBB.

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On resident assets and liabilities

Yes.

On nonresident assets and liabilities

Yes.

Provisions specific to institutional investors

Yes.

Insurance companies

Yes.
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | Yes. Limits apply on an individual basis. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Pension funds | Yes. |
| Limits (max.) on securities issued by nonresidents | Yes. CBB approval is required. |
| Limits (max.) on investment portfolio held abroad | Yes. Approval is required for investment of pension funds abroad. A 6% tax is levied on portfolio investments of pension funds with foreign companies that are not registered with the Financial Services Commission. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Investment firms and collective investment funds | Yes. Investment by investment firms and collective investment funds in foreign securities or assets abroad is subject to CBB approval. |
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Changes during 2019 and 2020

#### Arrangements for Payments and Receipts

**Controls on exports and imports of banknotes**

**On exports**

**Foreign currency**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/2019</td>
<td>Travelers may take up to the equivalent of BD$2,500 (previously BD$1,000) in foreign currency outside Barbados.</td>
</tr>
</tbody>
</table>

#### Resident Accounts

**Foreign exchange accounts permitted**

**Held domestically**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/01/2019</td>
<td>All residents are allowed to hold foreign exchange accounts. Authorized dealers may credit 100% of the foreign exchange earned related to current account transactions by residents to their foreign exchange accounts without the Central Bank of Barbados (CBB) approval. Previously, only residents earning foreign exchange related to current account transactions were permitted to hold foreign exchange accounts. ADs could credit 30% of the foreign exchange surrendered by residents who earn foreign exchange to residents’ foreign exchange accounts without CBB approval. Other credits and debits required individual approval. Approval was no longer required to open foreign exchange accounts.</td>
</tr>
</tbody>
</table>
Previously, approval was given on the basis of the anticipated frequency of receipts and payments in foreign currency.

**Exports and Export Proceeds**

**Repatriation requirements**

**Surrender requirements**

*Surrender to authorized dealers 08/01/2019*  
Exporters holding foreign exchange accounts no longer have to surrender their proceeds to authorized dealers (ADs). Previously, exporters had to surrender 70% of their proceeds to ADs.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

**Payments for travel**

*Quantitative limits 07/01/2019*  
Residents are allowed BDS$20,000 a person a calendar year for private travel and BDS$1,000 a day up to BDS$60,000 a person a calendar year for business travel with an allowance of foreign currency notes not exceeding the equivalent of BDS$2,500 per person per trip. Previously, ADs had full authority to release foreign exchange to residents, without limit, for travel within CARICOM countries. For travel outside CARICOM countries, the limits were BDS$7,500 a person a calendar year for private travel and BDS$750 a day up to BDS$50,000 a person a calendar year for business travel.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

**Surrender requirements**

*Surrender to authorized dealers 08/01/2019*  
Foreign currency proceeds from invisible transactions no longer have to be surrendered to authorized dealers (ADs). Previously, 70% of foreign currency proceeds from invisible transactions had to be surrendered to ADs.
BELARUS

(Position as of November 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 10, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>November 5, 2001.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

The Law of the Republic of Belarus No. 165-Z of June 30, 2014, “On Measures to Prevent Money Laundering, Terrorism Financing, and Proliferation Financing” (with amendments dated May 13, 2020, which became effective November 20, 2020) assigns a duty to persons who perform financial transactions to take measures to freeze funds and block financial transactions if a participant in a financial transaction or beneficiary thereof is an organization or individual, including a sole proprietor, who is on the list of persons involved in activities associated with terrorism. This list is prepared by the Committee for State Security, based, among others, on resolutions of the UNSC.

Banks are entitled by the law to:
- suspend or decline a client’s request to perform a financial transaction (with the exception of receipts of funds) if the financial transaction meets the detection criteria and evidence of suspicious financial transactions that may constitute grounds for declining to perform it per the bank’s internal control rules;
- unilaterally decline to connect a client to a remote bank servicing system or suspend services through such system, if financial transactions performed by it meet the criteria for declining connection (terminating, suspending), which may constitute grounds for such actions per the bank’s internal control rules;
- unilaterally decline in writing to execute an agreement to perform financial transactions for a client, if, within a six-month period, there have been 2 or more decisions to decline performing financial transactions for the client, giving mandatory written notice to the latter as provided in banking law;
- decline to perform a financial transaction for a client if there is information that the bank, including a nonresident bank, in which there is an open receiver account, or the recipient of the funds, is involved in unlawful financial transactions or subject to sanctions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The currency of Belarus is the Belarusian rubel.
Other legal tender  No.

Exchange rate structure

Unitary  Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating  Yes.

The de jure and de facto exchange rate arrangements are classified as floating. The National Bank carries out a flexible exchange rate policy that provides for using currency interventions to reduce the daily volatility of the exchange rate, and not for regulating its level. In accordance with the Republic of Belarus Monetary Policy Guidelines for 2020, with a sustained excess supply of foreign currency in the domestic exchange market, the National Bank purchases foreign currency to replenish international reserves. The NBRB does not publish data on its interventions.

Free floating

Official exchange rate  Yes.

The NBRB sets official exchange rates daily against 26 currencies. The official exchange rates on a given date correspond to the rates from the BCSE observed on the preceding business day. Official exchange rates of US dollars, euros, and Russian rubles are set on the basis of BCSE trading sessions. Official exchange rates with the other currencies are based on US dollar cross-rates against these currencies. The official exchange rate is used to determine the rubel value of assets and liabilities denominated in foreign exchange. The official exchange rates of an additional 52 currencies are set monthly. These rates are calculated on the basis of the US dollar–rubel exchange rate in the last foreign exchange trading session of the month in the BCSE and the cross-rates of the currencies against the US dollar in the international foreign exchange markets on the last day of the month. The official rates are valid until the new rates are published for the following month. The official rate is used for transactions with the official sector (customs charges and duties, other foreign-exchange-linked payments payable in local currency) and transactions in which sellers do not specify an alternative exchange rate.

Monetary policy framework

Exchange rate anchor
The NBRB has a monetary-targeting framework that uses growth in average broad money as an intermediate target in monetary policy. The operating target in monetary policy is the one-day interbank interest rate in the domestic currency. The goals and parameters of monetary policy are defined annually in the Monetary Policy Guidelines for the Republic of Belarus, approved by the president of the Republic of Belarus. According to this document for 2020, the inflation target, measured by the consumer price index, is set at a level of no more than 5% (December 2020 to December 2019). Growth in the average broad money supply is forecast at 8%–11% (December 2020 to December 2019).
The foreign exchange market consists of: (1) the BCSE; (2) the interbank foreign exchange market; and (3) operations involving the purchase and sale of foreign currency between a bank/nonbank lending and financial institutions and its customers, including cash foreign exchange operations.

Purchases and sales of foreign currency for rubels and conversion of foreign currency take place in the foreign exchange market through NBRB-licensed banks and nonbank lending and financial institutions.

The NBRB does not impose limits on exchange rates.

No commission is charged for the purchase and sale of foreign exchange in the OTC market. A bank may charge a commission only for the purchase and sale of currency in the BCSE, and the amount is based on the rates set by banks.

As of June 30, 2020, there were 24 banks and the Republic of Belarus Development Bank Open Joint-Stock Company, and 3 banks were undergoing bankruptcy or liquidation procedures.

Most transactions in the foreign exchange market are spot transactions. Purchases and sales of cash foreign currency for rubels and conversion of foreign currency take place only through banks and nonbank lending and financial institutions licensed by the NBRB for foreign exchange operations with individuals.

Individuals are free to buy and sell foreign currency. Purchases and sales of foreign currency between Belarusian banks, between a Belarusian bank and a nonresident bank, and between banks and their corporate clients are performed in the OTC exchange market without restriction.

Businesses have the right to perform the purchase/sale of foreign currency in the OTC exchange market, and also through banks in BCSE, including continuous two-way auctions. There are no restrictions on the amounts for the foreign exchange purchase and sale transactions by business entities.

No restrictions have been established on the purchase and sale of foreign currency in the currency exchange (BCSE).

Resident legal entities and individual entrepreneurs may buy foreign exchange for any current or capital transaction based on a request (or a payment order for transfer with purchase, if appropriate) submitted to any local bank. No supporting documentation (for example,
contracts, NBRB approvals, etc.) is required for the purchase of foreign exchange. The purchased foreign exchange is credited to the resident’s foreign exchange current account with the local bank and may be kept there for an unlimited period of time until the foreign exchange is used. Also, a resident is free to use the purchased foreign exchange for a purpose other than that indicated in the request submitted to the bank, and no additional notification of the bank is required.

**Operated by the central bank** Yes. The BCSE organizes a trading session through which the NBRB may intervene as necessary.

**Foreign exchange standing facility** No.

**Allocation** No.

**Auction** Yes. An electronic trading system operates in the BCSE based on the continuous two-way auction principle and negotiated deals. Trading on the BCSE is performed each business day. A two-way auction operates for three currencies (US dollar, euro, and Russian ruble), while negotiated deals are used for transactions in other currencies. In a continuous two-way auction system, potential buyers submit their bids for the purchase of foreign exchange, and potential sellers simultaneously submit their offers for the sale of foreign exchange to the system. Trades are performed on a real-time basis when the parameters of a buyer’s bid satisfy the parameters of a seller’s offer. Under continuous two-way auction exchange trading, the purchase and sale of foreign exchange can be performed by the National Bank, the Republic of Belarus Development Bank Open Joint-Stock Company, banks, and nonbank lending and financial institutions, as well as by business entities through banks. There are no limits on the bid-ask spreads or commissions of market participants, as well as there are no limits on bids in terms of amounts. A participant pays a fine to the BCSE for failure to fulfill or improper fulfillment of net obligations equal to a percentage of the unfulfilled net obligations as specified in an agreement with the BCSE for each day of delay. Information about the results of foreign currency trading is published on the BCSE website and is also disseminated by the BCSE on the basis of agreements on information services concluded with legal entities and individuals.

**Fixing** No.

**Interbank market** Yes. As of June 30, 2020, there were 24 banks, and 3 banks were undergoing bankruptcy or liquidation procedures. Banks licensed by the NBRB and the Republic of Belarus Development Bank Open Joint-Stock Company may trade foreign exchange among themselves within the open foreign exchange position limit set by the NBRB.

There are no limits on the bid-ask spreads or commissions of market participants. The NBRB does not intervene in the interbank market. The mentioned financial institutions may perform foreign exchange transactions both on the BCSE and in the OTC market.

**Over the counter** Yes. The interbank market operates over the counter.

**Brokerage** No. There is no brokerage system.

**Market making** No. There is no market-making agreement.
### Forward exchange market

Yes. The forward exchange market is regulated by the same provisions as the spot market. The NBRB does not participate in the forward exchange instruments market.

### Official cover of forward operations

No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Yes. Settlements of transactions between residents and nonresidents are effected in any foreign currency for which the NBRB establishes an official exchange rate against the Belarusian rubel. Belarusian rubels are accepted for settlements between residents and nonresidents without restriction.

### Controls on the use of domestic currency

No.

#### For current transactions and payments

Belarusian rubels may be used in the performance of foreign exchange transactions between residents and nonresidents: in noncash form for all foreign exchange transactions and in cash for all foreign exchange transactions and in the amount established by the legislation of the Republic of Belarus.

The procedure for the regulation of foreign exchange transactions related to current transactions using Belarusian rubles is similar to the procedure for the regulation of foreign exchange transactions related to current transactions using foreign exchange.

#### For capital transactions

No. The regulation of foreign exchange transactions related to the movement of capital in Belarusian rubels is the same as the regulation of foreign exchange transactions related to the movement of capital in foreign exchange. Resident individuals need NBRB approval for some transactions involving the export of capital. Effective March 1, 2019, approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated.

### Transactions in capital and money market instruments

No. In performing permitted foreign exchange transactions related to movement of capital, Belarusian rubels may be used.

The regulation of foreign exchange transactions related to the movement of capital in Belarusian rubels is the same as the regulation of foreign exchange transactions related to the movement of capital in foreign exchange. Resident individuals need NBRB approval for some transactions involving the export of capital. Effective March 1, 2019, approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated.

### Transactions in derivatives and other instruments

No. In performing permitted foreign exchange transactions related to movement of capital, Belarusian rubels may be used.

The regulation of foreign exchange transactions related to the movement of capital in Belarusian rubels is the same as the regulation of foreign exchange transactions related to the movement of capital in foreign exchange. Resident individuals need NBRB approval for some transactions involving the export of capital. Effective March 1, 2019, approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated.
Credit operations | No. | In performing permitted foreign exchange transactions related to movement of capital, Belarusian rubels may be used. The regulation of foreign exchange transactions related to the movement of capital in Belarusian rubels is the same as the regulation of foreign exchange transactions related to the movement of capital in foreign exchange. Resident individuals need NBRB approval for some transactions involving the export of capital. Effective March 1, 2019, approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated. In performing permitted foreign exchange transactions related to movement of capital, Belarusian rubels may be used.

Use of foreign exchange among residents | Yes. | Settlements between residents in foreign exchange are prohibited, except in cases established by the law. The following are permitted in foreign exchange:

1. settlements between individuals in foreign exchange for foreign exchange transactions entailing gifting (donation), revocation of a gift, granting of loans, repayment of loans and interest for their use, and transfer for safekeeping and return;

2. settlements between resident legal entities in foreign exchange in settlements for oil and gas; with transport entities for the transportation of cargo; in settlements with the budget; in the servicing (repayment) of external public loans; and in banking transactions involving settlements under reinsurance agreements when insurance (co-insurance) agreements require onward conveyance for reinsurance in accordance with the legislation of Belarus on insurance, etc.; and

3. settlements between resident legal entities and resident individuals in foreign exchange in duty-free stores; for “green card” civil liability insurance agreements for motor vehicle owners traveling abroad; and for payment of business travel expenses abroad, etc.

Payments arrangements | Yes. | Bilateral payments arrangements | Yes. |

Operative | Yes. | In accordance with interstate agreements between the NBRB and the CBs of the Baltic countries, most countries in the CIS (except Azerbaijan, Kyrgyz Republic, Moldova, and Uzbekistan), the People’s Bank of China, and the Central Bank of the Islamic Republic of Iran, settlements take place in the currencies of the parties involved and in freely convertible currencies. Some agreements also allow settlements in currencies of other CIS countries. In accordance with a correspondent account agreement, the NBRB opened a correspondent account for the Interstate Bank and provides access to the NBRB’s automated interbank settlement system. This correspondent account is used for cross-border payments for liabilities of the Interstate Bank and its clients.

Inoperative | No. |

Regional arrangements | Yes. | Belarus has arrangements with Moscow and various other regions in Russia, and it also participates in the Agreement on the Establishment of a Payment Union of CIS Member Countries.
Belarus is a signatory to the Treaty on the Eurasian Economic Union (EAEU Treaty) of May 29, 2014, which went into effect on January 1, 2015. The specific considerations, grounds, and procedure for the application of a particular nontariff regulatory measure within the EAEU are established under the Protocol on Nontariff Regulatory Measures with respect to Third Countries (Annex 7 to the EAEU Treaty).

Clearing agreements No.

Barter agreements and open accounts No.

**Administration of control** Yes. The exchange regulation authorities are the Council of Ministers and the NBRB. The exchange control authorities are the Council of Ministers, the NBRB, the State Control Committee, and the State Customs Committee. The exchange control agents are agencies of the state administration and other agencies under the government of Belarus, the regional (City of Minsk) executive committees, customs offices, banks, and nonbank financial institutions.

**Payments arrears** No.

Official No.

Private No.

**Controls on trade in gold (coins and/or bullion)** Yes. Operations by banks in precious metals require a license issued by the NBRB; operations by residents other than banks in precious metals require a license issued by the MOF.

**On domestic ownership and/or trade** Yes. Licenses for residents to export precious metals are issued by the Ministry of Anti-Monopoly Regulation and Trade with the approval of the MOF.

**On external trade** Yes.

**Controls on exports and imports of banknotes** No.

**On exports** No.

**Domestic currency** No. No restrictions are established for exports of domestic currency by resident and nonresident individuals; amounts exceeding the equivalent of US$10,000 are subject to a mandatory customs declaration.

No restrictions are established for exports of domestic currency by banks and authorized financial institutions.

**Foreign currency** No. No restrictions are established for exports of foreign exchange by resident and nonresident individuals; exports of amounts exceeding the equivalent of US$10,000 are subject to a mandatory customs declaration.

No restrictions are established for exports of foreign currency by banks and authorized financial institutions.

**On imports** No.

**Domestic currency** No. No restrictions are established for imports of domestic currency by resident and nonresident individuals; imports of amounts exceeding the equivalent of US$10,000 are subject to a mandatory customs declaration.

No restrictions are established for imports of domestic currency by banks and authorized financial institutions.
No restrictions are established for imports of foreign exchange by resident and nonresident individuals; imports of amounts exceeding the equivalent of US$10,000 are subject to a mandatory customs declaration.

No restrictions are established for imports of foreign currency by banks and authorized financial institutions.

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### Resident Accounts

#### Foreign exchange accounts permitted

- **Yes.**

- **Held domestically**

- **Residents may open foreign exchange accounts in banks and nonbank lending and financial institutions without declaring the sources of their foreign exchange. The operation of the accounts is carried out in accordance with the procedure established for the use of an account, taking into consideration the requirements of the legislation governing the performance of current and capital transactions.**

- **The following operations are performed on resident individual foreign exchange accounts:**
  1. Placement and withdrawal of foreign currency (placement of a deposit, for example);
  2. Transfers among the holder’s own accounts in foreign currency in cases established by law;
  3. Performance of settlements under foreign exchange transactions with residents and nonresidents in cases permitted by law (settlements at duty-free shops, settlements with banks on banking operations, settlements on National Bank and MOF bonds, etc.). Individuals can withdraw foreign currency from their accounts without restrictions.

- **Resident legal entities are entitled to withdraw from their accounts and use foreign exchange cash in cases established by law (use for business travel expenses, to pay for services provided by diplomatic and consular institutions of foreign states, etc.).**

- **Approval required**

- **No.**

- **Held abroad**

- **Yes.**

- **Residents banks, individuals and legal entities may open accounts with nonresident banks.**

- **Resident legal entities may open accounts with nonresident banks with authorization from the NBRB, which determines the account’s mode of operation.**

- **The operation of the accounts is carried out in accordance with the conditions of the authorization issued, and balances can be transferred to Belarus freely.**

- **Approval required**

- **Yes.**

- **Effective March 1, 2019, resident individuals and banks may open accounts at nonresident banks without the NBRB approval.**

- **Previously, the NBRB approval was required for (1) opening by banks of accounts with nonresident banks for the maintenance of representative offices or other structural subdivisions and for (2) resident individuals other than those residing abroad.**

- **To open accounts at nonresident banks abroad, resident legal entities (other than banks) need NBRB approval, with the exception of (1) accounts for the recording of credit operations, (2) accounts for servicing diplomatic and other official representative offices of Belarus, as well as (3) effective March 1, 2019, accounts of representative offices of residents opened with nonresident banks in any country in any currency. (Previously, the accounts of representative offices in banks of the EAEU countries in the**
domestic currency of the EAEU country were opened under notification regime, while opening of accounts of representative offices in other countries required the NBRB approval.) Notification of accounts of representative offices of resident legal entities (other than banks) opened with nonresident banks is required.

**Accounts in domestic currency held abroad**

Yes.

Effective March 1, 2019, resident individuals and banks are not required to have the NBRB approval to open accounts in the domestic currency at nonresident banks. (Previously, they could open such accounts with the NBRB approval, which determined the procedures/conditions for use of an account.) Resident legal entities may open accounts in the domestic currency with nonresident banks with approval of the NBRB, which determines the procedures for use of an account.

The operation of the accounts is carried out in accordance with the conditions of the authorization issued, and balances can be transferred to Belarus freely.

Resident legal entities do not need NBRB approval to open (1) accounts for the recording of credit operations, (2) accounts for servicing diplomatic and other official representative offices of Belarus, as well as (3) accounts of representative offices of residents at nonresident banks (notification is required).

**Accounts in domestic currency convertible into foreign currency**

Yes.

There are no restrictions on the purchase of foreign currency by resident legal entities and individual entrepreneurs. They may buy foreign exchange for any current or capital transaction based on a request (or a payment order for transfer with purchase, if appropriate) submitted to any local bank. No supporting documentation (for example, contracts, NBRB approvals, etc.) is required for the purchase of foreign exchange. The purchased foreign exchange is credited to the resident foreign exchange current account opened with the local bank and may be kept there for unlimited period of time until the foreign exchange is used. Also, the resident legal entities and individual entrepreneurs are free to use the purchased foreign exchange for a purpose other than that indicated in the request submitted to the bank, and no additional notification of the bank is required.

Individuals/residents can freely convert account balances in national currency into foreign currency.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted**

Yes.

Nonresidents may open accounts with banks and nonbank lending and financial institutions of the Republic of Belarus in any currency for which the NBRB establishes an official exchange rate against the Belarusian rubel, following the procedure determined by the NBRB.

Funds on accounts of nonresident individuals and legal entities received by such nonresidents from current international transactions may be transferred freely abroad.

Transactions on current (settlement) accounts in foreign exchange of nonresident legal entities may be freely performed regardless of the type of transaction (including foreign exchange transactions associated with the purchase and sale of foreign exchange). The source of the funds may be receipts from abroad; proceeds from the sale of goods and services in Belarus, including sales to residents; debt service payments; interest on the accounts; funds from other foreign exchange accounts of nonresidents in Belarus; and earnings from investments and other operations with residents and
These accounts may be debited for purchases of goods and services, investments, and payments to residents and nonresidents. Funds from these accounts may, through authorized banks, be freely repatriated or exchanged for Belarusian rubles at the exchange rate set by the bank applicable to the operation, provided the Belarusian rubles are deposited with a Belarusian bank. Crediting and withdrawing cash to/from foreign currency accounts of nonresident legal entities is not allowed, with the exception of diplomatic and other official missions, consular offices of foreign states, as well as international organizations, including their representative offices.

Nonresident individuals may maintain foreign exchange accounts at authorized Belarusian banks and perform transactions on them following the procedure established for resident individuals: (1) placement and withdrawal of foreign exchange cash (in a deposit account, for example); (2) transfers among the holder’s own accounts, including to those outside the Republic of Belarus; (3) performance of settlements under foreign exchange transactions with residents and nonresidents in cases permitted by law (settlements at duty-free shops, settlements with banks on banking operations, settlements on National Bank and MOF bonds, etc.).

Funds on accounts of nonresident individuals and legal entities received by such nonresidents from current international transactions may be transferred freely abroad.

Effective March 1, 2019, the use of funds on accounts of nonresident legal entities does not require NBRB approval. Previously, the use of nonresident legal entities’ type S account funds required the NBRB approval.

Nonresident legal entities may open in Belarusian rubels (1) effective March 1, 2019, current (settlement) accounts of any type, (2) accounts to record deposits, and (3) other accounts at authorized banks of Belarus. (Previously, nonresident legal entities could open type T (settlement) and type S (investment in government securities) accounts. T account transactions were free of restriction, regardless of the type of transaction (including transactions involving the purchase and sale of foreign exchange). Funds in S accounts were used for investment in securities, payment of expenditures associated with securities investments, payment of taxes and fees, and currency exchange transactions. In all other instances, use of type S account funds required the NBRB permission.)

The use of cash Belarusian rubels by nonresident legal entities is carried out in the manner and in the amount established by the legislation of the Republic of Belarus for resident legal entities.

Pursuant to NBRB Executive Board Resolution No. 515 of August 26, 2015, nonresident business entities may open accounts in Belarusian rubels without opening a representative office in the Republic of Belarus.

Nonresident individuals may open accounts in Belarusian rubels at banks and perform transactions on them according to the procedure established for resident individuals. There are no restrictions on the performance of foreign exchange transactions in Belarusian rubels by nonresident individuals, including those involving the deposit and withdrawal of cash Belarusian rubels.

Funds on accounts of nonresident individuals and legal entities received by such nonresidents from current international transactions may be transferred freely abroad.

Effective March 1, 2019, the use of funds on accounts of nonresident legal entities does not require NBRB approval. Previously, the use of nonresident legal entities’ type S account funds required the NBRB approval.
permission in all instances other than for investment in securities, payment of expenditures associated with securities investments, payment of taxes and fees, and currency exchange transactions.

| Blocked accounts | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

| Foreign exchange budget | No. |
| Financing requirements for imports | Yes. Settlements for exports and imports are classified as current transactions. |
| Minimum financing requirements | No. |
| Advance payment requirements | Yes. Residents must complete import transactions within 90 calendar days of advance payment. Delivery later than 90 days after payment requires NBRB approval supported by a recommendation of the agency that oversees the importer (that is, local bodies of the Republic of Belarus Council of Ministers, regional or local executive committees). |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | Yes. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. Importers may finance imports through LCs. |
| Import licenses used as exchange licenses | No. |
| Other | Yes. Payments for imports of goods and services delivered outside Belarus require an NBRB permit, which is issued at the request of the importer supported by a recommendation by the administrative body that oversees the importer (that is, local Council of Ministers of the Republic of Belarus, regional or local executive committees). The specific considerations, grounds, and procedure for the application of a particular nontariff regulatory measure within the EAEU (the Union) are established under the Protocol on Nontariff Regulatory Measures with respect to Third Countries (Annex 7 to the EAEU Treaty). A permitting procedure for imports and exports of certain goods is carried out through licensing or the application of other administrative measures for the regulation of foreign trade activity, including the issuing of a finding (a permitting document) and other administrative measures. Goods against which it was decided to apply measures are included on the Uniform List of Prohibited or Restricted Goods for Import or Export by Member States of the Customs Union within the EAEU in Trade with Third Countries, which was approved by Eurasian Economic Commission Executive Council Decision No. 134 of August 16, 2012 (hereinafter – Uniform List), and on the List of Goods with respect to Which Permitting Procedures Have Been Established for Import onto the EAEU Customs Territory and/or Export From the EAEU Customs Territory, approved in Decision No. 30 of April 21, 2015, of the Collegium of the Eurasian Economic Commission (hereinafter – List). |
| Import licenses and other nontariff measures | Yes. |
These goods include ozone-depleting substances; means of plant protection; hazardous waste; narcotics; psychotropic substances and their precursors, poisons; radio-electronic equipment; special technical equipment; encryption (cryptographic) equipment; human organs and tissue; blood and its components; certain printed matter, audiovisual materials, and other media; certain types of service and civilian weapons, basic parts thereof, and ammunition; cultural assets; documents from national archival collections; information about mineral resources; live wild animals; wild plants; certain species of wild flora and fauna; equipment for harvesting aquatic biological resources; mineralogical collections and collectible mineralogical items; and rare species of live wild animals and plants.

In accordance with Resolution No. 486 of the Republic of Belarus Council of Ministers of June 23, 2016, the Republic of Belarus Ministry of Antimonopoly Regulation and Trade issues licenses for the importation of goods included on the Uniform List and the List into the customs territory of the Union.

Resolution No. 486 also established lists of republic-level government authorities and other organizations that approve the issuing of licenses, and, in cases referred to in the Regulations on the Application of Restrictions, that issue findings (permitting documents) for the importation of goods included on the Uniform List and the List into the customs territory of the Union.

A list of documents and/or information to be presented by interested parties to an authorized agency within the context of administrative procedures, including for the purpose of obtaining licenses and permitting documents for the importation of certain categories of goods, as well as other required information, are reflected in Republic of Belarus Council of Ministers Resolution No. 156 of February 17, 2012.

In accordance with the Council of Ministers Resolution No. 67 of February 3, 2020, “On Licensing Imports of Portland Cement,” the following measure was temporarily introduced (effective from February 13, 2020, through August 16, 2020): imports of Portland Cement to the Republic of Belarus from outside the customs territory of the EAEU, on being placed under the customs procedures for release for domestic consumption and free customs zone, were performed under one-time licenses issued by the Ministry of Antimonopoly Regulation and Trade in coordination with the Ministry of Architecture and Construction.

Positive list No.

Negative list Yes. Prohibitions have been established against importation of goods on the Uniform List of Prohibited or Restricted Goods for Import or Export by Member States of the Customs Union within the EAEU in Trade with Third Countries (approved by Eurasian Economic Commission Executive Council Decision No. 134 of August 16, 2012) and on the List of Goods with respect to which Permitting Procedures Have Been Established for Import onto the EAEU Customs Territory and/or Export From the EAEU Customs Territory (approved by Collegium of the Eurasian Economic Commission Decision No. 30 of April 21, 2015, on Measures for Nontariff Regulation): ozone-depleting substances; hazardous waste; certain printed matter, audiovisual materials, and other media; means of plant protection; equipment for harvesting aquatic biological resources; certain types of service and civilian weapons, basic parts thereof, and ammunition; and products made from harp seals and harp seal pups.

Open general licenses No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
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<tbody>
<tr>
<td>Licenses with quotas</td>
<td>Yes. In accordance with Section 2.27 of the Uniform List of Goods for Which Nontariff Regulatory Measures Are Applied in Trade with Third Countries as specified in Clause 4 of the Protocol on Nontariff Regulatory Measures With Respect to Third Countries (Annex 7 to Treaty on the EAEU), the following products are subject to import tariff quotas: fresh, chilled, or frozen pork; pork trimmings; frozen boneless chicken meat; and frozen boneless turkey meat. Licenses for imports of pork and poultry within the limits of the tariff quotas are issued by the Republic of Belarus Ministry of Antimonopoly Regulation and Trade. Under the May 29, 2015, free trade agreement between the EAEU and its member states, on the one hand, and Vietnam, on the other (in effect from October 5, 2016), tariff quotas are set for certain types of long-grain rice that originates in Vietnam and is imported into the territories of the member states of the EAEU. Licenses for importing certain types of rice are issued by the Republic of Belarus Ministry of Antimonopoly Regulation and Trade.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes. In accordance with Republic of Belarus Law No. 429-Z of August 27, 2008, the government has the exclusive right to import certain types of alcoholic beverages. Implementation has been awarded to legal entities that won government-organized tenders. In accordance with Decree No. 4 of the President of the Republic of Belarus of October 18, 2007, the government has the exclusive right to import tobacco and tobacco products. Exercise of this right has been granted to Grodno Tobacco Factory Neman and Tabak-Invest, and for tobacco products to Belarustorg and Energo-Oil. Republic of Belarus Council of Ministers Resolution No. 1397 of September 23, 2008, established the permitting procedure for the importation of goods whose movement is restricted on noneconomic grounds.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes. There is a single procedure for customs regulation within the EAEU in accordance with the provisions of the EAEU Treaty, the Customs Code of the EAEU, international agreements governing legal relations in the customs sphere, and acts constituting the law of the EAEU. The Common Customs Tariff of the Eurasian Economic Union (EAEU CCT) is a set of import customs duties for goods imported into the common customs territory of the Union from third countries, classified under the common nomenclature for foreign economic activities of the Union (EAEU TNVED). The EAEU CCT applies the following types of duties: ad valorem, calculated as a percentage of the customs value of taxable goods; specific, calculated per unit of taxable goods; and combined, mixing both these types. For better regulation of imports into the common customs territory of the EAEU, seasonal customs duties may be applied instead of regular import customs duties, for a period of no more than six months a year. EAEU CCT import duty rates apply, depending on the country of origin of imported goods and the conditions of their importation, in accordance with the laws of members of the EAEU, unless otherwise indicated in the EAEU Treaty. Goods originating in and imported from CIS countries that have an ST-1 certificate are exempt from import customs duties. With the aim of promoting the economic development of developing and least developed countries, in accordance with the EAEU Treaty, the Union may grant tariff preferences for goods from developing and/or least developed economies using the Union’s common system of tariff preferences. For preferential goods imported into the Union’s customs territory from developing economies using the Union’s common system of tariff preferences, the import customs duty rates are equal to 75% of...</td>
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</table>
the rates under the Union’s common customs tariff. For preferential goods imported into the Union’s customs territory from least developed economies using the Union’s common system of tariff preferences, the import customs duty rates are equal to 0% of the rates provided for under the Union’s common customs tariff. Decision No. 130 of the Customs Union Commission of November 27, 2009, on the Common Customs Tariff Regulation of the EAEU provides for a number of tariff concessions with respect to imported goods, as well as exemptions from import customs duties with respect to technological equipment and spare parts for such equipment; raw materials and supplies imported as part of an investment project in a priority area of activity; motor vehicles manufactured by business entities of member states applying the “industrial assembly” concept; equipment, including machinery, mechanisms, and materials that are part of the standard items provided with said equipment, and components (with the exception of those subject to excise taxes) imported at the expense of credits provided by foreign states and international financial institutions in accordance with international agreements by member states, and a number of other concessions. The collection of indirect taxes and the mechanism for monitoring their payment when goods are imported in mutual trade between member countries of the Union are carried out in accordance with the procedure defined in the Protocol on the Procedure for the Collection of Indirect Taxes (Annex 18 to the EAEU Treaty). In trade relations with all countries, Belarus collects indirect taxes on a country-of-destination basis at the rate established by law.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Residents must complete their foreign trade operations under export contracts no later than 180 calendar days from date of shipment (transfer of protected information or exclusive rights to intellectual property), completion of work, or provision of services. Extensions beyond 180 days require NBRB permission.

| Taxes collected through the exchange system | No. |
| State import monopoly | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |
| Repatriation requirements | Yes. |
| Surrender requirements | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| Financing requirements | No. |
| Documentation requirements | No. |
| Letters of credit | No. |
| Guarantees | No. |
| Domiciliation | No. |
| Preshipment inspection | No. |
| Other | No. |
Export licenses
Yes. Exports from the customs territory of the Union of goods included on the Uniform List and the List are performed in accordance with regulations that establish the permitting procedure for exports of goods subject to restricted movement, as approved by the Eurasian Economic Commission Collegium Decision No. 134 of August 16, 2012, and the Eurasian Economic Commission Collegium Decision No. 30 of April 21, 2015, on Measures for Nontariff Regulation. These goods include ozone-depleting substances and products containing them; hazardous waste; collectible objects in the area of mineralogy and paleontology and fossils; live wild animals, some wild plants, and wild medicinal raw materials; precious metals; unprocessed precious metals, waste and scrap of precious metals, ores and concentrates of precious metals, and raw materials containing precious metals; certain minerals; narcotic substances and drugs and psychotropic substances and their precursors; toxic substances; and special technical devices; encryption (cryptographic) devices; human organs, tissue, and blood and its components; service and civilian weapons; information on mineral resources indicating areas and deposits of fuel and energy and mineral resources.

In the Republic of Belarus, permitting procedures are in place for the export of oil and petroleum products and ferrous and nonferrous metal waste and scrap, as well as mineral or chemical fertilizers and potassium fertilizers.

In accordance with Resolution No. 486 of June 23, 2016, licenses for exports of goods are issued by the Republic of Belarus Ministry of Antimonopoly Regulation and Trade. The same decree approved the list of government agencies and other organizations authorized to approve the issuing of licenses.

There are also prohibitions on exports from the Union’s customs territory of printed matter, audiovisual materials, and other media containing information that could harm the political or economic interests of Belarus or its state security, or the health and morals of its citizens; service and civilian weapons; and timber, recycled paper, cardboard, and waste paper (with respect to goods originating in the Republic of Kazakhstan) on the Uniform List and the List.

Without quotas
Yes. Exports of the following goods on the Uniform List and the List require licenses from the relevant government authority: ozone-depleting substances and products containing them; hazardous waste; collectible objects in the area of mineralogy and paleontology and fossils; live wild animals, some wild plants, and wild medicinal raw materials; precious metals; unprocessed precious metals, waste and scrap of precious metals, ores and concentrates of precious metals, and raw materials containing precious metals; some minerals; narcotic substances and drugs and psychotropic substances and their precursors; toxic substances; special technical devices; encryption (cryptographic) devices; human organs, tissue, and blood and its components; information on mineral resources indicating areas and deposits of fuel and energy and mineral resources; petroleum and petroleum products; and mineral and chemical fertilizers.

With quotas
Yes. In accordance with the standards established by Decree No. 298 of June 13, 2002, of the President of the Republic of Belarus, exports from the Republic of Belarus of waste and scrap of ferrous and nonferrous metals originating in the Republic of Belarus are performed within the limits of established quotas following the procedure established by the legislation, by the Belarusian State Association for the Procurement, Processing, and Supply of Waste and Scrap of Ferrous and Nonferrous Metals, and by legal entities that are members of the said association, and in those cases determined by the Republic of Belarus Council of Ministers, by agreement with the President of the Republic of Belarus, by other means.
legal entities as well.

Exports of goods, including to Kazakhstan and Russia, are not subject to VAT and are exempt from excise taxes.

Collected through the exchange system No.

Export customs duties apply to a limited list of raw materials (petroleum products, potassium fertilizer, canola seeds, fuel wood and hardwood, processed and unprocessed lumber, raw hides) exported to countries outside the Union. Export customs duty rates for some goods are established by the following regulatory legal acts: Decree No. 40 of the President of the Republic of Belarus of February 1, 2011, on the Establishment of Export Customs Duty Rates for Raw Hides; Decree No. 716 of the President of the Republic of Belarus of December 31, 2010, on Export Customs Duty Rates; Decree No. 400 of the President of the Republic of Belarus of September 5, 2013, on the Establishment of the Export Customs Duty Rate for Potassium Fertilizers and Additions and Amendments to Decree No. 442 of the President of the Republic of Belarus of October 3, 2011, and to Decree No. 37 of the President of the Republic of Belarus of January 17, 2012; Decree No. 522 of the President of the Republic of Belarus of October 9, 2010, on the Establishment of Export Customs Duty Rates for Timber; Decree No. 272 of the President of the Republic of Belarus of May 21, 2010, on the Establishment of the Export Customs Duty Rate for Canola Seeds.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes. For the purpose of banks’ performance of the functions of foreign exchange control agents, supporting documents for carrying out of foreign exchange transactions must be submitted to a bank.

Banks are entitled to use documents submitted by customers to verify the bona fide nature of transactions, but they are not required to verify the bona fide nature of the operations carried out by clients, as described in the following subcategories.

Trade-related payments Yes. Settlements for exports of services are classified as current transactions.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. An NBRB permit is required for payment for imports with delivery outside Belarus to verify the bona fides of the transaction.

Investment-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No. The Republic of Belarus Law on Investments guarantees unimpeded transfer of money related to making investments in Belarus. Exchange law places no restrictions on the making of payments.

Payments for travel No.

Prior approval No.

Quantitative limits No.
The Republic of Belarus Law on Investments guarantees unimpeded transfer of money owed for the payment of wages to foreign citizens. Exchange law places no restrictions on the making of payments.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

Yes. Residents are required to complete foreign trade transactions under export contracts within 180 calendar days of the date of shipment of goods (transfer of protected information and exclusive rights to intellectual property), completion of work, and rendering of services. NBRB permission is required if the time exceeds 180 calendar days. Settlements for exports of services are classified as current transactions.

**Surrender requirements**

No.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

No.

**Restrictions on use of funds**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**

Yes. Resident individuals are obliged to have the NBRB approval for certain transactions associated with capital movements (hereinafter –...
capital transactions). Resident banks (banks) may conduct capital transactions as follows: (1) based on the special NBRB permits (licenses) for carrying out banking activity; (2) through notification; and (3) freely (no NBRB permission is required).

Effective March 1, 2019, capital transactions of resident legal entities other than banks (herein after – resident legal entities) are carried out as follows: (1) through registration; (2) through notification; (3) freely (no NBRB permission is required).

The registration requirement was established for capital transactions of resident legal entities that previously were subject to the NBRB approval. (Previously, resident legal entities carried out capital transactions as follows: (1) with NBRB permission; (2) through notification; (3) freely (no NBRB permission was required).)

For the most part, resident legal entities perform transactions involving capital outflow through the registration procedure. For the most part, resident legal entities perform transactions involving capital inflows through the notification procedure or freely.

Registration and notification procedures are similar and used for monitoring purposes. The registration procedure implies that the foreign economic agreement is assigned the registration number of the transaction, while the notification procedure does not imply this. To register a transaction, a resident legal entity submits a request for registration and the international business contract to one of the banks in which an account is open. When performing a capital transaction for which a notification procedure is established, the resident legal entity completes and submits a notice of capital transaction to the bank using the proper form.

Banks should notice the NBRB about their own capital transactions in the framework of the ordinary monthly reporting.

Effective March 1, 2019, resident legal entities are required to register a transaction with a bank if it involves the acquisition of securities issued by nonresidents and that are recognized as such in accordance with the legislation of foreign states. (Previously, such transactions were subject to the NBRB approval.) Carrying out of capital transactions by nonresidents does not require application to the NBRB.

There is no requirement to repatriate and/or surrender proceeds from capital transactions.

Surrender to the central bank: No.
Surrender to authorized dealers: No.

The placement of stocks and bonds of foreign issuers within Belarus in accordance with procedures established by law, and of stocks and bonds of Belarusian issuers abroad, is permitted.

The procedure for issuing securities pursuant to the Republic of Belarus Law on the Securities Market, and for their circulation and redemption is determined by (1) the NBRB, with the approval of the MOF, for NBRB securities, bearer bank savings books, checks, certificates of deposit, and savings certificates, and (2) the Council of
Ministers for other securities.

Registration of issues of issue-grade securities is handled by the MOF main offices serving the provinces (administrative-territorial units) depending on the issuer’s location (with the exception of issuers located in the city of Minsk and Minsk Province), and by the MOF Securities Department, with the exception of government securities, NBRB securities, and legal entities’ exchange-traded bonds.

Government securities and NBRB securities are not subject to state registration.

In accordance with the Republic of Belarus Law on the Securities Market, exchange-traded bonds are bonds denominated in Belarusian rubels and issued in nondocumentary form, of which the placement and circulation are performed only in the trading system of the stock exchange. Exchange-traded bonds are issued by legal entities in accordance with the conditions established by Decree No. 277 of the President of the Republic of Belarus of April 28, 2006, on Certain Issues in the Regulation of the Securities Market (Paragraph 1.10 of the Decree). Exchange-traded bonds are registered by the BCSE OJSC following the procedure determined by the Republic of Belarus Council of Ministers (Paragraph 15.20 of the Uniform List of Administrative Procedures Performed by Government Authorities and Other Organizations with Respect to Legal Entities and Individual Entrepreneurs, approved by Resolution No. 156 of the Republic of Belarus Council of Ministers of February 17, 2012).

On capital market securities

Yes.

Shares or other securities of a participating nature

Yes.

Purchase locally by nonresidents

Yes.

The purchase of shares of Belarusian issuers by nonresidents does not require a license from the NBRB or a license or other permission from the MOF (Securities Department), except that the maximum participation of foreign capital in the banking system of Belarus is 50%. The NBRB terminates state registration of banks whose founders (shareholders) are foreign investors once the maximum has been reached. Foreign exchange legislation does not restrict these transactions; however, NBRB approval is required for transfer of bank shares by residents to nonresidents.

Insurance institutions, including those with foreign investments, must be registered with the MOF. Certain activities require special approval (a license). When establishing an insurance organization with foreign investment, the proportion of a foreign investor’s share is not restricted. However, foreign investors’ share in the authorized capital of all insurance organizations may not exceed 30%. If that figure is exceeded, the MOF terminates the registration of insurance organizations with the participation of foreign investors and/or issues special permits (licenses) to such organizations to perform insurance activities.

Permission from the MOF is required to transfer shares of Belarusian issuers to a depot loro correspondent account of a nonresident depository that has established a correspondent relationship with the Republic Central Securities Depository.

Article 18 of the Republic of Belarus Law on the Securities Market of January 5, 2015, states that in the placement of securities, it is
prohibited to establish in the issuer’s charter documents and/or in a decision regarding an issue (additional issue) of issue-grade securities a preferential right to acquire securities for certain investors over other investors or another investor, including the establishment of restrictions on the acquisition of issue-grade securities by nonresidents.

Nonresidents are not required to have NBRB permission or a certificate of registration for the placement of securities from the Securities Department of the MOF. Effective March 1, 2019, only resident individuals are required to have NBRB approval to purchase such securities from nonresidents. (Previously, such approval was required for all residents.)

According to Article 27 of the Republic of Belarus Law on the Securities Market of January 5, 2015, a procedure was put in place for the placement and circulation of securities issued by nonresidents within the Belarus, which, in accordance with Republic of Belarus MOF Resolution No. 42 of June 13, 2016, includes (1) in the case of the placement of the securities of nonresident issuers: (a) registration by the republic government authority exercising the state regulation of the securities market of the issue prospectus for such securities prepared in one of the state languages of the Republic of Belarus and meeting the requirements established by that authority; (b) the transfer of the issue (or parts of the issue) of issue-grade securities of nonresident issuers for centralized storage in the depository system; (c) assignment to the issue-grade securities of nonresident issuers of an international securities (securities issue) identification code (ISIN code), and international classification of financial instruments code (CFI code); and (d) existence of an agreement defining the procedures for interaction between the republic government authority exercising government regulation of the securities market and the authority (entity) regulating the securities market in the state in which the nonresident issuer was established; and (2) in the case of the circulation of the securities of nonresident issuers: (a) assignment to the issue-grade securities of nonresident issuers of an ISIN code and CFI code and (b) qualification of the issue-grade securities of nonresident issuers as securities in the Republic of Belarus in accordance with procedures established by the Republic of Belarus Council of Ministers.

The procedures for admission of the securities of nonresident issuers are determined by the MOF. Pursuant to Article 8 of the Law on the Securities Market, the Council of Ministers of the Republic of Belarus specifies the procedures for the qualification of the issue-grade securities of nonresident issuers as securities in Belarus. Pursuant to Article 6 of the Law, placement and circulation of securities of nonresident issuers may only be made on the organized market.

Effective March 1, 2019, only resident individuals are required to have NBRB approval. (Previously, such approval was required for all residents.) Resident legal entities are required to register transactions related to the acquisition of nonresident securities, while banks are required to notify such transactions.

In accordance with the Republic of Belarus Law No. 52-Z on Investment Funds of July 17, 2017, the amount of funds used for the acquisition of financial instruments issued by nonresidents of the Republic of Belarus must not exceed 30% of the value of the assets of a joint-stock investment fund intended for investment, or the assets of a mutual fund.

Foreign placement of shares of domestic issuers does not require
permission from the securities market regulator or the NBRB; however, shares of domestic issuers placed abroad must be registered in the Republic of Belarus pursuant to Article 18 of the Republic of Belarus Law on the Securities Market (a requirement related to the exercise of control functions over emission procedures and the correct formation of authorized funds, as well as for statistical purposes).

Open joint-stock companies of the Republic of Belarus (with the exception of banks, nonbank lending and financial institutions, as well as legal entities that are part of a bank holding company, and legal entities that hold 5% or more of a bank’s shares) have the right to issue and sell shares using foreign depository receipts for the purposes of attracting foreign investments.

### Bonds or other debt securities
Yes.

### Purchase locally by nonresidents
No. Purchases of bonds of Belarusian issuers by nonresidents do not require an NBRB license or permission from the MOF (Securities Department). Effective February 19, 2019, the requirement to obtain a permission from the Securities Department of the MOF to transfer bonds of Belarusian issuers to a depot loro correspondent account of a nonresident depository that had established a correspondent relationship with the Republic Central Securities Depository, was abolished.

Article 18 of the Republic of Belarus Law on the Securities Market of January 5, 2015, states that in the placement of securities an issuer has the right to establish in its charter documents and/or decision regarding an issue (additional issue) of issue-grade securities a restriction on the acquisition of securities by nonresidents.

### Sale or issue locally by nonresidents
No. Nonresidents are not required to have NBRB permission or a certificate of registration for the placement of securities from the Securities Department of the MOF. Effective March 1, 2019, only resident individuals are required to have NBRB approval to purchase such securities from nonresidents. (Previously, such approval was required for all residents.)

According to Article 27 of the Republic of Belarus Law of January 5, 2015, on the Securities Market, a procedure was put in place for the placement and circulation of securities issued by nonresidents within the Belarus, which, in accordance with Republic of Belarus MOF Resolution No. 42 of June 13, 2016, includes (1) in the case of the placement of the securities of nonresident issuers: (a) registration by the republic government authority exercising the state regulation of the securities market of the issue prospectus for such securities prepared in a Republic of Belarus state language and meeting the requirements established by that authority; (b) the transfer of the issue (or parts of the issue) of issue-grade securities of nonresident issuers for centralized storage in the depository system; (c) assignment to the issue-grade securities of nonresident issuers of an international securities (securities issue) identification code (ISIN code), and international classification of financial instruments code (CFI code); and (d) existence of an agreement defining the procedures for interaction between the republic government authority exercising government regulation of the securities market and the authority (entity) regulating the securities market in the state in which the nonresident issuer was established; and (2) in the case of the circulation of the securities of nonresident issuers: (a) assignment to the issue-grade securities of nonresident issuers of an ISIN code and CFI code and (b) qualification of the issue-grade securities of nonresident issuers as securities in the Republic of Belarus in accordance with procedures established by the Republic of Belarus.
Council of Ministers. The procedures for admission of the securities of nonresident issuers are determined by the MOF. Pursuant to Article 8 of the Law on the Securities Market, the Council of Ministers of the Republic of Belarus specifies the procedures for the qualification of the issue-grade securities of nonresident issuers as securities in Belarus. Pursuant to Article 6 of the Law, the placement and circulation of securities of nonresident issuers are allowed only in the organized market.

_Purchase abroad by residents_ Yes. Effective March 1, 2019, only resident individuals are required to have NBRB approval. (Previously, such approval was required for all residents.) Resident legal entities are required to register transactions related to the acquisition of nonresident securities, while banks are required to notify such transactions.

In accordance with Republic of Belarus Law No. 52-Z on Investment Funds of July 17, 2017, the amount of funds used for the acquisition of financial instruments issued by nonresidents of the Republic of Belarus must not exceed 30% of the value of the assets of a joint-stock investment fund intended for investment, or the assets of a mutual fund.

_Sale or issue abroad by residents_ No. Placement of bonds of domestic issuers abroad does not require permission from the securities market regulator or the NBRB. A copy of the prospectus for the bond issue or a substitute document under the laws of a country whose legislation regulates such matters must be submitted to the MOF Securities Department within 10 days of the starting date of the placement of bonds within a foreign state.

_On money market instruments_ Yes.

_Purchase locally by nonresidents_ No. NBRB permission is not required.

_Sale or issue locally by nonresidents_ No. Nonresidents are not required to have NBRB permission or a certificate of registration for the placement of securities from the Securities Department of the MOF. Effective March 1, 2019, only resident individuals are required to have NBRB approval to purchase such securities from nonresidents. (Previously, such approval was required for all residents.) In accordance with the Article 8 of Republic of Belarus Law No. 231-Z of January 5, 2015, on the Securities Market, the MOF establishes the conditions and procedure for allowing the placement and trading of securities of nonresident issuers within the Republic of Belarus.

According to Article 27 of the Republic of Belarus Law of January 5, 2015, on the Securities Market, a procedure was put in place for the placement and circulation of securities issued by nonresidents within the Belarus, which, in accordance with Republic of Belarus MOF Resolution No. 42 of June 13, 2016, includes (1) in the case of the placement of the securities of nonresident issuers: (a) registration by the republic government authority exercising the state regulation of the securities market of the issue prospectus for such securities prepared in a Republic of Belarus state language and meeting the requirements established by that authority; (b) the transfer of the issue (or parts of the issue) of issue-grade securities of nonresident issuers for centralized storage in the depository system; (c) assignment to the issue-grade securities of nonresident issuers of an international securities (securities issue) identification code (ISIN code), and international classification of financial instruments code (CFI code); and (d) existence of an agreement defining the procedures for interaction between the republic government authority exercising government regulation of the securities market and the...
authority (entity) regulating the securities market in the state in which the nonresident issuer was established; and (2) in the case of the circulation of the securities of nonresident issuers: (a) assignment to the issue-grade securities of nonresident issuers of an ISIN code and CFI code and (b) qualification of the issue-grade securities of nonresident issuers as securities in the Republic of Belarus in accordance with procedures established by the Republic of Belarus Council of Ministers.

The procedures for admission of the securities of nonresident issuers are determined by the MOF. Pursuant to Article 8 of the Law on the Securities Market, the Council of Ministers of the Republic of Belarus specifies the procedures for the qualification of the issue-grade securities of nonresident issuers as securities in Belarus. Pursuant to Article 6 of the Law, the placement and circulation of securities of nonresident issuers are allowed only in the organized market.

Pursuant to Article 8 of the Law on the Securities Market, the Council of Ministers of the Republic of Belarus specifies the procedures for the qualification of the issue-grade securities of nonresident issuers as securities in Belarus. Pursuant to Article 6 of the Law, the placement and circulation of securities of nonresident issuers are allowed only in the organized market.

Purchase abroad by residents

Yes. Effective March 1, 2019, only resident individuals are required to have NBRB approval. (Previously, such approval was required for all residents.) Resident legal entities are required to register transactions related to the acquisition of nonresident securities, while banks are required to notify such transactions.

In accordance with Republic of Belarus Law No. 52-Z on Investment Funds of July 17, 2017, the amount of funds used for the acquisition of financial instruments issued by nonresidents of the Republic of Belarus must not exceed 30% of the value of the assets of a joint-stock investment fund intended for investment, or the assets of a mutual fund.

Sale or issue abroad by residents

No. Resident legal entities must submit notification to the bank when funds enter the account of such resident legal entity from transactions entailing the sale of money market instruments to a nonresident.

On collective investment securities

Yes. Under Law No. 52-Z on Investment Funds of July 17, 2017, it is possible to create two types of investment funds: joint-stock investment funds and mutual funds. Joint-stock investment funds may issue only common (ordinary) shares.

The issuing, circulation, and redemption of securities are performed in accordance with the given law, taking into account the specific considerations established by other legislative acts of the Republic of Belarus concerning investment funds.

The procedure for the issuing, circulation, and redemption of investment shares is also established by Republic of Belarus Law No. 52-Z of July 17, 2017, on Investment Funds. Investment shares are subject to state registration, and they are freely traded in the organized or other markets, unless otherwise established by legislative acts. Investment shares are recorded in the depository system.

Purchase locally by nonresidents

No. Pursuant to Article 10 of Republic of Belarus Law No. 226-Z of July 22, 2003, on Foreign Exchange Regulation and Foreign Exchange Control, NBRB approval is not required for a resident to sell a stake in the authorized capital or a share in the assets of a resident, and also when performing a transaction with a nonresident involving securities issued by residents.

Purchases locally by nonresidents of collective investment securities do not require the approval of the NBRB or the MOF.

Sale or issue locally by nonresidents

No. There is no restriction on such transactions by nonresidents. NBRB approval is not required for the sale or issue of collective investment securities by nonresidents in the local market. Effective March 1, 2019, only resident individuals are required to have NBRB approval to purchase such securities from nonresidents.
(Previously, such approval was required for all residents.) Resident legal entities purchase such securities from nonresidents under a registration procedure. Banks carry out such transactions under the notification procedure.

**Purchase abroad by residents** Yes.

Resident individuals are required to have NBRB approval. Effective March 1, 2019, resident legal entities may acquire securities issued by nonresidents without NBRB approval. Conduct of such transactions by resident banks requires notification and by resident legal entities requires registration.

In accordance with the Republic of Belarus Law on Investment Funds of July 17, 2017, the amount of funds used for the acquisition of financial instruments issued by nonresidents of the Republic of Belarus must not exceed 30% of the value of the assets of a joint-stock investment fund intended for investment, or the assets of a mutual fund.

**Sale or issue abroad by residents** No.

Pursuant to Article 10 of Republic of Belarus Law No. 226-Z of July 22, 2003, on Foreign Exchange Regulation and Foreign Exchange Control, NBRB approval is not required for a resident to sell a stake in the authorized capital or a share in the assets of a resident, and also when performing a transaction with a nonresident involving securities issued by residents.

**Controls on derivatives and other instruments** Yes.

**Purchase locally by nonresidents** No.

NBRB approval is not required. Professional participants in the securities market may engage in derivatives transactions in accordance with rules established by the organizer of securities trade and approved by the republic government authority that exercises government regulation of the securities market.

**Sale or issue locally by nonresidents** No.

NBRB approval is not required for the sale or issue of derivative securities by nonresidents in the local market. Professional participants in the securities market may engage in derivatives transactions in accordance with rules established by the organizer of securities trade and approved by the republic government authority that exercises government regulation of the securities market.

For the purchase of securities, including derivatives, issued by nonresidents, resident individuals are required to have the NBRB approval.

Effective March 1, 2019, the purchase of nonresident securities by resident legal entities does not require the NBRB approval and is performed in a registration regime, while resident banks perform such transactions in notification regime.

**Purchase abroad by residents** Yes.

Effective March 1, 2019, only resident individuals are required to have NBRB approval. (Previously, such approval was required for all residents.) Resident legal entities are required to register transactions related to the acquisition of nonresident securities, while banks are required to notify such transactions.

**Sale or issue abroad by residents** No.

Resident legal entities must submit notification to the bank when funds enter the account of such resident legal entity from transactions entailing the sale of derivatives to a nonresident.

**Controls on credit operations** Yes.

Credits and loans are classified as foreign exchange transactions associated with capital movements.

**Commercial credits** Yes.

**By residents to nonresidents** Yes.

NBRB permission is required for the deferral of receipt of proceeds.
from exports of goods (as well as work and services) more than 180 days; NBRB permission is required for deferral of more than 90 days of receipt of imports of goods (as well as work and services) that have been paid for.

<table>
<thead>
<tr>
<th>To residents from nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Resident individuals are required to have NBRB approval for granting financial loans to nonresidents for a period exceeding 180 days. Banks, nonbank lending institutions, and, effective March 1, 2019, resident legal entities are not required to have NBRB approval. Resident banks and legal entities neither need notification nor registration of such transactions.</td>
<td></td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Banks, nonbank lending institutions and, effective March 1, 2019, resident legal entities and individuals are not required to have NBRB approval. Resident legal entities attract credit (loans) from nonresidents through a registration procedure. Banks perform such transactions freely (without NBRB permission, notification, or registration).</td>
<td></td>
</tr>
</tbody>
</table>

Previously, resident legal entities and individuals were required to have the NBRB approval for loans (credit) if one of the following conditions was present: (1) The interest rate was higher than 14% for loans in US dollars or euros or exceeded by more than 5% the CB refinancing rate for other currencies. (2) The loan was to be used to pay the monetary obligations of a resident borrower, bypassing the resident’s account. (3) Repayment was made from a source other than the resident borrower’s account. (4) The loan was from a resident of an offshore zone. (5) The interest rate on the loan and the total amount of penalties and/or fines exceeded 3.65% a year. (6) The credit agreement with a nonresident nonbank lender established an obligation to make additional payments (other than those under Point (5) above). For other loans and credits, NBRB notification was required.

<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Resident banks, nonbank lending institutions, and, effective March 1, 2019, resident legal entities and individuals are not required to have NBRB approval for the provision of guarantees and sureties to nonresidents. Such transactions by resident legal entities need registration only. Banks perform transactions involving the provision of guarantees and sureties on the basis of special banking licenses (no permission, notification, or registration is required).</td>
<td></td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Resident legal entities notify banks when conducting these transactions. Banks perform transactions involving the receipt of guarantees and sureties under special banking licenses (no permission, notification, or registration is required).</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Controls on direct investment</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Effective March 1, 2019, only resident individuals are required to have NBRB approval. (Previously, such approval was required for all residents.) Resident legal entities are required to register transactions related to investing abroad; banks are required to notify such transactions.</td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>NBRB permission is not required. Foreign investments must be registered with the relevant local governments. Financial institutions</td>
<td></td>
</tr>
</tbody>
</table>
must also register them with the NBRB. Insurance institutions, including those with foreign investments, must also be registered with the MOF. Certain activities require special approval (a license). When establishing an enterprise with foreign investment, the proportion of a foreign investor’s share is not restricted. Foreign investors’ share in the authorized capital of all insurance organizations may not exceed 30%. If that figure is exceeded, the MOF terminates the registration of insurance organizations with the participation of foreign investors and/or issues special permits (licenses) to such organizations to perform insurance activities.

The maximum participation of foreign capital in the banking system of Belarus is 50%. The NBRB terminates the state registration of banks whose founders (shareholders) are foreign investors once the maximum has been reached. Foreign exchange legislation does not restrict these transactions; however, NBRB consent is required for transfers of bank shares by residents to nonresidents.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| **Purchase abroad by residents** | Yes. |
| Effective March 1, 2019, only resident individuals are required to have NBRB approval. (Previously, such approval was required for all residents.) Resident legal entities are required to register transactions related to the acquisition of real estate abroad; banks are required to notify such transactions. |
| **Purchase locally by nonresidents** | No. |
| Resident legal entities notify banks when receiving funds from nonresidents for sales of real estate. |
| **Sale locally by nonresidents** | No. |
| Controls on personal capital transactions | Yes. |
| **Loans** | Yes. |
| By residents to nonresidents | Yes. |
| NBRB permission is required for terms of over 180 days. |
| To residents from nonresidents | No. |
| **Gifts, endowments, inheritances, and legacies** | Yes. |
| By residents to nonresidents | No. |
| To residents from nonresidents | Yes. |
| Registration with the Department of Humanitarian Affairs under the Office of the President of the Republic of Belarus is required. This requirement was rescinded with respect to foreign gratuitous aid obtained by individuals. Registration is required both for statistical purposes and as a control measure for the receipt and designated use of aid. |
| **Settlement of debts abroad by immigrants** | No. |
| **Transfer of assets** | No. |
| **Transfer abroad by emigrants** | No. |
| **Transfer into the country by immigrants** | No. |
| **Transfer of gambling and prize earnings** | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**

Yes. Banks and nonbank financial and lending institutions with an appropriate banking license may purchase and sell foreign exchange. Banks may perform these transactions without restriction within the limits of their open foreign exchange position. A banking license is required to engage in banking operations.

**Borrowing abroad**

No. Borrowing abroad by banks and nonbank financial and lending institutions is not subject to the NBRB approval, registration, or notification procedure.

**Maintenance of accounts abroad**

No. Effective March 1, 2019, the NBRB approval is not required. (Previously, the NBRB approval was required to open accounts for the maintenance of representative offices and branches of banks.) Maintenance of accounts abroad by banks and nonbank financial and lending institutions is also not subject to notification or registration procedure.

**Lending to nonresidents (financial or commercial credits)**

No. Lending to nonresidents by banks and nonbank financial and lending institutions is not subject to the NBRB approval, registration, or notification procedure.

**Lending locally in foreign exchange**

Yes. Banks are not allowed to lend in foreign currency to individuals. The requirement with regard to lending to individuals in Belarusian rubles only is established in the Instruction on the Procedure for Providing Funds in the Form of Credit and their Return (Repayment), approved by NBRB Executive Board Resolution No. 149 of March 29, 2018, and also in Article 150 of the Banking Code of the Republic of Belarus. There are no restrictions on making loans in foreign currency to legal entities and individual entrepreneurs.

**Purchase of locally issued securities denominated in foreign exchange**

No. There are no restrictions on the purchase of locally issued securities denominated in foreign currency. Under the legislation of the Republic of Belarus, certain types of securities (for example, bonds) may be denominated in foreign exchange. It is possible to purchase bonds denominated in foreign currency.

**Differential treatment of deposit accounts held by nonresidents**

Yes. Reserve requirements for funds attracted in foreign exchange are 17%, while for funds attracted in domestic currency the ratio is 4%.

**Reserve requirements**

Yes. As a requirement to ensure secure functioning, the LCR and NSFR have been introduced, as provided for by the Basel III system standards. The value of each ratio is at least 100%.

For the OAO Development Bank of the Republic of Belarus, only NSFR of 100% is established.

**Liquid asset requirements**

No. The OAO Development Bank of the Republic of Belarus is not subject to liquid asset requirements.

**Interest rate controls**

No. Banks set interest rates on deposits in domestic and foreign currencies. The NBRB may make recommendations to banks about interest rate levels, regardless of the banks’ residency status.

**Credit controls**

No. The OAO Development Bank of the Republic of Belarus is not subject to credit controls.

**Differential treatment of deposit accounts held by nonresidents**

Yes. Funds raised from nonresident banks and loans and funds received from nonresident clients in foreign exchange are not subject to reserve requirements.

**Reserve requirements**

Yes. Liquid asset requirements are the same for deposit accounts of nonresidents and residents. There are no differences with regard to the inclusion of residents’ assets and nonresidents’ assets as part of highly liquid assets for the
The purpose of calculating the indicator describing fulfillment of the LCR.

<table>
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<tr>
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<td>Investment regulations</td>
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<td>Abroad by banks</td>
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There are no legislative restrictions for banks’ establishing the size of interest rates for bank loans (deposits) of legal entities and individuals depending on whether they are Belarus residents or nonresidents.

NBRB permission is required for a bank’s participation in the authorized capital of another legal entity in the following cases: (1) for the acquisition of shares when they are distributed among a company’s founders, as well as an interest in the authorized capital or stakes in the property of nonresidents; (2) for a bank’s stake in the authorized capital of another legal entity in the event that it is being acquired by the bank for the purpose of long-term financial investments in a unitary enterprise as a property complex and/or shares (an interest) in another legal entity and/or its contribution of funds for increasing the nominal value of shares (actual value of interest) in such a legal entity, if after such acquisition and/or such an increase in the par (actual) value of its stake in the given legal entity’s authorized capital is equal to 5% or more (including if previously that stake was 5% or more), except in cases of acquisition of shares (interest) and/or an increase in the nominal value of shares (actual value of interest) unrelated to the need for its contribution of additional funds as a result of disposal by other shareholders (partners) and/or redistribution of internal sources of the legal entity; (3) establishment by resident banks of subsidiaries and branches outside the Republic of Belarus and the participation by resident banks in the authorized capital of foreign banks; and (4) transfers to nonresidents based on commitments involving a resident’s purchase of real estate abroad.

These are prudential regulation requirements (except for item (4)). In keeping with memoranda of understanding (agreements) on banking supervision between the NBRB and the banking supervisors of individual countries, the parties may provide information regarding a potential investor, report on the issuing of licenses to open subsidiary banks and permits to participate in authorized capital of banks, and share other information.

The maximum participation of foreign capital in the banking system of Belarus is 50%. The NBRB terminates the state registration of banks whose founders (shareholders) are foreign investors once the maximum has been reached.

Foreign exchange legislation does not restrict these transactions; however, NBRB permission is required in the following cases: (1) acquisition of ownership, administrative control, operational management, or receipt in trust of 5% or more of shares in the authorized capital of a bank as a result of one or more transactions by one legal entity or individual, including a shareholder of the bank, by a group of individuals and/or legal entities connected by an agreement, or by a group of subsidiary or dependent legal entities, as well as all subsequent acquisitions of bank shares by said persons and (2) an increase in the authorized capital of a bank as a result of funds provided by nonresidents and/or the transfer of bank shares by a resident shareholder to a nonresident.

In accordance with the Decree No. 84 of the President of the Republic of Belarus dated March 3, 2016, “Regarding the Issue and...
Circulation of Shares Using Foreign Depositary Receipts,” it is prohibited to issue shares of an additional issue placed using foreign depositary receipts, sale using foreign depositary receipts of shares of banks, nonbank lending and financial organizations registered in the Republic of Belarus, as well as legal entities that are part of a bank holding company, and legal entities that own five or more percent of the bank’s shares.

Open foreign exchange position limits

Yes. The following limits are set for open foreign exchange positions: (1) the overall open position for all foreign currencies and precious metals in the form of bank bullion, revalued mint bullion, and revalued coins may not exceed 10% of the bank’s regulatory capital; (2) the net open position for each foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins may not exceed 10% of a bank’s regulatory capital; (3) the net open position for forward transactions for each foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins individually may not exceed 10% of a bank’s regulatory capital. The forward part of swap transactions is not considered in the calculation of this restriction. Limits are calculated generally by type of foreign currency or precious metal in the form of bank bullion, revalued mint bullion, and revalued coins, regardless of whether assets or liabilities apply to a resident or nonresident.

On resident assets and liabilities

Yes. The following limits are set for open foreign exchange positions: (1) the overall open position for all foreign currencies and precious metals in the form of bank bullion, revalued mint bullion, and revalued coins may not exceed 10% of the bank’s regulatory capital; (2) the net open position for each foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins may not exceed 10% of a bank’s regulatory capital; (3) the net open position for forward transactions for each foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins individually may not exceed 10% of a bank’s regulatory capital. The forward part of swap transactions is not considered in the calculation of this restriction. Limits are calculated generally by the type of foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins, regardless of whether assets or liabilities apply to a resident or nonresident.

On nonresident assets and liabilities

Yes. The following limits are set for open foreign exchange positions: (1) the overall open position for all foreign currencies and precious metals in the form of bank bullion, revalued mint bullion, and revalued coins may not exceed 10% of the bank’s regulatory capital; (2) the net open position for each foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins may not exceed 10% of a bank’s regulatory capital; (3) the net open position for forward transactions for each foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins individually may not exceed 10% of a bank’s regulatory capital. The forward part of swap transactions is not considered in the calculation of this restriction. Limits are calculated generally by the type of foreign currency and precious metal in the form of bank bullion, revalued mint bullion, and revalued coins, regardless of whether assets or liabilities apply to a resident or nonresident.

Provisions specific to institutional investors

Yes. Limits may be established by the Council of Ministers and the NBRB.

Insurance companies

Yes. Insurance companies must obtain permission from the MOF to increase their authorized capital using funds from foreign investors.
and/or insurance organizations that are subsidiaries of those foreign investors, and to transfer shares (interest in the authorized capital) to foreign investors and/or insurance organizations that are subsidiaries of those foreign investors. The share of foreign investors in the authorized capital of all insurance organizations must not exceed 30%.

If that maximum is exceeded, the MOF terminates the registration of insurance organizations with the participation of foreign investors and/or issues these organizations special permits (licenses) to perform insurance activities.

Insurance laws do not establish any quantitative limits on the purchase by Belarusian insurance companies of securities issued by nonresidents. But insurance laws establish the following restrictions and requirements:

1. Belarusian state-owned insurance organizations and insurance organizations in which the state holds a stake in the authorized capital equal to more than 50% may not purchase securities issued by nonresidents (either at the expense of insurance reserves or at the expense of their own funds), except for participation in the establishment of insurance organizations and (or) insurance brokers outside Belarus and/or the acquisition of interests (shares) in the authorized capital of such organizations (these should be carried out with the permission of the MOF);

2. Belarusian private insurance organizations may purchase securities issued by nonresidents at the expense of their own funds that are unencumbered and not subject to legislative requirements (for example, minimum authorized capital funds are placed in accounts at Republic of Belarus banks), in compliance with the principle of diversification.

There are no quantitative restrictions on the portfolio of investments abroad. However, the establishment by insurance companies or insurance brokers of separate subdivisions outside Belarus, participation in the establishment of insurance companies and/or insurance brokers outside Belarus, or the acquisition of an interest (shares) in the authorized capital of such organizations requires MOF permission.

Belarusian state-owned insurance organizations and insurance organizations in which the state holds a stake in the authorized capital equal to more than 50% may not purchase securities issued by nonresidents (either at the expense of insurance reserves or at the expense of their own funds), if they are not related to the participation in the establishment of insurance organizations and (or) insurance brokers outside Belarus and/or the acquisition of interests (shares) in the authorized capital of such organizations (these should be carried out with the permission of the MOF).

Belarusian private insurance organizations may purchase securities issued by nonresidents at the expense of their own funds that are unencumbered and not subject to legislative requirements (for example, minimum authorized capital funds are placed in accounts at Republic of Belarus banks), in compliance with the principle of diversification.
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<th><strong>Currency-matching regulations on assets/liabilities composition</strong></th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td><strong>Pension funds</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no pension funds acting as institutional investors in Belarus. This circumstance is because of the distributive pension system in the Republic of Belarus, which does not provide for an accumulative tier in the form of pension funds. In the event of a reform of the pension system and the creation of pension funds becomes possible, their creation and functioning will be carried out in accordance with the Law on Investment Funds of July 17, 2017, taking into consideration potential specific features established for such funds by legislative acts.

| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio held abroad** | No. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |
| **Investment firms and collective investment funds** | Yes. |

The activities of brokers, dealers, depositories, trustees, clearinghouses, and organizers of securities trading are overseen by the MOF (Securities Department).

Under a banking license, banks may provide services related to the trust management of money (individual investments) and trust management of bank management funds (collective investments).

Republic of Belarus Law No. 52-Z on Investment Funds of July 17, 2017, provides for the possibility of creating two types of investment funds: joint-stock investment funds and mutual funds. The organization managing the assets of an investment fund may be a commercial company that has been created in accordance with the legislation of the Republic of Belarus and has gone through the state accreditation process. A specialized depository is a commercial company or unitary enterprise that has been created in accordance with the legislation of the Republic of Belarus and has gone through the state accreditation process.

The Republic of Belarus Council of Ministers establishes the procedure for the registration of rules governing mutual funds; it establishes the procedure for the state accreditation process, as well as the procedure and grounds for the suspension, renewal, and termination of state accreditation for operating as a management company and state accreditation for operating as a specialized depository; it establishes the procedure for the state registration of investment shares; and it exercises other authority related to the state regulation of relations involving investment funds.

State accreditation for operating as an investment fund management company is performed by the Republic of Belarus MOF following the procedure defined under item 15.27 of the Uniform List of Administrative Procedures Performed by Government Authorities and Other Organizations with respect to Legal Entities and Individual Entrepreneurs, approved by Republic of Belarus Council of Ministers Resolution No. 156 of February 17, 2012.

The Regulation on the Financing of Commercial Organizations against a Concession of Rights (Claims) at the Expense of Funds Attracted through a Bond Issue, or with a Subsequent Bond Issue,
approved by Decree No. 154 of the President of the Republic of Belarus of May 11, 2017, introduced the concept of a special financial institution (SFI). An SFI is a joint-stock company created for the performance of securitization operations. An SFI is prohibited from performing any entrepreneurial activity other than securitization operations and transactions involving the acquisition of financial assets during the period that bonds are in circulation (at the expense of temporarily available funds that are part of the assets that have been allocated), as well as transactions involving the conveyance of said financial assets.

A SFI has the right to attract borrowed funds, including credits, for the acquisition of rights (claims) and for the payment of expenses related to a subsequent bond issue, for a term up to the day on which the bond placement ends, in an amount that does not exceed the cost of the rights (claims) acquired and the expenses related to the subsequent bond issue.

| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Changes during 2019 and 2020

**Exchange Measures**

| Exchange measures imposed for security reasons | Other security restrictions |
| Prescriptions of currency requirements | Controls on the use of domestic currency |
| For capital transactions | 03/01/2019 |
| Transactions in capital and money market instruments | 03/01/2019 |
| Transactions in derivatives and other instruments | 03/01/2019 |

The Law of the Republic of Belarus No. 165-Z of June 30, 2014, “On Measures to Prevent Money Laundering, Terrorism Financing, and Proliferation Financing” (with amendments dated May 13, 2020) assigns a duty to persons who perform financial transactions to take measures to freeze funds and block financial transactions if a participant in a financial transaction or beneficiary thereof is an organization or individual, including a sole proprietor, who is on the list of persons involved in activities associated with terrorism.

**Arrangements for Payments and Receipts**

Approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated.

Approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated.

Approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated.
Credit operations

Approval requirement for resident legal entities to perform transactions involving the export of capital was eliminated.

Resident Accounts

Foreign exchange accounts permitted
Held abroad

Approval required

03/01/2019

Resident individuals and banks may open accounts at nonresident banks without the National Bank of the Republic of Belarus approval. Previously, the National Bank of the Republic of Belarus approval was required for (1) opening by banks of accounts with nonresident banks for the maintenance of representative offices or other structural subdivisions and for (2) resident individuals other than those residing abroad.

03/01/2019

The National Bank of the Republic of Belarus approval is no longer required for resident legal entities (other than banks) to open accounts of their representative offices with nonresident banks in any country in any currency. Previously, the accounts of representative offices in banks of the Eurasian Economic Union countries in the domestic currency of the Eurasian Economic Union country were opened under notification regime, while opening of accounts of representative offices in other countries required the National Bank of the Republic of Belarus approval.

Accounts in domestic currency held abroad

03/01/2019

Resident individuals and banks are not required to have the National Bank of the Republic of Belarus approval to open accounts in the domestic currency at nonresident banks. Previously, they could open such accounts with the National Bank of the Republic of Belarus approval, which determined the procedures/conditions for use of an account.

Nonresident Accounts

Domestic currency accounts

03/01/2019

Nonresident legal entities may open in Belarusian rubels current (settlement) accounts of any type. Previously, nonresident legal entities could open type T (settlement) and type S (investment in government securities) accounts. T account transactions were free of restriction, regardless of the type of transaction (including transactions involving the purchase and sale of foreign exchange). Funds in S accounts were used for investment in securities, payment of expenditures associated with securities investments, payment of taxes and fees, and currency exchange transactions. In all other instances, use of type S account funds required the National Bank of the Republic of Belarus permission.

Approval required

03/01/2019

The use of funds on accounts of nonresident legal entities does not require the National Bank of the Republic of Belarus approval. Previously, the use of nonresident legal entities’ type S account funds required the National Bank of the Republic of Belarus permission in all instances other than for investment in securities, payment of expenditures associated with securities investments, payment of taxes and fees, and currency exchange transactions.

Imports and Import Payments

Import licenses and other nontariff measures

02/13/2020

In accordance with the Council of Ministers Resolution No. 67 of February 3, 2020, “On Licensing Imports of Portland Cement,” the following measure was temporarily introduced (through August 16, 2020): imports of Portland Cement to the Republic of Belarus from outside the customs territory of the Eurasian Economic Union, on being placed under the customs procedures for release for domestic use.
consumption and free customs zone, were performed under one-time licenses issued by the Ministry of Antimonopoly Regulation and Trade in coordination with the Ministry of Architecture and Construction.

**Capital Transactions**

Resident legal entities are required to register a transaction with a bank if it involves the acquisition of securities issued by nonresidents and that are recognized as such in accordance with the legislation of foreign states. Previously, such transactions were subject to the National Bank of the Republic of Belarus approval.

Capital transactions of resident legal entities other than banks are carried out as follows: (1) through registration; (2) through notification; (3) freely (no NBRB permission is required).

The registration requirement was established for capital transactions of resident legal entities that previously were subject to the National Bank of the Republic of Belarus approval. Previously, resident legal entities carried out capital transactions as follows: (1) with National Bank of the Republic of Belarus permission; (2) through notification; (3) freely (no National Bank of the Republic of Belarus permission was required).

For the most part, resident legal entities perform transactions involving capital outflow through the registration procedure. For the most part, resident legal entities perform transactions involving capital inflows through the notification procedure or freely.

### Controls on capital transactions

**03/01/2019**

Resident legal entities are required to register a transaction with a bank if it involves the acquisition of securities issued by nonresidents and that are recognized as such in accordance with the legislation of foreign states. Previously, such transactions were subject to the National Bank of the Republic of Belarus approval.

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For the most part, resident legal entities perform transactions involving capital outflow through the registration procedure. For the most part, resident legal entities perform transactions involving capital inflows through the notification procedure or freely.

### Controls on capital and money market instruments

**On capital market securities**

**03/01/2019**

Only resident individuals are required to have National Bank of the Republic of Belarus approval to purchase securities from nonresidents. Previously, such approval was required for all residents.

Only resident individuals are required to have National Bank of the Republic of Belarus approval for the acquisition of nonresident securities. Previously, such approval was required for all residents.

Resident legal entities are required to register transactions related to the acquisition of nonresident securities, while banks are required to notify such transactions.

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<thead>
<tr>
<th>Area</th>
<th>Date</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Nonresidents</td>
<td></td>
<td>Republic of Belarus approval to purchase securities from nonresidents. Previously, such approval was required for all residents.</td>
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<tr>
<td>Purchase abroad by residents</td>
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<td>Sale or issue locally by nonresidents</td>
<td>03/01/2019</td>
<td>For the purchase of securities, including derivatives, issued by nonresidents, only resident individuals are required to have the National Bank of the Republic of Belarus approval. The purchase of nonresident securities by resident legal entities does not require the National Bank of the Republic of Belarus approval and is performed in a registration regime, while resident banks perform such transactions in notification regime.</td>
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<td>03/01/2019</td>
<td>Only resident individuals are required to have National Bank of the Republic of Belarus approval for the acquisition of nonresident securities. Previously, such approval was required for all residents. Resident legal entities are required to register transactions related to the acquisition of nonresident securities, while banks are required to notify such transactions.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>03/01/2019</td>
<td>Resident legal entities are no longer required to have National Bank of the Republic of Belarus approval for granting financial loans to nonresidents. They neither need notification nor registration of such transactions.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>03/01/2019</td>
<td>Resident legal entities and individuals are no longer required to have National Bank of the Republic of Belarus approval for borrowing from nonresidents. Previously, the National Bank of the Republic of Belarus approval was required for loans (credit) if one of the following conditions was present: (1) The interest rate was higher than 14% for loans in US dollars or euros or exceeded by more than 5% the Central Bank refinancing rate for other currencies. (2) The loan was to be used to pay the monetary obligations of a resident borrower, bypassing the resident’s account. (3) Repayment was made from a source other than the resident borrower’s account. (4) The loan was from a resident of an offshore zone. (5) The interest rate on the loan and the total amount of penalties and/or fines exceeded 3.65% a year. (6) The credit agreement with a nonresident nonbank lender established an obligation to make additional payments (other than those under Point (5) above). For other loans and credits, National Bank of the Republic of Belarus notification was required.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>03/01/2019</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>03/01/2019</td>
<td></td>
</tr>
<tr>
<td>Event</td>
<td>Data</td>
<td>Details</td>
</tr>
<tr>
<td>-------</td>
<td>------</td>
<td>---------</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>03/01/2019</td>
<td>Resident legal entities and individuals are no longer required to have National Bank of the Republic of Belarus approval for the provision of guarantees and sureties to nonresidents. Such transactions by resident legal entities need registration only.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>03/01/2019</td>
<td>Only resident individuals are required to have National Bank of the Republic of Belarus approval for outward direct investment. Previously, such approval was required for all residents. Resident legal entities are required to register transactions related to investing abroad; banks are required to notify such transactions.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>03/01/2019</td>
<td>Only resident individuals are required to have National Bank of the Republic of Belarus approval for the acquisition of real estate abroad. Previously, such approval was required for all residents. Resident legal entities are required to register transactions related to the acquisition of real estate abroad; banks are required to notify such transactions.</td>
</tr>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>03/01/2019</td>
<td>The National Bank of the Republic of Belarus approval is not required for account abroad by banks. Previously, the National Bank of the Republic of Belarus approval was required to open accounts for the maintenance of representative offices and branches of banks. Maintenance of accounts abroad by banks and nonbank financial and lending institutions is also not subject to notification or registration procedure.</td>
</tr>
</tbody>
</table>
## Belgium

**(Position as of June 30, 2020)**

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th><strong>Date of membership</strong></th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Article VIII</strong></td>
<td>Yes. Date of acceptance: February 15, 1961.</td>
</tr>
<tr>
<td><strong>Article XIV</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th><strong>Restrictions and/or multiple currency practices</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange measures imposed for security reasons</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with EU Council regulations, certain restrictions are maintained on payments and transfers for current international transactions. These include the freezing of funds and economic resources of natural and legal persons, entities, and groups. Restrictions have been imposed on Afghanistan; Belarus; Burma (Myanmar); Burundi; the Central African Republic; the Democratic Republic of the Congo; persons identified as responsible for the misappropriation of Egyptian government funds, and natural or legal persons, entities, and bodies associated with them; Guinea (Conakry); Guinea-Bissau; certain persons, entities, and bodies in the Islamic Republic of Iran and persons responsible for serious human rights violations there and persons, entities, and bodies associated with them; certain persons and entities in Iraq; the Democratic People’s Republic of Korea (as amended); Lebanon; certain persons, entities, and bodies in Libya (as amended); Mali; Russia; Somalia; South Sudan; Sudan; persons responsible for the violent repression against the civilian population in Syria and persons, entities, and bodies associated with them; persons responsible for misappropriation of Tunisian government funds and natural or legal persons or entities associated with them; Ukraine; Turkey (effective November 12, 2019); Venezuela; Yemen; Zimbabwe; persons and entities associated with the Al-Qaida network and certain other persons, groups, and entities, with a view to combating terrorism (as amended); persons, groups, and entities related to the proliferation and use of chemical weapons (since October 2018); and persons, groups, and entities related to cyberattacks (effective May 18, 2019).

In accordance with EU Council regulations, sanctions with respect to Eritrea were repealed in December 2018.

<table>
<thead>
<tr>
<th><strong>Other security restrictions</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

<table>
<thead>
<tr>
<th><strong>Currency</strong></th>
<th>Yes. The currency of Belgium is the euro.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other legal tender</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Exchange rate structure</strong></td>
<td></td>
</tr>
</tbody>
</table>

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The exchange rate arrangement of the euro area is free floating. Belgium participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

The ECB publishes reference rates based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 2:15 p.m. Central European Time. On July 1, 2016, the ECB changed the publication time of the euro foreign exchange reference rates (ECB reference rates) from around 2:30 p.m. Central European Time to around 4:00 p.m. Central European Time. The reference rates against the euro are the average of the buying and selling rates. The publication regime aims to reinforce the distinction between exchange rate fixings used as benchmarks for transaction purposes and the ECB reference rates that are published for information purposes only.

Monetary policy framework

Exchange rate anchor

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

Monetary aggregate target

Inflation-targeting framework

Target setting body
To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the
Exchange tax  No.
Exchange subsidy  No.
Foreign exchange market  Yes.  ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.
Spot exchange market  Yes.  Foreign exchange bureaus are subject to licensing by the FSMA. As of end-2019, there were 7 foreign exchange bureaus authorized by the FSMA. The foreign exchange bureaus can make foreign exchange transactions directly with the CB. The type of transactions foreign exchange bureaus can effect is limited to spot exchange transactions.
Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.
Interbank market  Yes.  There are no limits on the bid-ask spreads and commissions of market participants.
Over the counter  Yes.  The foreign exchange market operates over the counter.
Brokerage  n.a.
Market making  Yes.  The interbank foreign exchange market operates on the basis of a market-making agreement, under which participants commit to a maximum spread and a minimum amount to trade.
Forward exchange market  Yes.  Banks may engage in spot and forward exchange transactions in any currency, and they may deal among themselves and with residents and nonresidents in foreign notes and coins. The National Bank of Belgium conducts operations in the foreign exchange spot and forward exchange market within the framework of the management of its foreign reserves, client relationships, and obligations vis-à-vis international organizations.
Official cover of forward operations  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  No.
Controls on the use of domestic currency  No.  For anti-money-laundering reasons, real estate may be paid for only with a bank transfer or check. Regardless of the total amount, no payment or donation may be made or received in cash for an amount above €3,000 of its equivalent in another currency, as part of one or several transactions that seem to be related. Except in case of public auction under the supervision of a bailiff, a person who is not a consumer may not pay any amount in cash when buying old metal, copper cables, or goods containing precious materials from another person, unless these precious materials are only present in small quantities and only because of their necessary physical properties. By way of derogation from subparagraph 2, a person who is not a
The consumer may only pay an amount of up to €500 in cash when buying old metals or goods containing precious materials from a person who is a consumer, unless these precious materials are only present in small quantities and only because of their necessary physical properties. In this case, these persons must identify and register the person who presents himself or herself with metals or goods containing precious materials.

The provision laid down in the first subparagraph does not apply to:
(1) the sale of real property, referred to in Article 66;
(2) transactions between consumers;
(3) the obliged entities referred to in Article 5, § 1, 1, 3, 4, 6, 7, 10, and 16, as well as other natural persons when they carry out transactions with these entities.

When the submitted accounting documents, including bank statements, do not enable to determine how payments or donations have been made or received, these are presumed to have been carried out or received in cash.

Subject to evidence to the contrary, any payment or donation in cash is presumed to be made on Belgian territory, and therefore subject to the provisions of this article when at least one of the parties resides or conducts an activity in Belgium.

For current transactions and payments  No.
For capital transactions  No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations  No.
Use of foreign exchange among residents  No.
Payments arrangements  No.
Bilateral payments arrangements  No.
Operative  No.
Inoperative  No.
Regional arrangements  No.
Clearing agreements  No.
Barter agreements and open accounts  No.
Administration of control  No.
Payments arrears  No.
Official  No.
Private  No.
Controls on trade in gold (coins and/or bullion)  No.
On domestic ownership and/or trade  No.
On external trade  No.
Controls on exports and imports of  No.  In accordance with Regulation (EU) No. 2018/1672, cash controls
banknotes have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation or suspicions of money laundering/terrorism financing, cash may be confiscated or retained administratively for a period of time between 30 and 90 days. The EC regulation requires member countries to impose effective, dissuasive, and proportionate penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EC regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. A similar mandatory declaration system exists when cash with a value of €10,000 or more is entering or leaving the EU non-accompanied. The EC regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EC regulation; the EC regulation only harmonizes the system for the EU’s external borders. However, the Royal Decree of January 26, 2014, implemented an obligation to declare physical cross-border transportation of cash from one EU member country to another at the request of an appropriate authority (mainly the Customs and Excise Administration).

On exports

<table>
<thead>
<tr>
<th>Currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

On imports

<table>
<thead>
<tr>
<th>Currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

<table>
<thead>
<tr>
<th>Type</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to deposits held with financial institutions not supervised by the authorities of an EU country if these deposits are to form part of the cover of the technical reserves of an insurance
company or of the assets representative of the liabilities of a private pension fund. Movable assets outside the EEA are also acceptable, provided the National Bank of Belgium or a credit institution or investment firm governed by the law of a member country and authorized as a depository attests that it holds these covering assets for the account of the insurance company or private pension fund, through an establishment within the EEA, at a credit institution or investment firm outside the EEA whose authorization the FSMA deems equivalent to its own.

Approval required
No.

Accounts in domestic currency held abroad
Yes.

Accounts in domestic currency convertible into foreign currency
Yes.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
No.

Domestic currency accounts
Yes.

Convertible into foreign currency
Yes.

Approval required
No.

Blocked accounts
Yes. Some accounts are blocked, by way of implementation of restrictive measures imposed for security reasons. The accounts held by certain entities and persons of the Central African Republic, Democratic Republic of the Congo, Libya, Syria, Turkey (effective November 12, 2019), certain persons and entities associated with the Al-Qaida network, and certain other persons, groups, and entities, with a view to combating terrorism are blocked.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.
Belgium

Other

Import licenses used as exchange licenses

No.

Other

No.

Import licenses and other nontariff measures

Yes.

Positive list

No.

Negative list

Yes.

Individual licenses are required for certain imports from some non-EU countries, including many textile and steel products, diamonds, and weapons. All other products are free of license requirements.

Open general licenses

No.

Licenses with quotas

Yes.

Along with other EU countries, the Belgium–Luxembourg Economic Union applies quotas to a number of textile products from Belarus and the Democratic People’s Republic of Korea.

Other nontariff measures

No.

Import taxes and/or tariffs

Yes.

Belgium applies the Common Import Regime of the EU to imports of most agricultural and livestock products from non-EU countries.

Taxes collected through the exchange system

No.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Financing requirements

No.

Documentation requirements

No.

Letters of credit

No.

Guarantees

No.

Domiciliation

No.

Preshipment inspection

No.

Other

No.

Export licenses

Yes.

Export licenses are required for only a few products (mostly of a strategic nature), for weapons, and for diamonds.

Without quotas

Yes.

With quotas

No.

Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.
**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign workers’ wages</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit card use abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>
Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Restrictions on use of funds | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

| Purchase abroad by residents                      | Yes. |
| Purchase locally by nonresidents                  | No. |
| Sale or issue locally by nonresidents             | No. |

Investment in assets of countries outside the EEA and covering insurance (not reinsurance) risks situated inside this Area are subject to some conditions (Article 197 of Law of March 13, 2016) to ensure the effectiveness of the recovery and resolution measures against companies in difficulties (the limit of the power to dispose of assets). The legislation for Belgian IORP contains no quantitative restrictions in this respect.

In this context, the limit of the power to dispose of assets is important for the recovery and resolution measures against companies in difficulties.
<table>
<thead>
<tr>
<th>Category</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
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<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
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<td></td>
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<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Investment in assets of countries outside the EEA and covering insurance (not reinsurance) risks situated inside this Area are subject to some conditions (Article 197 of Law of March 13, 2016) to ensure the effectiveness of the recovery and resolution measures against companies in difficulties (the limit of the power to dispose of assets). The legislation for Belgian IORP contains no quantitative restrictions in this respect.</td>
<td></td>
</tr>
</tbody>
</table>
companies in difficulties (the limit of the power to dispose of assets). Royal Decree of February 22, 1991, on General Regulation of the Supervision of Insurance Companies contained detailed rules governing investments by insurance companies for the assets that cover their technical provisions.

<table>
<thead>
<tr>
<th>Category</th>
<th>To residents from nonresidents</th>
<th>To residents from nonresidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls apply to (1) the acquisition of Belgian flag vessels by shipping companies that do not have their principal office in Belgium; (2) investment by non-EU nationals in accounting and legal services; (3) investment in airlines established in Belgium that must be majority owned and effectively controlled by EU countries and/or nationals of EU countries, unless otherwise provided for through an international agreement to which the EU is a signatory; and (4) the extent that under Directive (EC) 85/611, a UCITS depository must have its registered office either in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country.
### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**

- **Borrowing abroad**: No.
- **Maintenance of accounts abroad**: No.
- **Lending to nonresidents (financial or commercial credits)**: No.
- **Lending locally in foreign exchange**: No.
- **Purchase of locally issued securities denominated in foreign exchange**: No.
- **Differential treatment of deposit accounts in foreign exchange**
  - **Reserve requirements**: No.
  - **Liquid asset requirements**: No.
  - **Interest rate controls**: No.
  - **Credit controls**: No.
- **Differential treatment of deposit accounts held by nonresidents**
  - **Reserve requirements**: No.
  - **Liquid asset requirements**: No.
  - **Interest rate controls**: No.
  - **Credit controls**: No.
- **Investment regulations**: No.
- **Abroad by banks**: No.
- **In banks by nonresidents**: No.

**Open foreign exchange position limits**

- **Yes.** There are no explicit binding limits on open foreign exchange positions. However, there are provisions for foreign exchange positions in the form of prudential capital requirements (Article 351 of the CRR (Regulation (EU) No. 575/2013).

**On resident assets and liabilities**

- **Yes.**

**On nonresident assets and liabilities**

- **Yes.**

**Provisions specific to institutional investors**

- **Insurance companies**: Yes.
  - Insurance or reinsurance companies must invest all their assets in accordance with the “prudent person” principle as described in the law (Article 190).

**Limits (max.) on securities issued by nonresidents**

- **Yes.** Insurance or reinsurance companies governed by the Belgian law: There is no limit anymore because of the application of the prudent person principle. Insurance or reinsurance companies must invest all their assets in accordance with the “prudent person” principle as
described in the law (Article 190). According to Article 191 of the Law of March 13, 2016, on the legal status and supervision of insurance or reinsurance companies: “With respect to the whole portfolio of assets, insurance or reinsurance companies must only invest in assets and instruments the risks of which the company concerned can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs in accordance with Article 91, § 1, second paragraph, 1. All assets, in particular those covering the minimum capital requirement and the solvency capital requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole. In addition, the localization of those assets must be such as to ensure their availability. Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance obligations. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective.

In the case of a conflict of interest, insurance companies, or the entity which manages their asset portfolio, must ensure that the investment is made in the best interest of policyholders and beneficiaries.”

This law will not be applicable to insurance or reinsurance companies governed by the law of another member state, which will be supervised by the home country.

Insurance or reinsurance companies governed by the law of a third country: The same rules as for companies governed by the Belgian law are applicable (prudent person principle).

Royal Decree of February 22, 1991, on General Regulation of the Supervision of Insurance Companies details rules governing investments by insurance companies for the assets that cover their technical provisions. It includes the principles on investment activity, details on the location of the assets, categories of permissible assets, quantitative limits, and valuation rules.

Limits (max.) on investment portfolio held abroad: Yes.

For insurance or reinsurance companies governed by the Belgian law, the assets of the insurance and reinsurance companies can be localized in any country (in or outside the EEA). Nevertheless, investment in assets of countries outside the EEA and covering insurance (not reinsurance) risks situated inside this Area are subject to some conditions (Article 197 of Law of March 13, 2016) to ensure the effectiveness of the recovery and resolution measures against companies in difficulties (the limit of the power to dispose of assets).

This law will not apply to insurance or reinsurance companies governed by the law of another member state, which will be supervised by the home country.

For insurance or reinsurance companies governed by the law of a third country (provisions of the Law of March 13, 2016, are applicable at the Belgian branch), assets covering the technical provisions of insurance liabilities must be, in principle, localized inside the EEA. These assets can be localized outside the EEA if the law applicable to the winding-up procedures gives a similar protection to the policyholders as the Belgian law.

Limits (min.) on investment portfolio held locally: No.

There are no minimum or maximum investment limits. Insurance or reinsurance companies must invest all their assets in accordance with the “prudent person” principle.

Currency-matching regulations on assets/liabilities composition: No.

There is no limit because of the application of the “prudent person” principle. Insurance or reinsurance companies must invest all their assets in accordance with the “prudent person” principle as described...
The technical provisions of pension funds must be covered at all times by sufficient and appropriate assets belonging to the IORP (hereafter “representative values”) and allocated in a way that guarantees fulfillment of the obligations of the pension schemes they manage and application of the relevant legal and regulatory provisions for each fund.

The actual legislation for Belgian IORP contains no quantitative restrictions in this respect. Representative values must be invested according to the principle of prudence and the following rules (control a posteriori):

1. The assets must be invested in the best interest of members and beneficiaries. If there is potential conflict of interest, the institution, or its portfolio manager, must ensure that the investment is made in the sole interest of members and beneficiaries.

IORP can take into account the potential long-term impact of investment decisions on environmental, social, and governance factors.

2. The assets must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole.

3. The assets must be invested predominantly in regulated markets. Assets not traded in a regulated financial market must be kept to a prudent level.

4. Investments in derivative instruments are permitted insofar as they reduce investment risk or facilitate efficient portfolio management. They must be valued prudently, taking into account the underlying asset, and included in the valuation of the institution’s assets. The institution must avoid excessive risk exposure to a single counterparty and to other derivative operations.

5. The assets must be diversified in such a way as to avoid excessive reliance on any particular asset, issuer, or group of companies and accumulation of risk in the portfolio as a whole. Investments issued by the same issuer or by issuers of the same group must not expose the institution to excessive risk concentration.

6. Investments, as well as loans granted to, and claims on the sponsoring company may not exceed 5% of the entire portfolio, and, if the sponsoring company belongs to a group, investment in, as well as loans granted to, and claims on companies of the same group as the sponsoring company may not exceed 10% of the portfolio. If the institution is sponsored by more than one company, investment in, as well as loans granted to, and claims on these companies must be made prudently, taking into account proper diversification.

Derivative instruments that imply delivery are authorized only if at least one of the following conditions is met:

1. The institution for occupational retirement provision holds the underlying assets as covering assets.

2. The risks inherent in the highly liquid underlying assets are adequately covered by other liquid assets, provided the latter can be allocated to acquisition of underlying assets to be delivered, and provided the additional risk of this type of operation is adequately measured and managed.

3. A clearing institution is involved that offers an adequate guarantee of the success of the operation, the derivative positions are evaluated daily at market value, and margin calls are issued at least once a day.

To apply the first paragraph, second point (of Article 28 of the Royal Decree of January 12, 2007), a hedging instrument is considered
liquid if, during a period of at least seven bank working days, it can be converted to cash at a price very close to the actual valuation of the instrument. The amount in cash must be at the disposal of the IORP at maturity or at the exercise date of the derivative. Financial instruments that are not traded in a regulated market may not serve as cover unless they are realizable within a reasonable time. This condition (of Article 29 of the Royal Decree of January 12, 2007) may be waived for credit institutions, insurance companies, and investment firms whose registered office is in an EU Member State—with FSMA approval.

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Investment firms and collective investment funds</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

Pension fund representative values must be located within the EEA. By way of derogation from the first paragraph, movable cover assets outside the EEA are also accepted, provided the National Bank of Belgium or a credit institution or investment firm governed by the laws of an EU member and authorized to carry out the activity of depository attests that it holds these assets for the IORP’s account, through an EEA establishment at a credit institution or investment firm outside the EEA whose authorization the FSMA deems equivalent to its own.

Representative values of a pension fund may be denominated in (1) euros or currencies convertible to euros without restriction or (2) the currency of the liabilities, up to the amount of those liabilities.

For pension savings funds in the form of public open-end collective investment funds, up to 20% of the assets of such funds may be denominated in a currency other than euros. However, effective May 31, 2019, the assets denominated in a currency other than euros may be fully or partially hedged with financial derivatives for the currency risk, so that the hedged part is not taken into account for the determination of the maximum of 20%.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Measures**

- **Exchange measures imposed for security reasons**
  - In accordance with IMF Executive Board Decision No. 144-(52/51)
  - 05/18/2019: Restrictive measures against persons, groups, and entities related to cyberattacks threatening the European Union or its member states were imposed.
  - 11/12/2019: Restrictive measures with respect to Turkey were imposed.

**Nonresident Accounts**

- **Blocked accounts**
  - 11/12/2019: Restrictive measures with respect to Turkey were imposed.

**Provisions Specific to the Financial Sector**
Pension fund assets denominated in a currency other than euros may be fully or partially hedged with financial derivatives for the currency risk, so that the hedged part is not taken into account for the determination of the maximum of 20% of assets that may be denominated in a currency other than euros.
BELIZE

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

Date of membership
March 16, 1982.

Article VIII
Yes. Date of acceptance: June 14, 1983.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons No.

In accordance with IMF Executive Board Decision No. 144-(52/51) No.

Other security restrictions No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Belize is the Belize dollar.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement is a conventional pegged arrangement. The Belize dollar is officially pegged to the US dollar, the intervention currency, at the rate of BZ$1 per US$0.5, as established by the CBB Act.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Free floating

**Official exchange rate**  Yes.  The Belize dollar is pegged to the US dollar at the rate of BZ$1 per US$0.5. This rate applies to accounting and valuation.

**Monetary policy framework**

Exchange rate anchor  Yes.

**U.S. dollar**  Yes.  The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

**Euro**

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

**Monetary Policy Committee**

**Central Bank Board**

**Other**

Government and Central Bank

**Inflation target**

Target number

**Point target**

**Target with tolerance band**

**Band/Range**

Target measure

**CPI**

**Core inflation**

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

**Other**

**Accountability**
Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>Yes.</th>
<th>A stamp duty of 1.75% is levied on all conversions from Belize dollars to foreign currency greater than BZ$100 in value unless otherwise exempt via instructions from the MOF.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
<td>All transactions in foreign exchange must be conducted through ADs (that is, domestic banks, the accountant general, and the postmaster general). Domestic banks may buy and sell foreign exchange at the official rate in transactions with their clients and interbank transactions. The CBB sets the buying and selling rates as well as the maximum commissions for major currencies.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
<td>Five domestic banks, the accountant general, and the postmaster general are licensed to deal in foreign exchange with the public. The CBB grants official licenses. There are also three international banks that operate in Belize. There are no lawfully operating foreign exchange bureaus in Belize. Domestic banks may buy and sell foreign exchange at the official rate in transactions with their clients and interbank transactions. The CBB sets the buying and selling rates as well as the maximum commissions for major currencies.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>Yes.</td>
<td>The CBB quotes daily rates for the Canadian dollar, pound sterling, euro, US dollar, and a number of currencies of the CARICOM member countries.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>Yes.</td>
<td>The CBB provides US dollars to ADs and the government at the official rate with a specified commission.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interbank market</td>
<td>No.</td>
<td>Banks may trade in Belize dollars among themselves. They do not trade in foreign exchange among themselves. In 2019, three domestic banks operated in the market because of the system’s excess liquidity.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
<td>This information can be found at the AREAER ONLINE database:</td>
</tr>
</tbody>
</table>

References to legal instruments and
Arrangements for Payments and Receipts

**Prescription of currency requirements**
- Yes.

**Controls on the use of domestic currency**
- Yes.

**For current transactions and payments**
- Yes.

**For capital transactions**
- Yes.

**Transactions in capital and money market instruments**
- Yes.

**Transactions in derivatives and other instruments**
- Yes.

**Credit operations**
- Yes.

**Use of foreign exchange among residents**
- No.

Act No. 6 of the 2010 Amendment to the CBB Act repealed the provision authorizing residents who earn foreign exchange to pay their taxes, utility bills, and other expenses in US dollars, thereby restoring a single currency system in Belize. Act No. 16 of the 2010 Amendment to the Export Processing Zone Act removed the requirement for EPZs to conduct business in US dollars. Section 21 of the CBB Act 2011 states that to be valid in Belize, all monetary contracts, obligations, or transactions in Belize, whether imposed or authorized by a law or otherwise, are deemed to be expressed and recorded and must be settled or discharged in Belize dollars unless specifically provided otherwise.

**Payments arrangements**
- Yes.

**Bilateral payments arrangements**
- Yes.

A bilateral arrangement aims to eliminate the need to use US dollars or other non-regional currencies for regional transactions. Settlement under the arrangement is done monthly between CBs based on the net amount outstanding.

**Operative**
- Yes.

There is a bilateral clearing arrangement in effect. Caribbean countries with bilateral clearing arrangements with Belize are Antigua and Barbuda, Barbados, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. Settlement under the bilateral clearing arrangement is done on a monthly basis between CBs based on the net amount outstanding.

**Inoperative**
- No.

**Regional arrangements**
- Yes.

Belize is a member of CARICOM.

**Clearing agreements**
- No.

**Barter agreements and open accounts**
- No.

**Administration of control**
- Yes.

The CBB administers exchange control, which applies to transactions with all countries. Authority over a wide range of operations is delegated to commercial banks in their capacity as ADs. Applications for foreign exchange processed by ADs are regularly forwarded to the CBB for auditing and record keeping. Capital transactions require CBB approval. The Government of Belize, including government ministries and departments, is no longer subject to the Exchange Control Regulations.

**Payments arrears**
- No.

**Official**
- No.
<table>
<thead>
<tr>
<th>Private</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong>&lt;br&gt;On domestic ownership and/or trade</td>
<td>Yes. Residents may not hold monetary gold, except with CBB authorization.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes. Monetary gold may not be imported or exported without CBB approval.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong>&lt;br&gt;On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Domestic currency</em></td>
<td>Yes. Travelers may take abroad up to BZ$500 a trip. Larger amounts require CBB approval, which is liberally granted with supporting documentation.</td>
</tr>
<tr>
<td><em>Foreign currency</em></td>
<td>Yes. The amount of foreign currency resident travelers may take abroad is limited. Nonresidents may take abroad the equivalent of BZ$500 or the amount imported.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Domestic currency</em></td>
<td>Yes. Each traveler may bring in BZ$500.</td>
</tr>
<tr>
<td><em>Foreign currency</em></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong>&lt;br&gt;This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Resident Accounts

| Foreign exchange accounts permitted | Yes. |
| Held domestically | Yes. Domestic commercial banks may open foreign exchange accounts for residents. The CBB reserves the right to prohibit specific accounts. These accounts are demand accounts utilized solely for the purpose of meeting external obligations, and the Exchange Control Regulations apply to these accounts. Residents are not allowed to maintain foreign exchange accounts in international banks. Amendments in the International Banking Act provide for such exceptions, namely companies that operate in the Commercial Free Zone/Designated Processing Areas and government-owned entities. (See IBA amendment 2017.) |
| Approval required | Yes. |
| Held abroad | Yes. Foreign exchange accounts held abroad must be approved by the CBB. |
| Approval required | Yes. |
| Accounts in domestic currency held abroad | No. |
| Accounts in domestic currency convertible into foreign currency | No. |
| **References to legal instruments and hyperlinks**<br>This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx). |

### Nonresident Accounts

| Foreign exchange accounts permitted | No. Only banks licensed under the International Banking Act may maintain foreign exchange accounts for nonresidents. |
| Approval required | No. Domestic banks are not allowed to maintain foreign exchange |
accounts with nonresidents, except in rare cases with approval granted by the CBB.

Domestic currency accounts  Yes.  Nonresidents may maintain domestic currency accounts with domestic commercial banks. These accounts may be credited with proceeds from the sale of foreign currency.

Convertible into foreign currency  Yes.

Approval required  Yes.

Blocked accounts  Yes.  Funds held in such accounts are subject to specific or general authorizations by the CB.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget  No.

Financing requirements for imports  No.

Minimum financing requirements  No.

Advance payment requirements  No.

Advance import deposits  No.

Documentation requirements for release of foreign exchange for imports  Yes.  Prepayment for imports requires CBB authorization.

Domiciliation requirements  No.

Preshipment inspection  No.

Letters of credit  Yes.

Import licenses used as exchange licenses  No.

Other  Yes.  Valid invoices and customs documents are required for approval of foreign exchange for imports. As stated in Exchange Control Direction No. 18/2014, all domestic banks must offer foreign currency for sale to a designated importer to cover payments for fuel in an orderly and timely manner. The amount of foreign currency that each bank must provide is the proportion of the fuel bill equivalent to the bank’s share of foreign assets within the banking system. The CB provides each domestic bank with a notice specifying the minimum amount of foreign currency it must offer for sale to the designated importer to cover monthly fuel payments.

Import licenses and other nontariff measures  Yes.

Positive list  No.

Negative list  Yes.  For reasons of health, standardization, and protection of domestic industries, import licenses are required for a number of goods, mostly food and agricultural products and certain household and construction products; such licenses are granted liberally. Licenses are also required for pharmaceuticals and prescription medications from the chief pharmacist and director of health services before importation. Ministry of Agriculture, Belize Agricultural Health Authority (BAHA) sets regulations to protect Belize’s agriculture industry from foreign pests that may be transported through the products.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open general licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
<td>Belize applies the fourth phase of the CARICOM CET. Duties range from 5% to 100%, and a number of items (particularly agricultural inputs) enter duty free. Imports by most of the public sector and certain nonprofits, imports of an emergency or humanitarian nature, and goods for reexportation are exempt, as are goods originating in the CARICOM area. Some items are subject to revenue-replacement duties ranging from 5% to 50%. An environmental tax of 2% is levied on a broad range of imports. Specific duties and surcharges apply to certain products.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>State import monopoly</td>
<td>Yes.</td>
<td>The Belize Marketing and Development Corporation has an import monopoly on onions.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Free surrender requirements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>Yes.</td>
<td>The CBB requires the direct surrender of sugar export proceeds.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>Yes.</td>
<td>Export proceeds must be surrendered to ADs no later than six months after the date of shipment, unless directed otherwise by the CBB.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
<td>The exporter is required to fill out a form that provides information on the type of goods exported, the quantity, and export value.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>The exporter is required to fill out a form that provides information on the type of goods exported, the quantity, and export value.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
<td>Export licenses are required for the exportation of live animals, excluding pets; fish, crustaceans, and mollusks, excluding agricultural species; lumber and logs; beans; citrus fruits; sugar; and wild flora and fauna.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
<td>Transshipments are subject to a 1.5% customs administration fee. Export duty is collected only on waste or scrap metals at BZ$10.00 a ton.</td>
</tr>
</tbody>
</table>
## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Controls on these transfers

- **Yes.**

### Trade-related payments

- **Yes.**

**Prior approval**

- **Yes.** For the payment and transfer of commissions, approval is granted by the CBB, subject to clearance by the commissioner of income tax (CIT).

### Quantitative limits

- **No.**

### Indicative limits/bona fide test

- **Yes.** Transactions for CBB approval must be accompanied by customs entry documentation and relevant invoices. Foreign exchange is provided up to the invoiced limit.

### Investment-related payments

- **Yes.**

**Prior approval**

- **Yes.** Interest payments are subject to CBB approval and clearance by the CIT; these require a copy of the loan agreement and amortization schedule and proof of the loan disbursement. For transfers of profits and dividends, an income statement and a declaration of dividends must be presented along with clearance by the CIT.

### Quantitative limits

- **No.**

### Indicative limits/bona fide test

- **Yes.** Transactions for CBB approval must be accompanied by documents from a reputable firm and of a recent date. Limits are based on amounts stated in the document submitted. A system of calculations and cross-checks is used to verify principal payments on loans. Payments are directed to the firms or names indicated in the documents.

### Payments for travel

- **Yes.**

**Prior approval**

- **No.**

**Quantitative limits**

- **Yes.** The following limits are in effect for ADs for (1) nonbusiness travel by residents, the equivalent of BZ$6,000 a person a trip; (2) business travel by residents, BZ$500 a person a day; (3) medical travel, BZ $6,000 a person a year; and (4) business or nonbusiness travel by nonresidents, BZ$500 a person a year, unless payment is made from an external account or with foreign currency proceeds. Travel amounts in excess of these limits should be directed to the CBB for approval. Resident travelers must sell their excess holdings of foreign currency to an AD on returning to Belize. The CBB reserves the right to waive these limits.

**Indicative limits/bona fide test**

- **Yes.** Documentation required to obtain foreign currency includes a valid passport, visa, and plane ticket where applicable. Requests for larger amounts should include a letter from the company to support foreign exchange purchases for business travel and a letter or invoices from a doctor to support purchases for medical travel.

### Personal payments

- **Yes.**

**Prior approval**

- **Yes.** For the transfer of pensions and payments for family maintenance and alimony, CBB approval is required. CIT clearance is not required for family maintenance.

**Quantitative limits**

- **Yes.** ADs may approve up to BZ$1,000 a person a year or its equivalent for gifts.

**Indicative limits/bona fide test**

- **Yes.** ADs provide foreign exchange up to the invoiced amount for correspondence course tuition with proper documentation. Payments
related to medical costs can be made directly to the doctor, hospital, or applicant with original invoices or bills.

Foreign workers' wages

Yes.

Prior approval

Yes. Approval for remittance of wages is granted by the CBB.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A letter is required from the employer showing proof of income.

Credit card use abroad

Yes. Credit card purchases in Belize must be settled in Belize dollars (Direction No. 4/2014).

Prior approval

No.

Quantitative limits

Yes. Limits are set by the bank that issued the credit card.

Indicative limits/bona fide test

No.

Other payments

Yes.

Prior approval

Yes. For the transfer of consulting and legal fees, approval is granted by the CBB, subject to clearance by the CIT.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Similar requirements apply for subscriptions and membership fees for study abroad.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Yes. All proceeds from invisible transactions must be repatriated and surrendered to an AD. There is no specified timeframe for surrender and repatriation requirements, and proceeds are expected to be surrendered and repatriated without delay.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Proceeds from invisible transactions must be surrendered to an AD. There is no specified timeframe for surrender and repatriation requirements, and proceeds are expected to be surrendered and repatriated without delay.

Restrictions on use of funds

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Yes. All capital transfers require CBB approval, but controls are administered liberally.

Repatriation requirements

Yes. Proceeds from residents’ capital transactions abroad must be repatriated or surrendered to an AD. There is no specified timeframe for surrender and repatriation requirements, and proceeds are expected to be surrendered and repatriated without delay.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Proceeds from residents’ capital transactions abroad must be...
**BELIZE**

Controls on capital and money market instruments: Yes. Notification of transactions involving nonresidents must take place prior to the transaction. There is no law currently in place to designate the timeframe of notification before the transaction occurs. There are no other requirements specific to nonresidents.

### On capital market securities

**Shares or other securities of a participating nature** Yes.

- **Purchase locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Sale or issue locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Purchase abroad by residents** Yes. Purchases of shares abroad by residents require CBB approval.
- **Sale or issue abroad by residents** Yes. Sales and issuance of shares abroad by residents require CBB approval.

### Bonds or other debt securities

- **Purchase locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Sale or issue locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Purchase abroad by residents** Yes. Purchases abroad of bonds by residents require CBB approval.
- **Sale or issue abroad by residents** Yes. Sales of bonds abroad by residents require CBB approval.

### On money market instruments

- **Purchase locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Sale or issue locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Purchase abroad by residents** Yes. Purchases of money market instruments by residents abroad require CBB approval.
- **Sale or issue abroad by residents** Yes. Sales and issuance of money market instruments by residents abroad require CBB approval.

### On collective investment securities

- **Purchase locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Sale or issue locally by nonresidents** Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.
- **Purchase abroad by residents** Yes. Purchases of collective investment securities by residents abroad require CBB approval.
- **Sale or issue abroad by residents** Yes. Sales and issuance of collective investment securities by residents abroad require CBB approval.

Controls on derivatives and other Yes.
instruments

Purchase locally by nonresidents Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.

Sale or issue locally by nonresidents Yes. Effective July 27, 2020, transactions involving nonresidents no longer require CBB approval, but only notification of transaction is required.

Purchase abroad by residents Yes. Purchases of derivatives and other instruments by residents abroad require CBB approval.

Sale or issue abroad by residents Yes. Sales and issuance of derivatives and other instruments by residents abroad require CBB approval.

Controls on credit operations Yes.

Commercial credits Yes.

By residents to nonresidents Yes. Commercial credit by residents to nonresidents requires CBB approval.

To residents from nonresidents Yes. Commercial credit to residents from nonresidents requires CBB approval.

Financial credits Yes.

By residents to nonresidents Yes. Exchange control approval is required.

To residents from nonresidents Yes. EPZ developers, EPZ businesses, commercial free zone developers, and commercial free zone businesses may obtain loans and advances up to US$1 million from offshore banks. Loans and advances in excess of this amount require written CBB approval.

Guarantees, sureties, and financial backup facilities Yes. Exchange control approval is required.

By residents to nonresidents Yes. Exchange control approval is required.

To residents from nonresidents Yes. Exchange control approval is required.

Controls on direct investment Yes.

Outward direct investment Yes. Exchange control approval is required.

Inward direct investment Yes. Exchange control approval is required.

Controls on liquidation of direct investment Yes. Repatriation of proceeds requires clearance by the CIT.

Controls on real estate transactions Yes. Controls apply to all these transactions. CBB approval is required for the transfer of land between residents and nonresidents. There is a land speculation tax of 5% of the unimproved value of landholdings exceeding 300 acres.

Purchase abroad by residents Yes. CBB approval is required for the purchase of real estate abroad by residents.

Purchase locally by nonresidents Yes. Controls apply to all these transactions. CBB approval is required for the transfer of land between residents and nonresidents. There is a land speculation tax of 5% of the unimproved value of landholdings exceeding 300 acres.

Sale locally by nonresidents Yes. Controls apply to all these transactions. CBB approval is required for the transfer of land between residents and nonresidents. There is a land speculation tax of 5% of the unimproved value of landholdings exceeding 300 acres.

Controls on personal capital transactions Yes.

Loans Yes.
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
<th>Domestic banks and credit unions are regulated and supervised by the CB.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
<td>All residents, except for domestic banks and international banks, require the specific permission of the CB to borrow from a nonresident. Only commercial banks are free of any requirements or regulations to borrow from abroad, subject to such directions by the CB that would restrict them from doing so. Because other credit institutions are not ADs, they require specific permission to do so.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
<td>All residents, except for domestic banks and international banks, require the permission of the CB to maintain an account abroad. Only commercial banks are free from any requirements or regulations to hold accounts abroad, subject to such directions by the CB that would restrict them from doing so. Because other credit institutions are not ADs, they require specific permission to do so.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td>Direction No. 12 specifies that residents require the specific permission of the CB for a nonresident to borrow from a resident, including domestic commercial banks. International banks are licensed to carry out international banking business with nonresidents.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
<td>Written CBB permission is required. Domestic commercial banks in Belize may not, without the prior approval of the CB, lend in foreign currency to residents of Belize for any purpose, regardless of the amount. International banks are permitted to lend in foreign exchange to a Designated Processing Developer or Business, Commercial Free Zone Developer or Business, and entities wholly owned or majority controlled by the Government of Belize and Social Security Board.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
<td>Domestic banks may invest foreign assets in sovereign and/or commercial securities subject to CB approval.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Requirement</td>
<td>Belize</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>held by nonresidents</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nonresidents are required to use offshore banks. Nonresidents need prior approval from the CBB in order to open an account at a domestic bank.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>The liquid asset requirement is 24% for nonresidents’ deposits (and in rare cases, residents’) at international banks. For domestic banks, the liquid asset requirement is, effective April 1, 2020, 21% (previously 23%) on both residents’ and nonresidents’ deposits in both domestic and foreign currency.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Exchange control approval is required.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Exchange control approval is required.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>CBB approval is required.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Exchange control approval is required.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>CBB approval is required.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Belize

Controls on capital transactions

Capital Transactions

Changes during 2019 and 2020

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

For domestic banks, the liquid asset requirement is 21% (previously 23%) on both residents’ and nonresidents’ deposits in both domestic and foreign currency.
**BENIN**

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 10, 1963.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 1, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>No restrictions as reported in the latest IMF staff report as of December 31, 2019.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

A regional framework to fight money laundering (AML) and the financing of terrorism (AFT) was created through two WAEMU Directives in 2002 (AML) and 2007 (AFT) which were incorporated into Benin’s legal corpus in 2006 and 2012, respectively. This comprehensive framework facilitates the implementation of UNSC resolutions based on a list of persons and entities prepared by the Committee. It was updated at the regional level through a new WAEMU Directive in 2015 which was incorporated into Benin’s legal corpus in July 2018.

### References to legal instruments and hyperlinks

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### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Benin is the CFA franc (XOF).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

#### Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td>Conventional peg Yes.</td>
</tr>
</tbody>
</table>

The exchange rate arrangement of the WAEMU is a conventional peg. Benin participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The Monetary Cooperation Agreement between the WAEMU member countries and France was concluded December 4, 1973. It was maintained after the French franc was replaced by the euro by the Council of the European Union decision of November 23, 1998. The
Monetary Cooperation Agreement is based on three pillars: (1) a common issuing institution, (2) fixed parity with the euro, and (3) a guarantee of unlimited convertibility. In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings to the Operations Account with the French Treasury in accordance with the Amendment to the Operations Account Convention signed by France and the BCEAO September 20, 2005.

Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

Yes. The CFA franc is officially pegged to the euro, the intervention currency, at the fixed rate of CFAF 655.957 per euro. Exchange rates for other currencies are derived from the rates for the currency concerned in the Paris foreign exchange market vis-à-vis the euro. The official rate is used for accounting and valuation purposes. The Conference of Heads of State and Government may decide to amend the Monetary Cooperation Agreement between the WAMU member countries and France.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized CPI is the benchmark rate to measure inflation.
Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**

*CPI*

**Core inflation**

**Target horizon**

**Operating target (policy rate)**

**Policy rate**

**Target corridor band**

**Other**

**Accountability**

*Open letter*

*Parliamentary hearings*

**Other**

**Transparency**

*Publication of votes*

*Publication of minutes*

*Publication of inflation forecasts*

**Other monetary framework**

**Exchange tax**  Yes. The commission rate charged by registered intermediaries on transfers outside the WAEMU that are authorized by their clientele is 0.6%. This commission is reversed in full to the National Treasury and is a portion of its tax revenue.

**Exchange subsidy**  No.

**Foreign exchange market**  Yes. Authorized intermediaries (licensed intermediary banks and licensed exchange dealers) freely set the buying and selling rates for foreign currencies, with the exception of the euro, which must be traded at the official fixed parity of CFAF 655.957 per euro. The commission on foreign exchange transactions may not exceed 2% for the euro. Instruction No. 013-11-2015 of November 10, 2015, on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU went into force.

**Spot exchange market**  Yes. The entities authorized to conduct nonelectronic foreign currency transactions are authorized intermediary banks and individuals and...
companies authorized to conduct nonelectronic transactions with the public by decision of the minister of finance. Authorized intermediaries must comply with the provisions in effect on the financial conditions for executing OTC foreign exchange transactions that involve foreign currencies and issue a transaction slip for all transactions with a client. Moreover, to provide satisfactory information to clients, they are required to permanently post at their windows the rates actually charged for the different currencies and post notification that a transaction slip must be issued for all foreign exchange transactions on presentation of the requestor’s identity document. Exchange bureaus may conduct transactions in foreign currencies (except the euro) with the BCEAO. Entities authorized to perform OTC operations may not make transfers or payments in foreign currency with other countries or maintain accounts abroad.

As of December 31, 2019, 93 authorized OTC dealers conducted business in Benin.

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange standing facility</td>
<td>Yes.</td>
</tr>
<tr>
<td>The BCEAO exchanges foreign currency for CFA francs at rates published on the international markets, with the exception of the euro, which is traded at the official fixed rate of 655.957 per euro. The nonelectronic currency exchange windows are open to owners of accounts on the BCEAO books and to the general public. A commission of 0.5% is charged on all transactions with the public (purchases and sales) and on all withdrawals by banks and financial institutions (including euro withdrawals). However, no commission is charged for the following operations (1) OTC foreign banknote exchanges conducted by state entities, government employees of WAEMU member states on mission abroad, and officials of the CB and their beneficiaries, and (2) payments made by banks and financial institutions.</td>
<td></td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transactions in CFA francs between authorized intermediaries are allowed. As of December 31, 2019, 15 banks participated in the domestic currency interbank market. There is no regulated foreign currency interbank market in the WAEMU.</td>
<td></td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents of the WAEMU zone are permitted to conduct the following transactions in the foreign exchange derivatives market with authorized intermediary banks established in the WAMU or with foreign banks: outright forward foreign exchange contracts (over the counter), foreign exchange options, foreign exchange swaps, and cross-currency swaps. Transactions in foreign exchange options are limited to the following two types of transactions: options to purchase foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign bank, and options to sell foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank.</td>
<td></td>
</tr>
</tbody>
</table>
established in the WAMU or from a foreign credit institution. Authorized intermediary banks must simultaneously cover the exchange risk they incur with respect to derivative instruments traded with their customers.

The underlying commercial and financial operations must relate to imports and exports of goods and services by a resident, foreign borrowing operations by a resident (drawings and repayments), or direct foreign investment in a resident company.

All legitimate foreign currency needs are ultimately met by the BCEAO.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Benin is linked to the French Treasury via the BCEAO through an operations account, through which settlements with France, Monaco, the Comoros, and the CEMAC member countries are made, mainly in euros. Payments with countries outside the WAEMU are made in foreign currencies. Trade with other WAEMU countries is settled in CFA francs.

Controls on the use of domestic currency Yes. CFA francs may not be used for settlement of international transactions outside the WAEMU.

For current transactions and payments Yes. CFA francs may not be used for settlement of international transactions outside the WAEMU. However, the CFA franc is guaranteed unlimited convertibility through an open operating account with the French Treasury.

For capital transactions Yes. The CFA franc may not be used for capital transactions with countries outside the WAEMU. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

Transactions in capital and money market instruments Yes. The CFA franc may not be used for capital transactions with countries outside the WAEMU. Foreign investment by residents of the WAEMU zone is subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members do not require Minister of Economy and Finance (MEF) authorization.

Transactions in derivatives and other instruments Yes. Residents of WAEMU member countries may engage in the following operations on derivatives and other instruments with accredited banks established in the WAEMU or foreign banks: (1) forward contract, foreign exchange swaps, and options. Operations on derivatives with foreign banks outside the WAEMU can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

Credit operations Yes. Loans of any kind, CFA franc overdrafts, and, in general, any advances granted by authorized intermediaries to nonresidents of the WAEMU zone are subject to prior authorization by the Directorate of External Financial Relations of the MOF, after BCEAO approval.

Use of foreign exchange among residents Yes. The CFA franc is the only legal tender, and residents of the WAEMU zone may not use foreign exchange for domestic transactions.

Payments arrangements Yes.
<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>An operations account is maintained with the French Treasury that links operations account countries. All purchases and sales of foreign currencies and euros against CFA francs are ultimately settled through a debit or credit to the operations account.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
</tr>
<tr>
<td>There is a multilateral netting agreement between the WAEMU countries and the other ECOWAS member countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone) as part of the WAMA. All payments for current transactions between countries whose CBs are WAMA members may be made under the netting agreement. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>On April 1, 2010, the institutional reform of the WAMU and the BCEAO went into effect, with the adoption of the following new basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. All WAEMU residents are treated as residents of Benin for the purposes of preparing the external position of banks, domiciliation and repatriation of export revenue, issuance and sales of securities, gold imports and exports, investment and lending transactions, and physical exports of means of payment and securities by postal package or ordinary mail. However, for statistical purposes with regard to the balance of payments, all countries other than Benin are considered foreign countries. Moreover, all transfers with other countries must be made through registered intermediary banks, the postal service, or the BCEAO.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Gold imports and exports require MOF authorization, except (1) imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Travelers may freely export CFA franc (XOF) banknotes from one WAEMU member country to another. Resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving CFA franc banknotes issued by the BCEAO.</td>
<td></td>
</tr>
</tbody>
</table>
Foreign currency

Yes.

The reexportation of foreign banknotes by nonresident travelers is permitted up to the equivalent of CFAF 500,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits in local banks.

Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess the equivalent of CFAF 5 million. They are allowed to carry up to the equivalent of CFAF 2 million a person in banknotes not issued by the BCEAO. Larger amounts may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, and other means of payment.

Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFAF 2 million a person.

The issuance of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

On imports

Yes.

Domestic currency

Yes.

Resident and nonresident travelers may freely import domestic currency (CFA Franc XOF). However, resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving banknotes in domestic currency (CFA Franc XOF).

Foreign currency

No.

Residents of the WAEMU zone and nonresidents of the WAEMU zone may freely import CFA area banknotes denominated in foreign currencies. Such means of payment in excess of or equal to the equivalent of CFAF 5 million must be declared to customs. Nonresident travelers must declare to customs foreign currency exceeding the equivalent of CFAF 1 million on entry and exit.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Approval required

Yes.

Foreign exchange accounts in currencies other than the Euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such an account. These accounts are valid for a renewable term of up to one year. They cannot be credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

Held abroad

Yes.

Approval required

Yes.

Individuals who are residents of the WAEMU and temporarily staying or traveling outside of the WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF.
authorization by after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts valid for up to one year. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any balance be repatriated to a WAEMU member country within eight days.

Accounts in domestic currency held abroad  No.
Accounts in domestic currency convertible into foreign currency No.
References to legal instruments and hyperlinks

Nonresident Accounts

Foreign exchange accounts permitted Yes.
Approval required Yes. Nonresident accounts denominated in Euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

Domestic currency accounts Yes.
Convertible into foreign currency Yes. Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange.

Approval required No.
Blocked accounts No.
References to legal instruments and hyperlinks

Imports and Import Payments

Foreign exchange budget No.
Financing requirements for imports Yes.
Minimum financing requirements No.
Advance payment requirements Yes. Advance payments for imports require authorization, and importers may not acquire foreign exchange until the date of the payment specified in the contract.
Advance import deposits No.

Documentation requirements for release of foreign exchange for imports Yes. Importers may purchase foreign exchange for import payments after establishing bank payment order accounts and submitting supporting documents, but no earlier than eight days before shipment if a documentary credit is opened or on the payment due date if the products have already been imported.

Domiciliation requirements Yes. Import transactions from outside the CFA franc area exceeding CAF
Domiciliation requirements

10 million must be made through an authorized bank.

Preshipment inspection

No. The preshipment inspection of merchandise has been discontinued to date.

Letters of credit

No.

Import licenses used as exchange licenses

No.

Other

Yes. Exchange authorization, invoices, and export-import cards are required, and may be electronic and used to complete the pre-clearance formalities at the Foreign Trade Operations One-Stop Shop (GUOCE-BENIN) (GUOCE—Le Guichet Unique des Opérations de Commerce Extérieur).

Import licenses and other nontariff measures

Yes.

Positive list

No.

Negative list

Yes. Certain imports (for example, narcotics) are prohibited from all sources.

Open general licenses

No.

Licenses with quotas

No.

Other nontariff measures

No.

Import taxes and/or tariffs

Yes. The ECOWAS CET entered into force in Benin on January 1, 2015. The CET, amended in accordance with Supplementary Law No. A/SA.1/06/09 of June 22, 2009, to include the additional tariff bracket of 35% called “Category 4: specific goods for economic development,” has five tariff brackets (0%, 5%, 10%, 20%, and 35%). Two additional taxes are planned to protect the budding ECOWAS industrial sector and the other strategic sectors: (1) a temporary adjustment tax on imports for five years intended to offset the reduced tariff protection for community products as a result of CET implementation; and (2) a temporary supplementary protection tax for up to two years applicable to products imported from third countries in direct competition with similar products manufactured by an ECOWAS member country. In accordance with the spirit of Resolution No. A/DEC.17/01/06 of January 12, 2006, the adoption of the CET, as amended by Supplementary Law No. A/SA.1/06/09 of June 22, 2009, the previous WAEMU and ECOWAS community levies continue to be imposed for a temporary period of five years. Consequently, for five years, imports from ECOWAS nonmember countries will be subject to a 0.8% community levy, in addition to an ad valorem ECOWAS community levy of 0.5%.

Taxes collected through the exchange system

No.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Yes. Resident economic operators must collect and repatriate within 30 days of the payment due date the entire proceeds of sales of goods abroad in the country of origin with the bank with which the transaction is domiciled. The payment due date is specified in the trade agreement and normally falls within a period of 120 days after the goods are dispatched.

Surrender requirements

Yes.
Export proceeds must be surrendered by ADs to the BCEAO within 30 days of the payment due date, which may not exceed 120 days after shipment of the goods. To cover its current foreign exchange needs, the domiciling bank may hold up to 20% of its export proceeds as own foreign exchange resources. However, it must ensure that its total foreign exchange resources to cover its requirements do not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.

Proceeds must be surrendered to authorized banks within 30 days of the payment due date. Export revenue may be surrendered to intermediaries other than banks with which the transaction is domiciled if authorized by the BCEAO, provided they furnish the domiciling bank with the documents required for the domiciliation file to be closed.

Export transactions require a customs declaration.

Export transactions of more than CFAF 10 million, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

Export title, exchange declaration, and export contract are required, and may be electronic and used to complete the pre-clearance formalities at the Foreign Trade Operations One-Stop Shop (GUOCE-BENIN).

Exports are permitted on the basis of a simple authorization from the Directorate of Foreign Trade, which issues a certificate of origin as needed. Exports of diamonds, gold, and all other precious metals, however, require MEF authorization, with the exception of articles with minimal gold content, traveler's personal effects weighing less than 500 grams, and coins (fewer than 10 pieces, regardless of their face value and denomination).

Exports of teakwood and other varieties of unprocessed wood and charcoal are prohibited.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 500,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.
Trade-related payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

Yes.

Payments abroad relating to freight and insurance (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees are permitted in general, subject to the presentation of supporting documentation to the authorized intermediary.

Investment-related payments

Prior approval

Yes.

Payments for depreciation of direct investments require MEF authorization, because this type of depreciation is not specifically mentioned in the regulations.

Quantitative limits

No.

Indicative limits/bona fide test

Yes.

Outward transfers of interest payments and proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.

Payments for travel

Prior approval

No.

Quantitative limits

Yes.

Residents of the WAEMU zone traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a person a trip; larger amounts may be taken out in the form of traveler’s checks, certified checks, or other means of payment and with supporting documentation for customary travel expenses.

Indicative limits/bona fide test

Yes.

Resident travelers must present a travel document and a valid passport or a national identity card to an AD (intermediary bank or exchange bureau) before foreign exchange will be issued.

Personal payments

Prior approval

Yes.

Approval is required for payment of family maintenance expenses abroad.

Quantitative limits

No.

Indicative limits/bona fide test

Yes.

Personal payments may be made through an authorized bank, subject to the presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.

Foreign workers' wages

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes.

Payments abroad related to wages, salaries, and honoraria; contributions and benefits; pensions and work-related activities; and service contracts are generally authorized on presentation of the appropriate documentation.

Credit card use abroad

Prior approval

Yes.

The use of credit cards is allowed only when issued by specialized institutions.
Quantitative limits No.

Indicative limits/bona fide test Yes. For travelers, allocations of foreign currency in the form of debit and payment card must be justified by requirements related to travel and personal expenses if they exceed the equivalent of CFAF 2 million.

Other payments Yes.

Prior approval No.

Quantitative limits No.

Purchases for purposes other than direct investment in a business, branch, or company do not require prior authorization. They require declaration to the MOF and the BCEAO for statistical purposes.

Indicative limits/bona fide test Yes. As a general rule, payments abroad in amounts greater than CFAF 500,000 are subject to the presentation of supporting documentation.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes. Proceeds from invisible transactions with non-WAEMU countries must be repatriated. Residents of the WAEMU zone are required to surrender to an authorized intermediary all revenues and income in foreign currency collected abroad or received from a nonresident within no more than one month after the payment due date.

Surrender requirements Yes.

Surrender to the central bank Yes. Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

Surrender to authorized dealers Yes. All proceeds from invisible transactions with non-WAEMU countries must be surrendered to an AD within one month. Resident travelers must surrender to an authorized intermediary, within eight days of their arrival in Benin, foreign banknotes and other means of payment denominated in foreign currency worth more than the equivalent of CFAF 500,000.

Restrictions on use of funds No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes. Capital transactions between WAEMU countries are unrestricted. Outward capital transfers require MEF authorization, except (1) amortization of debts and repayment of short-term loans to finance industrial and commercial operations, (2) payments required on foreign exchange derivatives transactions or raw material or commodity derivatives transactions, and (3) transfers of the proceeds of liquidated investments or the sale of foreign securities by nonresidents of the WAEMU zone. Capital receipts from non-WAEMU countries are generally permitted.

Repatriation requirements Yes. Proceeds from the sale or liquidation of residents of the WAEMU zone’s investments abroad must be repatriated within one month through a registered intermediary, if the resident does not have a reinvestment authorization.
Surrender requirements

Yes.

Surrender to the central bank

Yes. Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

Surrender to authorized dealers

Yes. Proceeds from the sale or liquidation of WAEMU residents' investments abroad must be repatriated and surrendered within one month to an AD, if the resident does not have a reinvestment authorization. The surrender requirement applies to proceeds from all capital transactions.

Controls on capital and money market instruments

Yes. RCPSFM (Regional Council on Public Savings and Financial Markets) authorization is required for the following operations: (1) issuance or marketing of securities and real assets of foreign entities, (2) canvassing, and (3) publicity or advertising for investment abroad. Securities and mutual funds issued outside the WAEMU by a private or public entity that is not a resident of a member country may not be listed on a regional securities exchange. Soliciting the public of the WAEMU by nonresident entities is subject to authorization by the BCEAO in its capacity as the authority responsible for regulating the external financial relations of WAEMU countries. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

On capital market securities

Yes. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Shares or other securities of a participating nature

Yes.

Purchase locally by nonresidents

No. Purchases in the country by nonresidents of the WAEMU zone are unrestricted. However, purchases by nonresidents of the WAEMU zone are subject to declaration to the minister of finance and the BCEAO for statistical purposes.

Sale or issue locally by nonresidents

Yes. The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to authorization from RCPSFM, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MEF for approval, accompanied by supporting documentation.

Purchase abroad by residents

Yes. The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MEF authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.
Purchases of foreign securities by residents of the WAEMU zone must be at least 75% financed with foreign borrowing.

Sale or issue abroad by residents
No. Residents of the WAEMU may sell local corporate securities abroad. If these operations result in foreign control of resident entities, foreign investors are required to make a prior declaration to the MEF. The sale of securities for liquidation of an investment abroad must be declared to the MOF and the BCEAO for statistical purposes. Issuance of securities abroad by residents of the WAEMU zone must be made through an authorized bank.

Bonds or other debt securities
Yes. The regulations governing shares or other securities of a participating nature apply.

Sale or issue locally by nonresidents
Yes. The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to authorization from RCPSFM, with the prior authorization of the BCEAO. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.

Sale or issue locally by residents
Yes. The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MEF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries is authorized by the RCPSFM. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Sale or issue abroad by residents
No. Residents of the WAEMU zone may sell local corporate securities abroad. The sale of securities for liquidation of an investment abroad must be declared to the MEF and the BCEAO for statistical purposes. Issuance of securities abroad by residents of the WAEMU zone must be made through an authorized bank.

On money market instruments
Yes. The regulations governing shares or other securities of a participating nature apply.

Purchase locally by nonresidents
No. Purchases by nonresidents of the WAEMU zone are unrestricted. However, a declaration for statistical purposes must be filed for such purchases.

Sale or issue locally by nonresidents
Yes. The issuance and sale of money market instruments by nonresidents of the WAEMU zone are subject to authorization from RCPSFM, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of money market instruments resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of money market instrument transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MEF for approval, accompanied by supporting documentation.
supporting documentation.

The purchase of foreign money market instruments by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MEF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign money market instruments whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Residents of the WAEMU zone may sell money market instruments abroad. The sale of securities for the liquidation of an investment abroad must be declared to the MEF and the CB for statistical purposes.

The regulations governing shares or other securities of a participating nature apply.

These purchases are subject to declaration to the MEF for statistical purposes.

The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to authorization from RCPSFM, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MEF for approval, accompanied by supporting documentation.

Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange
derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

**Sale or issue locally by nonresidents** Yes. Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

**Purchase abroad by residents** Yes. These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone call or put options on primary commodities or securities transactions. Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign credit institution.

**Sale or issue abroad by residents** Yes. Residents of the WAEMU zone are permitted to purchase foreign currency sell options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (that is, nonresident of WAEMU) credit institution.

**Controls on credit operations** Yes. Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the minister of finance.

**Commercial credits** Yes.

- **By residents to nonresidents** Yes. There are no controls on credits related to exports of goods. The date on which payment falls due is agreed to in the contract (in principle no later than 120 days after the date of shipment).

- **To residents from nonresidents** No. There are no controls, and repayments of commercial credits are generally conducted without prior authorization, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date, to the licensed intermediary bank responsible for handling the repayment.

**Financial credits** Yes.

- **By residents to nonresidents** Yes. These credits require MEF approval. Outward transfers to service such facilities require an exchange authorization, subject to the approval of the minister of finance and substantiated by documentation.

- **To residents from nonresidents** No. There are no controls on these credits, but they must be reported for statistical purposes to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance. The necessary funds must be transferred from abroad through an authorized agent. There are no controls on...
repayment of loans, provided the authorized agent handling the settlement is furnished with documentation attesting to the validity of the transaction. Borrowing abroad is unrestricted.

<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The granting of guarantees and sureties is subject to minister of finance approval. Transfers abroad of funds to service these facilities require an exchange authorization, subject to minister of finance approval and submission of supporting documents.

These facilities may be granted freely, although the funds required for servicing them must be transferred abroad by an authorized bank. If, however, these transactions take place between a resident direct investment company and its parent company located abroad, they are considered to be direct investments and therefore require declaration to the MEF and the BCEAO for statistical purposes.

Direct investment implies control of a company or enterprise. Mere participation is not considered direct investment, unless it exceeds 10% of the capital of a company. All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of WAEMU residents and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MEF authorization.

All investment abroad by residents of the WAEMU zone is subject to MEF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPFSM.

FDIs, including by resident companies that are directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the MEF for statistical purposes. A share is not considered a direct investment, unless it exceeds 10% of the capital of a company.

The liquidation of investments abroad must be reported to the MEF and the CB for statistical purposes. Reinvestment of the proceeds of liquidation is subject to MEF authorization. If reinvestment is not authorized, the liquidation proceeds must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents of the WAEMU zone is unrestricted, but must be reported to the MEF and the CB for statistical purposes.

These purchases require MEF authorization.

Purchases for purposes other than direct investment in a business, branch, or company are allowed. They require a declaration to the minister of finance and the CB for statistical purposes.

Sales by nonresidents of the WAEMU zone to residents of the WAEMU zone require submission of supporting documentation to the authorized intermediary that handles the settlement and must be declared to the minister of finance and the BCEAO for statistical purposes..

Personal capital transactions between residents of the WAEMU zone and nonresidents of the WAEMU zone must be made through the BCEAO, the postal service, or an authorized intermediary bank, unless authorization is obtained from the minister of finance.

The regulations governing securities and investments apply.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>By residents to nonresidents</th>
<th>To residents from nonresidents</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes</td>
<td>No</td>
<td>These transactions require MEF authorization. The individuals concerned may not engage in such operations as a professional occupation without first being licensed and included on the list of financial institutions.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
<td>Inheritances and dowries are generally allowed. gifts and endowments, however, are subject to authorization by the MOF and the BCEAO. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
<td>These transactions do not require authorization but are subject to declaration to the minister of finance and the BCEAO for statistical purposes.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes</td>
<td>No</td>
<td>Immigrants with resident status must obtain MEF authorization to settle debts contracted abroad while they were nonresidents of the WAEMU zone.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes</td>
<td></td>
<td>These transactions require MEF authorization if the value exceeds CFAF 5,00,000 a person. There are no restrictions on transfers of amounts below this threshold.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes</td>
<td></td>
<td>These transfers are conducted freely by authorized intermediaries, subject to the presentation of supporting documents and compliance with the relevant provisions on combating money laundering and financing of terrorism.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes</td>
<td></td>
<td>Foreign accounts of nonresidents of the WAEMU zone must be closed. However, these residents may maintain abroad bank accounts opened and financial assets acquired while they were nonresidents of the WAEMU zone. New transfers to these accounts require MEF approval.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No</td>
<td></td>
<td>Foreign borrowing is unrestricted. For statistical purposes, these transactions must be declared to the MEF and the BCEAO when granted and when repaid.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

- **Provisions specific to commercial banks and other credit institutions**: The Uniform Law on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU by the Council of Ministers of the Union took effect through Decision No. CM/UMOA/023/2012 of September 28, 2012. This decision was incorporated into Benin’s legislation in July 2016.
- **Borrowing abroad**: Foreign borrowing is unrestricted. For statistical purposes, these transactions must be declared to the MEF and the BCEAO when granted and when repaid.
- **Maintenance of accounts abroad**: Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions for their own account or the accounts of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements. In accordance with Regulation No. 09/2010/CM/UEMOA on the External Financial Relations of the WAEMU Member States, to cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries (1) demand deposits not exceeding the total amount of import payments domiciled by clients in their
books, payable within a period of eight days, and (2) demand deposits not exceeding the balance on their open foreign accounts denominated in foreign currencies other than euros and their open resident accounts denominated in foreign currency. The total amount of these assets may not exceed 5% of the clients’ outstanding demand deposits. Assets in excess of foreign currency requirements must be surrendered to the BCEAO.

Lending to nonresidents (financial or commercial credits) | Yes. | Commercial lending is allowed. Financial credits are subject to MEF authorization following BCEAO approval.

Lending locally in foreign exchange | Yes. | There are no explicit regulations regarding these transactions, but MEF authorization is required with BCEAO approval.

Purchase of locally issued securities denominated in foreign exchange | Yes. | These purchases require MEF authorization if their issuance was not approved by the RCPSFM.

Differential treatment of deposit accounts in foreign exchange | Yes. | A reserve requirement of 3% (previously 5%) applies to WAEMU banks. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes customer foreign currency deposits.

Reserve requirements | No. | According to the prudential framework applicable to WAEMU banks and financial institutions that perform banking operations, the minimum standard liquid asset requirement is 75%.

Liquid asset requirements | No. | Loans of any kind, CFA franc overdrafts, and, in general, any advances granted to nonresidents of the WAEMU zone are subject to MEF authorization, after BCEAO approval. These claims are included in the external position of banks and financial institutions, which is subject to special monitoring.

Interest rate controls | No. | Banking regulations make no distinction among resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.

Credit controls | Yes. | Any overdraft or advance granted to a nonresident requires MEF authorization with BCEAO approval.

Investment regulations | Yes. | The regulations governing direct investment apply.

Abroad by banks | Yes. | All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM.

In banks by nonresidents | Yes. | These transactions may, depending on their volume, be subject to authorization by the minister of finance. The banking law stipulates that investment by any person in a bank that would have the effect of changing the minority and/or majority voting rights requires authorization by the minister of finance.

Open foreign exchange position limits | Yes. | No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments, up to the equivalent of 5% of total customer demand deposits. To cover their
foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries (1) demand deposits not exceeding the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits not exceeding the balance on their open foreign accounts denominated in foreign currencies other than euros and their open resident accounts denominated in foreign currency.

On resident assets and liabilities

No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries (1) demand deposits not exceeding the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits not exceeding the balance on their open foreign accounts denominated in foreign currencies other than euros and their open resident accounts denominated in foreign currency.

On nonresident assets and liabilities

No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries (1) demand deposits not exceeding the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits not exceeding the balance on their open foreign accounts denominated in foreign currencies other than euros and their open resident accounts denominated in foreign currency.

Provisions specific to institutional investors

Yes.

Insurance companies

Yes.

Limits (max.) on securities issued by nonresidents

Yes.

The CIMA Code allows insurance companies of each CIMA member country to invest up to 50% of resources collected locally in other CIMA member countries.

Limits (max.) on investment portfolio held abroad

Yes.

The CIMA Code allows insurance companies of each CIMA member country to invest up to 50% of resources collected locally in other CIMA member countries.

Limits (min.) on investment portfolio held locally

Yes.

According to the CIMA Code, a minimum of 50% of resources collected in a CIMA member country by insurance companies must be invested locally.

Currency-matching regulations on assets/liabilities composition

Yes.

The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.

Pension funds

Yes.

The issuance, presentation, and floating of securities of any kind by foreign governments, local authorities, foreign companies, or international institutions are subject to authorization by the RCPSFM.

Limits (max.) on securities issued by nonresidents

Yes.

With the exception of foreign securities issued or sold with RCPSFM authorization in WAEMU member countries, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Investment firms and collective investment funds | Yes. |
| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
BHUTAN

(Status as of July 31, 2020)

### Status under IMF Articles of Agreement

**Date of membership**: September 28, 1981.

**Article VIII**: Yes.

**Article XIV**: Yes.

### Exchange Measures

**Restrictions and/or multiple currency practices**: Yes.

The IMF staff report for the 2018 Article IV Consultation with Bhutan states that, as of August 7, 2018, Bhutan continues to avail itself of transitional arrangements under Article XIV, Section 2, pursuant to which it maintains exchange restrictions in connection with: (1) the availability of foreign exchange for travel, except for medical travel abroad by Bhutanese citizens, invisibles, and private transfers; (2) foreign exchange balancing requirement on remittances of income in convertible currencies or other foreign currencies from FDI; and (3) on the availability of foreign exchange for importers who have not provided evidence that goods for which payments have been made were actually imported. Bhutan also maintains exchange restrictions subject to IMF approval under Article VIII, Section 2(a), in connection with: (1) the foreign exchange balancing requirements for imports of capital goods (for projects involving FDI) and primary raw materials (for certain industrial projects); (2) banning residents who do not comply with the requirement to repatriate export proceeds from accessing foreign exchange for unrelated imports; (3) requiring foreign direct investment companies to pay for their establishment and operational expenses from their own convertible currency resources; (4) requiring Bhutanese companies to pay the interest on and amortization of external loans from their own convertible currency resources; (5) restricting the availability of Indian rupees for making payments and transfers to India for certain current international transactions and banning the access to Indian rupees for unrelated current international transactions for those who contravene Royal Monetary Authority’s (RMA) 2012 guidelines on Indian rupee transactions. (Country Report No. 18/300)

**Exchange measures imposed for security reasons**: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Banking institutions have been instructed to freeze all capital transfers and financial assets of individuals, groups, and organizations associated with terrorism, pursuant to the relevant UNSC resolutions. In addition, financial institutions are required to report to the RMA any financial transactions linked to terrorist groups. The RMA has the power to share information and cooperate in any way necessary with domestic and foreign supervisors to combat money laundering and the financing of terrorism.

**Other security restrictions**: Yes.

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### Exchange Arrangement

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The currency of Bhutan is the Bhutanese ngultrum.

Indian rupee banknotes circulate freely in Bhutan, but there is no legal/official provision establishing them as legal tender in Bhutan. Since January 2015, Indian rupee (INR) denominations above Rs 500 (specifically currency notes in denominations of Rs 500 and Rs 1,000) started to circulate, and individuals from India are allowed to carry to Bhutan INR in denominations of Rs 500 and/or Rs 1,000 subject to a limit of Rs 25,000. The RMA opened an exchange counter at the RMA (Thimphu and Phuntsholing branch office) for facilitating the exchange of ngultrum notes for INR notes, beginning with the facility for Bhutanese proceeding on pilgrimage to India. Any Bhutanese may avail INR from the RMA exchange counters in Thimphu and the RMA branch Office in Phuntsholing up to a limit of Rs 50,000 a person on production of personal context identity (CID, Citizenship Identity Card) to the exchange counter tellers. All current international transactions denominated in rupees have been streamlined to reflect the legal status of the rupee as a foreign currency.

Since the demonetization of high denomination Indian Rupee note in India from November 2016, INR denominations of 500 and 1000 were not allowed to be used in Bhutan and only INR denominations of 100 and below are allowed to be used in Bhutan. The new series of INR denominations up to 500 were re-permitted in Bhutan since June 2018. Further, the RMA opened up exchange counters at the Airport and Phuntsholing to facilitate exchange of Indian rupees to ngultrum and vice versa.

**Exchange rate structure**

- **Unitary** Yes.
- **Dual**
- **Multiple**

**Classification**

- **No separate legal tender**
- **Currency board**
- **Conventional peg** Yes.

The exchange rate arrangement is a conventional peg vis-à-vis the Indian rupee. No current legal documents establish a fixed exchange rate arrangement; the ngultrum has been pegged at par to the Indian rupee since the introduction of the ngultrum in 1974. Under the RMA Act of Bhutan 2010 (Provisions 88 and 89), the Bhutanese government, on recommendation of the RMA, may declare the external value of the ngultrum, and the RMA will determine the appropriate external value. The RMA does not publish the intervention data.

- **Stabilized arrangement**
- **Crawling peg**
- **Crawl-like arrangement**
- **Pegged exchange rate within horizontal bands**
- **Other managed arrangement**
- **Floating**
Free floating

**Official exchange rate**

Yes. The ngultrum is officially pegged to the Indian rupee at par. Under the RMA Act of Bhutan 2010 (Provisions 88 and 89), the government may at any time, on recommendation of the RMA, declare the external value of the ngultrum vis-à-vis currencies for which the RMA determines a fixed exchange rate or the width of the exchange rate band against that of foreign currencies whose rate or width it considers compatible with the primary monetary policy objective. The rates for currencies other than the Indian rupee are determined on the basis of the prevailing rupee exchange rates (average rate) against the currencies concerned. The official exchange rate is used for all foreign exchange transactions in Bhutan. The method as mentioned above is prevailing rupee exchange rates (average rate) against the currencies concerned plus fixed margin as decided by the RMA.

**Monetary policy framework**

Exchange rate anchor  

Yes.

U.S. dollar

Euro

Composite

Other

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the Indian rupee.

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation
Core inflation

**Target horizon**

**Operating target (policy rate)**

Policy rate

Target corridor band

Other

**Accountability**

Open letter

Parliamentary hearings

Other

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** No.

**Exchange subsidy** No.

**Foreign exchange market** Yes. Banks may charge customers a spread of 0.2% above or below the dealing rate used by the RMA. Hotels licensed under restricted authorized money changers (AMCs) may charge a commission of 0.5% on cash only. ADs (banks and AMCs) use exchange rates that are determined by the RMA on a daily basis.

**Spot exchange market** Yes. In addition to the five depository institutions operating in Bhutan, there are 65 AMCs licensed by the RMA. These AMCs may purchase but not sell foreign currency. Commercial banks may only make foreign exchange transactions with the CB. These banks may maintain accounts abroad, conduct operations for the purchase and sale of banknotes, and make foreign currency payments and transfers on behalf of their clients. As of December 2019, there were 65 AMCs licensed by the RMA. As stipulated in Chapter IIIC of the Foreign Exchange Regulations 2020, any person other than authorized bank may apply for a license from the RMA to carry out money changing business in Bhutan. Accordingly, these licensed AMC operations are limited to (1) buying from individual’s banknotes and traveler’s checks denominated in convertible currencies against the ngultrum or (2) selling to an authorized bank, holdings of banknotes and traveler’s checks denominated in convertible currencies against the ngultrum. They are not allowed to operate like authorized banks, viz. maintain accounts abroad or transfer on behalf of their clients. The RMA allows commercial banks to hold convertible currency up to the maximum limit of US$15 million, beyond which the commercial banks are required to sell it to the RMA.

**Operated by the central bank** Yes.

Foreign exchange standing facility Yes. The RMA stands ready to buy and sell ngultrum at the official exchange rate without any commission and buys and sells on
demand. The RMA rates for the US dollar, euro, Swiss franc, Singapore dollar, Hong Kong dollar, Swedish krona, and other major traded currencies are based on the previous day’s closing rates in international markets, as determined by the RMA. Only banks are eligible to deal with the RMA. Since 2016, the RMA opened an exchange counter at the RMA (Thimphu and Phuntsholing branch office) for facilitating the exchange of ngultrum notes for INR notes, beginning with the facility for Bhutanese proceeding on pilgrimage to India and Indian merchants in the border town. Any Bhutanese citizen going on pilgrimage may, in person, avail INR from the RMA exchange counters in Thimphu and RMA branch Office in Phuntsholing up to a limit of Rs 50,000 a person on production of personal Citizenship Identity Card to the exchange counter tellers. Indian merchants were permitted to deposit their sale proceeds in ngultrum with any of the commercial banks and were allowed to repatriate the equivalent in INR the next day through banking channel (demand draft, telegraphic transfer, and real-time gross settlement).

| Allocation | Yes. |
| Auction | No. |
| Fixing | No. |

**Interbank market** No.  
Banks are allowed to trade foreign exchange with each other, but in practice they deal only with the RMA.

| Over the counter | No. |
| Brokerage | No. |
| Market making | No. |
| Forward exchange market | No. |

**Official cover of forward operations** No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes.  
Trade transactions between Bhutan and India may be conducted only in ngultrum or Indian rupees.

**For current transactions and payments** Yes.

**For capital transactions** Yes.

**Transactions in capital and money market instruments** Yes.

**Transactions in derivatives and other instruments** Yes.

**Credit operations** Yes.

**Use of foreign exchange among residents** Yes.  
All payments in Bhutan must be made in local currency. Handicraft shops must obtain an AMC license from the RMA to operate as a authorized money changer.

**Payments arrangements** Yes.

**Bilateral payments arrangements** Yes.
### Bilateral payments arrangements

**Operative** Yes. The Agreement on Trade and Commerce with India requires that all transactions between Bhutan and India be made in ngultrum or Indian rupees.

**Inoperative** No.

**Regional arrangements** No.

**Clearing agreements** Yes. Bhutan is a member of the ACU.

**Barter agreements and open accounts** No.

### Administration of control

**Yes.** The RMA may regulate foreign exchange dealers by adopting regulations to establish licensing and regulation systems consistent with relevant sections of the Financial Services Act. The RMA delegates to authorized commercial banks the authority to process and release foreign exchange for payments for current transactions and implement the surrender requirements for proceeds from merchandise exports. Commercial banks are subject to periodic inspection and RMA monthly reporting requirements. Payments and transfers by residents to nonresidents other than in cash and traveler’s checks must be channeled through authorized banks in Bhutan.

**Payments arrears** No.

**Official** No.

**Private** No.

### Controls on trade in gold (coins and/or bullion)

**Yes.** The RMA has authorized commercial banks to import and sell gold and silver bullion within Bhutan. Imports of gold and silver by Bhutanese citizens require authorization from the RMA.

**On domestic ownership and/or trade** No.

**On external trade** Yes. The importation and exportation of cash and securities above a certain limit are subject to a declaration of value at the customs point of entry into and departure from Bhutan.

### Controls on exports and imports of banknotes

**Yes.** The RMA has authorized commercial banks to import and sell gold and silver bullion within Bhutan. Imports of gold and silver by Bhutanese citizens require authorization from the RMA.

**On exports** Yes. Exports exceeding Nu 5,000 must be declared to customs.

**Domestic currency** No.

**Foreign currency** Yes. Convertible foreign exchange that has been obtained from authorized banks and such additional amounts as may reasonably be in the possession of a person may be taken out of Bhutan. However, if the total value of foreign currency taken out of Bhutan exceeds US $10,000 or its equivalent, the individual must declare the total value and sources of such foreign currency to customs at the time of departure.

**On imports** No.

**Domestic currency** No. Imports exceeding Nu 5,000 must be declared to customs.

**Foreign currency** No. There is no limit on the amount of convertible foreign exchange that may be brought into Bhutan. However, under Section 6 of the Foreign Exchange Regulations 2020 anyone who brings in more than US$10,000 or its equivalent must declare it at the customs point of entry.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Resident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The following may open and maintain US-dollar-denominated foreign currency accounts with authorized banks in Bhutan: (1) diplomatic missions and their expatriate employees, (2) representative offices of donor agencies and their expatriate employees, (3) third-country contracting firms and their expatriate employees engaged in projects financed by donor agencies, (4) any citizen of a third country who resides in Bhutan, (5) FDI companies incorporated in Bhutan under the 2002 FDI Policy, (6) local industries approved by the Ministry of Economic Affairs, (7) nongovernmental organizations (NGOs) in Bhutan, (8) Bhutanese exporters and individuals who earn foreign exchange in Bhutan, and (9) Bhutanese citizens residing abroad.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Bhutanese citizens temporarily domiciled abroad for studies, training, diplomatic posting, or employment with regional/international organizations may hold foreign currency deposits abroad for the duration of their stay. Otherwise, RMA permission is required.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>References to legal instruments and hyperlinks</td>
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</tr>
</tbody>
</table>

## Nonresident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>No.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

Nonresidents are not allowed to open any accounts (domestic and foreign currency accounts) with any of the authorized banks in Bhutan. However, Indian merchants doing business bordering Bhutan may repatriate their ngultrum sale proceeds equivalent in INR the next day through banking channel (demand draft, telegraphic transfer, and real-time gross settlement).

These accounts are permitted, but only for foreign nonresidents residing or working in Bhutan. Domestic currency accounts of nonresident foreigners residing or working outside Bhutan (in neighboring border towns) are not permitted.

Nonresident account holders may withdraw up to Rs 10,000 in cash on closing their accounts at the end of their contract period and withdraw the remainder of their balances through other payment instruments. Withdrawal in foreign currency cash up to US$3000 or equivalent is permitted.
<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Imports and Import Payments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>Yes. Importers in Bhutan may make advance payments through authorized banks to a supplier or a counterparty in India based on a pro forma invoice. However, effective July 1, 2020, the bank must ensure that importers making advance payments prove that the relevant goods entered Bhutan within 180 days (previously 91 days) of the advance payment. Monitoring takes place through documents pertaining to declaration of the goods at relevant customs checkpoints and the value of the goods imported. Even if the goods fail to reach the port of entry within the stipulated time because of a natural calamity or unforeseen circumstances, the importer must, irrespective of the delay or the time lag, submit the customs documents to the bank to reconcile the advance payments against the value of goods imported.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes. Persons granted import licenses may purchase foreign exchange from authorized banks to settle payments for the goods specified in the license.</td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>Yes. Bhutanese persons importing goods and services from third countries may apply to the authorized banks to remit convertible currency by filling in the forms provided by the banks accompanied by the Import License and the supplier’s invoice or other documentary evidence showing the c.i.f. value of the goods to be imported.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes. An import license is required for the importation of capital and intermediate goods from countries other than India. Such licenses are governed by the Rules and Procedures for Imports of Goods from Third Countries issued by the Department of Trade of the Ministry of Economic Affairs. Foreign exchange for all payments related to licensed merchandise imports is automatically made available by authorized banks against import licenses. Capital imports from third countries by foreign direct investors must be financed by their own convertible foreign exchange resources. Start-up support is provided by the RMA for the purchase of capital goods.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Taxes collected through the exchange system</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

**Repatriation requirements** | Yes. |
**Surrender requirements** | Yes. | Effective July 1, 2020, receipts on current transactions with India must be received in Indian rupees through normal banking channels within 180 days (previously 91 days) from the date of export of the goods or services. |

**Surrender to the central bank** | Yes. |
**Surrender to authorized dealers** | Yes. |
**Financing requirements** | No. |
**Documentation requirements** | Yes. |
**Letters of credit** | Yes. |
**Guarantees** | Yes. |
**Domiciliation** | Yes. |
**Preshipment inspection** | Yes. |
**Other** | Yes. |
**Export licenses** | Yes. |
**Without quotas** | Yes. |
**With quotas** | Yes. |
**Export taxes** | Yes. | Exports to countries other than India receive an export tax rebate at rates ranging from 5% to 20% of the c.i.f. value; the lowest rate applies to unprocessed primary products and the highest to processed products. |

**Collected through the exchange system** | n.a. |
**Other export taxes** | n.a. |

**References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers** | Yes. | The RMA delegates to commercial banks the authority to process and release foreign exchange for payments for invisible transactions and current transfers. Any amount above the limits prescribed in these regulations must be made with prior approval of the RMA based on the bona fide test on the transactions. Commercial banks are subject to periodic inspection and monthly RMA reporting requirements. The RMA is authorized to set limits on foreign exchange for payments for invisible transactions. |
### Trade-related payments
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.** Each import house (for imports from countries other than India) is entitled to import one 20-foot-long container or its equivalent every three months.

#### Indicative limits/bona fide test
- **Yes.**

### Investment-related payments
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### Payments for travel
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### Personal payments
- **Yes.**

#### Prior approval
- **Yes.** The RMA management grants the approval.

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### International payments
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### Travel allowances to countries other than India
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### Payments for travel
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### Personal payments
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### Medical treatment abroad
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**

### Other payments
- **Yes.**

#### Prior approval
- **Yes.**

#### Quantitative limits
- **Yes.**

#### Indicative limits/bona fide test
- **Yes.**
medical treatment may purchase up to Rs 100,000 in cash. If the cost of treatment exceeds the amount purchased initially, the balance due to the hospital may be transferred directly to its bank account based on a cost estimate from the hospital.

<table>
<thead>
<tr>
<th>Foreign workers’ wages</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Foreigners employed directly by a public or private organization in Bhutan, with valid employment documents from the Bhutanese government, may remit their salary and savings in foreign exchange through an authorized bank. Private firms must obtain RMA approval to remit foreign workers’ wages and savings in foreign exchange before the funds are processed through an authorized bank.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The RMA may set limits on such remittances.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The RMA may set limits on such remittances. For private travel to India, individuals may withdraw up to Rs 15,000 a month through their debit card and Rs 150,000 through credit card. Students are allowed to take their allowance in the form of international debit card.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The RMA may set limits on such remittances.</td>
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<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
</table>

All capital transactions must be approved by the Bhutanese government.
Residents may not acquire capital or engage in capital transactions abroad. Other than the FDI activities permitted under the 2010 FDI Policy (amended July 18, 2014), adopted by the Ministry of Economic Affairs on May 21, 2010, all types of capital investments are currently prohibited. Outward investment/capital transactions are governed by the Regulations relating to the Possession of Assets and Properties Outside Bhutan by Bhutanese Citizens of July 1993 of the MOF, and External Commercial Borrowing Guidelines issued by the MOF which does not permit outward investment unless approved by the RMA or MOF.

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to all transactions in capital and money market instruments. These transactions are not permitted except with RMA approval.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td>Controls apply to all these transactions.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td>All transactions in credit operations are subject to controls.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes</td>
<td>Direct investment in convertible foreign exchange may be made in (1) manufacturing, with a minimum investment of US$1 million, of which 20%–74% may be foreign investor equity, and (2) services, with a minimum investment of US$500,000, of which 20%–74% may be foreign investor equity. FDI in the manufacturing and service sectors is subject to sector-specific policies, standards, and procedures. Priority service sectors are permitted up to 100% additional foreign equity ownership. Other forms of collaboration, such as for technical and marketing purposes and for franchising of trade names, patents, and trademarks, are allowed with the Ministry of Economic Affairs’ permission. The Royal Government must allow FDI in both manufacturing and service sectors. These must be governed by project-specific agreements (if any) and sector-specific policies, standards, and procedures. The priority sector activities are listed in Schedules I and II. These must be fast-tracked for approval and clearances. In addition, the Royal Government must allow FDI in other activities with maximum foreign investors’ equity of 74% and minimum project cost of Nu 50 million and Nu 25 million for manufacturing and services, respectively. FDI in activities as listed under Schedule III may not be permitted.</td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct investment</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on real estate transactions</strong></td>
<td>Yes</td>
<td>Controls apply to all real estate transactions.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
On September 1, 2014, the RMA reintroduced housing and vehicle loans (after temporary suspension of access to Indian rupees to finance imports of personal vehicles and housing construction materials in March 2012). New housing, vehicle, and consumer loan guidelines were issued to guide financial institutions in prudent management and monitoring of credit to these sectors to mitigate systemic risk.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Borrowing abroad

Yes. Borrowing abroad requires government authorization in consultation with the RMA.

Maintenance of accounts abroad

Yes.

Lending to nonresidents (financial or commercial credits)

No.

Lending locally in foreign exchange

No.

Purchase of locally issued securities denominated in foreign exchange

No.

Differential treatment of deposit accounts in foreign exchange

No.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents

No.
Reserve requirements
No.

Liquid asset requirements
No.

Interest rate controls
No.

Credit controls
No.

Investment regulations
Yes.

Abroad by banks
Yes.

In banks by nonresidents
Yes. Direct investment in convertible foreign exchange is allowed in the banking sector with an initial minimum paid-up capital of Nu 200 million (Nu 300 million within three years of the start of business), of which 20%-51% may be foreign investor equity. The RMA suspended the licensing of new banks for a period of five years from December 2008 until December 2013.

Open foreign exchange position limits
Yes. The RMA allows commercial banks to hold convertible currency up to the maximum limit of US$15 million, beyond which the commercial banks are required to sell it to the RMA.

On resident assets and liabilities
Yes.

On nonresident assets and liabilities
Yes.

Provisions specific to institutional investors
Yes.

Insurance companies
Yes.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
Yes.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

Pension funds
Yes.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
Yes.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

Investment firms and collective investment funds
No.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Changes during 2019 and 2020

Imports and Import Payments

Financing requirements for imports
Advance payment requirements 07/01/2020 The bank must ensure that importers making advance payments prove that the relevant goods entered Bhutan within 180 days (previously 91 days) of the advance payment.

Exports and Export Proceeds

Repatriation requirements
Surrender requirements 07/01/2020 Receipts on current transactions with India must be received in Indian rupees through normal banking channels within 180 days (previously 91 days) from the date of export of the goods or services.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
Payments for travel

Quantitative limits 01/01/2019 Foreign exchange Rules and Regulations 2018 and Foreign Exchange Operational Guidelines 2018 came into effect, which incorporated the new limit on private travel allowances of Rs 10,000 to 30,000 a month in cash. Previously, the limit was Rs 50,000 in cash for each instance.
### BOLIVIA

*(Position as of July 31, 2020)*

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 5, 1967.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
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#### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

#### Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stabilized arrangement</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The de jure exchange rate arrangement of the Plurinational State of Bolivia is a crawling peg to the US dollar (also called a “sliding” rate) and is characterized by small exchange rate movements that are not announced in advance. The CBB determines the floor price for the daily competitive foreign exchange auction (“bolsín”) in which both the financial private sector and the nonfinancial private sector participate. The CBB ensures that the exchange rate is consistent with moderate inflation, thus mitigating external and internal inflationary pressures, because the exchange rate is still used as a benchmark for the prices of nontradable goods, albeit to a decreasing extent because of bolivianization (dedollarization) in real and financial transactions. The exchange rates used in most exchange transactions fluctuate...
daily within a band of 12 centavos (1.7%), defined by the official buying and selling exchange rates (Bs. 6.86 and Bs. 6.96, respectively) plus a margin of one centavo at each end. Because the boliviano stabilized against the US dollar since November 2011, the de facto exchange rate arrangement is classified as a stabilized arrangement. The authorities consider that the de facto stabilized arrangement does not fully reflect the exchange arrangement managed by the CBB because the official policy of a crawling peg has not changed. The CBB’s crawling peg mechanism allows the sliding rate to be set at zero without changing the arrangement if the underlying economic fundamentals warrant it.

The CBB publishes information on its exchange market interventions and on its foreign exchange purchases and sales in the “Weekly Statistics” section and in other publications such as the Monthly Statistical Bulletin, all of which are available on its website.

Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate

The official selling exchange rate is the minimum auction price resulting from the bolsín. The official exchange rate is used for official transactions, and the buying rate (Bs 0.10 less than the official rate) is used for valuation and accounting purposes. The CBB uses the official selling exchange rate of the day for same-day sales of US dollars to the general public and to financial institutions, by debiting the accounts in domestic currency and crediting the accounts in US dollars held with financial institutions (Board Resolution No. 63/2013). The CBB can sell US dollars to financial institutions and to the general public on the same day at the official selling exchange rate in effect (Board Resolution No. 63/2013). The majority of foreign exchange operations transacted by financial institutions and exchange bureaus are carried out at an exchange rate within the band defined by the buying and selling exchange rates, plus a margin of Bs 0.01 at each end. The CBB does not sell US dollars directly to the general public (ventas en ventanillas) and/or through financial intermediation entities with majority participation of the government. However, it sells through the other two arrangements (bolsín and direct same-day sales). Similarly, foreign currency can be acquired from any Financial Intermediation Entity.

Monetary policy framework

Exchange rate anchor

U.S. dollar
Euro
Composite
Other

Monetary aggregate target

Yes. Upper limits on the expansion of the CBB’s net domestic credit have been established in line with an increase in the issuance of currency
calculated in accordance with inflation and growth objectives.

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

Yes. Law No. 713 of July 1, 2015, extended the Financial Transactions Tax (Impuesto a las Transacciones Financieras—ITF) to December 2020.
This tax is levied on transactions performed in foreign currency and in domestic currency indexed to any foreign currency. The rate was 0.15% in 2015, increased to 0.20% in 2016, increased to 0.25% in 2017, and increased to 0.30% in 2018, of the gross amount of the transaction and applies to taxpayers who are individuals or legal entities and who hold current or savings accounts. To that same end, Law No. 1135, of December 20, 2018, amends Law No. 713, extending the effective date of the ITF until December 31, 2023, maintaining a rate of 0.30% while in force. The following are exempt from this tax: (1) credits to and debits from the savings accounts of individuals in foreign currency and in indexed domestic currency, up to US$2,000 or its equivalent in other foreign currencies; (2) on the condition of reciprocity and enforceability of agreements and treaties, credits to and debits from bank accounts corresponding to diplomatic and consular missions and diplomatic personnel; (3) credits to or debits from accounts belonging to the judicial branch, the legislative branch, the central government, the CBB, and departmental and municipal autonomous governments, except publicly owned enterprises; (4) credits to and debits from accounts held by entities governed by the Securities Market Law in the financial system or with the CBB, corresponding to investment accounts belonging to third parties; (5) credits to current or savings accounts through remittances from abroad; and (6) redemption and earnings of shares in investment funds with balances (in domestic or foreign currency) less than or equal to US$2,000.

Exchange subsidy

No.

Foreign exchange market

Yes. The bid-ask spread of the official exchange rate of the boliviano against the US dollar is set by the CBB Board at Bs 0.10 (Point 7 of CBB Board Act 008/2008 of July 3, 2006). This differential is a benchmark for the parallel market, which determines its own differentials and the fees charged to its customers within the limits established for consumer protection. The Financial System Supervisory Authority (Autoridad de Supervisión del Sistema Financiero—ASFI) is responsible for verifying that financial institutions sell US dollars to their customers and users at an exchange rate no higher than Bs 0.01 above the CBB’s official exchange rate and buy US dollars from their customers and users at a rate no lower than Bs 0.01 below the CBB’s official rate. The majority of foreign exchange operations are conducted within this band. The CBB uses the official selling exchange rate of the day for same-day sales of US dollars to the general public and to financial institutions, by debiting the accounts in domestic currency and crediting the accounts in US dollars held with financial institutions (Article 19, Board Resolution No. 63/2013).

Spot exchange market

Yes. The fee (or service charge) for outward fund transfers by the financial system through the CBB is 1% and the fee for funds transfers received by the financial system through the CBB is 0.6% (Board Resolution No. 175/2015). The exceptions are as follows: (1) transfers from exporters through the CBB and remittances equivalent to US$1,000 or less; and (2) transactions carried out through the financial system by the diplomatic corps, cooperation agencies, and international bodies. The temporary financial transactions tax, mentioned in III.F above, is separate from the service charge mentioned in this paragraph.

The commissions on transfers from the financial system through the CBB are 1.6% for transfers abroad and from 0.0% for transfers from...
abroad (Board Resolution No. 18/2016). Included are transactions through the CBB for exports and remittances, and transactions through the financial system for the diplomatic corps, cooperation agencies, and international bodies, and remittances less than or equal to US$1,000.

The fee for transfers of funds sent by the financial system through the CBB is 2% (Board Resolution No. 39/2017).

Charges on transfers for 2019 remain at 2% for transfers going abroad and 0% for transfers from abroad RD 177/2018.

Effective January 1, 2020, the commission for transfers abroad decreased from 2% to 0.1% for the payment of capital and interest for financing from multilateral organizations for the private sector. For the financial system, they remain at 2% for transfers abroad and 0% for transfers from abroad (Board Resolution 152/2019).

Exchange transactions may be freely executed and require no special authorization. Commercial banks, exchange bureaus, individuals, legal entities, and nonfinancial private sectors are authorized to deal in foreign exchange. The foreign exchange bought in official public sales by the CBB is freely available for use by the buyer. Foreign exchange sold at auction may be bought only by institutions holding accounts with the CBB, whether for themselves or on behalf of their clients.

The CBB does not sell US dollars directly to the general public (ventas en ventanillas) and/or through financial intermediation entities with majority participation of the government. However, it sells through the other two arrangements (bolsin and direct same-day sales).

Exchange bureaus also trade in foreign currency and are subject to supervision and regulation by the ASFI, pursuant to ASFI Resolution No. 486/2011 of June 16, 2011.

The Regulation governing Exchange Bureaus, issued September 14, 2011, establishes guidelines for the creation of exchange bureaus and for the process of conforming to those in operation. The services that exchange bureaus with legal status can engage in were also defined, such as buying and selling currency, exchanging traveler’s checks, sending and receiving domestic transfers, exchanging and paying remittances from abroad in the capacity of payment agent and, for single-person exchange bureaus only, the buying and selling of currency.

As of August 27, 2020, 170 exchange bureaus and 7 money transfer and remittance companies were registered under the ASFI operating license.

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**Operated by the central bank**: Yes.

The CBB buys foreign currency from the financial system at the buying exchange rate of the day, without any restriction as to the amount. In turn, the CBB sells foreign currency to the financial and nonfinancial private sector through the various mechanisms specified in the previous section.

**Foreign exchange standing facility**: Yes.

Exchange market participants may buy foreign currency at the CBB, and the CBB in turn sells foreign currency to the financial and nonfinancial private sector and to the public sector.

**Allocation**: No.

**Auction**: Yes.

Exchange Regulation No. 063/2013, in its Articles 8 to 18, regulates foreign currency sales through the bolsín. There are no specific auction regulations as such. The CBB sells foreign currency at a bolsín-denominated daily auction. The Monetary and Exchange Policy Committee (Comité de Política Monetaria y Cambiaria—CPMC) determines the amounts to be auctioned. The information on the supply of foreign currency is published each day on the CBB website. The floor price is set by the CBB president, who directs the allocation of foreign currencies in descending price.
order, provided it is higher than the floor price, until the bid is exhausted. Financial institutions may participate in these auctions on their own account or on behalf of their clients with a minimum bid of US$100,000; the nonfinancial private sector may also participate. In the applications to participate in the bolsín, the banks only specify if the foreign currencies to be acquired at the auction are for the banks themselves or for their clients. Once these are awarded they can be withdrawn through the CBB vaults for domestic use or transferred abroad; in the latter case, the bank must fill out a form where they are asked the reason for the transfer, which is usually for trade (imports) or for the bank’s own operations. Auction results are published on the CBB website daily. Bidders pay their offered price. Bids without the necessary resources are rejected and the bidder is barred from bolsín participation for five business days. If the US dollar amount offered is not sufficient to meet all the bids submitted at a particular exchange rate, the dollars are awarded on a prorated basis. The total offer of US$150 million is distributed as follows: the CBB’s daily offer of dollars through the bolsín is US$100 million, and direct sales amount to US$50 million. Monetary and Exchange Policy Committee (CPMC) Act 024/2014 of December 23, 2014. The CBB purchases foreign currency from the financial system at the buying rate of the day, without any restriction as to the amount.

Fixing

Interbank market Yes. Financial intermediaries are free to carry out transactions at the exchange rate they set among themselves, within the limits of Bs 0.01 below and above the CBB buying and selling rates, respectively. As of June 30, 2020, there are 59 financial intermediaries, of which 12 are full-service banks, 2 are banks serving small and medium enterprises (SMEs), 2 are public banks (BDP S.A.M. and Banco Unión), 3 are Housing Finance Institutions (Entidades Financieras de Vivienda—EFV), 31 are savings and loan cooperatives, and 9 are Development Finance Institutions (DFI), which became subject to regulation in November 2016. Within the framework of the legislation in force (Law No. 393, the Financial Services Law, Articles 19 and 150), an operating license was granted by the Financial System Supervisory Authority to the financial intermediaries.

Over the counter No.

Brokerage No.

Market making Yes.

Forward exchange market No.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No.

Controls on the use of domestic currency No.

For current transactions and payments No.
### For capital transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Use of foreign exchange among residents

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
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</table>

### Payments arrangements

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
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<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Operative

<table>
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<tbody>
<tr>
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</table>

#### Inoperative

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<tr>
<td>No.</td>
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</table>

### Regional arrangements

<table>
<thead>
<tr>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Yes.</td>
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</tbody>
</table>

Payments between Bolivia and other LAIA (ALADI) countries may take place through netting accounts maintained by the CBB and the CBs of the countries concerned, within the framework of the ALADI multilateral clearing system.

Within the framework of the Bolivian Alliance for the Peoples of Our America (ALBA), in fiscal year 2010 the foreign trade transactions began that are carried out in the Central Clearinghouse of the Unified Regional Payments System (Sistema Unitario de Compensación Regional—SUCRE); clearance occurs every six months.

### Clearing agreements

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
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</table>

Payments between Bolivia and other ALADI countries may take place through netting accounts maintained by the CBB and the CBs of the countries concerned, within the framework of the ALADI multilateral clearing system.

Within the framework of the ALBA, the foreign trade transactions are carried out in the Central Clearinghouse of the Unified Regional Payments System (Sistema Unitario de Compensación Regional—SUCRE); clearance occurs every six months.

### Barter agreements and open accounts

<table>
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<tr>
<th>Status</th>
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<tbody>
<tr>
<td>No.</td>
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### Administration of control

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<tbody>
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</table>

### Payments arrears

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<tr>
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### Official

<table>
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<tr>
<th>Status</th>
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</thead>
<tbody>
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### Private

<table>
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<tr>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>No.</td>
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</table>

### Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
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</tbody>
</table>

Purchases and sales of gold are regulated by the National Service for the Registration and Control of Minerals and Metals Trading (Servicio Nacional de Registro y Control de la Comercialización de Minerales y Metales—SENARECOM), in exercise of the powers conferred on it by S.D. No. 29165 of June 13, 2007, to ensure the correct payment of the mining royalty (Regalía Minera—RM). Thus, trading in unprocessed, amalgamated, preconcentrated, concentrated, and precipitated gold, and gold in the form of cast bars and refined ingots is taxed at 7% for official quotes greater than US$700, between 4% and 7% for official quotes between US$400 and US$700, and 4% for official quotes of less than US$400. A rate of 60% applies to trading on the domestic market.

On the other hand, through Law No. 175 of October 11, 2011, which was regulated by S.D. Nos. 1167 and 1327 of March 14 and August 15, 2012, the CBB is authorized to buy gold in bars from state...
mining companies and from the Integrated Center for the Trading of Minerals from Mining Cooperatives.

On domestic ownership and/or trade No.

On external trade No.

**Controls on exports and imports of banknotes**

On exports Yes.

*Domestic currency* No.

*Foreign currency* Yes. As a measure to control imports (inflows) and exports (outflows) of foreign currency (banknotes in foreign currency), all individuals and legal entities, whether public or mixed, national or foreign, are required to declare to the National Customs of Bolivia the entry and exit of foreign currency from the national territory, using Form No. 250 “Sworn Declaration of Accompanied Baggage and Entry of Foreign Currency” and Form No. 251 “Sworn Declaration of Exit of Foreign Currency” allowing the physical transfer of foreign currency in amounts less than US$50,000 or its equivalent in other currencies. Amounts between US$50,000 and US$500,000 or their equivalent in other currencies require CBB authorization. Larger amounts are subject to authorization by the Ministry of Economy and Public Finance by way of specific Ministerial Resolution after, among other considerations, a favorable technical opinion from the CBB. Financial intermediaries may physically import and export foreign currency exclusively through the CBB, in accordance with established procedures and conditions.

On imports Yes.

*Domestic currency* No.

*Foreign currency* Yes. As a measure to control imports (inflows) and exports (outflows) of foreign currency (banknotes in foreign currency), all individuals and legal entities, whether public or mixed, national or foreign, are required to declare to the National Customs of Bolivia the entry and exit of foreign currency from the national territory, using Form No. 250 “Sworn Declaration of Accompanied Baggage and Entry of Foreign Currency” and Form No. 251 “Sworn Declaration of Exit of Foreign Currency” allowing the physical transfer of foreign currency in amounts less than US$50,000 or its equivalent in other currencies. Amounts between US$50,000 and US$500,000 or their equivalent in other currencies require CBB authorization. Larger amounts are subject to authorization by the Ministry of Economy and Public Finance by way of specific Ministerial Resolution after, among other considerations, a favorable technical opinion from the CBB. Financial intermediaries may physically import and export foreign currency exclusively through the CBB, in accordance with established procedures and conditions.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

Foreign exchange accounts permitted Yes. There are no restrictions on opening foreign exchange accounts.

Held domestically Yes.

Approval required No.
<table>
<thead>
<tr>
<th>Held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Nonresident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
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</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
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<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Items 4 and 5 of Paragraph I of Article 298 of the Political Constitution of the State specify that the customs and foreign trade regime falls under the exclusive jurisdiction of the central level of government.

Law No. 1990 “General Customs Law,” which governs the exercise of customs authority and the legal relationships established between National Customs and individuals or legal entities involved in
importing and exporting goods into or from the national customs territory, and establishes the general rules applicable to the Special Free-Trade Zones System.

**Positive list**

| Yes. | Some goods are subject to the presentation of prior authorizations (AP) or certificates (C) as supporting documents for importation or subsequent customs clearance, in accordance with the procedure set forth in S.D. No. 25870 of August 11, 2000. |

**Negative list**

| Yes. | Imports of certain goods are prohibited because they are considered harmful to the environment, human or animal health or life, or plant life. |

**Open general licenses**

| No. | |

**Licenses with quotas**

| No. | |

**Other nontariff measures**

| Yes. | Health and Plant Health Permits (animals, food, plants, seeds, medications, leather, wood, wool, cotton, and fine animal fur) prior to the shipment of goods in the country of origin, which are required for the customs clearance certificate, within the framework of Decision No. 515 and Resolutions No.1153 and 1475 of the Andean Community. |

**Import taxes and/or tariffs**

| Yes. | Tariff Schedule
To contribute to transformation of the means of production with a view to prioritizing strategic sectors that add value and diversification, while leveraging and focusing on domestic market potential and supply, without ignoring external demand, a schedule of tariffs for merchandise imports was established comprising seven tariff rates, with rates of 0% and 5% to encourage imports of capital goods and inputs as well as change in the productive matrix, medium rates of 10%, 15%, and 20% so as not to affect imports of goods included in the household basket; and high rates (30% and 40%) to discourage merchandise imports that compete with national production, primarily manufactured goods.

Furthermore, imports are subject to the VAT and, in the case of certain goods, they are subject to the Specific Consumption Tax and the Special Tax on Hydrocarbons and their Derivatives.

Effective December 12, 2019, the 0% tariff on diesel imports (subheading Nomenclatura Común de los Países Miembros de la Comunidad Andina (NANDINA) 2710.19.21.00) was temporarily extended through S.D. No. 4115, for another year, through December 31, 2020.

Tax and Customs Treatment Applicable to Specific Products

The Plurinational State of Bolivia has established tariff deferrals for certain goods to promote the productive sector, and has also given priority to the import of medical inputs and medication to combat the COVID-19 pandemic.

S.D. No. 4192, effective March 16, 2020, temporarily deferring the TR for the import of medical supplies and equipment to 0% until December 31, 2020.

S.D. No. 4211, effective April 8, 2020, temporarily deferring the TR for wheat imports to 0% for a 2-year period.

S.D. No. 4227, effective April 28, 2020, deferring the TR for the import of inputs and medicines for the treatment of COVID-19 and other basic diseases to 0%.

S.D. No. 4272, effective June 23, 2020, temporarily deferring the TR for the import of fabrics for the manufacture of biosafety clothing and paper for the printing of newspapers to 0% until December 31, 2021.

S.D. No. 4298, effective July 24, 2020, temporarily deferring the TR for imports of machinery and equipment to 0% until December 31, 2020. |
2021.
The rates of finished goods or those that generate some negative externality were modified, to protect the industry and the population in general.

Commercial Agreements
The Plurinational State of Bolivia grants preferential treatment to imports from countries with which it has preferential agreements within the framework of ALADI.

The tariff preferences granted in the framework of all the agreements amount to 100% of the tariff universe except for the agreement with Mexico and with Chile.

Similarly, with the Bolivarian Republic of Venezuela, there is a tariff preference equal to 100% of the tariff universe. Outside the ALADI framework, there is a tariff preference with the Bolivarian Republic of Venezuela.

Donation of Goods
Law No. 617 of December 17, 2014, determined that imports of goods donated to public entities directly from abroad or acquired by them with resources derived from nonreimbursable financial cooperation or from donations will be exempt from the full payment of customs duties.

In addition, S.D. No. 2308 of March 25, 2015, regulating Law No. 617, establishes the procedure and the requirements for processing exemption from import duties on in-kind donations of goods or on goods acquired with resources derived from donations or nonreimbursable cooperation.

Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Financing requirements No.

Documentation requirements No.

Letters of credit No.

Guarantees No.

Domiciliation No.

Preshipment inspection No.

Other No.

Export licenses Yes.

Items 4 and 5 of Paragraph I of Article 298 of the Political Constitution of the State specify that the customs and foreign trade regime falls under the exclusive jurisdiction of the central level of government.
Law No. 1990 of July 1999, the “General Customs Law,” which governs the exercise of customs authority and the legal relationships established between National Customs and individuals or legal entities involved in importing and exporting goods into or from the national customs territory, and establishes the general rules applicable to the Special Free-Trade Zones System.


Without quotas Yes.

The Government of the Plurinational State of Bolivia established a socioeconomic policy that puts the country’s food security and food sovereignty first. Thus, export permits are granted without quota restrictions when this activity does not jeopardize the supply of basic products.

With quotas Yes.

The Government of the Plurinational State of Bolivia established a socioeconomic policy that puts the country’s food security and food sovereignty first. The policy aims to prevent usury, speculation, and/or price increases of certain basic foodstuffs. Steps have been taken to authorize exports of certain products only after verification of adequate fairly priced domestic supplies.

S.D. No. No. 3456 of January 10, 2018: (1) amended and incorporated provisions into S.D. No. 1554 regulating Law No. 307 on the sugarcane production complex to promote exports and (2) established oversight and monitoring mechanisms for ensuring conditions for adequate fairly priced domestic supplies, taking market conditions into account.

Effective June 5, 2019, S.D. No. 3920 of May 29, 2019, authorized soybean exports equal to 60% of the national production of the previous fiscal year according to official National Statistics Institute (INE) data after verification of sufficiency and supply in the domestic market at a fair price.

Effective January 22, 2020, S.D. No. 4139, facilitates the export process, because it revokes the Certificate of Internal Supply and Fair Price issued by the National Customs Office and eliminates the following products from the list of those that may be subject to temporary suspension of exports: beef and live cattle, corn and its by-products, sorghum, oil, and sugar.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes.

Trade-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments Yes.

Prior approval No.
There are no restrictions on outward remittances of dividends, interest, and royalties with respect to technology transfers or transfers under other business categories. All remittances or transfers are subject to payment of the taxes prescribed by law. When income of Bolivian origin is paid to recipients abroad, it is presumed that the net profit subject to tax is equivalent to 50% of the total amount paid or remitted. Those who make such payments or remittances to recipients abroad must make a single and final withholding at the rate of 25% of the presumed net profit subject to tax.
Restrictions on use of funds

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Yes. The inflow or outflow of income of Bolivian origin to/from beneficiaries abroad is subject to corporate income tax on foreign recipients (Impuesto sobre las Utilidades de las Empresas Beneficiarios al Exterior—IUE–BE) with 50% of the total amount paid or remitted being the net profit subject to tax. Those who pay or remit such income must withhold 25% of the presumed net profit subject to tax. On the other hand, transactions carried out in either foreign or indexed domestic currency are subject to the ITF.

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Controls on capital and money market instruments

Yes. In accordance with Law No. 1834 of March 18, 1998, securities traded on the Bolivian securities market must be authorized and registered in the ASFI Securities Market Registry. Securities authorized for trading on the Bolivian securities market are: fixed-term deposits, promissory notes, bonds, National General Treasury Bonds, CBB bonds, share certificates of closed-end investment funds, CBB and National General Treasury bills, securitized assets, and shares.

The only instruments that may be publicly offered on the Bolivian securities market are those listed on certain foreign securities exchanges identified as such by the Directorate of Securities Supervision and Holding Companies (DSVSC) of the ASFI, provided they comply with the registration and disclosure requirements set out in the law. Only securities authorized by the ASFI may be traded on the OTC market. Article 471 of the Financial Services Law (LSF) stipulates that the ASFI will regulate the maximum limits on investment abroad by financial intermediaries.

Shares or other securities of a participating nature

Yes.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

No.

Purchase abroad by residents

Yes. Article 471 of Law No. 393 on Financial Services stipulates that the ASFI will regulate the maximum limits on investment abroad by financial intermediaries, that is, entities that accept deposits and grant loans.

In accordance with ASFI Resolution No. 429/2016 of June 17, 2016, the limits on investing in shares of multilateral financing organizations may not exceed 40% of the bank’s regulatory capital.
Investments in shares of auxiliary financial service companies, in enterprises in the securities, insurance, and pension sectors, and in development banks may not exceed the amount of their regulatory capital, insofar as it is a requirement for obtaining credit lines. Effective March 27, 2019, ASFI through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad.

Additionally, through Resolution No. 246/2019, ASFI approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%, effective March 27, 2019. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of investments registered as of March 27, 2019.

In accordance with Law No. 65 of December 10, 2010, investments abroad by pension fund managers may not exceed 50% of each managed fund.

Administrative Resolution APS/DJ/UI/N°464/2017 states that the National General Treasury of Bolivia may also directly or indirectly invest the resources of SIP Funds (Fondos del Sistema Integral de Pensiones; Integrated Pension System’s Funds) in foreign debt securities up to the limit of 10% of the total amount of each issue through the intermediaries contracted by the Ministry of the Economy and Public Finance of the Plurinational State of Bolivia. In accordance with S.D. No. 25201, each year the CBB sets the maximum limit for investments abroad by insurance companies. Since January 1, 2015, the maximum limit for investments abroad by insurance companies is 10% of their investment resources; this limit remained unchanged in CBB Board Resolution No. 6/2018 of January 9, 2018.

Effective January 8, 2019, through CBB Board Resolution No. 6/2019 of January 8, 2019, the CBB lowered the maximum limit for foreign investments with insurance company resources from 10% to 7%. The APS (Autoridad de Fiscalizacion y Control De Pensiones y Seguros; Pensions and Insurance Supervision and Oversight Authority) stipulated that insurance companies adapt their investments in securities of issuers incorporated abroad to the percentage set until June 30, 2019.

On January 7, 2020, through CBB Board Resolution No. 007/2020, it is established that in Fiscal Year 2020, the maximum limit for foreign investments with insurance companies remains at 7% of their investment resources.

| Sale or issue abroad by residents | No. |
| Bonds or other debt securities | Yes. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |

Effective March 27, 2019, ASFI through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad.
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Also, the new formula to calculate the limit takes the monthly
average of the daily balance of the sub-accounts with the cutoff date
on the last day of the month. The deadline to adequate to this limit is
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closed investment funds, from 25% to 5%, effective March 27, 2019.
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In accordance with Law No. 65 of December 10, 2010, investments
abroad by pension fund managers may not exceed 50% of each
managed fund.
Administrative Resolution APS/DJ/UI/N°464/2017, issued by the
Pension and Insurance Supervision and Control Authority, the body
supervising and regulating pensions, approves the SIP (Sistema
Integral de Pensiones; Integrated Pension System) Investment
Regulation for compliance (on a transitional basis) by the AFPs
(Administradoras de Fondos de Pensiones; Pension Fund
Management Firms), establishing that the resources of SIP Funds
may be invested directly or indirectly in sovereign debt securities
issued by other countries in accordance with the following limit and
conditions: (1) up to 10% of the total amount of each issue and up to
10% of the value of each Fund; (2) They must have an international
risk rating of AAA or another equivalent that represents the highest
credit rating; (3) Returns equal to or exceeding the investment
options presented by the local market; (4) Authorization on the part
of the APS, which does not imply liability of any sort with respect to
management of the investment portfolio of the SIP Funds; and (5) the
amounts must be denominated in US dollars. The administrative
resolution also stipulates that the National General Treasury of
Bolivia may directly or indirectly invest the resources of SIP Funds
in foreign debt securities up to the limit of 10% of the total amount
of each issue through the intermediaries contracted by the Ministry
of the Economy and Public Finance of the Plurinational State of
Bolivia.
On January 7, 2020, through CBB Board Resolution No. 007/2020, it
is established that in Fiscal Year 2020, the maximum limit for foreign
investments with insurance companies remains at 7% of their
investment resources.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
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</thead>
<tbody>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
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Effective March 27, 2019, ASFI through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad.

Also, the new formula to calculate the limit takes the monthly average of the daily balance of the sub-accounts with the cutoff date on the last day of the month. The deadline to adequate to this limit is June 28, 2019.

Additionally, through Resolution No. 246/2019, ASFI approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%, effective March 27, 2019. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of investments registered as of March 27, 2019.

In accordance with S.D. No. 25201, each year the CBB sets the maximum limit for investments abroad by insurance companies. Since January 1, 2015, the maximum limit for investments abroad by insurance companies is 10% of their investment resources; this limit remained unchanged in CBB Board Resolution No. 6/2018 of January 9, 2018.

Effective January 8, 2019, through CBB Board Resolution No. 6/2019 of January 8, 2019, the CBB lowered the maximum limit for foreign investments with insurance company resources from 10% to 7%. The APS stipulated that insurance companies adapt their investments in securities of issuers incorporated abroad to the percentage set until June 30, 2019.

In accordance with Law No. 65 of December 10, 2010, investments abroad by pension fund managers may not exceed 50% of each managed fund.

Administrative Resolution APS/DJ/UI/Nº464/2017, issued by the Pension and Insurance Supervision and Control Authority, states that the National General Treasury of Bolivia may also directly or indirectly invest the resources of SIP Funds in foreign debt securities up to the limit of 10% of the total amount of each issue through the intermediaries contracted by the Ministry of the Economy and Public Finance of the Plurinational State of Bolivia.

On January 7, 2020, through CBB Board Resolution No. 007/2020, it is established that in Fiscal Year 2020, the maximum limit for foreign investments with insurance companies remains at 7% of their investment resources.
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the National General Treasury of Bolivia may also directly or
indirectly invest the resources of SIP Funds in foreign debt securities
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intermediaries contracted by the Ministry of the Economy and Public
Finance of the Plurinational State of Bolivia.

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<th>Sale or issue abroad by residents</th>
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<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
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<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In the case of the external public debt of the nonfinancial public
sector, the Plurinational Legislative Assembly will authorize the
contracting of public debt when the capacity to generate revenue to
cover principal and interest is demonstrated and the most
advantageous conditions in terms of rates, maturities, amounts, and
other conditions are technically justified. Public debt will not include
obligations that have not been expressly authorized and guaranteed
The external debt of publicly owned enterprises must be approved by the Superior Strategic Council of Publicly Owned Enterprises (Consejo Estratégico Superior de Empresas Públicas—COSEEP). Commercial and financial loans to the private sector without official backing do not require authorization but must be reported to the CBB for statistical purposes.

In the case of the external public debt of the nonfinancial public sector, the Plurinational Legislative Assembly will authorize the contracting of public debt when the capacity to generate revenue to cover principal and interest is demonstrated and the most advantageous conditions in terms of rates, maturities, amounts, and other conditions are technically justified. Public debt will not include obligations that have not been expressly authorized and guaranteed by the Plurinational Legislative Assembly (CPE, Article 322).

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</tr>
</tbody>
</table>

Guarantees, sureties, and financial backup facilities

| By residents to nonresidents | No. |
| To residents from nonresidents | No. |

Controls on direct investment

Outward direct investment

Inward direct investment

Controls on liquidation of direct investment

Controls on real estate transactions

Purchase abroad by residents

Purchase locally by nonresidents

Sale locally by nonresidents

Controls on personal capital transactions

Loans

By residents to nonresidents

To residents from nonresidents

Gifts, endowments, inheritances, and legacies

From a tax standpoint, taxes are levied on inheritance and gifts of real and personal property (which are subject to public registration), fall under the jurisdiction of the departmental autonomous governments in accordance with Law No. 154(7)(a) of July 14, 2011, on the Classification and Definition of Taxes and Regulations for the Creation and/or Adjustment of Taxes on the Property of Autonomous...
Governments.

By residents to nonresidents

No. Within the territorial jurisdiction of departments, the provisions of Law No. 843 of May 20, 1986, are applicable. Amended Text in force, and S.D. No. 21789 of December 7, 1987, provide that property subject to registration in the country, such as motor vehicles, motorboats, aircraft, real estate, stocks, capital shares; scientific, literary, artistic, trademark, commercial, or similar property rights; patents, commercial signs, slogans, denominations of origin, and the like, is subject to gift tax (Tax on the Free Transmission of Goods—Impuesto a la Transmisión Gratuita de Bienes—ITGB), with rates ranging from 1% to 20%, depending on the degree of kinship between the recipient and giver.

To residents from nonresidents

No. Taxes are levied on inheritance and gifts of real and personal property (which are also subject to public registration), fall under the jurisdiction of the departmental autonomous governments in accordance with Law No. 154(7)(a) of July 14, 2011, on the Classification and Definition of Taxes and Regulations for the Creation and/or Adjustment of Taxes on the Property of Autonomous Governments; the Departmental Autonomous Governments of Oruro, La Paz, Santa Cruz, Potosí, Cochabamba, Beni, Pando, Chuquisaca, and Tarija enacted laws establishing a departmental gift tax (Impuesto a la Transmisión Gratuita de Bienes—ITGB), with rates ranging from 1% to 20%, depending on the degree of kinship between the recipient and giver.

Settlement of debts abroad by immigrants

No.

Transfer of assets

No.

Transfer abroad by emigrants

No.

Transfer into the country by immigrants

No.

Transfer of gambling and prize earnings

No. In this regard, it should be clarified that the Plurinational State of Bolivia, within the framework of Law No. 60 of November 25, 2010, regulates all gaming, lottery, and gambling activities, guaranteeing the delivery of the prize to the winner. This law has created the Participation in Gaming Tax (Impuesto a la Participación en Juegos), levied on individuals who engage in gambling and prize drawings, at a rate of 15% of the sale price net of VAT.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes. The purpose of the Financial Services Law (Law No. 393) is to regulate financial intermediation activities, the provision of complementary financial services, as well as the organization and operation of financial intermediaries and complementary financial services companies, financial consumer protection, and the government’s involvement as the governing body of the financial system, ensuring universal financial services and guiding operational activities in support of the country’s economic and social development policies. It includes aspects focused on financial consumer protection and the development of the housing and productive sectors by establishing a system to control interest rates and minimum portfolio levels (S.D. No. 1842 and S.D. No. 2055). It also strengthens the prudential and solvency measures applicable to financial institutions, in addition to establishing deposit insurance for low-income savers, who account for more than 90% of the total...
In accordance with Chapter VIII of Title II of Book 2 of the Compilation of Standards for Financial Services, revised April 27, 2018, short-term foreign liabilities are subject to reserve requirements, with the exception of liabilities incurred solely in connection with foreign trade operations in which the assets and liabilities of each transaction are exactly matched.

In accordance with the ASFI Circular of December 16, 2010, as amended by ASFI Resolution No. 13/2014, the specific provisions for loans denominated in foreign currency or in indexed domestic currency (MNV) as a function of the category and type of credit are as follows:

**Category A:**
1. For Business, Microcredit, SMEs 2.25% and 1% for direct and contingent, respectively;
2. For housing (direct and contingent) Residential mortgage credit, social residential mortgage credit, and social residential credit with no mortgage guarantee, 2.5%;
3. For housing (direct and contingent) Residential credit without mortgage guarantee and duly secured home loans without mortgage guarantee, 7%;
4. For consumption (direct and contingent), 7%.

**Category B:**
1. For Business, Microcredit, SMEs 5% for both direct and contingent;
2. For housing (direct and contingent) Residential mortgage credit, social residential mortgage credit, and social residential credit with no mortgage guarantee, 5%;
3. For housing (direct and contingent) Residential credit without mortgage guarantee and duly secured home loans without mortgage guarantee, 12%;
4. For consumption (direct and contingent), 12%.

**Category C:** 20% for all types of loans;
**Category D:** 50% for all types of loans;
**Category E:** 80% for all types of loans;
**Category F:** 100% for all types of loans.

The reserve requirement regime varies by currency. Effective April 9, 2019, via CBB Board Resolution No. 35/2019, the reserve requirement for deposits in foreign currency and MVDOL (unit of account indexed to the exchange rate vis-à-vis the US dollar) for demand deposits, savings account deposits, and fixed-term deposits (DPFs) up to 360 days is 31.5% (previously 46.5%), 18% for DPFs between 360 and 720 days (previously 33%), and 10% for DPFs greater than 720 days (previously 25%). With the release of these resources, the Fund for Loans to the Productive Sector and Social Interest Housing III (CPVIS III Fund) was created. In addition, it allows the CBB or one or more foreign institutions to act as delegated administrators in the administration of the RAL-ME Fund.

For domestic currency and domestic currency indexed to the Housing Development Unit MNUFV, it is 11% for demand deposits, savings account deposits, and fixed-term deposits (Depósitos a Plazo
Fijo—DPF) of 30–360 days, 5% in securities and 6% in cash. Deposits in MN and UFV greater than 360 days are exempt from reserve requirements. For funds in escrow, which is the percentage of cash reserves that financial intermediaries hold in foreign currency and MVDOL in their vaults, the reserve requirement is 40%, and for domestic currency, it is up to 50% for MNUFV.

Board Resolution No. 044/2020, effective March 24, 2020, adds the single transitory provision to the Reserve Requirements, specifically referring to the Extraordinary Reserve Requirement associated with the Exceptional Funds. The exceptional funds received by Financial Intermediation Entities must be used in the construction of new portfolios between April 1, 2020, and July 31, 2020. If this increase is less than the amount established in the schedule, the Financial Intermediation Entities must constitute an extraordinary legal reserve in cash for 100% of the difference.

Board Resolution No. 055/2020, effective May 15, 2020, modified the Single Transitional Provision so that the exceptional funds also reach Development Financial Institutions and Credit Unions when calculating new portfolio creation.

Effective June 29, 2020, via Board Resolution No. 060/2020, the reserve requirements were reduced as follows: (1) In domestic currency and MNUFV (cash) from 6% to 5.5%; (2) In domestic currency and MNUFV (securities) from 5% to 4.5%; (3) In foreign currency and MVDOL (cash) from 13.5% to 10%; (4) In foreign currency and MVDOL (securities) from 18% to 11%; except for time deposits of 720 days or more, for which 10% is maintained. Financial Intermediation Entities may maintain up to 60% of their cash reserve requirement in domestic currency and MNUFV in Funds in Custody in any location; previously, the percentage was 50%.

The released resources (from the reductions in the reserve requirements) should be kept at the Fondo para Créditos para la Adquisición de Productos Nacionales y el Pago de Servicios de Origen Nacional (CAPROSEN).

<table>
<thead>
<tr>
<th>Liquid asset requirements</th>
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<tbody>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
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<td>Credit controls</td>
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</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Abroad by banks

Yes.

Article 471 of Law No. 393 on Financial Services stipulates that the ASFI will regulate the maximum limits on investment abroad by financial intermediaries, that is, entities that accept deposits and grant loans.

In accordance with ASFI Resolution No. 429/2016 of June 17, 2016, the maximum limits for investments abroad by banks are the following:

- financial intermediaries, entities that take deposits and place portfolio investments may invest up to 40% of their regulatory
capital in the establishment of fixed branches or offices abroad and/or in shares of multilateral financing organizations abroad. Investments in shares of auxiliary financial service companies, in enterprises in the securities, insurance, and pension sectors, and in development banks may not exceed the amount of their regulatory capital insofar as it is a requirement for obtaining credit lines.

Effective March 27, 2019, ASFI through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad. The new formula to calculate the limit takes the monthly average of the daily balance of the sub-accounts with the cutoff date on the last day of the month. The deadline to adequate to this limit is June 28, 2019. ASFI Circular 627/2020 and ASFI Resolution 081/2020, effective January 28, 2020 approved and put into effect the Regulation that provides for the responsibility of Financial Intermediation Entities to control the financing received or granted. It provides for the obligation of the Internal Audit Unit of the Financial Intermediation Entity to incorporate, within its Annual Work Plan, the verification of the financing contracted by the entity. It determines that the supervised entities must have policies and procedures to achieve an optimal management of the financing, allowing for the expansion of credit coverage to the productive sector. It specifies that Financial Intermediation Entities must consider preventive measures for the control of financing to monitor that it does not exceed the legal limits. It also stipulates that the supervised entity that grants financing must have policies and procedures for assessing and mitigating the risk inherent in the financing. Credit coverage for the productive sector in rural areas must take into account the classification of urban and rural municipalities.

In banks by nonresidents

No.

Open foreign exchange position limits Yes. The net open foreign exchange position limits are the same for resident and nonresident assets and liabilities.

On resident assets and liabilities Yes. For financial intermediaries, the long position limit in foreign currency, MVDOL, and other foreign currencies is 60% and the short position limit in foreign currency, MVDOL, and other foreign currencies (excess of liabilities over assets in those denominations), is 40% of equity. In the case of MNUFV, the long position limit (excess of assets over liabilities in that denomination) is 10%.

Effective January 24, 2019, CBB Resolution No. 11/2019 changed for financial institutions the long position limit in foreign currency, MVDOL, and other foreign currencies from 60% to 50% and the short position limit in foreign currency, MVDOL, and other foreign currencies (excess of liabilities over assets in those denominations), was increased to 50% from 40% of equity.

On nonresident assets and liabilities Yes. For financial intermediaries, the long position limit in foreign currency, MVDOL, and other foreign currencies is 60% and the short position limit in foreign currency, MVDOL, and other foreign currencies (excess of liabilities over assets in those denominations), 40% of equity. In the case of MNUFV, the long position limit (excess of assets over liabilities in that denomination) is 10%.

Effective January 24, 2019, CBB Resolution 011/2019 changed for financial institutions the long position limit in foreign currency, MVDOL, and other foreign currencies from 60% to 50% and the short position limit in foreign currency, MVDOL, and other foreign currencies (excess of liabilities over assets in those denominations),
Provisions specific to institutional investors: Yes.
Insurance companies: Yes.

Limits (max.) on securities issued by nonresidents: Yes. Article 18 of S.D. No. 25201 states that the CBB must set an annual maximum limit for investments abroad by insurance companies. Effective January 8, 2019, CBB Board Resolution No. 6/2019 stipulates that for the fiscal year 2019, the maximum limit for investments abroad by insurance companies is 7% of their investment resources (previously 10%). On January 7, 2020, CBB Board Resolution No. 7/2020 stipulates that for the fiscal year 2020, the maximum limit for investments abroad by insurance companies remains at 7% of their investment resources.

Limits (max.) on investment portfolio held abroad: Yes. Article 18 of S.D. No. 25201 states that the CBB must set an annual maximum limit for investments abroad by insurance companies. Effective January 8, 2019, CBB Board Resolution No. 6/2019 stipulates that for the fiscal year 2019, the maximum limit for investments abroad by insurance companies is 7% of their investment resources (previously 10%). On January 7, 2020, CBB Board Resolution No. 7/2020 stipulates that for the fiscal year 2020, the maximum limit for investments abroad by insurance companies remains at 7% of their investment resources.

Limits (min.) on investment portfolio held locally: No.
Currency-matching regulations on assets/liabilities composition: No.
Pension funds: Yes.

Limits (max.) on securities issued by nonresidents: Yes. Total investment abroad may not exceed 50% of each Fund (Solidarity Fund, Collective Risk Fund, and Retirement Savings Fund of the Integral Pension System) administered by the public manager of social security. Administrative Resolution APS/DJ/UI/N°464/2017, issued by the Pension and Insurance Supervision and Control Authority, the body supervising and regulating pensions, approves the SIP Investment Regulation for compliance (on a transitional basis) by the AFPs, establishing that the resources of SIP Funds may be invested directly or indirectly in sovereign debt securities issued by other countries in accordance with the following limit and conditions: (1) up to 10% of the total amount of each issue and up to 10% of the value of each Fund; (2) They must have an international risk rating of AAA or another equivalent that represents the highest credit rating; (3) Returns equal to or exceeding the investment options presented by the local market; (4) Authorization on the part of the APS, which does not imply liability of any sort with respect to management of the investment portfolio of the SIP Funds; and (5) the amounts must be denominated in US dollars. Administrative Resolution APS/DJ/UI/N°492/2018 establishes that the National General Treasury of Bolivia may also directly or indirectly invest the resources of SIP Funds in foreign debt securities up to the limit of 10% of the total amount of each issue through the intermediaries contracted by the Ministry of the Economy and Public Finance.

Limits (max.) on investment portfolio held abroad: Yes. Total investment abroad may not exceed 50% of each Fund (Solidarity Fund, Collective Risk Fund, and Retirement Savings Fund of the Integral Pension System) administered by the public manager of social security.
manager of social security. Administrative Resolution APS/DJ/UI/N°464/2017, issued by the Pension and Insurance Supervision and Control Authority, the body supervising and regulating pensions, approves the SIP Investment Regulation for compliance (on a transitional basis) by the AFPs, establishing that the resources of SIP Funds may be invested directly or indirectly in sovereign debt securities issued by other countries in accordance with the following limit and conditions: (1) up to 10% of the total amount of each issue and up to 10% of the value of each Fund; (2) They must have an international risk rating of AAA or another equivalent that represents the highest credit rating; (3) Returns equal to or exceeding the investment options presented by the local market; (4) Authorization on the part of the APS, which does not imply liability of any sort with respect to management of the investment portfolio of the SIP Funds; and (5) the amounts must be denominated in US dollars.

Administrative Resolution APS/DJ/UI/N°492/2018 states that the National General Treasury of Bolivia may also directly or indirectly invest the resources of SIP Funds in foreign debt securities up to the limit of 10% of the total amount of each issue through the intermediaries contracted by the Ministry of the Economy and Public Finance.

### Limits (min.) on investment portfolio held locally
- No.

### Currency-matching regulations on assets/liabilities composition
- No.

### Investment firms and collective investment funds
- Yes.

### Limits (max.) on securities issued by nonresidents
- No.

### Limits (max.) on investment portfolio held abroad
- Yes.

In accordance with Title 1 of Book 5 of the ASFI Compilation of Standards for the Securities Market, amended September 26, 2017, by Resolution ASFI/1131, Open-Ended and Closed-Ended Investment Funds may invest up to 25% of their total portfolio in international financial markets.

Through Resolution No. 246/2019, ASFI approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%, effective March 27, 2019. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of investments registered as of March 27, 2019.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Changes during 2019 and 2020

### Exchange Arrangement
- **Foreign exchange market**
- **Spot exchange market**

  **01/01/2020** The commission for transfers abroad decreased from 2% to 0.1% for the payment of capital and interest for financing from multilateral organizations for the private sector.

### Imports and Import Payments
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/12/2019</td>
<td>The 0% tariff on diesel imports (subheading NANDINA 2710.19.21.00) was temporarily extended through Supreme Decree No. 4115, for another year, through December 31, 2020.</td>
</tr>
<tr>
<td>03/16/2020</td>
<td>Supreme Decree No. 4192, temporarily deferring the tariff rate for the import of medical supplies and equipment to 0% until December 31, 2020.</td>
</tr>
<tr>
<td>04/08/2020</td>
<td>Supreme Decree No. 4211, temporarily deferring the tariff rate for wheat imports to 0% for a 2-year period.</td>
</tr>
<tr>
<td>04/28/2020</td>
<td>Supreme Decree No. 4227, deferring the tariff rate for the import of inputs and medicines for the treatment of COVID-19 and other basic diseases to 0%.</td>
</tr>
<tr>
<td>06/23/2020</td>
<td>Supreme Decree No. 4272, temporarily deferring the tariff rate for the import of fabrics for the manufacture of biosafety clothing and paper for the printing of newspapers to 0% until December 31, 2021.</td>
</tr>
<tr>
<td>01/08/2020</td>
<td>Supreme Decree No. 3920 of May 29, 2019, authorized soybean exports equal to 60% of the national production of the previous fiscal year according to official National Statistics Institute data after verification of sufficiency and supply in the domestic market at a fair price.</td>
</tr>
<tr>
<td>01/22/2020</td>
<td>Supreme Decree No. 4139, facilitates the export process, because it revokes the Certificate of Internal Supply and Fair Price issued by the National Customs Office and eliminates the following products from the list of those that may be subject to temporary suspension of exports: beef and live cattle, corn and its by-products, sorghum, oil, and sugar.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

**Export licenses**

With quotas

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/05/2019</td>
<td>Supreme Decree No. 3920 of May 29, 2019, authorized soybean exports equal to 60% of the national production of the previous fiscal year according to official National Statistics Institute data after verification of sufficiency and supply in the domestic market at a fair price.</td>
</tr>
<tr>
<td>01/22/2020</td>
<td>Supreme Decree No. 4139, facilitates the export process, because it revokes the Certificate of Internal Supply and Fair Price issued by the National Customs Office and eliminates the following products from the list of those that may be subject to temporary suspension of exports: beef and live cattle, corn and its by-products, sorghum, oil, and sugar.</td>
</tr>
</tbody>
</table>

**Capital Transactions**

**Controls on capital transactions**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/08/2019</td>
<td>Through Central Bank of Bolivia Board Resolution No. 6/2019 of January 8, 2019, the CBB lowered the maximum limit for foreign investments with insurance company resources from 10% to 7%. The APS (Pensions and Insurance Supervision and Oversight Authority) stipulated that insurance companies adapt their investments in securities of issuers incorporated abroad to the percentage set until June 30, 2019.</td>
</tr>
<tr>
<td>03/27/2019</td>
<td>Autoridad de Supervisión del Sistema Financiero (ASFI) through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad. Additionally, through Resolution No. 246/2019, ASFI approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of</td>
</tr>
</tbody>
</table>
investments registered as of March 27, 2019.

Bonds or other debt securities

Purchase abroad by residents

01/08/2019

Through Central Bank of Bolivia (CBB) Board Resolution No. 6/2019 of January 8, 2019, the CBB lowered the maximum limit for foreign investments with insurance company resources from 10% to 7%. The APS (Pensions and Insurance Supervision and Oversight Authority) stipulated that insurance companies adapt their investments in securities of issuers incorporated abroad to the percentage set until June 30, 2019.

03/27/2019

Autoridad de Supervisión del Sistema Financiero (ASFI) through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad.

Also, the new formula to calculate the limit takes the monthly average of the daily balance of the sub-accounts with the cutoff date on the last day of the month. The deadline to adequate to this limit is June 28, 2019.

Additionally, through Resolution No. 246/2019, ASFI approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of investments registered as of March 27, 2019.

On money market instruments

Purchase abroad by residents

01/08/2019

Through Central Bank of Bolivia (CBB) Board Resolution No. 6/2019 of January 8, 2019, the CBB lowered the maximum limit for foreign investments with insurance company resources from 10% to 7%. The APS (Pensions and Insurance Supervision and Oversight Authority) stipulated that insurance companies adapt their investments in securities of issuers incorporated abroad to the percentage set until June 30, 2019.

03/27/2019

Autoridad de Supervisión del Sistema Financiero (ASFI) through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad.

Also, the new formula to calculate the limit takes the monthly average of the daily balance of the sub-accounts with the cutoff date on the last day of the month. The deadline to adequate to this limit is June 28, 2019.

Additionally, through Resolution No. 246/2019, ASFI approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of investments registered as of March 27, 2019.

On collective investment securities

Purchase abroad by residents

01/08/2019

Through Central Bank of Bolivia (CBB) Board Resolution No. 6/2019 of January 8, 2019, the CBB lowered the maximum limit for foreign investments with insurance company resources from 10% to 7%. The APS (Pensions and Insurance Supervision and Oversight Authority) stipulated that insurance companies adapt their investments in securities of issuers incorporated abroad to the percentage set until June 30, 2019.
percentage set until June 30, 2019.

Autoridad de Supervisión del Sistema Financiero (ASFI) through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad. Also, the new formula to calculate the limit takes the monthly average of the daily balance of the sub-accounts with the cutoff date on the last day of the month. The deadline to adequate to this limit is June 28, 2019. Additionally, through Resolution No. 246/2019, ASFI approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of investments registered as of March 27, 2019.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

04/09/2019 The reserve requirement for deposits in foreign currency and MVDOL (unit of account indexed to the exchange rate vis-à-vis the US dollar) for demand deposits, savings account deposits, and fixed-term deposits (DPFs) up to 360 days is 31.5% (previously 46.5%), 18% for DPFs between 360 and 720 days (previously 33%), and 10% for DPFs greater than 720 days (previously 25%). In addition, it allows the Central Bank of Bolivia or one or more foreign institutions to act as delegated administrators in the administration of the RAL-ME Fund.

05/15/2020 Board Resolution No. 055/2020 modified the Single Transitional Provision so that the exceptional funds also reach Development Financial Institutions and Credit Unions when calculating new portfolio creation.

06/29/2020 Board Resolution No. 060/2020, the reserve requirements were reduced as follows: (1) In domestic currency and MNUFV (cash) from 6% to 5.5%; (2) In domestic currency and MNUFV (securities) from 5% to 4.5%; (3) In foreign currency and MVDOL (cash) from 13.5% to 10%; (4) In foreign currency and MVDOL (securities) from 18% to 11%; except for time deposits of 720 days or more, for which 10% is maintained. Financial Intermediation Entities may maintain up to 60% of their cash reserve requirement in domestic currency and MNUFV in Funds in Custody in any location; previously, the percentage was 50%.

Investment regulations

Abroad by banks

03/27/2019 Autoridad de Supervisión del Sistema Financiero (ASFI) through Resolution No. 247/2019 modified the Regulation of Investments in Fixed Assets and Operations with Foreign Entities and lowered the foreign investment limit of banks from 25% to 15% of regulatory capital. To compute this limit, investments in time deposits and securities abroad are considered, in addition to the account of banks and corresponding entities abroad. The new formula to calculate the limit takes the monthly average of the daily balance of the sub-accounts with the cutoff date on the last day of the month. The deadline to adequate to this limit is June 28, 2019.

01/28/2020 ASFI Circular 627/2020 and ASFI Resolution 081/2020 approved
and put into effect the Regulation that provides for the responsibility of Financial Intermediation Entities to control the financing received or granted. It provides for the obligation of the Internal Audit Unit of the Financial Intermediation Entity to incorporate, within its Annual Work Plan, the verification of the financing contracted by the entity. It determines that the supervised entities must have policies and procedures to achieve an optimal management of the financing, allowing for the expansion of credit coverage to the productive sector. It specifies that Financial Intermediation Entities must consider preventive measures for the control of financing to monitor that it does not exceed the legal limits. It also stipulates that the supervised entity that grants financing must have policies and procedures for assessing and mitigating the risk inherent in the financing.

Open foreign exchange position limits

On resident assets and liabilities

01/24/2019 Central Bank of Bolivia Resolution No. 11/2019 changed for financial institutions the short position limit in foreign currency, MVDOL, and other foreign currencies (excess of liabilities over assets in those denominations), was increased to 50% from 40% of equity.

01/24/2019 Central Bank of Bolivia Resolution No. 11/2019 changed for financial institutions the long position limit in foreign currency, MVDOL, and other foreign currencies from 60% to 50%.

On nonresident assets and liabilities

01/24/2019 Central Bank of Bolivia Resolution No. 11/2019 changed for financial institutions the short position limit in foreign currency, MVDOL, and other foreign currencies (excess of liabilities over assets in those denominations), was increased to 50% from 40% of equity.

01/24/2019 Central Bank of Bolivia Resolution No. 11/2019 changed for financial institutions the long position limit in foreign currency, MVDOL, and other foreign currencies from 60% to 50%.

Provisions specific to institutional investors

Insurance companies

Limits (max.) on securities issued by nonresidents

01/08/2019 Central Bank of Bolivia Board Resolution No. 6/2019 stipulates that for the fiscal year 2019, the maximum limit for investments abroad by insurance companies is 7% of their investment resources (previously 10%).

Limits (max.) on investment portfolio held abroad

01/08/2019 Central Bank of Bolivia Board Resolution No. 6/2019 stipulates that for the fiscal year 2019, the maximum limit for investments abroad by insurance companies is 7% of their investment resources (previously 10%).

Investment firms and collective investment funds

Limits (max.) on investment portfolio held abroad

03/27/2019 Autoridad de Supervisión del Sistema Financiero approved reducing limits on investment abroad for new open and closed investment funds, from 25% to 5%. This new limit will not apply to investment funds that are currently in operation. However, it is established that the limit that these will have will be the level of investments registered as of March 27, 2019.
**BOSNIA AND HERZEGOVINA**  
*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th><strong>Date of membership</strong></th>
<th>December 14, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Article VIII</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Article XIV</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th><strong>Restrictions and/or multiple currency practices</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange measures imposed for security reasons</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other security restrictions</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with the relevant UNSC resolutions, restrictions have been imposed on certain financial transactions related to listed terrorist groups.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Exchange Arrangement

<table>
<thead>
<tr>
<th><strong>Currency</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other legal tender</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Exchange rate structure</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Unitary</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Dual</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Multiple</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Classification</strong></td>
<td></td>
</tr>
<tr>
<td><strong>No separate legal tender</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Currency board</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The exchange rate arrangement is a currency board. The CB covers base money with its foreign reserves, including currency in circulation and commercial bank deposits. The Law on the Central Bank, adopted by the parliamentary assembly of Bosnia and Herzegovina, guarantees convertibility of the currency of Bosnia and Herzegovina. There are no restrictions on the purchase and sale of foreign exchange. The Central Bank of Bosnia and Herzegovina publishes data on its sales and purchases.
The convertible mark is pegged to the euro at the rate of KM 1 per €0.51129. This rate applies to CB transactions as well as accounting and valuation. The exchange rate is fixed by the Law on the CBBH, and it can be changed only through parliamentary approval. The official exchange rate is used for foreign exchange transactions between the CB, commercial banks, and government and for valuation of import and export transactions.

The monetary policy framework is an exchange rate anchor vis-à-vis the euro.
Foreign exchange market: Yes. Commercial banks and other financial institutions may buy and sell convertible mark for euros and other foreign currency without restriction at the official exchange rate indicated in Article 32 of the CBBH law. Banks and exchange bureaus may charge a commission up to 1% in their foreign exchange transactions pursuant to the Law on the Central Bank, Article 33.

Spot exchange market: Yes. Supervisory authorities issue licenses to commercial banks, which are authorized to conduct foreign exchange operations. As of December 31, 2019, 26 banks had licenses (17 banks licensed by the Banking Agency of the Federation of Bosnia and Herzegovina and 9 licensed by the Banking Agency of Republika Srpska). Foreign exchange bureaus may also deal in foreign exchange on behalf of banks (if they have a contract with a bank) and are subject to licensing by the relevant ministry. Exchange bureaus may engage in cash retail transactions only. There were 173 registered exchange bureaus as of December 31, 2019. They may buy traveler’s checks and buy and sell foreign currency banknotes. Their customers are individuals only. Although they may sell foreign currency to residents, their main function is currency banknote exchange services for nonresidents. They cannot make foreign currency payments and transfers on behalf of their clients. Exchange bureaus operate under contracts with banks. The exchange rates and their commissions are specified in their contract with the bank, except the exchange rate of the euro. Exchange bureaus’ operations are supervised by the...
Banking Agency of the Federation of Bosnia and Herzegovina, the Banking Agency of Republika Srpska, and the Foreign Exchange Inspectorate of Republika Srpska.

**Operated by the central bank** Yes.

**Foreign exchange standing facility** Yes. The CB buys and sells foreign exchange at the official exchange rate at the request of commercial banks and the government. It does not apply a spread or commission.

**Allocation** No.

**Auction** No.

**Fixing** No.

**Interbank market** Yes. Commercial banks may deal only with each other in the interbank market. There are no limits on the bid-ask spread and commission of market participants.

**Over the counter** No.

**Brokerage** No.

**Market making** Yes.

**Forward exchange market** No. There is no forward exchange market.

**Official cover of forward operations** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes.

**Controls on the use of domestic currency** No. Transactions are subject to checks for the prevention of money laundering.

**For current transactions and payments** No.

**For capital transactions** No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

**Use of foreign exchange among residents** Yes. Payment transactions among residents need to be denominated and executed in national currency.

**Payments arrangements** Yes.

**Bilateral payments arrangements** No.

**Operative** No.

**Inoperative** No.

**Regional arrangements** No.

**Clearing agreements** Yes. There is a bilateral clearing arrangement for payment transaction with Montenegro and Serbia.

**Barter agreements and open accounts** No.
### Administration of control

The Republika Srpska, Federation of Bosnia and Herzegovina, and Brčko District have their own foreign exchange laws and implementing decisions and rules. In addition, certain issues (such as FDI) are also regulated at the state level. Companies wishing to engage in foreign trade must register with the relevant ministry.

### Payments arrears

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No</td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
</tr>
</tbody>
</table>

### Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No</td>
</tr>
<tr>
<td>On external trade</td>
<td>No</td>
</tr>
</tbody>
</table>

### Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Domestic currency

Limits apply to the exportation of domestic currency regulated by the government. Individuals may take out up to the equivalent of €10,000 in convertible mark freely. For amounts exceeding €10,000, clearance from the relevant ministry is required; it is issued for specific purposes on verification of the documents submitted. The taking out of cash, checks, or securities is to be declared to customs. Nonresident individuals may export foreign currency up to the equivalent of €10,000, all foreign currency previously brought to the country, and all savings from deposits with banks. Domestic currency, if used for payments abroad, is also accounted in this amount.

Banks may export domestic currency freely without limitations.

### Foreign currency

Limits apply to the exportation of foreign currency regulated by the government. Individuals may take out up to the equivalent of €10,000. For amounts exceeding €10,000, clearance from the relevant ministry is required; it is issued for specific purposes on verification of the documents submitted. The taking out of cash, checks, or securities is to be declared to customs. Nonresident individuals may export foreign currency up to the equivalent of €10,000, all foreign currency previously brought to the country and all savings from deposits with banks.

Banks may export foreign currency freely without limitations.

### On imports

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No</td>
</tr>
</tbody>
</table>

There are no limitations on the import of currency in cash and checks. Banks may import domestic currency freely without limitations. Banks may import foreign currency freely without limitations.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted**

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
</tbody>
</table>

Individuals and legal entities may hold foreign exchange accounts with commercial banks without restriction or approval.

Held domestically

Yes.

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The procedure is identical to domestic currency accounts. However, balances may not be transferred abroad freely, but only for specific payment purposes (invoice needs to be attached).

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents may open accounts abroad for specific purposes. Residents may open accounts abroad for specific purposes and with the approval of the relevant finance ministry.

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |
| Approval required | No. |
| Blocked accounts | Yes. |

Nonresidents may open foreign exchange accounts with commercial banks. Prerequisite for account opening for nonresidents is work permit and/or temporary residence. Nonresidents may open accounts in domestic currency with commercial banks. Balances in domestic currency accounts of nonresidents are freely convertible to euro and any other foreign currency. Nonresidents may transfer abroad freely proceeds of their operations in the country, that is, earnings and profits. Accounts are blocked in accordance with the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) law.

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | Yes. |
| Minimum financing requirements | No. |
| Advance payment requirements | Yes. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | Yes. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |

Cash payments for imports are allowed up to €3,000 a month. Cash payments exceeding this amount are subject to the approval of the respective MOF of the Republika Srpska or the Federation of Bosnia and Herzegovina. Resident legal persons and entrepreneurs must finalize imports of goods or services within 180 days of the date of advance payment.
| **Import licenses used as exchange licenses** | No. |
| **Other** | Yes. |
| The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities. |
| **Import licenses and other nontariff measures** | Yes. |
| There are no import quotas for any product. Imports are free of licensing requirements, except those that relate to public security; the health of people, plants, and animals; articles of artistic or historic value; industrial-commercial property; and the disposal of drugs and scrap. |
| **Positive list** | Yes. |
| **Negative list** | No. |
| There is no official list of prohibited imports, but the Council of Ministers may establish one if necessary. |
| **Open general licenses** | Yes. |
| Imports are free of licensing requirements, except those that relate to public security; the health of people, plants, and animals; articles of artistic or historic value; industrial-commercial property; and the disposal of drugs and scrap. There are no import quotas for any product. |
| **Licenses with quotas** | No. |
| **Other nontariff measures** | Yes. |
| Measures related to security and public health apply. |
| **Import taxes and/or tariffs** | Yes. |
| Import tariffs range from 0% to 15%, with an average unweighted rate of 6%. |
| **Taxes collected through the exchange system** | No. |
| **State import monopoly** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Exports and Export Proceeds

**Repatriation requirements** Yes. Proceeds from exported goods and services must be collected and repatriated in full within 180 (90 in the Brčko District) days of the date of exportation (that is, customs clearance) or delivery of services. Exportation of goods and services with a contracted payment period longer than six months is considered a loan. Residents can collect export proceeds in cash up to €10,000 a month and 1,000 KM per transaction. Cash proceeds exceeding this amount are subject to the approval of the respective MOF of the Republika Srpska or Federation of Bosnia and Herzegovina. Residents may receive cash payments without approval for: catering and tourism; airport and port services and supply of fuel, food products, technical materials, and other nondurables for aircrafts and ships; transport services for goods and persons; urgent medical assistance; and road tolls.

**Surrender requirements** No.  
**Surrender to the central bank** No.  
**Surrender to authorized dealers** No.  
**Financing requirements** Yes. Cash proceeds for exports are allowed up to €10,000 a month and 1,000 KM per transaction. Larger cash payments require approval of the respective MOF of the Republika Srpska or Federation of Bosnia and Herzegovina.

**Documentation requirements** Yes.
<table>
<thead>
<tr>
<th>Service</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
<td>Preshipment inspection requires invoices and certificate of origin.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>Exporters must be authorized to engage in foreign trade. Customs authorities require that exporters provide documents accompanying the goods, in some cases, documents verifying the origin of the goods are also required. Approval from the Ministry of Foreign Trade is required for exports of military equipment, blood, narcotics and medicines containing narcotics, and other pharmaceutical products.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
<td>Exports are free of restrictions, except certain products, such as weapons, drugs, and works of art, for which permits are required.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
<td>Exports are free of restrictions, except certain products, such as weapons, drugs, and works of art, for which permits are required.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Service</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>Yes.</td>
<td>The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.</td>
</tr>
</tbody>
</table>
Personal payments  
Yes.

Prior approval  
No.  
If an individual needs an account abroad for medical treatment, he or she should get an approval from relevant MOF for opening of such account and can transfer funds to it. If transfers of medical expenses abroad are made from the home country, then the prior approval is not required.

Quantitative limits  
No.

Indicative limits/bona fide test  
Yes.  
The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.

Foreign workers' wages  
Yes.

Prior approval  
No.

Quantitative limits  
No.

Indicative limits/bona fide test  
Yes.  
The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.

Credit card use abroad  
Yes.

Prior approval  
No.

Quantitative limits  
No.

Indicative limits/bona fide test  
Yes.  
The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.

Other payments  
Yes.

Prior approval  
No.

Quantitative limits  
No.

Indicative limits/bona fide test  
Yes.  
The purchase and transfer of foreign exchange in any amount must be substantiated with documents that banks check and file for ex post supervision by the authorities.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  
Yes.  
Residents are required to repatriate their foreign exchange revenues from abroad. The general repatriation deadline is eight days in the Republika Srpska and the Federation of Bosnia and Herzegovina following the receipt of the foreign exchange.

Surrender requirements  
No.

Surrender to the central bank  
No.

Surrender to authorized dealers  
No.

Restrictions on use of funds  
No.  
In accordance with an agreement with Germany, the CBBH provides documentation to Germany on pensions from Germany paid by commercial banks under German jurisdiction to workers in Bosnia and Herzegovina.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents are required to repatriate their foreign exchange revenues from abroad. The general repatriation deadline is eight days in the Republika Srpska and the Federation of Bosnia and Herzegovina following the receipt of the foreign exchange.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities market participants must be authorized to trade in the organized markets, in accordance with the laws on securities transactions. Bosnia and Herzegovina does not have a law on voluntary pension funds and pension plans, and the securities market is regulated by the Securities Act.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On capital market securities</th>
<th>Yes.</th>
</tr>
</thead>
</table>

| Shares or other securities of a participating nature | Yes. |
| Purchase locally by nonresidents | Yes. |
| The following apply to residents and nonresidents. Purchases leading to the acquisition of 30% or more voting shares in a company are subject to the Takeover Act. Purchases of more than 25% of an investment fund are prohibited. The public and regulators must be notified of any purchase exceeding 25% of total votes. Domestic and foreign securities may be purchased and sold domestically only through an authorized domestic participant in the securities market. |

<table>
<thead>
<tr>
<th>Sale or issue locally by nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonresidents and residents must register securities with the relevant Securities and Exchange Commission (SEC) before sale or issuance. Domestic and foreign securities may be purchased and sold domestically only through an authorized domestic participant in the securities market.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents may purchase foreign securities in the foreign or domestic capital market, if such purchases are made through authorized securities market participants in accordance with the regulations governing the securities market, international agreements, and other special regulations. Insurance companies may invest only in securities issued by EU governments and CBs and with approval of the relevant supervisor. The ceiling for investments in foreign assets is 20% (5% an issuer) of the total portfolio for technical reserves for life and non-life insurance, minimum guarantee funds on the amount and manner of investment of assets in the Republika Srpska (Official Gazette of the Republika Srpska No. 56/124), and 20% (5% an issuer) for the sum of technical reserves and guarantee funds for life and non-life insurance as prescribed by the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10). According to Article 43 of the Law on Voluntary Pension Funds and Pension Plans in the Republika Srpska, up to 40% of the asset value may be invested in securities of issuers whose headquarters are outside Bosnia and Herzegovina.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
</table>

| Bonds or other debt securities   | Yes. |
| Purchase locally by nonresidents | No.  |
| Sale or issue locally by nonresidents |       |
Nonresidents and residents must register securities with the relevant SEC before sale or issuance.

Residents may purchase foreign securities in the foreign or domestic capital market, if such purchases are made through authorized securities market participants in accordance with the regulations governing the securities market, international agreements, and other special regulations. According to Article 42 of the Law on Voluntary Pension Funds and Pension Plans in the Republika Srpska, investments are limited to (1) bonds and other debt securities issued by members of the EU, OECD, and CEFTA or a CB of those countries; (2) bonds and other debt securities issued by the ECB, European Investment Bank (EIB), or World Bank; (3) stakes in open and shares in closed investment funds registered in Bosnia and Herzegovina, if such funds invest mainly in securities of OECD countries; (4) debt securities with the recommended rating for investment by rating agencies issued by local self-governance units, companies, or banks from members of the EU, OECD, and CEFTA that are traded on a major stock exchange or other defined public market in members of the EU, OECD, and CEFTA; and (5) stakes in open investment funds registered in members of the EU, OECD, and CEFTA. Under Article 43, up to 40% of the asset value may be invested in securities of issuers whose headquarters are outside Bosnia and Herzegovina and within the mentioned limit and up to 30% may be invested in securities according to Article 42, Paragraph 1. Insurance companies may invest only in securities issued by EU governments and CBs and with approval of the relevant supervisor.

The ceiling for investments in foreign assets is 20% (5% an issuer) of the total portfolio for technical reserves for life and non-life insurance, minimum guarantee funds on the amount and manner of investment of assets in the Republika Srpska (Official Gazette of the Republika Srpska No. 56/124), and 20% (5% an issuer) for the sum of technical reserves and guarantee funds for life and non-life insurance as prescribed by the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10).

Security Commission approval is required.

Domestic and foreign securities may be purchased and sold domestically only through an authorized domestic participant in the securities market.

Nonresidents and residents must register securities with the relevant SEC before sale or issuance. Domestic and foreign securities may be purchased and sold domestically only through an authorized domestic participant in the securities market.

Residents may purchase foreign securities in the foreign or domestic capital market, if such purchases are made through authorized securities market participants in accordance with the regulations governing the securities market, international agreements, and other special regulations. According to Article 42 of the Law on Voluntary Pension Funds and Pension Plans in the Republika Srpska, investments are limited to (1) bonds and other debt securities issued by members of the EU, OECD, and CEFTA or a CB of those countries; (2) bonds and other debt securities issued by the ECB, EIB, or World Bank; (3) stakes in open and shares in closed investment funds registered in Bosnia and Herzegovina, if such funds invest mainly in securities of OECD countries; (4) debt securities with the recommended rating for investment by rating agencies.
issued by local self-governance units, companies, or banks from members of the EU, OECD, and CEFTA that are traded on a major stock exchange or other defined public market in members of the EU, OECD, and CEFTA; and (5) stakes in open investment funds registered in members of the EU, OECD, and CEFTA. Under Article 43, up to 40% of the asset value may be invested in securities of issuers whose headquarters are outside Bosnia and Herzegovina and within the mentioned limit and up to 30% may be invested in securities according to Article 42, Paragraph 1. Insurance companies may invest only in securities issued by EU governments and CBs and with approval of the relevant supervisor. The ceiling for investments in foreign assets is 20% (5% an issuer) of the total portfolio for technical reserves for life and non-life insurance, minimum guarantee funds on the amount and manner of investment of assets in the Republika Srpska (Official Gazette of the Republika Srpska No. 56/124), and 20% (5% an issuer) for the sum of technical reserves and guarantee funds for life and non-life insurance as prescribed by the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10).

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic and foreign securities may be purchased and sold domestically only through an authorized domestic participant in the securities market.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Nonresidents and residents must register securities with the relevant SEC before sale or issuance. Domestic and foreign securities may be purchased and sold domestically only through an authorized domestic participant in the securities market.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may purchase foreign securities in the foreign or domestic capital market, if such purchases are made through authorized securities market participants in accordance with the regulations governing the securities market, international agreements, and other special regulations. According to Article 42 of the Law on Voluntary Pension Funds and Pension Plans in the Republika Srpska, investments are limited to (1) bonds and other debt securities issued by members of the EU, OECD, and CEFTA or a CB of those countries; (2) bonds and other debt securities issued by the ECB, EIB, or World Bank; (3) stakes in open and shares in closed investment funds registered in Bosnia and Herzegovina, if such funds invest mainly in securities of OECD countries; (4) debt securities with the recommended rating for investment by rating agencies issued by local self-governance units, companies, or banks from members of the EU, OECD, and CEFTA that are traded on a major stock exchange or other defined public market in members of the EU, OECD, and CEFTA; and (5) stakes in open investment funds registered in members of the EU, OECD, and CEFTA. Under Article 43, up to 40% of the asset value may be invested in securities of issuers whose headquarters are outside Bosnia and Herzegovina and within the mentioned limit and up to 30% may be invested in securities according to Article 42, Paragraph 1. Insurance companies may invest only in securities issued by EU governments and CBs and with approval of the relevant supervisor. The ceiling for investments in foreign assets is 20% (5% an issuer) of the total portfolio for technical reserves for life and non-life insurance, minimum guarantee funds on the amount and manner of investment of assets in the Republika Srpska (Official Gazette of the Republika Srpska No. 56/124), and 20% (5% an issuer) for the sum of technical reserves and guarantee funds for life and non-life insurance as prescribed by the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10).</td>
<td></td>
</tr>
</tbody>
</table>
the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10).

<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Financial credits in domestic currency from residents to nonresidents are prohibited. Loans to nonresidents with maturity of less than a year are prohibited, excluding loans from banks and loans granted by residents for establishing permanent economic relationships. Banks may conduct loan activities abroad in their name and on their own behalf, or in their name and behalf of some else, or in other’s name and behalf of some else.

Resident individuals may receive financial credits from nonresidents who hold funds abroad on submission of a copy of the contract to the relevant ministry and getting registration number. The procedure is for reporting purposes only. Banks may conduct loan activities abroad in their name and on their own behalf, or in their name and behalf of some else, or in other’s name and behalf of some else. Residents other than banks may conduct loan operations abroad only in their name and on their own behalf.

Resident individuals receiving a financial loan from abroad must transfer it through a bank or foreign exchange account abroad opened in accordance with the laws on foreign exchange operations in both countries.

Financial loans from abroad may be used through a foreign bank if the loan agreement stipulates payment for goods and services directly to the supplier or if the loan is used to repay a previous foreign loan (refinancing).

Prudential regulations on banks apply.

Foreign equity ownership is not limited, but must be registered with the relevant ministry for administrative purposes and benefits (no restrictions). Only investments in the production of arms, ammunition, explosives for military use, and military equipment and
in the dissemination of public information are limited at 49% foreign ownership.

| Controls on liquidation of direct investment | No. | Outstanding tax balances must be paid on liquidation. |
| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |
| Purchase locally by nonresidents | Yes. | A reciprocity agreement applies to countries that were part of the former Federal Republic of Yugoslavia. There are no limitations for other nonresidents. |
| Sale locally by nonresidents | No. |
| Controls on personal capital transactions | Yes. |
| Loans | Yes. |
| By residents to nonresidents | Yes. | Loans to nonresidents with maturity of less than a year are prohibited, excluding loans from banks and loans granted by residents for establishing permanent economic relationships. Loans in domestic currency between residents and nonresidents are prohibited. Residents other than banks may conduct loan operations abroad only in their name and on their own behalf. Residents must receive from nonresidents adequate instruments securing the loan repayment. |
| To residents from nonresidents | Yes. | Residents (except banks) may contract loans with nonresidents only in their name and on their own behalf. Residents must transfer loans from abroad through a bank or foreign exchange account abroad opened in accordance with the laws on foreign exchange operations in both countries. Financial loans from abroad may be used through a bank if the loan agreement stipulates payment for goods and services directly to the supplier or if the loan is used to repay a previous foreign loan (refinancing). |
| Gifts, endowments, inheritances, and legacies | No. | Documents confirming the legitimate origin of the funds must be provided before the bank may complete a transaction. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Settlement of debts abroad by immigrants | No. |
| Transfer of assets | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| Transfer of gambling and prize earnings | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Provisions Specific to the Financial Sector

<p>| Provisions specific to commercial banks and other credit institutions | Yes. | The foreign exchange and the banking laws of the entities regulate these transactions. |
| Borrowing abroad | No. | Banks may conduct loan activities abroad in their name and on their own behalf or in their name and behalf of some else or in other’s name and behalf of some else. |
| Maintenance of accounts abroad | No. | Maintenance of accounts abroad by credit institutions is not |</p>
<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes</td>
</tr>
<tr>
<td>Financial credits in domestic currency from residents to nonresidents are prohibited. Residents must receive from nonresidents adequate instruments securing the loan repayment.</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Banks may approve loans to residents—legal entities and entrepreneurs—in foreign exchange currency exclusively to pay for goods and services from abroad. No lending in foreign currency for individuals is allowed.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No</td>
</tr>
<tr>
<td>There are no locally issued securities denominated in foreign exchange (not specifically regulated).</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
</tr>
<tr>
<td>To manage their foreign exchange risk, the following limits apply to the foreign exchange operations of banks relative to regulatory (eligible) capital: 20% for individual foreign exchange overnight position (excluding euros), 30% for individual foreign exchange overnight position in euros, and 30% for total foreign exchange position. These ratios are calculated based on foreign exchange assets and foreign exchange liabilities as well both assets and liabilities with foreign exchange clauses.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes</td>
</tr>
<tr>
<td>To manage their foreign exchange risk, the following limits apply to the foreign exchange operations of banks relative to regulatory (eligible) capital: 20% for individual foreign exchange overnight position (excluding euros), 30% for individual foreign exchange overnight position in euros, and 30% for total foreign exchange position. These ratios are calculated based on foreign exchange assets and foreign exchange liabilities as well both assets and liabilities with foreign exchange clauses.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes</td>
</tr>
<tr>
<td>To manage their foreign exchange risk, the following limits apply to the foreign exchange operations of banks relative to regulatory (eligible) capital: 20% for individual foreign exchange overnight position (excluding euros), 30% for individual foreign exchange overnight position in euros, and 30% for total foreign exchange position. These ratios are calculated based on foreign exchange assets and foreign exchange liabilities as well both assets and liabilities with foreign exchange clauses.</td>
<td></td>
</tr>
</tbody>
</table>
Provisions specific to institutional investors

Insurance companies

Yes.

Insurance companies may invest only in securities issued by EU governments and CBs and with approval of the relevant supervisor. The ceiling for investments in foreign assets is 20% (5% an issuer) of the total portfolio for technical reserves for life and non-life insurance, minimum guarantee funds on the amount and manner of investment of assets in the Republika Srpska (Official Gazette of the Republika Srpska No. 56/124), and 20% (5% an issuer) for the sum of technical reserves and guarantee funds for life and non-life insurance as prescribed by the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10).

Limits (max.) on securities issued by nonresidents

Yes.

Insurance companies may invest only in securities issued by or with guarantees of EU governments and CBs or international financial institutions. There are several limits on purchases of securities issued by nonresidents depending on the issuer and the purpose of the investment (technical reserves or minimum guarantee funds): the ceiling for investments in foreign assets is 20% (5% an issuer) of the total portfolio for technical reserves for life and non-life insurance, minimum guarantee funds on the amount and manner of investment of assets in the Republika Srpska (Official Gazette of the Republika Srpska No. 56/124), and 20% (5% an issuer) for the sum of technical reserves and guarantee funds for life and non-life insurance as prescribed by the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10).

Limits (max.) on investment portfolio held abroad

Yes.

Insurance companies may invest only in securities issued by or with guarantees of EU governments and CBs or international financial institutions. There are several limits on purchases of securities issued by nonresidents depending on the issuer and the purpose of the investment (technical reserves or minimum guarantee funds): the ceiling for investments in foreign assets is 20% (5% an issuer) of the total portfolio for technical reserves for life and non-life insurance, minimum guarantee funds on the amount and manner of investment of assets in the Republika Srpska (Official Gazette of the Republika Srpska No. 56/124), and 20% (5% an issuer) for the sum of technical reserves and guarantee funds for life and non-life insurance as prescribed by the relevant regulations in Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina No. 7/14/10).

Limits (min.) on investment portfolio held locally

Yes.

At least 50% of guarantee funds must be held in specific domestic assets (locally).

Currency-matching regulations on assets/liabilities composition

Yes.

General guidelines for prudent investment practices apply, including required currency matching between investments and liabilities.

Pension funds

Yes.

According to Article 42 of the Law on Voluntary Pension Funds and Pension Plans in the Republika Srpska, investments are limited, in addition to local assets, to the following foreign securities: (1) bonds and other debt securities issued by members of the EU, OECD, and CEFTA or CBs of those countries; (2) bonds and other debt securities issued by the ECB, EIB, or World Bank; (3) stakes in open and shares in closed investment funds registered in Bosnia and Herzegovina, if such funds invest mainly in securities of OECD countries; and (4) debt securities with investment-grade ratings issued by local self-governance units, companies, or banks from members of the EU, OECD, and CEFTA that are traded on a major stock exchange or in another defined public market. According to
According to Article 42 of the Law on Voluntary Pension Funds and Pension Plans in the Republika Srpska, investments are limited, in addition to local assets, to the following foreign securities: (1) bonds and other debt securities issued by members of the EU, OECD, and CEFTA or CBs of those countries; (2) bonds and other debt securities issued by the ECB, EIB, or World Bank; (3) stakes in open and shares in closed investment funds registered in Bosnia and Herzegovina, if such funds invest mainly in securities of OECD countries; and (4) debt securities with investment-grade ratings issued by local self-governance units, companies, or banks from members of the EU, OECD, and CEFTA that are traded on a major stock exchange or in another defined public market. According to Article 43, up to 40% of the asset value may be invested in securities of an issuer whose headquarters are outside Bosnia and Herzegovina, within the mentioned limit; up to 30% of the asset value may be invested in securities according to Article 42, Paragraph 1.

There are no prescribed limits for foreign securities, and the rules on investing do not distinguish between domestic and foreign securities. The closed investment funds from Federation BiH may invest in any foreign markets, while closed investment funds from Republika Srpska may invest in EU, OECD, and CEFTA countries only. Exposure to a single issuer may not exceed 15% of the total assets of an investment fund. This rule does not apply to securities of EU governments and international financial institutions.

While investing abroad, closed investment funds from Republika Srpska may invest in EU, OECD, and CEFTA countries only. The closed investment funds from Federation BiH may invest in securities issued by any nonresident.

While investing abroad, closed investment funds from Republika Srpska may invest in EU, OECD, and CEFTA countries only. The closed investment funds from Federation BiH may invest in any foreign markets.

No significant changes occurred in the exchange and trade system.
BOTSWANA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

- **Date of membership**: July 24, 1968.
- **Article VIII**: Yes. Date of acceptance: November 17, 1995.
- **Article XIV**: 

Exchange Measures

- **Restrictions and/or multiple currency practices**: No.
- **Exchange measures imposed for security reasons**: No.
- **In accordance with IMF Executive Board Decision No. 144-(52/51)**: No.
- **Other security restrictions**: No.
- **References to legal instruments and hyperlinks**: No restrictions as reported in the latest IMF staff report as of December 31, 2019.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

- **Currency**: Yes. The currency of Botswana is the Botswana pula.
- **Other legal tender**: No.

Exchange rate structure

- **Unitary**: Yes.
- **Dual**
- **Multiple**

Classification

- **No separate legal tender**
- **Currency board**
- **Conventional peg**
- **Stabilized arrangement**
- **Crawling peg**: Yes. The de jure and de facto exchange rate arrangements are classified as a crawling peg. The official exchange rate of the pula is determined according to a weighted basket of currencies comprising the SDR and the South African rand. The crawl rate is set as the difference between the Bank of Botswana’s (BOB’s) inflation objective and the average inflation forecast in major trading partner countries. The crawl rate is thus determined using a forward-looking approach and is revised regularly. In this approach, the authorities periodically determine the crawl rate for the subsequent period, such as the next 6 or 12 months. The weights of the basket are 45% for the South African rand and 55% for the SDR. Effective January 1, 2019, an
upward rate of crawl of 0.3% (previously a downward rate of crawl of 0.3%) an annum was adopted, while the weights of the pula basket remained unchanged. Effective January 1, 2020, a downward rate of crawl of 1.51% per annum was adopted. However, to accommodate the impact of COVID-19 pandemic on the economy, on May 1, 2020, the downward rate of crawl was changed to 2.87%, while the weights of the pula basket remained unchanged. Decisions relating to this framework are made by the president of Botswana on the recommendation of the minister of finance and Economic Development after consultation with the BOB.

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Official exchange rate

The official exchange rate of the pula is determined according to a weighted basket of currencies comprising the SDR and the South African rand. The crawl rate is set as the difference between the BOB’s inflation objective and the inflation forecast of major trading partner countries. The crawl rate is thus determined using a forward-looking approach and is revised regularly. In this approach, the authorities periodically determine the crawl rate for the subsequent period, such as the next 6 or 12 months. The weights of the basket are 45% for the South African rand and 55% for the SDR. Effective January 1, 2019, an upward rate of crawl of 0.3% (previously a downward rate of crawl of 0.3%) an annum was adopted, while the weights of the pula basket remained unchanged. Effective January 1, 2020 a downward rate of crawl of 1.51% (previously an upward rate of crawl of 0.3%) per annum was adopted while the weights of the pula basket remained unchanged. Effective May 1, 2020, in response to the COVID-19 pandemic, a downward rate of crawl of 2.87% (previously downward rate of crawl of 1.51%) per annum was adopted while the weights of the pula basket remained unchanged.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Yes.

Euro

Composite

Yes.

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

The monetary policy framework is primarily an exchange rate anchor vis-à-vis a basket of currencies comprising the SDR and rand. Within this framework, the crawl rate is determined using a forward-looking approach, which is based on the difference between the average inflation forecast in major trading partner countries and the BOB’s medium-term inflation objective within a 3%–6% range, to achieve price stability, the overarching goal of the BOB.
ADs are allowed to freely determine their bid-ask spreads and foreign exchange commissions in transactions with their clients. Nine commercial banks and sixty foreign exchange bureaus were
licensed to deal in foreign exchange with the public, as at end of 2019. Foreign exchange bureaus are allowed to operate and are licensed by the BOB. Foreign exchange bureaus may not enter into foreign exchange transactions directly with the BOB; they may maintain accounts abroad, and a separate permission is required for foreign exchange payments and transfers on behalf of their clients.

Operated by the central bank: Yes.

Foreign exchange standing facility: Yes. Foreign exchange equal to or above $1 million is available from the BOB on demand by commercial banks at the official bid-ask rates. The spread between the buying and selling rates of the pula is 0.125% above or below the central parity. Commercial banks trade among themselves for amounts below $1 million. The BOB does not deal directly with the government and other public entities. The BOB deals directly with 9 commercial banks.

Allocation: No. There is no foreign exchange allocation by the BOB.

Auction: No. There is no foreign exchange auction by the BOB.

Fixing: No. There is no foreign exchange fixing by the BOB.

Interbank market: Yes. As of December 31, 2019, 9 commercial banks in Botswana participated in the interbank foreign exchange market. The BOB issues the licenses. The bid-ask spread is limited to 0.125% above or below the central parity; there are no limits on commissions. Commercial banks may buy foreign exchange from the BOB for amounts equal to or above $1 million; below this amount, commercial banks trade among themselves.

Over the counter: No.

Brokerage: No.

Market making: Yes. The foreign exchange market operates under a market-making agreement.

Forward exchange market: Yes. Forward exchange cover is offered by commercial banks, and the maturity dates of forward exchange contracts and transactions are not restricted. The BOB does not participate in the foreign exchange derivatives market. It has agreements with correspondent banks stating the terms and conditions for foreign accounts. The BOB does not trade forwards and swaps.

Official cover of forward operations: Yes.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: No.

Controls on the use of domestic currency: No. Residents are permitted to make payments for goods and services from outside sources using pula-denominated checks, provided traders outside Botswana are willing to accept their collection by banks outside Botswana. Transactions in amounts exceeding P 10,000 require supporting documentation.

For current transactions and payments: No.

For capital transactions: No. Pula may be used to settle capital transactions.

Transactions in capital and money market instruments: No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents No.

**Payments arrangements**

Bilateral payments arrangements Yes. Botswana has bilateral trade agreements with Korea, Malawi, Zambia, and Zimbabwe.

Operative Yes. Correspondent banks have bilateral relationships in various countries to facilitate payments. These are regular correspondent bank agreements.

Inoperative Yes. Correspondent banks have bilateral relationships in various countries to facilitate payments.

Regional arrangements Yes. Botswana is a member of the SACU, which allows for free importation, and hence has no restrictions on trade-related payments to or from SACU countries. Botswana is also a member of the SADC FTA. Through its SACU membership, Botswana is part of the preferential trade agreement between the SACU and MERCOSUR and the FTA between the SACU and the EFTA.

Clearing agreements No.
Barter agreements and open accounts No.

**Administration of control**

No. For practical and operational purposes, several administrative powers of the BOB have been delegated to commercial banks.

**Payments arrears**

No.
Official No.
Private No.

**Controls on trade in gold (coins and/or bullion)**

Yes. There are no restrictions on trading or owning precious metals in commercial form, such as coins, but there are restrictions on possession of unworked precious metals, such as bullion.

On domestic ownership and/or trade Yes. There are no controls on ownership of processed metals, but unworked precious metals are subject to restrictions.

On external trade Yes. Trade in processed metals is not restricted, but export permits are required; unworked precious metals are subject to restrictions.

**Controls on exports and imports of banknotes**

Yes.

On exports Yes.

**Domestic currency**

No. A declaration at the time of travel is required for cash amounts of P 10,000 or more.

**Foreign currency**

Yes. Visitors may take out foreign currency they legitimately own, subject to declaration of cash amounts equal to or greater than the equivalent of P 10,000.

On imports No.

**Domestic currency**

No.

**Foreign currency**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**
### Foreign Exchange Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

#### Approval required

- No.

#### Accounts in domestic currency held abroad

- Yes.

#### Accounts in domestic currency convertible into foreign currency

- No.

#### References to legal instruments and hyperlinks

- Botswana Government abolished exchange controls in February 1999, hence there are no restrictions on holdings of domestic currency accounts abroad.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

#### Approval required

- No.

#### Domestic currency accounts

- Yes.

#### Convertible into foreign currency

- Yes.

#### Blocked accounts

- No.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Requirement</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>n.r.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>n.r.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Surrender to the central bank</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Surrender to authorized dealers</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
<td>Certain exports are subject to licensing. The exportation of a few items, such as precious and semiprecious stones, requires a permit.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Other export taxes | No.
---|---

**References to legal instruments and hyperlinks**
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**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
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</tbody>
</table>

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<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
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</tr>
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<tbody>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
</tbody>
</table>

ADs may allow remittances of interim dividends without BOB approval for companies listed on the Botswana Stock Exchange and may authorize other remittances of dividends and profits without BOB approval, subject to satisfactory supporting tax withholding documentation.
<table>
<thead>
<tr>
<th><strong>Prior approval</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Proceeds from Invisible Transactions and Current Transfers**

| **Repatriation requirements** | No. |
| **Surrender requirements** | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Restrictions on use of funds** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Capital Transactions**

| **Controls on capital transactions** | Yes. |
| **Repatriation requirements** | No. |
| **Surrender requirements** | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Controls on capital and money market instruments** | Yes. |
| **On capital market securities** | Yes. |
| **Shares or other securities of a participating nature** | Yes. |
| **Purchase locally by nonresidents** | No. |
| **Sale or issue locally by nonresidents** | No. |
| **Purchase abroad by residents** | Yes. |
| **Sale or issue abroad by residents** | No. |
| **Bonds or other debt securities** | Yes. |
| **Purchase locally by nonresidents** | Yes. |
| **Sale or issue locally by nonresidents** | Yes. |
| **Purchase abroad by residents** | Yes. |

Pension funds may invest up to 70% of their assets outside Botswana, as provided under the Retirement Funds Act. Life insurance companies may invest up to 70% of their assets outside Botswana in accordance with Nonbank Financial Institutions Regulatory Authority regulations.

Nonresidents may purchase up to 20% of the total value of government-issued securities.

Nonresidents may issue long-term pula-denominated bonds traded on the Botswana Stock Exchange, subject to the listing requirements of the exchange.

Pension funds may invest up to 70% of their assets outside Botswana, as provided under the Retirement Funds Act. Life
insurance companies may invest up to 70% of their assets outside Botswana in accordance with Nonbank Financial Institutions Regulatory Authority regulations.

**Sale or issue abroad by residents**  
No.

**On money market instruments**  
Yes. The purchase of BOB monetary instruments used to absorb excess liquidity is limited to commercial banks and merchant banks.

**Purchase locally by nonresidents**  
Yes. Nonresidents may not purchase the BOB’s monetary instruments used to absorb excess liquidity.

**Sale or issue locally by nonresidents**  
No.

**Purchase abroad by residents**  
Yes. Pension funds may invest up to 70% of their assets outside Botswana, as provided under the Retirement Funds Act. Life insurance companies may invest up to 70% of their assets outside Botswana in accordance with Nonbank Financial Institutions Regulatory Authority regulations.

**Sale or issue abroad by residents**  
No.

**On collective investment securities**  
Yes.

**Purchase locally by nonresidents**  
No.

**Sale or issue locally by nonresidents**  
No.

**Purchase abroad by residents**  
Yes. Pension funds may invest up to 70% of their assets outside Botswana, as provided under the Retirement Funds Act. Life insurance companies may invest up to 70% of their assets outside Botswana in accordance with Nonbank Financial Institutions Regulatory Authority regulations.

**Sale or issue abroad by residents**  
No.

**Controls on derivatives and other instruments**  
No. Dealing in these instruments is subject to prudential foreign exposure limits.

**Purchase locally by nonresidents**  
No.

**Sale or issue locally by nonresidents**  
No.

**Purchase abroad by residents**  
No.

**Sale or issue abroad by residents**  
No.

**Controls on credit operations**  
Yes.

**Commercial credits**  
Yes.

**By residents to nonresidents**  
Yes. Commercial banks’ loans to nonresidents are restricted to 25% of the bank’s unimpaired capital for each nonresident customer, and total large-exposure loans (that is, loans in excess of 10% of unimpaired capital) to resident and nonresident companies may not exceed 800% of the bank’s unimpaired capital.

**To residents from nonresidents**  
No.

**Financial credits**  
No.

**By residents to nonresidents**  
No.

**To residents from nonresidents**  
No.

**Guarantees, sureties, and financial backup facilities**  
No.
By residents to nonresidents No.
To residents from nonresidents No.

Controls on direct investment No.
Outward direct investment No.
Inward direct investment No.

Controls on liquidation of direct investment No.
Controls on real estate transactions No.

Purchase abroad by residents No.
Purchase locally by nonresidents No.
Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans
By residents to nonresidents No.
To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.
By residents to nonresidents No.
To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.
Transfer abroad by emigrants No.
Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. The sale of BOB certificates to counterparties is restricted to domestic commercial banks and merchant banks.

Borrowing abroad No.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) Yes. Commercial banks’ loans to nonresidents are restricted to 25% of the bank’s unimpaired capital for each nonresident customer, and total large-exposure loans (that is, loans in excess of 10% of unimpaired capital) to resident and nonresident companies may not exceed 800% of the bank’s unimpaired capital.

Lending locally in foreign exchange No.
<table>
<thead>
<tr>
<th><strong>Purchase of locally issued securities denominated in foreign exchange</strong></th>
<th>No.</th>
<th>These transactions are subject to the listing requirements of the Botswana Stock Exchange.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Differential treatment of deposit accounts in foreign exchange</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>Yes.</td>
<td>Effective May 13, 2020, the domestic currency deposit reserve requirement was reduced to 2.5% from 5%, as one of the relief measures in response to the negative impact of COVID-19 pandemic. The reserve requirement aims to regulate the amount of liquidity absorbed through BOB certificates. Foreign currency deposits are not subject to reserve requirements.</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
<td>Commercial banks are required to maintain, at all times, 10% of prior month deposit liabilities as liquid assets.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
<td>The Regulatory Guideline on the Disclosure Framework for Deposit and Lending Interest Rates prescribes that the interest payable on the 91-day deposit or equivalent products must be 350 basis points below the prevailing Bank Rate.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
<td>The Banking Act (Cap. 46:04), along with Guidelines on large exposures, restricts a bank from granting facilities that are in excess of 10% of a bank’s unimpaired capital to a single customer or group of related customers without the specific approval of a bank’s entire board of directors. Further, a bank is required to seek prior approval of the BOB before granting loans and other credit facilities to a single entity or group of related companies which, in aggregate, are in excess of 30% of a bank’s unimpaired capital.</td>
</tr>
<tr>
<td><strong>Differential treatment of deposit accounts held by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>Yes.</td>
<td>There are prudential limits on individual and overall foreign currency exposure. For major currencies, the limit is 15% of a bank’s unimpaired capital; for other currencies, it is 5%. The overall foreign currency exposure limit is 30% of a bank’s unimpaired capital, using the shorthand method.</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Insurance companies</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
<td>Effective May 17, 2019, there is a 20% aggregate limit on foreign securities, provided the investment in an individual institution is limited to 5%. <em>Note that these thresholds are the proportions of admissibility (for solvency purposes) to Net Liabilities and the risk-based Prescribed Capital Target (“PCT”).</em>*</td>
</tr>
</tbody>
</table>
Effective May 17, 2019, insurers are required to hold assets in Botswana, the fair value of which is not less than 70%, or a higher percentage as may be prescribed, of the Net Liabilities and PCT. This is in regard to policies other than linked long-term policies.

Pension funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Yes.

Yes.

Yes.

No.

Pension funds may invest up to 70% of their assets outside Botswana, as provided under the Retirement Funds Act and PFR2 (prudential Rule).

It requires that an independent Actuary be engaged to certify the appropriateness of the structure asset/liabilities composition of a retirement fund.

A firm may invest not more than 10% of its net asset in securities issued by the same institution.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification

Crawling peg

01/01/2019 An upward rate of crawl of 0.3% (previously a downward rate of crawl of 0.3%) an annum was adopted, while the weights of the pula basket remained unchanged.

01/01/2020 A downward rate of crawl of 1.51% per annum was adopted. However, to accommodate the impact of COVID-19 pandemic on the economy, on May 1, 2020, the downward rate of crawl was changed to 2.87%, while the weights of the pula basket remained unchanged.

Official exchange rate

01/01/2019 An upward rate of crawl of 0.3% (previously a downward rate of
crawled by 0.3% per annum was adopted, while the weights of the pula basket remained unchanged.

01/01/2020

A downward rate of crawl of 1.51% (previously an upward rate of crawl of 0.3%) per annum was adopted while the weights of the pula basket remained unchanged.

05/01/2020

In response to the COVID-19 pandemic, a downward rate of crawl of 2.87% (previously downward rate of crawl of 1.51%) per annum was adopted while the weights of the pula basket remained unchanged.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

Differential treatment of deposit accounts in foreign exchange

**Reserve requirements**

05/13/2020

The domestic currency deposit reserve requirement was reduced to 2.5% from 5%, as one of the relief measures in response to the negative impact of COVID-19 pandemic.

**Provisions specific to institutional investors**

Insurance companies

**Limits (max.) on securities issued by nonresidents**

05/17/2019

There is a 20% aggregate limit on foreign securities, provided the investment in an individual institution is limited to 5%.

Insurers are required to hold assets in Botswana, the fair value of which is not less than 70%, or a higher percentage as may be prescribed, of the Net Liabilities and Prescribed Capital Target. This is in regard to policies other than linked long-term policies.

**Limits (max.) on investment portfolio held abroad**

05/17/2019

Insurers are required to hold assets in Botswana, the fair value of which is not less than 70%, or a higher percentage as may be prescribed, of the Net Liabilities and Prescribed Capital Target. This is in regard to policies other than linked long-term policies.

**Limits (min.) on investment portfolio held locally**

05/17/2019

Insurers are required to hold assets in Botswana, the fair value of which is not less than 70%, or a higher percentage as may be prescribed, of the Net Liabilities and Prescribed Capital Target. This is in regard to policies other than linked long-term policies.
BRAZIL

(Position as of September 30, 2020)

Status under IMF Articles of Agreement

Date of membership
January 14, 1946.

Article VIII
Yes. Date of acceptance: November 30, 1999.

Exchange Measures

Restrictions and/or multiple currency practices
Yes. The IMF staff report for the 2019 Article IV Consultation with Brazil states that, as of June 26, 2019, the tax on financial transactions (Imposto sobre Operações Financeiras, IOF) of 6.38% on exchange transactions carried out by credit card, debit card, and traveler's checks (including cash withdrawals) companies in order to fulfill their payment obligations for purchases of goods and services abroad by their customers gives rise to a multiple currency practice (MCP) subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3. In January 2008, the IOF for these exchange transactions was raised to 2.38% and then further increased to 6.38% in March 2011. The scope of operations was expanded to other foreign exchange transactions than with credit cards in December 2013. (Country Report No. 19/242)

Exchange measures imposed for security reasons
Yes. In accordance with IMF Executive Board Decision No. 144-(52/51)

Other security restrictions
Yes. Restrictions apply according to UNSC resolutions and Brazilian legislation on Countering the Financing of Terrorism.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Brazil is the Brazilian real.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement
The de jure and de facto exchange rate arrangements are classified as floating. There is no official exchange rate for Brazil as the exchange rate of the real is defined by supply and demand in the foreign exchange market. The BCB intervenes to smooth out excessive volatility and/or provide liquidity and hedge in response to a thin market, with the ultimate objective of assuring a functioning foreign exchange market. Intervention data in the interbank market are available in the BCB’s weekly publication on currency flows on the BCB website with a lag ranging from 7 to 12 days, considering execution dates. However, the Deputy Governor for Monetary Policy may choose to publish intervention volumes on the same day of each auction. Data on interventions in the derivatives market are published on the same day of each auction.

There is no official exchange rate for the real determined by the BCB. The BCB publishes a reference rate, known as the PTAX rate, which is the average of four polls conducted by the BCB with the group formed by its primary dealers (up to 14 institutions in the domestic US dollar interbank market). The polls start at a random time in the 10 minutes following 10:00, 11:00, 12:00, and 13:00, and the dealers have two minutes to report their bid and ask quotes for the US dollar–Brazilian real (USD–BRL) at the beginning of the poll. The BCB cannot buy or sell at the quotes provided by the dealers, but dealers who consistently provide out-of-market quotes may lose their dealer status. At each poll, the two highest and two lowest bid and ask quotes are trimmed, and the consistency of the final results is tested against market parameters obtained from the BCB’s information systems and data feeders. The PTAX rate is published right after the last poll results. The BCB does not require that government agencies use the PTAX rate as a benchmark for conversion. However, government agencies and financial institutions generally use the PTAX as it is a reliable reference. According to the foreign exchange regulation, the exchange rate is freely agreed between the parties, including if the government is the client.

Brazil implemented a formal inflation-targeting framework for monetary policy in 1999.
A one-year inflation target and its tolerance interval are fixed 30 months in advance by the National Monetary Council (CMN), which is composed of the Minister of Economy (chair), the Ministry of Economy (ME)’s Special Secretary of Finance and the Governor of Banco Central do Brasil.

### Inflation target

- **Yes.**

#### Target number

- **Yes.**

#### Point target

- **Yes.**

#### Target with tolerance band

- **Yes.** The inflation target for 2020 is 4% with a tolerance interval of ±1.5%.
- The inflation target for 2021 is 3.75% with a tolerance interval of ±1.5%.
- The inflation target for 2022 is 3.5% with a tolerance interval of ±1.5%.
- The inflation target for 2023 is 3.25% with a tolerance interval of ±1.5%.

### Band/Range

#### Target measure

- **Yes.**

#### CPI

- **Yes.** National Consumer Price Index Extended, measured by the Brazilian Institute of Geography and Statistics. The definition is given by the Brazilian Institute of Geography and Statistics. National Consumer Price Index Extended measures inflation rate for a group of products and services from retail trade, relative to household expenditure. The income range between 1 and 40 minimum wages was created to guarantee a 90% coverage of families living in urban areas.

### Core inflation

#### Target horizon

- **Yes.** A one-year inflation target and its tolerance interval are fixed 30 months in advance by the CMN, and the BCB must pursue this target. The inflation-targeting framework in Brazil is flexible. The horizon that the BCB sees as appropriate for the return of inflation to the target depends on both the nature of the shocks that affect the economy and their persistence.

#### Operating target (policy rate)

- **Yes.**

#### Policy rate

- **Yes.** The BCB’s Monetary Policy Committee (COPO) was created on June 20, 1996, and was assigned the responsibility of setting the stance of monetary policy and the short-term interest rate. The aim of creating the COPO was to enhance the monetary policy transparency and confer adequate regularity to the monetary policy decision-making process.

The Selic rate is the primary instrument of the monetary policy. It is the average interest rate charged on the daily interbank loans – with a maturity of one day (overnight) backed by federal government securities – registered in the Special System of Clearance and
Custody (Selic). In sum, the Selic rate balances the market for the bank reserves.

<table>
<thead>
<tr>
<th>Target corridor band</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**Accountability**  
Yes.  
Open letter of the governor of Banco Central do Brasil addressed to the Minister of Economy, in case the inflation targets are missed.

<table>
<thead>
<tr>
<th>Parliamentary hearings</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**Transparency**  
Yes.  
The COPOM publishes votes of individual members in favor of monetary policy decisions in the meeting minutes on the BCB’s website.

<table>
<thead>
<tr>
<th>Publication of votes</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of minutes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Exchange tax**  
Yes.  
Foreign exchange transactions are subject to the IOF general tax rate of 0.38%, which is levied and collected on the settlement date of the foreign exchange operation. An IOF of 6.38% is applied to foreign exchange transactions related to the purchase of prepaid cards and traveler’s checks. It is also applied to foreign exchange transactions carried out by credit card companies for the payment of obligations because of operations abroad carried out by their clients in connection with expenditures and automated teller machine (ATM) withdrawals abroad using credit and debit cards. External loans with maturity less than 180 days are subject to the 6% IOF. External loans with an initial term of more than 180 days will still be subject to the 6% IOF rate if the loan is repaid within the 180-day period. There are some exceptions, as described by Decree No. 6.306 of December 14, 2007: The IOF is zero on trades involving overseas depositary receipts (DRs) issued by Brazilian companies. The IOF rate is also zero on (1) inflows of export proceeds; (2) interbank transactions between institutions that make up the national financial system and that are authorized to operate in the foreign exchange market, and between these institutions and institutions abroad; (3) investments by investment funds in the international market, according to the limits and conditions established by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários of Brazil, CVM); (4) outflows related to local revenues of international air transportation companies domiciled abroad; (5) inflows of foreign currency to cover expenses from the use of credit cards issued abroad; (6) inflows of cash donations received by financial institutions controlled by the Brazilian government and destined for the prevention, monitoring, and combating of deforestation and the promotion of the conservation and sustainable use of Brazilian forests, as provided by specific legislation; (7) inflows and outflows of funds obtained as external loans and financing, except external loans with maturity of less than 180 days; (8) remittances of interest.
on owner’s equity and dividends; (9) transactions of foreign investors, including through simultaneous operations, for investment in the financial and capital markets; (10) purchases of foreign exchange by institutions authorized to operate in the foreign exchange market, executed simultaneously with a sale transaction, when required by law; (11) nonresidents’ investments in fixed-income securities and derivative margin deposits; (12) settlements of foreign exchange inflow transactions, including through simultaneously contracted foreign exchange transactions after December 1, 2011, related to inflows stemming from cancellation of DRs invested in stocks in the stock market; (13) use of credit and debit cards by the public sector for acquisition of goods and services abroad; and (14) settlements of foreign exchange operations derived from a foreign investor regime switch from direct investment to investment in stocks traded on a securities exchange according to regulation issued by the CMN. Some cross-border operations have been exempt from the IOF (set in the Law, not amendable by Presidential Decree), most notably operations carried out for payment of imported goods, foreign exchange operations by diplomatic missions, and credit to housing programs or for project purposes, including infrastructure facilities and Itaipu Binacional.

Exchange subsidy | No. |
---|---|
Foreign exchange market | Yes. |
Spot exchange market | Yes. |

Banks and other institutions authorized to operate in the foreign exchange market may freely set their exchange rates and foreign exchange commissions in transactions with their clients. There are 180 institutions authorized by the BCB to operate in the foreign exchange market buying and selling foreign currency (101 banks and 79 nonbank financial institutions). (www.bcb.gov.br/estabilidadefinanceira/instituicoesoperacambio). Only banks may maintain accounts abroad for the purpose of performing international payments and transfers on behalf of their clients. Any institution authorized by the BCB to operate in the foreign exchange market can qualify to be a primary foreign exchange dealer, which is eligible to operate directly with the BCB. (In practice, however, because of the weight given to transacted amounts in the qualifying process, only banks have been selected as dealers so far.) Currently, there are 14 primary foreign exchange dealers, which are the only institutions authorized to buy/sell currencies in the BCB’s foreign currency auctions. (www.bcb.gov.br/estabilidadefinanceira/dealerscambio).

Any of the 180 foreign exchange-authorized institutions, however, can perform operations with the BCB in which they cash their deposits in foreign currencies or vice versa. Nonbanks have a limit of effective May 5, 2020, US$300,000 (previously US$100,000) an operation with clients (not applicable to operations in the interbank market). Banks and nonbanks may contract with companies, which act as foreign exchange bureaus to perform foreign exchange operations up to US$3,000 related to unilateral transfers and cash transactions, typically related to international travel. There are 4,300 such contractor companies.

Operated by the central bank | Yes. |
Foreign exchange standing facility | No. |
Allocation | No. |
Auction | Yes. |

Depending on market circumstances, the BCB may execute foreign exchange auctions and direct operations for intervention purposes. The types of auctions performed by the BCB in the interbank market
are spot, forward, and credit lines (equivalent to foreign exchange swaps). Only foreign exchange dealers authorized by the BCB are eligible to participate in these auctions. Currently, there are 14 institutions authorized as primary dealers. The dealers are selected every 12 months based on the volume traded in the foreign exchange market and their past performance as dealers. The BCB may also intervene in the derivatives market using specific listed contracts at B3, former BM&FBOVESPA, the foreign exchange swaps (formally called US Dollar Swap with Reset Referencing One-Day Repurchase Agreements) which function as synthetic futures contracts. In this kind of auction, any preregistered market participant may take part. In credit lines and foreign exchange swaps auctions, the amounts to be auctioned are preannounced. There is a minimum amount for bids for auctions in the interbank market. In the auctions with preannounced amounts, that is also the maximum bid. The frequency of the auctions is only known if they are part of an intervention program. All BCB auction operations are delivery versus payment (DVP); if an institution’s payment fails, that institution will lose its dealer status. Results are disclosed in Communiqués. During acute crisis, the BCB may use foreign currency loans and earmarked spot auctions in which the amounts must be used to finance export trades and in which all institutions authorized to operate in the foreign exchange market can participate.

Fixing  No.

Interbank market  Yes. One hundred and eighty institutions are authorized by the BCB to operate in the interbank foreign exchange market (101 banks and 79 nonbank financial institutions – securities intermediaries, foreign exchange brokerage firms). Nonbanks can only operate on a spot basis, while banks can also perform future or forward operations. There are no limits on the bid-ask spreads and commissions of market participants. The Brazilian currency leg of all foreign exchange interbank transactions must be settled through the BCB-operated real-time gross settlement (RTGS) system. In July 2020, 38.9% of those operations were settled through a clearinghouse, which acts as a central counterparty (B3 Foreign Exchange Clearinghouse). The BCB intervenes in the foreign exchange interbank market mainly with auctions via its primary foreign exchange dealers.

Over the counter  Yes.

Brokerage  Yes.

Market making  Yes.

Forward exchange market  Yes. Only banks are allowed to trade foreign exchange on a forward basis. Most of such transactions must be settled within 360 days. The term limit is higher for interbank transactions (1,500 days), export transactions (1,500 days), and transactions with the National Treasury (1,500 days). Forward foreign exchange auctions are one of the instruments available for the BCB for intervention in the foreign exchange market.

Official cover of forward operations  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.
### Controls on the use of domestic currency

<table>
<thead>
<tr>
<th>Controls</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>The real may be used for settlement of international current and capital transactions.</td>
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#### For current transactions and payments

<table>
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#### For capital transactions

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<tr>
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#### Transactions in capital and money market instruments

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<tr>
<td>No.</td>
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#### Transactions in derivatives and other instruments

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<th>Status</th>
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<tr>
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#### Credit operations

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#### Use of foreign exchange among residents

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<tr>
<td>Yes.</td>
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### Payments arrangements

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<tr>
<td>Yes.</td>
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#### Bilateral payments arrangements

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<tr>
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<tr>
<td>Yes.</td>
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#### Operative

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<td>Yes.</td>
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#### Inoperative

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<tr>
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#### Regional arrangements

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<tbody>
<tr>
<td>Yes.</td>
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#### Clearing agreements

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<tr>
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Effective April 15, 2019, Brazil withdrew from the LAIA clearing system (Convênio de Pagamentos e Créditos Recíprocos).

#### Barter agreements and open accounts

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<th>Status</th>
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#### Administration of control

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The CMN sets the overall foreign exchange policy. Foreign trade policy is set by the Chamber of Foreign Trade (CAMEX), which consists of the minister of development, industry and foreign trade (who heads the chamber); presidential chief of staff; minister of economy; minister of foreign affairs; and minister of agriculture and supply. The ME implements trade policy through the Foreign Trade and International Affairs Special Secretariat (SECINT), specifically the Secretariat of Foreign Trade (SECEX).

#### Payments arrears

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<th>Status</th>
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<td>No.</td>
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#### Official

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#### Private

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<th>Status</th>
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#### Controls on trade in gold (coins and/or bullion)

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<th>Status</th>
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<td>No.</td>
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There are three separate markets for gold transactions: financial, foreign exchange, and commercial. Transactions with gold in any grade of purity (crude or refined) by institutions of the national financial system in the financial market, following the extraction of gold or to implement exchange rate policy, are regulated by the CMN. These transactions are subject to the IOF. Rules regarding gold transactions for industrial purposes are defined separately by the federal states, which also establish different rates for the commercial tax levied thereon. The Electronic Declaration of International Physical Movement of Valuables (e-DMOV) must be submitted to the customs office of the Secretariat of the RFB for imports and exports of gold as a financial or foreign exchange instrument in amounts exceeding R$10,000 or its equivalent.

#### On domestic ownership and/or trade

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<tr>
<th>Status</th>
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<tbody>
<tr>
<td>No.</td>
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#### On external trade

<table>
<thead>
<tr>
<th>Status</th>
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<tbody>
<tr>
<td>No.</td>
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<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
</tr>
<tr>
<td><strong>On exports</strong></td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
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<tr>
<td><strong>Foreign currency</strong></td>
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<tr>
<td><strong>On imports</strong></td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
</tr>
<tr>
<td><strong>Resident Accounts</strong></td>
</tr>
<tr>
<td><strong>Foreign exchange accounts permitted</strong></td>
</tr>
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**Approval required**

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</table>

**Held abroad**

Yes. The balances in these accounts may be freely transferred to and from Brazil. From March 3, 2018, an IOF tax of 1.1% is applied on foreign exchange transactions for transfers of funds by Brazilian residents to their foreign bank accounts held abroad.

Information about all foreign exchange operations must be transmitted to the BCB by the financial institutions authorized by the BCB.

**Approval required**

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**Accounts in domestic currency held abroad**

Yes. The balances in these accounts may be freely transferred to and from Brazil. Information about all foreign exchange operations must be transmitted to the BCB by the financial institutions authorized by the BCB.

**Accounts in domestic currency convertible into foreign currency**

Yes. The balances on accounts held by residents in domestic currency may be freely transferred to and from Brazil as long as the counterparty in the operation is a financial institution authorized by the BCB to conduct foreign exchange operations.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Yes. Foreign exchange accounts may be held by embassies, foreign delegations, international organizations, foreign transportation companies, foreign citizens in transit in the country, Brazilians living abroad, reinsurance companies (if authorized to operate in Brazil), and other persons authorized by the CMN. The balances in these accounts may be transferred abroad freely. Foreign exchange accounts of nonresident clients must be held in banks authorized by the BCB to conduct foreign exchange operations. These accounts’ deposits and withdrawals are not subject to tax (IOF), unless a foreign exchange operation is involved, in which case a rate of 0.38% is applied. Some foreign exchange transactions are exempt from the IOF, such as those of diplomatic missions and consular offices and of their foreign officials.

**Approval required**

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**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

Yes. Account holders may not use these accounts to remit resources deposited on behalf of a third party. For instance, a nonresident financial institution may freely convert to foreign currency and remit abroad its own resources deposited in its account in a Brazilian bank, but the nonresident financial institution may not use this account to fulfill payment orders of third parties.

**Approval required**

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</table>

**Blocked accounts**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

**Foreign exchange budget**

No.

**Financing requirements for imports**

Yes.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The payment of import financing operations with a maturity of more than 360 days cannot be transferred prior to the arrival of the good or to the rendering of the service.

External financing of imports for periods of more than 360 days must be registered with the BCB strictly for statistical purposes.

Importers must be included in the SECEX Importer and Exporter Register; registration automatically occurs with the first transaction. Imports must be registered in the import subsystem of the Integrated Foreign Trade System (SISCOMEX/IMPORT), which allows importers, carriers, banks, and brokers to register the various stages of an import process directly through the interlinked computers of the SECEX and RFB.

Commercial imports must be registered in Brazil’s Integrated Foreign Trade System (SISCOMEX, Sistema Integrado de Comércio Exterior), while importers must register in the Registry of Exporters and Importers (REI) maintained by the SECEX at the SECINT, ME. Inscription in the REI is free of charge and is done automatically at the time of the first transaction in the SISCOMEX. Although it may not be revoked, the inscription may be suspended for up to two years as a sanction for import-related fraud.

The granting of nonautomatic licenses for imports of used machinery and equipment is conditional on proof that such items are not produced in Brazil and that no substitute item is currently produced in Brazil. Nonautomatic licensing is also used for administration of duty and tax concessions; to benefit, imports must undergo a “similarity examination” to ascertain that there is no equivalent domestic product.

Imports are grouped into the following three categories: (1) those that do not require licenses (most common), (2) those subject to automatic import licenses, and (3) those subject to nonautomatic licenses. In general, imports are exempt from approval requirements. However, some require approval (that is, an import license) from the SECEX or another government agency, and it is promptly given to importers that fulfill licensing requirements. As a rule, licenses are valid for 90 days and may be extended if the delay is justified by the importer. Import licenses for certain imports may be obtained after the goods have arrived but before customs clearance.

Products subject to automatic licensing are listed in the Administrative Treatment of SISCOMEX and on the Ministry Web page. Products under the special customs regime of drawback are also subject to automatic licensing. Products subject to nonautomatic licensing are listed in the Administrative Treatment of SISCOMEX and on the Ministry Web page. They are mostly products that may damage human, plant, or animal health or cause environmental...
damage; products classified as weapons or made for warlike purposes; products subject to nontariff quotas as established in the agreements of the Uruguay Round; products subject to tariff quotas; and products subject to trade remedy measures established in accordance with the WTO agreements.

The Brazilian normative framework related to similarity examination and import licensing procedures is based on the following legislation: (1) Decree-Law No. 37 of November 18, 1966; (2) Decree No. 6,759 of February 5, 2009; and (3) SECEX Ordinance No. 23 of July 14, 2011. Any person, enterprise, or institution may request import licensing. The only requirement is SISCOMEX registration. Import licenses are obtained through the SISCOMEX. Such an administrative procedure – that integrates the registration activities and monitors imports and exports – is based on the sole flow of computerized information so as to make the process efficient and fast. Importers may request import licensing directly from their institution if it is registered with the SISCOMEX.

Imports of used consumer goods are prohibited for environmental, safety, and consumer rights reasons. Used consumer goods may be imported only by the government or education and scientific institutions. Imports of used nonconsumer goods (except aeronautic goods and packaging materials in temporary admission or reimportation) are subject to nonautomatic licensing.

<table>
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<tr>
<th>Positive list</th>
<th>No.</th>
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<tbody>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports of agrochemical products not authorized under Brazilian regulations are prohibited, as are imports of weapons and military equipment (from Eritrea, the Democratic People’s Republic of Korea, and Libya) and of certain drugs, for reasons of security, health, morals, or UNSC resolutions. It is forbidden to import, export, or store dichlorodiphenyltrichloroethane (DDT) and to import and export rough diamonds from countries not participating in the Kimberley Process Certification Scheme.

In addition to imports covered by the LAIA agreement, goods imported through the Manaus and Tabatinga free trade zones are subject to an annual quota. Foreign goods worth up to the equivalent of US$2,000 imported into the Manaus Free Trade Zone may be transferred to other parts of Brazil (as a passenger’s baggage) free of import duties.

Sanitary and phytosanitary measures and technical regulations, conformity assessment, and standards must be observed.

The MERCOSUR agreement established a customs union with a CET. Ad valorem tariffs range from 0% to 20%. Exceptional cases are subject to higher rates. MERCOSUR members are allowed temporary national tariff exceptions. Accordingly, Brazil may maintain an exception list for information technology and capital goods under the “ex tarifários” program established by Ordinance ME SECINT No. 309 of June 24, 2019. For general items, up to 100 tariff codes may be included on the list of CET exceptions through December 31, 2021. MERCOSUR countries adopted a program aimed at consolidation of the customs union, which includes revision of the CET, free trade zones, special common import regimes, a common automotive policy, a national exception to CET lists, harmonization of drawback customs programs, elimination of the double-levy CET, and distribution of customs income. MERCOSUR countries could also increase the import tax for extra-zone imports up to WTO consolidated tariffs for 200 MERCOSUR Common
Nomenclature positions until December 31, 2021. This was a temporary and strategic mechanism that allowed MERCOSUR countries to cope with the international crisis. However, Brazil has never used this capacity.

Taxes collected through the exchange system

No.

State import monopoly

Yes. Imports of petroleum and its derivatives are subject to disclosure to the National Petroleum Agency.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

No. Exporters may keep all their proceeds abroad.

Surrender requirements

Yes. Once the proceeds in foreign currency are repatriated (by own decision of the recipient of the foreign currency), regulation requires to sell these proceeds to ADs in return for local currency.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Once the proceeds in foreign currency are repatriated (by own decision of the recipient of the foreign currency), regulation requires to sell these proceeds to ADs in return for local currency.

Financing requirements

No.

Documentation requirements

Yes.

Letters of credit

No.

Guarantees

No.

Domiciliation

No.

Preshipment inspection

Yes. Preshipment inspection is required for commodities subject to standardization.

Other

Yes. Documentation includes invoices, international shipment notification, and export registration.

Export licenses

Yes. Exporters are automatically registered with the SECEX’s REI on their first export operation. New export operations should use the Single Export Declaration (Declaração Única de Exportação – DUE). The DUE is based on the electronic receipt and comprises information of a commercial, administrative, customs, tax and logistics nature that characterizes the export operation of the merchandise contained therein. It is basic document for the customs clearance and should therefore cover all the goods contained in an export consignment subject to this procedure. By now with the implementation of the Licensing, Permits, Certificates and Other Export Documents (LPCO-Exportation) module of the Single Window, it is also possible to request to the government bodies the legal document necessary to the export through a single point on the Internet. The responsible agency will analyze the request within 30 days (Law No. 9.784, of 1999, Article 49).

As of August 10, 2020, the inward process is now regulated by Ordinance SECEX No. 44 (2020) which updated the rules of the regime to simplify the procedures and provide greater predictability and legal certainty to foreign trade operators.

As for financed exports, similarly as to the previous system, it is necessary to present the Operations Summary Form (Ficha de Resumo de Operações – FRO) directly to the BNDES so that the financing operation can be started. The LPCO will be created by the
BNDES itself to ensure consistency between the FRO and the LPCO so as to mitigate a large reason for requesting rectification of the credit records.

A number of products are subject to special export procedures, including exports subject export taxes, export licenses, or country-specific tariff quotas in certain markets under Brazil’s international agreements.

The Annex of Ordinance SECEX No. 52 lists the export procedures of goods under quotas, which are described on the Annex XVII of Ordinance SECEX No. 23. These include (1) certain types of beef to the EU under the “Hilton quota”; (2) poultry and poultry preparations to the EU subject to country-specific tariff quotas; (3) sugar and confectionery products to the EU subject to export licenses; (4) milk to Colombia under the MERCOSUR quota; (5) cigarettes; (6) precious stones, which may be sold for foreign currency to nonresidents; (7) arms and ammunition subject to export tax and other restrictions; and (8) effective May 8, 2020, cars to Argentina, under the Economic Complementation Agreement – ACE No. 14. The exports procedures of cars to Colombia, under MERCOSUR/Colombia Economic Complementation Agreement – ACE No. 72, are described in the Ordinance SECEX No. 49. In accordance with UNSC resolutions, Brazil prohibits exports of weapons and military equipment to the Democratic Republic of the Congo, Iraq, the Democratic People’s Republic of Korea, Libya, Sierra Leone, Somalia, and Sudan and of materials and technology that could lead to the development of nuclear weapons. Exports of some products are prohibited for reasons of environmental protection and compliance with international agreements (for example, Montreal Protocol) and UNSC resolutions. Some export operations are subject to control by government agencies, including the SECEX. Most operations that the SECEX examines have automatic approval through the SISCOMEX, under parameters of analysis in the system. Exports of certain goods require authorization from government agencies mainly for reasons of safety and environmental protection and compliance with international agreements. Since September 13, 2018, skins and hides are no longer subject to the export tax and therefore no longer subject to special export procedures.

| Without quotas | Yes.
| With quotas | Yes.

Some products listed in Annex XVII of SECEX Ordinance No. 23 of July 14, 2011, are subject to tariff quotas/licenses when exported to certain markets. There are export quotas for Europe (poultry, beef–Hilton quota – and sugar), Colombia (milk and cars), and effective June 3, 2020, Argentina (cars). There are also some export quotas for goods in MERCOSUR/Colombia and MERCOSUR/Israel Agreements (SACME – MERCOSUR Quota Management System). In the case of beef and poultry, the producers must be accredited by the Ministry of Agriculture, Livestock and Food Supply (Ministério da Agricultura, Pecuária e Abastecimento, MAPA) and accepted by the EU as safe exporters to obtain a quota. Exports of milk (HS 0402) to Colombia must obtain a MERCOSUR quota authorization from the Subsecretariat of Foreign Trade Operations (SUEXT) to benefit from the access conditions under the Economic Complementation Agreement.

Export taxes

| Yes.

In general, exports are not subject to export tax. However, exports may be subject to taxation by executive action.

Export duties apply to the following: (1) cigarettes to the Caribbean, Central America, and South America, 150%; and (2) weapons and
ammunition to the Caribbean, Central America, and South America (except Argentina, Chile, and Ecuador), 150%. Some allowable weapons and ammunition are exempt.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Payments for Invisible Transactions and Current Transfers

| Controls on these transfers | Yes. | Foreign exchange transactions are subject to the IOF general tax rate of 0.38%, which is levied and collected on the settlement date of the foreign exchange operation. An IOF of 6.38% is applied to foreign exchange transactions related to purchase of prepaid cards and traveler’s checks. |
| Trade-related payments      | Yes. | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). The rate is zero for transactions related to outflows of local revenues of international air transportation companies domiciled abroad. |
| Payment for Invisible       | Yes. | There is limitation on transfers for payments of royalties because of registered trademarks and intellectual property between a subsidiary in Brazil and its headquarters or controller abroad. |
| Payments for travel         | Yes. | Foreign capital entering Brazil for investment in economic activities must be registered with the BCB. The registration is declaratory and electronic and strictly for statistical purposes. |
| Prior approval              | No.  | Foreign exchange transactions are subject to a 1.1% tax rate (IOF) on the acquisition of foreign currency in cash. |
| Quantitative limits         | No.  | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). |
| Indicative limits/bona fide test | No.  | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). |
| Personal payments           | Yes. | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). |
| Prior approval              | No.  | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). |
| Quantitative limits         | No.  | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). |
| Indicative limits/bona fide test | No.  | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). |
| Foreign workers' wages      | Yes. | Foreign exchange transactions are subject to a 0.38% tax rate (IOF). |
| Prior approval              | No.  | An IOF of 6.38% is applied to foreign exchange transactions carried out by credit card companies for the payment of obligations because |
| Quantitative limits         | No.  | |
| Indicative limits/bona fide test | No.  | |
| Credit card use abroad      | Yes. | |

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of operations abroad carried out by their clients in connection with expenditures and ATM withdrawals abroad using credit cards.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Other payments
Yes. An IOF of 6.38% is applied to foreign exchange transactions related to purchase of prepaid cards and traveler’s checks. It is also applied to foreign exchange transactions carried out by credit/debit card companies for the payment of obligations because of operations abroad carried out by their clients in connection with expenditures and ATM withdrawals abroad using debit cards.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
No. Exporters may keep all their proceeds abroad.

Surrender requirements
Yes.

Surrender to the central bank
No.

Surrender to authorized dealers
Yes. Once the proceeds in foreign currency are repatriated (by own decision of the recipient of the foreign currency), regulation requires to sell these proceeds to ADs in return for local currency.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes. Foreign capital entering Brazil for investment in economic activities must be registered with the BCB. The registration is declaratory and electronic and strictly for statistical purposes.

Repatriation requirements
No.

Surrender requirements
Yes.

Surrender to the central bank
No.

Surrender to authorized dealers
Yes. Once the proceeds in foreign currency are repatriated (by own decision of the recipient of the foreign currency), regulation requires to sell these proceeds to ADs in return for local currency.

Controls on capital and money market instruments
Yes. Foreign investments in the financial and capital markets must be registered with the BCB. The registration is declaratory and electronic and strictly for statistical purposes.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
Yes. Nonresident investors must register with the CVM. Limitations apply
to participation in certain economic activities. There are limits on participation in certain economic activities (media and air transportation service). Foreign participation in nuclear energy, hydraulic power generation, postal and telegraph services, education, and transportation of valuables is not allowed. Authorization is required for investment in (1) real estate in border areas and rural land, (2) fishing, (3) prospecting and extraction of mineral resources, (4) the hydrocarbon sector, (5) telecommunications, (6) courier services, (7) international road transportation, and (8) the financial sector. Law No. 13,097 allows foreign participation through FDI in the Brazilian hospital market, including control of healthcare companies.

**Sale or issue locally by nonresidents**
Yes.

Other foreign securities may be sold through Brazilian Depositary Receipts (BDRs), which allow the placement of certificates representing these shares in the Brazilian market. The offering of the securities must be registered with the CVM. Commercial presence in Brazil is a requirement, except for sales through BDRs. Un-sponsored BDRs do not need to be registered with the CVM.

**Purchase abroad by residents**
Yes.

Private investments are allowed. Investments abroad by institutional investors are subject to prudential rules (for instance, (1) in the case of mutual funds, set by the CVM; (2) for pension funds, stated by the National Superintendency of Complementary Pensions (Superintendência Nacional de Previdência Complementar, PREVIC); and regarding insurance companies and open-end private pension funds, according to the National Council of Private Insurance (Conselho Nacional de Seguros Privados – CNSP) and CMN rules).

**Sale or issue abroad by residents**
No.

Effective November 27, 2019, the requirement for prior approval was revoked by Resolution CMN 4,761. Previously, the issuance of DRs had to be authorized by the CVM. The IOF is zero on trades linked to overseas DRs issued by Brazilian companies. Foreign capital in the form of DRs must be registered with the BCB strictly for statistical purpose.

Bonds or other debt securities
Yes.

**Purchase locally by nonresidents**
Yes.

Nonresident investors must register with the CVM. The IOF is zero on nonresidents’ fixed-income instruments. Nonetheless, other taxes apply.

**Sale or issue locally by nonresidents**
Yes.

Nonresidents may offer these instruments only through private placements.

**Purchase abroad by residents**
Yes.

Investments abroad by financial institutions, pension funds, mutual funds, and insurance companies are subject to prudential rules set by their regulators.

**Sale or issue abroad by residents**
Yes.

DRs of debt instruments are allowed. Public companies are required to notify the CVM. Foreign capital in the form of DRs must be registered with the BCB.

**On money market instruments**
Yes.

**Purchase locally by nonresidents**
Yes.

Nonresident investors must register with the CVM. The IOF is zero on nonresidents’ fixed-income instruments.

**Sale or issue locally by nonresidents**
Yes.

Commercial presence in Brazil is a requirement.

**Purchase abroad by residents**
Yes.

Investments abroad by financial institutions, pension funds, mutual funds, and insurance companies are subject to prudential rules set by their regulators.

**Sale or issue abroad by residents**
No.

**On collective investment securities**
Yes.
<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>Yes.</th>
<th>Nonresident investors must register with the CVM.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Commercial presence in Brazil is required.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Investments abroad by financial institutions, pension funds, mutual funds, and insurance companies are subject to prudential rules set by their regulators.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td>Foreign investments in the derivatives market must be registered with the BCB. The registration is declaratory and electronic and mainly for statistical purposes. Foreign portfolio investors must also be registered with CVM (Instruction CVM No. 560). The derivative margin deposit is zero for OTC derivatives transactions. For exchange traded derivatives (including OTC derivatives centrally cleared), there are initial and variation margins.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresidents may not use borrowed securities for margin purposes in the derivatives market. The same rules apply for residents and nonresidents investors.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresidents may offer these instruments only through private placements. In the case of issuing, the entity must be previously registered with CVM.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Entities may engage in hedging operations with financial institutions or stock exchanges abroad to protect themselves against the risk of fluctuations in interest rates, exchange rates, and commodity prices. Derivative transactions without an underlying operation are not allowed.</td>
</tr>
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</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td>Foreign credit must be registered with the BCB. The registration is declaratory and electronic and strictly for statistical purposes. This includes direct loans, bonds emitted abroad, leasing, prepayment of exports, and financed imports.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Financial institutions are forbidden to remit abroad (apply or promote the placement, including lending – except for some official programs) funds pooled in Brazil. However, it is possible for banks to invest in: Brazilian government bonds issued abroad, foreign government bonds, securities issued by financial institutions, and time deposits in financial institutions. Banks may also use funds raised abroad to provide credit to Brazilian companies abroad, its branches or foreign companies with majority of Brazilian capital. Residents may not use export proceeds kept abroad for lending to nonresidents.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
| By residents to nonresidents | Yes. | Financial institutions are forbidden to remit abroad (apply or promote the placement, including lending – except for some official programs) funds pooled in Brazil. However, it is possible for banks to invest in: Brazilian government bonds issued abroad, foreign government bonds, securities issued by financial institutions, and time deposits in financial institutions. Banks may also use funds raised abroad to provide credit to Brazilian companies abroad, their
branches or foreign companies with majority of Brazilian capital. Residents may not use export proceeds kept abroad for lending to nonresidents.

To residents from nonresidents

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

To residents from nonresidents

Controls on direct investment

Outward direct investment

Inward direct investment

Controls on liquidation of direct investment

Controls on real estate transactions

Purchase abroad by residents

Purchase locally by nonresidents

Sale locally by nonresidents

Controls on personal capital transactions

Loans

By residents to nonresidents

To residents from nonresidents

Gifts, endowments, inheritances, and legacies

By residents to nonresidents

To residents from nonresidents

The maximum maturity of external loans subject to the 6% IOF rate is 180 days. External loans with an initial term of more than 180 days will still be subject to the 6% IOF rate if the loan is repaid within the 180-day period. The IOF is zero for external loans with maturity greater than 180 days and less than 360 days.

Guarantees, sureties, and financial backup facilities

No.

By residents to nonresidents

No.

To residents from nonresidents

No.

Controls on direct investment

Yes.

Outward direct investment

Yes.

Investment abroad by financial institutions, pension funds, mutual funds, and insurance companies is subject to prudential rules set by their regulators. National Council of Private Insurance (Conselho Nacional de Seguros Privados, CNSP) Resolution No. 321/2015 allows supervised entities to invest in foreign companies such as insurance, “capitalization,” and open pension and reinsurance companies only as permanent investment and if approved by the Superintendence of Private Insurance (Superintendência de Seguros Privados, SUSEP).

Inward direct investment

Yes.

FDI is subject to the 0.38% IOF. There are limits on participation in certain economic activities (media and air transportation service). FDI in nuclear energy, hydraulic power generation, postal and telegraph services, education, and transportation of valuables is not allowed. Authorization is required for investment in (1) real estate in border areas and rural land, (2) fishing, (3) prospecting and extraction of mineral resources, (4) the hydrocarbon sector, (5) telecommunications, (6) courier services, (7) international road transportation, and (8) the financial sector. Law No. 13.097 allows FDI, including control, in the Brazilian healthcare sector.

Controls on liquidation of direct investment

No.

Controls on real estate transactions

Yes.

Purchase abroad by residents

Yes.

Purchase locally by nonresidents

Yes.

Sale locally by nonresidents

No.

Controls on personal capital transactions

No.

Loans

No.

By residents to nonresidents

No.

To residents from nonresidents

No.

Gifts, endowments, inheritances, and legacies

No.

By residents to nonresidents

No.

To residents from nonresidents

No.

There are limits on rural land ownership by nonresidents (25% of each municipality and in border areas). BCB registration is only required for transactions when the real estate purchased by the nonresident will be part of the paid-in capital of a company in Brazil.
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

#### Provisions specific to commercial banks and other credit institutions

Foreign exchange transactions are subject to the IOF general tax rate of 0.38%, which is levied and collected on the settlement date of the foreign exchange operation. An IOF of 6.38% is applied to foreign exchange transactions related to the purchase of prepaid cards and traveler’s checks. It is also applied to foreign exchange transactions carried out by credit card companies for the payment of obligations because of operations abroad carried out by their clients in connection with expenditures and ATM withdrawals abroad using credit and debit cards. External loans with maturity less than 180 days are subject to the 6% IOF. External loans with an initial term of more than 180 days would still be subject to the 6% IOF rate if the loan is repaid within the 180-day period.

Borrowing abroad

Yes. The maximum maturity of external loans subject to 6% IOF is 180 days. Residents borrowing abroad must register the operation with the BCB strictly for statistical purposes.

Maintenance of accounts abroad

No.

Lending to nonresidents (financial or commercial credits)

Yes. Financial institutions are forbidden to remit abroad (apply or promote the placement, including lending—except for some official programs) funds pooled in Brazil. However, it is possible for banks to invest in: Brazilian government bonds issued abroad, foreign government bonds, securities issued by financial institutions, and time deposits in financial institutions. Banks may also use funds raised abroad to provide credit to Brazilian companies abroad, its branches or foreign companies with majority of Brazilian capital. Residents may not use export proceeds kept abroad for lending to nonresidents.

Lending locally in foreign exchange

Yes. All payments stipulated in or pegged to gold or a foreign currency are null and void. Exceptions apply: for example, contracts and titles relating to imports and exports; financing or guarantee contracts related to export of goods and services; contracts for the purchase and sale of foreign exchange; loans and other obligations whose creditor or debtor is a resident and domiciled abroad, except for leases of real estate located in the Brazilian territory; contracts for assignment, transfer, delegation, assumption, or modification of the obligations referred to in the previous item.

Purchase of locally issued securities denominated in foreign exchange

Yes. All payments stipulated in or pegged to gold or a foreign currency are null and void (exceptions apply: for example, contracts and titles relating to imports and exports; financing or guarantee contracts related to export of goods and services; contracts for the purchase and sale of foreign exchange; loans and other obligations whose creditor or debtor is a resident and domiciled abroad, except for leases of real estate located in the Brazilian territory; contracts for
assignment, transfer, delegation, assumption, or modification of the obligations referred to in the previous item.); locally issued securities may not be denominated in foreign currencies.

<table>
<thead>
<tr>
<th>Regulation Type</th>
<th>Brazil Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Demand, time, and savings deposits in reais are subject to reserve requirements of 21%, 17%, and 20%, respectively.</td>
<td></td>
</tr>
<tr>
<td>Effective July 15, 2019, reserve requirement ratio on time deposits was reduced from 33% to 31%.</td>
<td></td>
</tr>
<tr>
<td>Effective March 16, 2020, reserve requirement ratio on time deposits was reduced from 31% to 25%. Effective March 30, 2020, reserve requirement ratio on time deposits was reduced from 25% to 17%.</td>
<td></td>
</tr>
<tr>
<td>Circular BCB No. 3,993/2020 states that a new reserve requirement ratio of 25% on time deposits will be in place from November 11, 2020.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>Banks may invest in Brazilian government bonds issued abroad, foreign government bonds, securities issued by financial institutions, and time deposits in financial institutions. Banks may also use funds raised abroad to provide credit to Brazilian companies abroad, their branches or foreign companies with majority of Brazilian capital. The installation of branches, and corporate participation, directly or indirectly, in financial institutions or similar companies abroad, depend on prior authorization from the BCB and are subject to compliance with specific conditions by the participating institution.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Effective September 26, 2019, the Presidential Decree No. 10,029 delegated to the BCB the authority to recognize the interest of the Brazilian government on the foreign participation in financial institutions, under no discriminatory procedure. Previously, foreign participation required the approval from the President of the Republic.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>A limit of 30% of a financial institution’s capital base applies to its exposure in gold and assets and liabilities denominated in foreign currency. Calculation of exposure takes into account (1) the net value of short and long positions and (2) 70% of the minimum value between total short and long positions in each currency.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>A limit of 30% of a financial institution’s capital base applies to its exposure in gold and assets and liabilities denominated in foreign currency.</td>
<td></td>
</tr>
</tbody>
</table>
currency. Calculation of exposure takes into account (1) the net value of short and long positions and (2) 70% of the minimum value between total short and long positions in each currency.

Provisions specific to institutional investors

Insurance companies

Yes.

Resolution CMN No. 4.444 of November 13, 2015, provides rules governing the investment of technical reserves, provisions and funds of insurance companies, capitalization companies, open private pension entities and local reinsurers, on the application of the resources required in the country to guarantee the obligations of admitted reinsurers and the portfolio of Individual Programmed Retirement Funds. Resolution CNSP No. 321 (2015) provides rules governing investments that exceed technical provisions.

Limits (max.) on securities issued by nonresidents

Yes.

The only type financial assets issued by nonresidents for insurers whose investment is permitted are: securities issued by central governments of foreign jurisdictions and their central banks, provided the external risk rating of the issue, conferred by a credit risk rating agency registered or recognized in Brazil by CVM, is equal to or higher than AA- or equivalent rating; and fixed-term deposits and certificates of deposit issued or unconditionally guaranteed by financial institutions, and BDRs. Application limits depend on the type of provisions being guaranteed by such assets.

Limits (max.) on investment portfolio held abroad

Yes.

Insurance companies may invest their technical provisions in accordance with the legislation, as follows: (1) securities issued by central governments of foreign jurisdictions and their central banks, provided the external risk rating of the issue, conferred by a credit risk rating agency registered or recognized in Brazil by CVM, is equal to or higher than AA- or equivalent rating; (2) in Brazilian sovereign bonds issued abroad (Eurobonds, Global Bonds, A-bonds); (3) corporate bonds of Brazilian companies issued abroad; (4) in certificates of deposit issued or unconditionally guaranteed by financial institutions; and (5) in BDRs. Application limits depend on the type of provisions being guaranteed.

Limits (min.) on investment portfolio held locally

No.

These apply only to technical provision liabilities. Investment limits for assets subject to foreign exchange exposure are looser for technical provisions on foreign currencies.

Currency-matching regulations on assets/liabilities composition

Yes.

Pension funds

Yes.

Investments abroad may not exceed 10%, including BDRs. The only type of financial assets issued by nonresidents for open-end private pension funds whose investment is permitted are fixed-term deposits and certificates of deposit issued or unconditionally guaranteed by financial institutions, and BDRs. Application limits depend on the type of provisions being guaranteed by such assets. Investments in Brazil are subject to some limits under the law, which establishes the maximum technical provisions that may be invested in federal bonds, stocks (per type), and so forth. Assets that exceed the technical provisions are subject to a liquidity requirement (at least 20% of the risk capital in highly liquid assets); derivatives may be used only for hedging purposes.
hedging purposes.

Investments abroad may not exceed 10%, including BDRs. Open-end private pension funds may invest their technical provisions in accordance with the legislation, as follows: (1) in Brazilian sovereign bonds issued abroad (Eurobonds, Global Bonds, A-bonds); (2) corporate bonds of Brazilian companies issued abroad; (3) in certificates of deposit issued or unconditionally guaranteed by financial institutions; and (4) in BDRs. Application limits depend on the type of provisions being guaranteed.

The minimum portfolio investment held locally is 90%.

Pursuant to CVM Instruction No. 555/14 of December 17, 2014, investment funds may invest up to 20% of their net worth in offshore financial assets. There is no such limit for funds (1) classified as “fixed Income–foreign debt”; (2) targeted at “professional investors,” provided they are designated as an “offshore investment”; and (3) targeted at “qualified investors,” provided, among other requirements, the bylaws of the funds established that at least 67% of the net worth is to be composed of offshore financial assets and have detailed information about the assets the fund intends to acquire. For the other funds targeted at “qualified investors” not referred to above, the limit on offshore investments is 40%. “Professional investors” are those owning financial investments greater than R$10 million. “Qualified investors” are those owning financial investments greater than R$1 million. Level II and III BDRs are considered investment in Brazil, and Level I BDR is considered investment abroad. Brazilian Private Equity Funds, as per CVM Instruction No. 578/16, are allowed to invest abroad up to 20% of their net worth. If the fund is targeted at professional investors (more than R$10.000.000 in financial assets), no limits apply.

This information can be found at the AREAER ONLINE database:
Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Spot exchange market
05/05/2020  Nonbanks have a limit of US$300,000 (previously US$100,000) an operation with clients (not applicable to operations in the interbank market).

Payments arrangements

Clearing agreements
04/15/2019  Brazil withdrew from the LAIA clearing system.

Exports and Export Proceeds

Export licenses
05/08/2020  Export procedure of cars to Argentina is governed by the Economic Complementation Agreement – ACE No. 14.

With quotas
06/03/2020  The quota of exports of cars to Argentina is governed by SECEX Ordinance No. 34.

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Sale or issue abroad by residents
11/27/2019  The requirement for prior approval was revoked by Resolution CMN 4,761. Previously, the issuance of DRs had to be authorized by the CVM.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

Reserve requirements
07/15/2019  Reserve requirement ratio on time deposits was reduced from 33% to 31%.
03/16/2020  Reserve requirement ratio on time deposits was reduced from 31% to 25%.
03/30/2020  Reserve requirement ratio on time deposits was reduced from 25% to 17%.

Investment regulations

In banks by nonresidents
09/26/2020  The Presidential Decree No. 10,029 delegated to the BCB the authority to recognize the interest of the Brazilian government on the foreign participation in financial institutions, under no discriminatory procedure. Previously, foreign participation required the approval from the President of the Republic.
BRUNEI DARUSSALAM

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
October 10, 1995.

Article VIII
Yes.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes.

The Anti-Terrorism (Terrorism Financing) Regulations, 2013, implement obligations under relevant UNSC Resolutions to freeze the property of terrorists, terrorist groups, and persons acting on behalf of terrorists.

Regulation No. 3 prohibits provision or collection of property with the intention that it will be used by a designated person. Regulation No. 4 generally prohibits any dealing in any property of designated persons, including making property, financial services, or other related services available for designated persons.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Brunei Darussalam is the Brunei dollar.

Other legal tender
No. The Singapore dollar also circulates as customary tender.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
Yes. The exchange rate arrangement is a currency board. The Autoriti Monetari Brunei Darussalam (AMBD) issues Brunei dollars and manages the Currency Fund, which is used to back up the currency in circulation. Under the Currency Interchangeability Agreement (CIA), signed in 1967, which remains in effect between the AMBD and the Monetary Authority of Singapore, the monetary authorities agree to the mutual exchange of their currency at par without charge. The monetary authorities and banks must accept each other’s currency at par, and the currencies are customary tender in both countries.
Excess currency is repatriated regularly, with the cost borne by the currency-issuing authority. The AMBD must ensure that reserves in the Currency Fund cover at least 100% of the currency in circulation as required under the Currency Order, 2004, as amended by the Currency and Monetary (Amendment) Order, 2010. The AMBD publishes data on the reserves used to cover the currency in circulation in its annual report.

Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate** Yes. The Brunei dollar exchange rate is pegged at S$1 per Brunei dollar. This rate applies to CB transactions and is used for accounting and valuation purposes. Given the peg to the Singapore dollar, the Brunei dollar exchange rate in relation to other currency follows closely that of the Singapore dollar. The AMBD administers the CIA between Brunei Darussalam and Singapore on behalf of the Brunei government.

**Monetary policy framework**

Exchange rate anchor Yes.

*U.S. dollar*
*Euro*
*Composite*

**Other** Yes. The monetary policy framework is a currency board agreement with an exchange rate anchor vis-à-vis the Singapore dollar, which is at par with the Brunei dollar under the CIA.
The Brunei Association of Banks provides indicative daily buying and selling rates to its members for transfers/remittances in 15 other currencies on the basis of the interbank quotes for these foreign currencies against Singapore dollars. Customers are encouraged to liaise with their respective banks for competitive rates should they want to deal in this foreign exchange as rates fluctuate from time to time.

As of December 31, 2019, there were 7 banks (6 conventional and 1 Islamic), 18 remittance companies, and 20 money changers that were authorized to conduct foreign exchange transactions (including three hotels with conditional license).

Money-changing businesses:
do not conduct foreign exchange transactions directly with the CB;
do not maintain accounts abroad;
are limited to the purchase and sale of banknotes; and are not
allowed to make foreign currency payments and transfers on behalf of their clients.

As for remittance businesses, foreign exchange transactions are not conducted directly with the CB. Remittance business can maintain accounts abroad. Remittance business operations are mainly focused on transmitting funds abroad. The purchase and sale of banknotes are not part of their operations.

Operated by the central bank Yes.
The AMBD does not control or direct any foreign exchange activity with banks, except for the Singapore dollar activity.

Foreign exchange standing facility Yes.
The AMBD stands ready to buy and sell Singapore dollars for Brunei dollars at the official rate without a bid-ask spread or commission. The AMBD deals only in Singapore dollars and does not quote rates for other currency.

Allocation No.

Auction No.

Fixing No.

Interbank market Yes.
The foreign exchange market is an interbank market between the licensed banks operating in Brunei Darussalam. All licensed banks are foreign exchange ADs by virtue of their banking license. The AMBD does not intervene directly in interbank foreign exchange operations; however, it monitors banks’ foreign exchange positions. Banks have their own internal policies on foreign currencies’ exposure.

Over the counter Yes.

Brokerage No.

Market making No.

Forward exchange market No.
There is no forward market for foreign exchange in Brunei Darussalam. However, as a result of the CIA, foreign exchange risk may be hedged in Singapore dollars through the use of facilities available in Singapore, including (1) foreign currency futures and options traded on the Singapore International Monetary Exchange, (2) OTC forward transactions arranged by banks in Singapore, and (3) transactions on the short-term foreign exchange swap market of banks in the Singapore money market.

Official cover of forward operations No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No.
There are no limitations on the use of domestic currency in international payments for current or capital transactions or the use of foreign currency in transactions between residents.

Controls on the use of domestic currency No.

For current transactions and payments No.

For capital transactions No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations
### BRUNEI DARUSSALAM

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
</tbody>
</table>

There have been no formal exchange controls since the repeal of the Exchange Control Act in 2000.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

R: Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>On domestic ownership and/or trade</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Following the repeal of the Exchange Control Act, dealings in gold are not controlled or restricted.

R: Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>On exports</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

Importation of gold bars and gold jewelry is subject to duties of 15%.

<table>
<thead>
<tr>
<th>On imports</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

R: References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Balances may be transferred abroad freely, but banks in Brunei charge remittance fees for such transfers.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Balances may be transferred abroad freely, but banks in Brunei may charge remittance fees for such transfers.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents may hold accounts abroad in domestic currency.
abroad
Accounts in domestic currency convertible into foreign currency Yes.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts
Foreign exchange accounts permitted Yes.
Approval required No.
Domestic currency accounts Yes.
Convertible into foreign currency Yes.
Approval required No.
Blocked accounts No.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments
Foreign exchange budget No.
Financing requirements for imports Yes. Financing requirements are set by the banks involved in the import transactions. Imports are subject to the payment of customs and excise duties.
Minimum financing requirements No.
Advance payment requirements No.
Advance import deposits Yes. Temporary imports of dutiable goods for trade samples, demonstration, and exhibition (not for sale) are subject to the payment of a deposit at least equivalent to the amount of duty. Temporary imports of dutiable goods for projects are subject to customs duty on a lease basis.
Documentation requirements for release of foreign exchange for imports Yes. Documentation requirements for import transactions are set by the banks involved.
Domiciliation requirements No.
Preshipment inspection No.
Letters of credit Yes. LCs are used as evidence that the value of the goods conforms to WTO valuation rules.
Import licenses used as exchange licenses No.
Other No.
Import licenses and other nontariff measures Yes.
Positive list Yes.
Negative list Yes. Importation of certain goods is restricted for environmental, health, safety, security, customs, biosecurity, disease transfer, invasive alien species (IAS), or religious reasons. Restricted goods include food items (such as fresh or processed fish, meat, vegetables and fruits, and mineral water); live animals, fishes and plants; and chemicals, drugs, and ammunition. Importation of restricted goods is subject to
import licenses and permits.

**Open general licenses**

Yes. The importation of certain goods is subject to licensing by the relevant authorities in accordance with established guidelines and procedures.

**Licenses with quotas**

Yes. Importation of some restricted goods, such as fresh meat, precursor chemicals, and used vehicles, is subject to quotas.

**Other nontariff measures**

Yes. The following are subjected to nontariff measures: (1) Mineral water, live animals, fishes and plants, fresh or processed fish, meat, vegetables and fruits and their products must comply with relevant laws and regulations—for example Chapter 43 of the Agricultural Pests and Noxious Plants Act; Veterinary Surgeons Order 2005; Wholesome Meat Order 2011, Chapter 47 of the Quarantine and Prevention of Disease Act; Sections 91 and 92 of the Quarantine and Prevention of Disease (Animals) Regulations; Fisheries Order, 2009; Chapter 183 of the Halal Meat Act; Halal Certificate and Halal Label Order 2005; the Public Health (Food) Act of 1998; and the Public Health (Food) Regulations of 2000, as well as with measures under international conventions—for example, the International Plant Protection Convention, Codex Alimentarius Commission, World Organization for Animal Health (OIE) and CITES. (2) Cement must comply with quality standards. Cement-importing companies must register with the Ministry of Development before applying for an import permit from the Brunei Industrial Development Authority (BINA). Class 62.5N cement may be imported only by registered companies.

**Import taxes and/or tariffs**

Yes. A 95.71% of the total tariff lines are nondutiable. This includes items such as basic foodstuffs, clothing (except of leather), educational material, and some construction material. Some other goods are levied with import duty rates of 5% and 10%. Some are levied with specific rates, such as B$0.11/kg depending on the types of goods. The basic tax structure consists of 99.46% ad valorem rate and 0.54% specific rate. In addition, 37.95% of nondutiable items are subject to excise duties. Such items include vehicles, sugary beverages, alcoholic beverages, tobacco products, and machineries.

**Taxes collected through the exchange system**

No.

**State import monopoly**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements**

No.

**Surrender requirements**

No.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

No.

**Financing requirements**

No. Financing requirements may be set by commercial banks.

**Documentation requirements**

No. Documentation requirements may be set by commercial banks.

**Letters of credit**

No.

**Guarantees**

No.

**Domiciliation**

No.
Preshipment inspection  No.
Other  No.

**Export licenses**
Without quotas  Yes.  
With quotas  No.

**Export taxes**
Collected through the exchange system  No.
Other export taxes  No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**  Yes.
Trade-related payments  No.

*Prior approval*  No.
*Quantitative limits*  No.
*Indicative limits/bona fide test*  No.

Investment-related payments  No.

*Prior approval*  No.
*Quantitative limits*  No.
*Indicative limits/bona fide test*  No.

Payments for travel  No.

*Prior approval*  No.
*Quantitative limits*  No.
*Indicative limits/bona fide test*  No.

Personal payments  No.

*Prior approval*  No.
*Quantitative limits*  No.
*Indicative limits/bona fide test*  No.

Foreign workers' wages  No.

*Prior approval*  No.
*Quantitative limits*  No.
*Indicative limits/bona fide test*  No.
Credit card use abroad  Yes.

Prior approval  No.

Quantitative limits  Yes.  The amount may not exceed the approved credit card limit.

Indicative limits/bona fide test  Yes.  The amount may not exceed the approved credit card limit.

Other payments  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Produce from Invisible Transactions and Current Transfers

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Restrictions on use of funds  No.

Proceeds from Invisible Transactions and Current Transfers

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Controls on capital and money market instruments  No.

On capital market securities  No.

Shares or other securities of a participating nature  No.

Purchase locally by nonresidents  No.

Sale or issue locally by nonresidents  No.

Purchase abroad by residents  No.

Sale or issue abroad by residents  No.

Bonds or other debt securities  No.

Purchase locally by nonresidents  No.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>
| **Inward direct investment**                                           | Yes.   | Full foreign ownership, majority foreign ownership, and minority foreign ownership are permitted, based on the type of industry and the individual case. Only activities related to national food security.
and those involving local resources require domestic participation. Industries that serve the local market that do not involve national food security and industries that export their products may be fully foreign owned. Joint ventures with local companies are encouraged. If a company has two directors, at least one must ordinarily be a resident. If there are more than two directors, at least two must be residents.

### Controls on liquidation of direct investment
No.

### Controls on real estate transactions
Yes.

### Purchase abroad by residents
No.

### Purchase locally by nonresidents
Yes. A Brunei citizen may own land. However, foreign nationals/residents/investors may purchase stratified property subject to the Land Code Chapter 40 and Strata Title Act 1999, Cap. 189; lease land; or rent on a long-term basis, including sites destined for Industry, agriculture, agroforestry, and aquaculture. “Gazetted” Industrial and agricultural land with facilities may be rented long term for 10 years–30 years for industry, agriculture, agroforestry, and aquaculture.

### Sale locally by nonresidents
No.

### Controls on personal capital transactions
Yes.

### Loans
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

### Gifts, endowments, inheritances, and legacies
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

### Settlement of debts abroad by immigrants
No.

### Transfer of assets
No.

Transfer abroad by emigrants
No.

Transfer into the country by immigrants
No.

### Transfer of gambling and prize earnings
Yes. Under the provisions of the Common Gambling Houses Act (Chap. 28), these transfers are under the jurisdiction of the Royal Brunei Police Force.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

#### Provisions specific to commercial banks and other credit institutions
Yes. All prudential regulations to the banking sector are issued pursuant to the Banking Order of 2006 and Islamic Banking Order of 2008 through the issuance of notices.

Borrowing abroad
No.

Maintenance of accounts abroad
No.

Lending to nonresidents (financial or
No.
commercial credits)

Lending locally in foreign exchange  No.

Purchase of locally issued securities denominated in foreign exchange  No.

Differential treatment of deposit accounts in foreign exchange  No.

- Reserve requirements  No.
- Liquid asset requirements  No.
- Interest rate controls  No.
- Credit controls  No.

Differential treatment of deposit accounts held by nonresidents  No.

- Reserve requirements  No.
- Liquid asset requirements  No.
- Interest rate controls  No.
- Credit controls  No.

Investment regulations  Yes.  Section 37 of the Banking Order of 2006 and the Islamic Banking Order of 2008 prohibit banks from acquiring or holding share capital—or otherwise having an interest—in a financial, commercial, agricultural, industrial, or other type of company that in the aggregate exceeds 10%, or any other percentage the authorities set, of the bank’s capital funds.

Section 38 of the Banking Order of 2006 does not allow banks to acquire or hold more than 20% of the capital of any other company without prior approval by AMBD.

Abroad by banks  Yes.  Section 37 of the Banking Order of 2006 and the Islamic Banking Order of 2008 prohibit banks from acquiring or holding share capital—or otherwise having an interest—in a financial, commercial, agricultural, industrial, or other type of company that in the aggregate exceeds 10%, or any other percentage the authorities set, of the bank’s capital funds.

Section 38 of the Banking Order of 2006 does not allow banks to acquire or hold more than 20% of the capital of any other company without prior approval by AMBD.

In banks by nonresidents  Yes.  Sections 14 of the Banking Order of 2006 and Islamic Banking Order of 2008 require prior approval by AMBD for any person to be an indirect (10%, 20%, and 33%) or majority controller in any bank incorporated in Brunei.

Open foreign exchange position limits  No.

- On resident assets and liabilities  No.
- On nonresident assets and liabilities  No.

Provisions specific to institutional investors  Yes.

Insurance companies  Yes.

- Limits (max.) on securities issued by nonresidents  No.
- Limits (max.) on investment portfolio  Yes.  The total value of approved foreign-currency-denominated assets of
held abroad

Limits (min.) on investment portfolio held locally

Yes.

The following limits apply: (1) 40% for the combined total of investment in fully paid-up common shares of a company with a rating by a reputable international credit-rating agency of AAA, AA, A, or not less than B; (2) 15% for quoted shares in any one company as indicated in (1); (3) 10% for units in any single unit trust; (4) 25% for debentures (fully secured); and (5) 25% for total investment in immovable property.

Foreign life insurance companies are exempt from (1).

Currency-matching regulations on assets/liabilities composition

No.

Pension funds

No.

These are subject to internal regulations and guidelines.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

Investment firms and collective investment funds

No.


Chapter XIII (Public Collective Investment Scheme), Division III (Investment and Borrowing Powers) states certain limitations. For example, Regulation No. 165(1)(c), SMR states that other collective investment schemes may not have more than 20% of their value in the units of collective investment schemes. Regulation No. 166, SMR states that the total exposure of a public collective investment scheme to derivatives may not exceed the net asset value of the public collective investment scheme property. Regarding stock lending and borrowing, Regulation No. 167(2), SMR requires that the operator of a public investment scheme ensure that the value of any collateral for the stock lending arrangement is at all times at least equal to the value of the securities transferred. Regarding borrowing restrictions, Regulation No. 168(2), SMR states that the operator of a public collective investment scheme must ensure, except in the case of a property collective investment scheme, that the public collective investment scheme’s borrowing does not, on any day, exceed 20% of the net asset value of the public collective investment scheme property and must take reasonable care to ensure that arrangements are in place that enable borrowings to be repaid to ensure such compliance.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020
No significant changes occurred in the exchange and trade system.
**BULGARIA**

*(Position as of July 31, 2020)*

## Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Date of membership</th>
<th>Date of acceptance</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Article</th>
<th>Yes.</th>
</tr>
</thead>
</table>

## Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
</table>

| Exchange measures imposed for security reasons | Yes. |

<table>
<thead>
<tr>
<th>In accordance with IMF Executive Board Decision No. 144-(52/51)</th>
<th>No.</th>
</tr>
</thead>
</table>

| Other security restrictions | Yes. |

Bulgaria maintains exchange restrictions and restrictive measures in accordance with UNSC resolutions and, decisions and regulations of the Council of the EU, adopted with the aim of preserving peace and the rule of law, safeguarding human rights, preventing conflicts and strengthening national and international security.

The restrictions are extended to the following groups and countries:

1. Restrictive measures with respect to Islamic State of Iraq and the Levant (Da’esh) and Al-Qaida (January 16, 2002);
2. Specific restrictive measures to combat terrorism (September 28, 2001);
3. Restrictive measures against the proliferation and use of chemical weapons (October 15, 2018);
4. Restrictive measures against cyber-attacks threatening the EU or its Member States (effective May 17, 2019);
5. Afghanistan (restrictive measures imposed with respect to the Taliban – October 15, 1999);
6. Belarus (September 24, 2004);
7. Central African Republic (December 5, 2013);
8. Democratic Republic of the Congo (April 7, 1993);
9. Egypt (February 21, 2011);
10. Republic of Guinea (October 27, 2009);
11. Republic of Guinea-Bissau (May 31, 2012);
12. Iran (sanctions for human rights violations – April 12, 2011; restrictive measures related to the non-proliferation of WMD – February 27, 2007);
13. Iraq, arms embargo (August 2, 1999);
14. Lebanon (December 12, 2005);
15. Libya (March 31, 2012);
16. Mali (September 5, 2017);
17. Montenegro (June 13, 2004);
18. Myanmar (Burma) (October 28, 1996);
19. Nicaragua (effective October 14, 2019);
20. Democratic People’s Republic of Korea (DPRK) (October 9, 2006);
21. Russia (March 6, 2014);
22. Serbia (June 13, 1994);
23. Somalia (January 23, 1992);
24. South Sudan (July 10, 2014);
(25) Sudan (March 15, 1994);
(26) Syria (October 31, 2005);
(27) Tunisia (January 31, 2011);
(28) Turkey (effective November 11, 2019);
(29) Ukraine (February 20, 2014);
(30) Venezuela (November 13, 2017);
(31) Yemen (February 26, 2014);
(32) Zimbabwe (February 18, 2002).

Detailed information on sanctions imposed by the UNSC and the Council of the EU can be found on the Internet page of the Ministry of Foreign Affairs, with reference to the EU Sanctions Map.

Bulgaria implements the following European Regulations and Directives for the prevention of the use of the financial system for the purposes of money laundering or terrorism financing and regarding the information accompanying transfers of funds:


References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

| Currency | Yes. | The currency of Bulgaria is the Bulgarian lev. |
| Other legal tender | No. |
| Exchange rate structure | |
| Unitary | Yes. |
| Dual | |
| Multiple | |
| Classification | |
| No separate legal tender | |
| Currency board | Yes. | The exchange rate arrangement is a currency board, which was introduced by the Law on the BNB of June 1997. The lev was fixed initially to the German mark and subsequently to the euro. |
Aggregated data for daily euro–lev turnover between the BNB and local banks are published only on the BNB website, section Statistics/Data for Banking System Liquidity/Foreign Exchange Operations between BNB and Banks. Yearly aggregates are available in the Annual Report.

Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

Yes. The official fixed exchange rate is lev 1.95583 per euro. The exchange rate arrangement and the fixed exchange rate are stipulated in the Law on the BNB.

**Monetary policy framework**

Exchange rate anchor

Yes. **U.S. dollar**

Yes. **Euro**

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

_Monetary Policy Committee_

_Central Bank Board_

**Other**

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**
Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. Financial intermediaries are free to determine their bid-ask spreads and foreign exchange commissions in transactions with their clients. Banks, financial institutions, and exchange bureaus participate in the foreign exchange market. Banks are licensed by the BNB. Financial institutions are registered by the BNB based on Ordinance No. 26 of the BNB on Financial Institutions; exchange bureaus are registered by the National Revenue Agency (NRA). As of December 31, 2018, there were 25 banks and 2445 exchange bureaus. By the end of 2018, nine financial institutions were providing supplementary services in the spot foreign exchange market. Reporting requirements for financial institutions were transferred from the BNB to the NRA and the Financial Supervision Commission (FSC). MOF Ordinance No. 4 regulates exchange bureaus, which may buy and sell foreign currency in cash only. Exchange bureaus may maintain accounts abroad and report the details of those accounts regularly to the BNB. The rate exchange bureaus use for a given currency must be market based and may deviate up to ±5% from the official exchange rate set by the BNB for that currency on the day of the transaction. Clients of exchange bureaus can be both individual and legal entities. As of December 2019, there were 2506 exchange bureaus registered in NRA.

Spot exchange market

Yes.

Operated by the central bank

Yes.
Foreign exchange standing facility: Yes. The BNB is required to buy and sell euros against leva on demand on the basis of spot exchange rates, which may not differ from the official exchange rate by more than 0.5%, inclusive of any fees, commissions, and other charges to the customer. Banks, government agencies, financial institutions, exchange bureaus, and natural persons may exchange euros and leva with the BNB.

Allocation: No.  
Auction: No.  
Fixing: No.  

Interbank market: Yes. All banks are entitled to trade foreign currencies. There are no regulatory limits on bid-ask spreads or commissions. Twenty banks licensed in Bulgaria and five foreign bank branches operating in Bulgaria as of December 31, 2018, are allowed to participate in the interbank market.

Over the counter: Yes. All transactions are carried out on the basis of bilateral agreements.

Brokerage: Yes. Under the Law on Credit Institutions, banks (Article 2) and investment intermediaries work as investment brokers and/or market makers.

Market making: Yes. Under the Law on Credit Institutions, banks (Article 2) and investment intermediaries work as investment brokers and/or market makers.

Forward exchange market: Yes. The forward exchange market is governed by the Law on Markets in Financial Instruments. Compliance with legal requirements is monitored by the FSC. The BNB does not participate in the foreign exchange derivatives market.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: No.

Controls on the use of domestic currency: No.

For current transactions and payments: No.

For capital transactions: No.

Transactions in capital and money market instruments: No.

Transactions in derivatives and other instruments: No.

Credit operations: No.

Use of foreign exchange among residents: No.

Payments arrangements: Yes.

Bilateral payments arrangements: Yes.

Operative: No.

Inoperative: Yes. There are arrangements with Cambodia, Guinea, the DPRK, and Lao P.D.R. Bulgaria has outstanding transferable ruble accounts with...
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Cuba.**

Bulgaria is a member of the EU.

**Barter agreements and open accounts**

There is an inactive agreement with Mozambique.

**Administration of control**

Foreign exchange control is exercised by the MOF, BNB, Ministry of Economy (effective March 1, 2019), NRA, customs administration, and postal authorities.

**Payments arrears**

No.

**Official**

No.

**Private**

No.

**On domestic ownership and/or trade**

Effective February 21, 2020, extraction, processing, and trade of precious metals and gemstones and items containing them or made of them by occupation may be carried out by: (1) merchants registered under the Commerce Act or under the legislation of an EU Member State or of another State which is a party to the Agreement on the EEA, as well as legal persons established on the basis of a legal act. The activity of the merchant or the business of the legal person must include carrying out activities with precious metals and gemstones and items containing them or made of them by occupation; (2) companies under the Obligations and Contracts Act, if they engage in such activities by occupation and are entered in the public register of the persons carrying out activities with precious metals and gemstones and items containing them.

Effective February 2, 2019, persons carrying out extraction, processing, and trade of precious metals must be registered with the Ministry of Economy within 14 days prior to commencing activities. The Minister of Economy or an authorized official thereby issues a certificate of the registration. The register which is maintained by registration officials, appointed by an order of the Minister of Economy in electronic format, is publicly available on the website of the Ministry of Economy.

**On external trade**

Precious metals and stones or products thereof may be freely taken across the border in unlimited amounts as per an amendment of the Currency Act of December 6, 2011. According to Article 4 of Ordinance No. H-1 from February 1, 2012, the transfer across the border of precious metals and precious stones in unprocessed, semi-processed, and processed form, as well as products with and from them, may not be declared to the following amounts: (1) gold and platinum in raw and semi-processed form and coins in total until 37 grams irrespective of the content of gold or platinum; (2) jewelry and accessories of gold or platinum alloys in total up to 60 grams irrespective of the content of gold or platinum; (3) silver in raw and semi-processed form and coins, as well as jewelry and accessories from silver alloys, totaling up to 300 grams regardless of the silver content; (4) precious stones incorporated in the articles referred to in Items 2 and 3.

Transfer across the border of the country of precious metals and precious stones and articles with and from them above the amounts specified in Article 4 of Ordinance No. H-1 from February 1, 2012, as well as the transport in powder or other type of articles with and from precious metals and precious stones must be declared to
customs. A declaration (single administrative document) is required if the precious metals and stones or products thereof are being transported for commercial purposes; these are treated as commercial goods irrespective of the amount. Precious metals and stones or products thereof exceeding the prescribed amount transported to or from another EU member must be declared to customs on demand. Transportation across borders of precious metals and stones and products thereof by mail is prohibited, except for parcels with declared value. Importation and exportation of raw diamonds are subject to the Kimberley Process Certification Scheme.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Domestic currency**

Yes. Cash amounting to €10,000 or more in leva or another currency taken across the border or from another EU member must be declared to customs on demand. Persons may export domestic or foreign currency less than the equivalent of €10,000 to a third country without a customs declaration; larger amounts must be declared. Persons may export cash exceeding lev 30,000 or its equivalent to a third country only on presentation of a certificate from the appropriate directorate of the NRA of payment of taxes or exemption. Effective February 21, 2020, when cash in the amount of BGN 30,000 or more or their equivalent in another currency is carried across the border of the country to a third country, the customs authorities must request through official channels information concerning the existence or non-existence of liabilities (under Article 87, Paragraph 11, of the Tax and Social Insurance Procedure Code with regard to the person concerned). Where the information provided ex officio contains data of existence of public liabilities in excess of BGN5,000, the customs authorities do not permit such cash to be carried across the border (Paragraph 2 of Article 11a of the Currency Law, supplemented in 2020).

Foreign natural persons who export cash that does not exceed what they previously imported and declared are exempt and need only declare the type and amount of exported funds. Exportation of domestic banknotes by mail is prohibited, except for parcels with declared value. Parcels to a third country with banknotes or cash equal to or exceeding €10,000 require a declaration.

**Foreign currency**

Yes. Cash amounting to €10,000 or more in leva or another currency taken across the border or from another EU member must be declared to customs on demand. Persons may export domestic or foreign currency less than the equivalent of €10,000 to a third country without a customs declaration; larger amounts must be declared. Persons may export cash exceeding lev 30,000 or its equivalent to a third country only on presentation of a certificate from the appropriate directorate of the NRA of payment of taxes or exemption. Effective February 21, 2020, when cash in the amount of BGN 30,000 or more or their equivalent in another currency is carried across the border of the country to a third country, the customs authorities must request through official channels information concerning the existence or non-existence of liabilities (under Article 87, Paragraph 11, of the Tax and Social Insurance Procedure Code with regard to the person concerned). Where the information provided ex officio contains data of existence of public liabilities in excess of BGN5,000, the customs authorities do not permit such cash to be carried across the border (Paragraph 2 of Article 11a of the Currency Law, supplemented in 2020). Foreign natural persons who
export cash that does not exceed what they previously imported and declared are exempt and need only declare the type and amount of exported funds.

Exportation of foreign banknotes by mail is prohibited, except for parcels with declared value. Parcels to a third country with banknotes or cash equal to or exceeding €10,000 require a declaration.

On imports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash amounting to €10,000 or more (or its equivalent in leva or other currency) imported from EU members must be declared on demand. Persons may import domestic currency cash from third countries without a customs declaration, if the amount is less than the equivalent of €10,000; amounts equal to or exceeding €10,000 from a third country must be declared. Importation of domestic banknotes by mail is prohibited, except for parcels with declared value. Parcels from a third country containing cash equal to or exceeding €10,000 must be declared.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash amounting to €10,000 or more (or its equivalent in leva or other currency) imported from EU members must be declared on demand. Persons may import foreign currency cash from third countries without a customs declaration, if the amount is less than the equivalent of €10,000; amounts equal to or exceeding €10,000 from a third country must be declared. Importation of foreign banknotes by mail is prohibited, except for parcels with declared value. Parcels from a third country containing cash equal to or exceeding €10,000 must be declared.</td>
<td></td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

<table>
<thead>
<tr>
<th>Held domestically</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency resident accounts held domestically are allowed. The type of operations through these accounts depends on the account type – deposit account or current account, but generally the balances of the foreign currency accounts can be transferred freely if there is no special restriction in regard to particular account.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency resident accounts held abroad are allowed. Balances may be transferred to Bulgaria freely. A declaration for statistical purposes must be submitted to the BNB within 15 business days if the account is opened. For statistical purposes, resident natural persons must report annually to the BNB their receivables from or liabilities to nonresidents on financial credits, receivables on accounts opened in other countries, as well as investments in securities made without intermediation of a resident person – investment intermediary, if the total receivables or liabilities equal to or exceed the equivalent of lev 50,000 at the end of the reporting year. For statistical purposes, local legal persons and sole proprietors must submit quarterly reports on the transactions and outstanding balances on bank accounts abroad.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval is not required.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accounts in domestic currency held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval is not required, but a declaration for statistical purposes must be submitted to the BNB within 15 business days after the account is opened abroad. For statistical purposes, resident natural persons must report annually to the BNB their receivables from or liabilities to nonresidents on financial credits, receivables on accounts opened in other countries, as well as investments in securities made without intermediation of a resident person – investment intermediary, if the total receivables or liabilities equal to or exceed the equivalent of lev 50,000 at the end of the reporting year. For statistical purposes, local legal persons and sole proprietors must submit quarterly reports on the transactions and outstanding balances on bank accounts abroad.</td>
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</table>
accounts opened in other countries, as well as investments in securities made without intermediation of a resident person – investment intermediary, if the total receivables or liabilities equal to or exceed the equivalent of lev 50,000 at the end of the reporting year. For statistical purposes, local legal persons and sole proprietors must submit quarterly reports on the outstanding balances on bank accounts abroad.

<table>
<thead>
<tr>
<th>Accounts in domestic currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>convertible into foreign currency</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Approval is not required for nonresident accounts held domestically in foreign currency.</td>
<td></td>
</tr>
</tbody>
</table>

| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |
| Approval required | No.  |

| Blocked accounts | Yes. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | Yes. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange licenses | No. |
| Other | Yes. |

The banking authorities automatically provide foreign exchange for goods to be imported as well as to cover import licenses. A license is not required as a condition to obtain foreign exchange.
payments abroad to a third country in foreign or local currency exceeding lev 30,000 or its equivalent are required to provide documentation to the payment services provider. Ordinance No. 28 of the MOF and BNB on the Information and Documents Submitted to Payment Service Providers in Executing Third-Party Cross-Border Transfers and Payments provides the details on this requirement.


After the second review investigation carried out by the European Commission, effective July 1, 2020, the Commission Implementing Regulation (EU) No. 2020/894 of 29 June 2020 amending Implementing Regulation (EU) No. 2019/159 imposing definitive safeguard measures against imports of certain steel products has been in force.

Agricultural imports are licensed for statistical purposes under an automatic licensing system. Import licenses require lodging a security and are valid in all EU member countries. Some EU agricultural tariff quotas are subject to import licensing. Licenses may be issued on a pro rata or historical basis or related to quotas of exporting countries. Article 176 (1) of Regulation (EU) No. 1308/2013 requires licensing of certain agricultural imports, which are listed in Annex, Part I, of Commission Delegated Regulation (EU) No. 2016/1237 and include cereals, rice, sugar, olive oil, flax and hemp, fruits and vegetables, processed fruits and vegetables, beef and veal, milk and milk products, pork, eggs, poultry, and agricultural ethyl alcohol. Import licenses are issued by the relevant authority on request. Forest Law Enforcement, Governance and Trade voluntary partnership agreements with the EU are subject to licensing. Under these agreements, timber-producing countries agree to verify the legality of their shipments of timber and timber products to the EU. Forest Law Enforcement, Governance and Trade voluntary partnership agreements were signed with Ghana (2010), the Democratic Republic of the Congo (2011), Cameroon (2011), the Central African Republic (2012), Liberia (2013), and Indonesia (2014). Negotiations are ongoing with Côte d’Ivoire, the Democratic Republic of the Congo, Gabon, Guyana, Honduras, Laos, Malaysia, Thailand, and Vietnam.

Bulgaria applies all EU trade policies. The EU acquis includes a number of legal provisions that engage customs to carry out checks in the context of the enforcement of many different policies aiming at the safety and security of the EU. In accordance with Articles 134 and 267 of Regulation (EU) No. 952/2013 (Union Customs Code),
prohibitions or restrictions may be imposed on imports, exports, or goods in transit when they are justified on grounds of:
· public morality, public policy, or public security,
· the protection of health and life of humans, animals, or plants,
· the protection of the environment,
· the protection of national treasures possessing artistic, historic, or archaeological value, and
· the protection of industrial and commercial property.

Additional information is available at:

Negative list is available at:

Open general licenses No.


Import surveillance applies to the following agricultural products: rice, flax and hemp, and agricultural ethyl alcohol. These products are subject to automatic licensing for statistical purposes and to maintain better control over their origin. The EU licenses a range of firearms and ammunition. Imported food must comply with the requirements of EU food and animal health laws, conditions recognized by the EU as equivalent to these requirements, or requirements contained in specific agreements. The EU has sanitary and phytosanitary agreements with Andorra, Canada, Chile, EFTA, the Faeroe Islands, Liechtenstein, Mexico, New Zealand, San Marino, Switzerland, and the United States. Imports of live animals and animal products are prohibited except from previously approved areas, which are on the Commission’s relevant “third country list.”

Products and live animals generally may be imported only from countries on the approved third country import list for that product or animal species. Products of animal origin usually must be from establishments approved for exportation to the EU. In October 2010, the EU adopted legislation that prohibits the sale of illegally harvested timber and timber products in the EU—Regulation No. 995/2010. Under Regulation No. 995/2010, operators who sell domestically produced or imported timber and timber products in the EU for the first time must exercise due diligence to ensure that such products do not contain illegally timber harvested. Due diligence systems involve a risk management exercise based on information and criteria in the regulation. Anyone trading in timber and timber products within the EU, except first-time participants in the EU market, must keep records of their suppliers and customers. Timber and timber products with valid Forest Law Enforcement, Governance and Trade or CITES licenses are considered to be in compliance. On January 1, 2021, a new law will come into full force across the EU—the Conflict Minerals Regulation—Regulation (EU) No. 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas. It aims to help stem the trade in four minerals—tin, tantalum, tungsten, and gold—which sometimes finance armed conflict or are mined using forced labor.

Imports of the following items are prohibited in accordance with UN or EU regulations: antipersonnel mines, torture equipment, and certain products from the Islamic Republic of Iran, the DPRK, and Syria.

Effective February 20, 2019, regulation (EU) No. 2019/125 of the European Parliament and of the Council of 16 January 2019 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment (codified version of Regulation No. 1236/2005), Council Regulation (EU) No. 692/2014 (as amended) restricts imports into the EU of goods from Crimea or Sevastopol, in response to the illegal annexation of Crimea and Sevastopol.

Council Regulation (EU) No. 2017/1509 of 30 August 2017 concerning restrictive measures against the DPRK and repealing Regulation (EC) No. 329/2007 introduced restrictions on the import and export of certain goods, services, and technology which could contribute to the DPRK’s nuclear-related, ballistic missile-related, or other weapons of mass destruction-related programs, luxury goods embargo as well as an asset freeze on persons, entities, and bodies that have been linked to the weapons of mass destruction programs. Further measures target the transport sector, including inspections of
cargo and prohibitions pertaining to DPRK vessels and aircraft, the financial sector, such as a provision of certain financial services, and the diplomatic sphere, to prevent abuse of privileges and immunities. Bulgaria applies import tariffs according to the Community Customs Code for trade with countries outside the EU and does not levy tariffs on trade within the EU. Under the Treaty on the Functioning of the EU, common customs tariff duties are set by the European Parliament and the Council or by the Council based on a proposal from the Commission. The basic customs legislation is the EU Customs Code and its implementing regulation: Council Regulation (EEC) No. 2913/92, October 12, 1992, establishing the Community Customs Code (OJ L 302, October 19, 1992), applied as of January 1, 1994, and Commission Regulation (EEC) No. 2454/93, July 2, 1993, establishing Provisions for the Implementation of the Common Customs, as amended. The EU has exclusive authority in customs matters. Customs procedures, as defined in EU legislation, are harmonized and monitored at the EU level. The tariff nomenclature, known as the Combined Nomenclature, is based on the Harmonized Commodity Description and Coding System (HS). The 2013 tariff reflects the fourth amendment to the HS (HS 2007). The EU has harmonized the structure and established a number of minimum rates for excise duties—indirect taxes on the consumption or use of certain products—on alcohol, tobacco, and energy. The EU maintains a public online database that integrates tariff rates and other measures, including quantitative restrictions and contingency measures applied on imports (and exports)—known as TARIC (Integrated Tariff of the European Communities).

<table>
<thead>
<tr>
<th>Import taxes and/or tariffs</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Under the Customs Law and its regulations, exports of goods require the following documents: customs declaration, invoice, pro forma invoice, packing list, Form A, EUR 1, ADR (European Agreement concerning the International Carriage of Dangerous Goods by Road) documents, CMR Convention (Convention on the Contract for the...
International Carriage of Goods by Road), TIR Convention (the Convention on International Transport of Goods Under Cover of TIR Carnets), ATA Convention (Customs Convention on the ATA Carnet for the Temporary Admission of Goods), CPD Convention (Customs Convention on the Temporary Importation of Private Road Vehicles that provides for CPD (Carnet de Passages en Douane) – international customs document which covers the temporary admission of motor vehicles to the territory of one or several states), etc.

Export licenses  Yes. Export licensing for agricultural products serves statistical purposes. Export licenses are subject to lodging a security and are valid in all the member countries of the EU.

Without quotas  Yes. Bulgaria has adopted EU policies for export licenses. An export authorization or license is required for cultural goods and certain agricultural products and for the control of exports of dual-use items and technology. Under Article 176 (1) of Regulation (EU) No. 1308/2013, the Commission may require an export license for one or more products from the following categories: cereals, rice, sugar, beef and veal, milk and milk products, pigmeat, eggs, poultrymeat. Article 2(2) of Regulation No. 1237/2016 requires a license for exports of products listed in Part II of the Annex (rice) and the following Union products referred to in Part II of the Annex to be exported:

1. products that are under the customs procedure of inward processing;
2. products that are basic products as listed in Annex III to Regulation (EU) No. 510/2014 of the European Parliament and of the Council and that are under the customs procedure of outward processing;
3. products that are subject to the recovery or remission of the amount of import or export duty as set out in Chapter 3 of Title III of Regulation (EU) No. 952/2013 of the European Parliament and of the Council in respect of which a final decision has not yet been taken. Export licenses are issued by the relevant authorities at the request of economic operators.

There are quantitative restrictions and controls on exports for foreign policy or national security reasons. These follow EU common rules governing exports of military technology and equipment, as defined in Council Common Position (CFSP) No. 2008/944, which aims to standardize members’ arms export policies to meet agreed minimum standards. Exports of dual-use items are controlled at the EU level. The EU’s dual-use export control system in Council Regulation No. 428/2009 setting up a Community regime for the control of exports, transfer, brokering, and transit of dual-use items (as amended) defines dual-use items as “items, including software and technology, which can be used for both civil and military purposes, and must include all goods which can be used for both nonexplosive uses and assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices.”

Restrictive measures were imposed in view of Russia’s actions destabilizing the situation in Ukraine. Also, restrictive measures related to exports were imposed on Iran and Syria.

With quotas  Yes. Article 2(2)(b) of Regulation No. 1237/2016 requires a license for exports of EU products for which an export license needs to be presented for admission under a quota that is administered by the Union or by a third country and has been opened in that country for those products.

Tariff quotas must be administered in one of the following ways: (1) based on the chronological order of submission of the applications
(first-come, first-served principle); (2) distributed in proportion to the quantities requested at the time of application (simultaneous examination method); or (3) taking into account traditional trade patterns (traditional/new comers method). Export licenses are issued by the relevant authorities at the request of economic operators.

Export taxes

Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes.

According to the Currency Law, persons making cross-border transfers and payments abroad to a third country (that is, a country outside the EU or the EEA) in foreign or local currency exceeding lev 30,000 or the equivalent must present documentation to the payment services providers. Ordinance No. 28 of the MOF and BNB of December 18, 2012, on the Information and Documents Submitted to Payment Service Providers in Executing Third-Party Cross-Border Transfers and Payments provides the details on this requirement, in particular specifying that the information and documents have to be submitted which certify the grounds for and the amount of the transfer or payment, as well as a specified declaration.

Trade-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A person executing a cross-border transfer or payment equal to or exceeding BGN 30,000 or its equivalent in another currency to a third party has to submit to the payment service provider executing the transfer or payment information and documents which certify the grounds for and the amount of the transfer or payment, as well as a specified declaration.

Investment-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A person executing a cross-border transfer or payment equal to or exceeding BGN 30,000 or its equivalent in another currency to a third party has to submit to the payment service provider executing the transfer or payment information and documents which certify the grounds for and the amount of the transfer or payment, as well as a specified declaration.

Payments for travel

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A person executing a cross-border transfer or payment equal to or exceeding BGN 30,000 or its equivalent in another currency to a third party has to submit to the payment service provider executing the transfer or payment information and documents which certify the
grounds for and the amount of the transfer or payment, as well as a
specified declaration.

Personal payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A person executing a cross-border transfer or payment equal to or
exceeding BGN 30,000 or its equivalent in another currency to a
third party has to submit to the payment service provider executing
the transfer or payment information and documents which certify the
grounds for and the amount of the transfer or payment, as well as a
specified declaration.

Foreign workers' wages

Yes. Foreign workers’ wages may be transferred abroad, provided
applicable taxes have been paid.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A person executing a cross-border transfer or payment equal to or
exceeding BGN 30,000 or its equivalent in another currency to a
third party has to submit to the payment service provider executing
the transfer or payment information and documents which certify the
grounds for and the amount of the transfer or payment, as well as a
specified declaration.

Credit card use abroad

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Other payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A person executing a cross-border transfer or payment equal to or
exceeding BGN 30,000 or its equivalent in another currency to a
third party has to submit to the payment service provider executing
the transfer or payment information and documents which certify the
grounds for and the amount of the transfer or payment, as well as a
specified declaration.

References to legal instruments and
hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Restrictions on use of funds

No.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

According to the Currency Law, persons making cross-border transfers and payments abroad to a third country (that is, a country outside the EU or the EEA) in foreign or local currency exceeding lev 30,000 or the equivalent must present documentation to the payment services providers. Ordinance No. 28 of the MOF and BNB of December 18, 2012, on the Information and Documents Submitted to Payment Service Providers in Executing Third-Party Cross-Border Transfers and Payments provides the details on this requirement, in particular specifying that the information and documents have to be submitted which certify the grounds for and the amount of the transfer or payment, as well as a specified declaration.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
Yes.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
No.

For statistical purposes, data on securities holdings are reported to the BNB by banks and financial intermediaries (for clients holdings, incl. nonresidents), and by the Central Depository AD.

Sale or issue locally by nonresidents
No.

For statistical purposes, data on securities holdings are reported to the BNB by banks and financial intermediaries (for clients holdings, incl. nonresidents), and by the Central Depository AD.

Purchase abroad by residents
Yes.

Investments by insurance companies other than in Bulgaria or the company’s home country are subject to the requirement that equity and debt securities must be listed on internationally recognized and liquid regulated securities markets. A supplementary pension fund may invest its assets in foreign securities.

For statistical purposes, data on securities holdings are reported to the BNB by all resident institutions classified in European System of Accounts 2010 Financial corporations and General government sectors (for own holdings), by banks and financial intermediaries (for clients holdings), and by resident non-financial institutions (for securities acquired without the intermediation of a resident financial intermediary).

Sale or issue abroad by residents
No.

For statistical purposes, data on securities holdings are reported to the BNB by all resident institutions classified in ESA 2010 Financial corporations and General government sectors (for own holdings), by banks and financial intermediaries (for clients holdings), and by resident non-financial institutions (for securities acquired without the intermediation of a resident financial intermediary).

Bonds or other debt securities
Yes.

Purchase locally by nonresidents
No.

For statistical purposes, data on securities holdings are reported to the BNB by banks and financial intermediaries (for clients holdings, incl. nonresidents), and by the Central Depository AD.

Sale or issue locally by nonresidents
No.

For statistical purposes, data on securities holdings are reported to...
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<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
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<tr>
<td>Investments by insurance companies other than in Bulgaria or the company’s home country are subject to the requirement that equity and debt securities must be listed on internationally recognized and liquid regulated securities markets. A supplementary pension fund may invest its assets in foreign securities. For statistical purposes, data on securities holdings are reported to the BNB by all resident institutions classified in ESA 2010 Financial corporations and General government sectors (for own holdings), by banks and financial intermediaries (for clients holdings), and by resident non-financial institutions (for securities acquired without the intermediation of a resident financial intermediary).</td>
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<tr>
<th>On money market instruments</th>
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<th>On collective investment securities</th>
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According to Article 200, Paragraph 4, of the Insurance Code, security derivatives, including options, futures, and swaps related to activities covering the technical reserves, must be recognized as cover for technical reserves only in case these contribute to the decrease of investment risk or facilitate effective portfolio management. These must be valued observing the prudence concept and may be taken into consideration in the valuation of the underlying assets.

For all the insurers which apply the EU Solvency II Regime, Article 124 of the Insurance Code applies in terms of investments with regard to the prudent person principle. The provisions of Article 124 are also applicable with respect to investments in derivatives (Article 124, Paragraph 7).

A supplementary pension fund may invest its assets in foreign securities. According to Article 179b, Paragraph 1, of the Social Insurance Code (SIC), for the purpose of reducing the investment risk associated with the assets of the pension funds, a retirement insurance company may conclude transactions which provide for deferral of the fulfillment of the obligations thereunder until a specified future date or within a stated time period. According to Article 179b, Paragraph 2, of the SIC, transactions in futures, transactions in options, forward exchange rate contracts, and the interest rate swaps must qualify as transactions under Article 179b, Paragraph 1, of the SIC.

### Sale or issue abroad by residents
No.

### Controls on derivatives and other instruments
No.

### Purchase locally by nonresidents
No.

### Sale or issue locally by nonresidents
No.

### Purchase abroad by residents
No.

### Sale or issue abroad by residents
No.

### Controls on credit operations
No.

### Commercial credits
No.

### By residents to nonresidents
No.

### To residents from nonresidents
No.

### Financial credits
No.
By residents to nonresidents

No.

For statistical purposes, the granting of financial credit equal to or exceeding the equivalent of lev 50,000, between local legal persons or sole proprietors and nonresidents, requires declaration to the BNB within 15 business days after the transaction is closed. For statistical purposes, the local legal persons and sole proprietors must submit on a quarterly basis reports on the transactions and the outstanding balances on financial credits. For statistical purposes, resident natural persons must report annually to the BNB their receivables from or liabilities to nonresidents on financial credits, receivables on accounts opened in other countries, as well as investments in securities made without intermediation of a resident person – investment intermediary, if the total receivables or liabilities equal or exceed the equivalent of lev 50,000 at the end of the reporting year.

To residents from nonresidents

No.

For financial credits granted by nonresidents to local legal persons or sole proprietors equal to or exceeding the equivalent of lev 50,000, a declaration to the BNB must be submitted within 15 business days of closing the transaction. For statistical purposes, the local legal persons and sole proprietors must submit quarterly reports on the transactions and the outstanding balances on financial credits. Resident natural persons must report annually to the BNB their receivables from or liabilities to nonresidents on financial credits, receivables on accounts opened in other countries, as well as investments in securities made without intermediation of a resident person – investment intermediary, if the total receivables or liabilities thereof are equal to or exceed the equivalent of lev 50,000 at the end of the year for which the report is submitted.

Guarantees, sureties, and financial backup facilities

No.

Outward direct investment

Yes.

The Bulgarian Currency Law defines direct investment abroad as follows: (1) acquisition of general partner’s rights or an equity stake of 10% and more than 10% of general shareholders’ voting rights of a foreign company; (2) establishment of a company in an economic territory other than that of the investor; (3) lending money for the purpose of direct investment under (1) or (2) or in connection with an agreement for participation in the distribution of profit; (4) additional investment in an investment under (1) or (2); and (5) acquisition of real estate in an economic territory other than that of the investor. For statistical purposes, any transaction in connection with direct investment abroad made by local legal persons or sole proprietors is subject to declaration with the BNB within 15 business days after the transaction is closed. Resident legal entities and sole proprietors must submit a quarterly statistical form with detailed information on their direct investments abroad to the BNB except for investments in real estates abroad information on which is reported annually.

Inward direct investment

Yes.

The acquisition of farmland under the 1991 Agricultural Land Ownership and Use Act regards only to the acquisition of: (a) agricultural land, which is allowed only to Bulgarian residents or companies established in Bulgaria for more than 5 years, and not allowed to foreigners, except by citizens of an EU country or by enterprises established in the EU; (b) of non-agricultural land, except by citizens of an EU country or by enterprises established in an EU country, and (c) of forests, except by citizens of an EU country or by enterprises established in an EU country.
<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>For statistical purposes in the case of direct investment abroad</td>
<td></td>
</tr>
<tr>
<td>representing the acquisition of real estate made by local legal</td>
<td></td>
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<tr>
<td>persons or sole proprietors, a submission of a declaration to the</td>
<td></td>
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<tr>
<td>BNB is required within 15 days after the transaction is closed.</td>
<td></td>
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<tr>
<td>Resident legal entities and sole proprietors must submit an annual</td>
<td></td>
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<tr>
<td>statistical form to the BNB detailing direct investment in real estate</td>
<td></td>
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<tr>
<td>in other countries.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Nonresidents, except nonresidents from EU member countries, may not</td>
<td></td>
</tr>
<tr>
<td>purchase or own land. If they inherit land, they must dispose of it</td>
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<tr>
<td>within three years. Foreign citizens and foreign legal entities may</td>
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<tr>
<td>acquire the right of ownership in premises and limited property rights</td>
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<tr>
<td>to real estate, unless otherwise prohibited by law. A foreign country</td>
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<tr>
<td>or an intergovernmental organization may acquire right of ownership</td>
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<tr>
<td>in land or premises and limited property rights to real estate on the</td>
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<tr>
<td>basis of an international treaty, by way of legislation or through an</td>
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<tr>
<td>act of the Council of Ministers.</td>
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<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer abroad by emigrants</strong></td>
<td>No.</td>
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<tr>
<td><strong>Transfer into the country by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td></td>
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<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions Specific to the Financial Sector</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The Law on Limitation of Cash Payments aims to limit cash payments.</td>
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<tr>
<td>According to the law payments in Bulgaria may be made only through</td>
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<tr>
<td>transfers or payments on account if (1) the amount is equal to or</td>
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<tr>
<td>exceeds lev 10,000; (2) the amount is less than lev 10,000 but may be</td>
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<tr>
<td>considered as part of a linked payment transaction on the same</td>
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<tr>
<td>grounds whose total value is equal to or exceeds 10,000 lev; or (3)</td>
<td></td>
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<tr>
<td>the provisions of the law are applicable also to foreign currency</td>
<td></td>
</tr>
<tr>
<td>payments equal to or exceeding lev 10,000. The provisions do not</td>
<td></td>
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<tr>
<td>apply to (1) withdrawals or cash payments from the holder’s own</td>
<td></td>
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<tr>
<td>accounts; (2) withdrawals or cash payments from accounts of family</td>
<td></td>
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<tr>
<td>members, direct relatives, and fully or partially legally disabled</td>
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</table>
individuals; (3) cash transactions by foreign exchange bureaus; (4) banknote and coin operations with the CB; (5) exchanges by banks of damaged Bulgarian banknotes and coins; (6) payment of wages; and (7) payments of deposits guaranteed as defined by the Law on Bank Deposits Guarantee.

The amendments to the Law on Limitation of Cash Payments, effective April 10, 2018, create a new possibility of collecting revenues by means of card payments to the budget organizations and their subordinate budget authorizers by delegation serviced by the BNB. In this way, these budget organizations can optimize the management of their revenues as the amounts directly come to the account with the BNB, designated for the purpose. In this way, cashless payments in the public sector are optimized, and the costs for servicing cash payments are reduced.

With regard to natural and legal persons, this amendment to the Law creates one more free and convenient way for them to pay their obligations to the budgets of these budget organizations. Article 4, Paragraph 8, of the Law expressly says that natural and legal persons pay no bank charges or fees for making card payments to budget organizations.

<table>
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<th>Category</th>
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<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
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<tr>
<td>Credit controls</td>
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<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
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<td>Reserve requirements</td>
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Differentiated minimum required reserves (MRRs) rates by currency have not been imposed in the country (no currency differentiation).

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<td>Abroad by banks</td>
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<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
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</table>

Differentiated MRRs rates for liabilities to nonresidents compared with domestic liabilities (residency differentiation) are currently active in the country. According to Article 3 of Ordinance No. 21 on the MRRs maintained with the BNB by banks, the MRRs rate on liabilities to nonresidents is lower (5%) than for the same type of liabilities to residents (10%).
Open foreign exchange position limits

Yes.

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and of the Council, if the sum of an institution’s overall net foreign exchange position and net gold position, calculated according to Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk.

On resident assets and liabilities

Yes.

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and of the Council, if the sum of an institution’s overall net foreign exchange position and net gold position, calculated according to Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk.

On nonresident assets and liabilities

Yes.

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and of the Council, if the sum of an institution’s overall net foreign exchange position and net gold position, calculated according to Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk.

Provisions specific to institutional investors

Yes.

The Solvency II Directive (EC) No. 2009/138 transposed into the Bulgarian Insurance Code introduces prudential requirements tailored to the specific risks which each insurer bears. Those prudential requirements are not restrictions and apply equally to all insurers. The directive requires insurance companies to hold capital in relation to their risk profiles to guarantee that they have enough financial resources to withstand financial difficulties. Also the Insurance companies under the scope of the Directive (insurers with a right of access to the common market of the EU and EEA) have to put in place an adequate and transparent governance system and conduct their own risk and solvency assessment on a regular basis. These insurers should invest its assets in accordance with prudent person principle (Article 124 of the Insurance Code). There are no restrictions on investing in financial instruments issued by nonresidents for insurance undertakings under the scope of the Solvency II Directive (insurers with a right of access to the common market).

Chapter XVII, Article 198, of the Insurance Code defines the technical reserves requirements and the provisional fund of an insurer excluded from the scope of the Solvency II Directive (insurers without a right of access to the market of the EU and EEA). The general rules for diversification, the currency conformity rules, and special rules for the cover of reserves for the investment funds of life insurance companies apply. The requirement of Article 198 is not a restriction, because it is a general rule applicable equally to all insurers that fulfill the requirements of Part IV of the Insurance Code. Chapter XVIII, Article 208, of the Insurance Code and the following defines own funds; the solvency margins, and guarantee capital, which applies only to the insurers without a right of access to the common market. Different types of assets may cover technical reserves of insurance companies without a right of access to the common market (Article 200 of the Insurance Code). The requirement of Articles 208 and 200 is not restrictions, because they are general rules applicable to all insurers equally.
There are no restrictions on investing technical reserves in financial instruments issued by nonresidents. Investments to cover technical provisions such as shares, bonds (to be qualified), and other debt securities (to be qualified) must be listed on internationally recognized and liquid regulated securities markets as it is described in Article 200, Paragraph 1, p. 1, of the Insurance Code. There are other assets that may cover the technical provisions of the insurers without a right to access of the common market. All assets must be invested in compliance with the prudent person principle. According to the rules on diversification, the technical provisions can be invested: (1) up to 20% in real estate, but not more than 10% in a single property or in a group of properties that may be regarded as one investment because of their location; (2) up to 80% in securities under Article 200, Paragraph 1, Items 1 and 3, but not more than 30% in assets other than qualified bonds and other qualified debt securities; (3) without any restriction whatsoever in assets under Article 200, Paragraph 1, Item 2; (4) up to 5% in securities of a single issuer, where this restriction may not apply to assets specified in Article 200, Paragraph 1, Item 2; (5) up to 50% in bank deposits, but not more than 25% of the gross amount with one bank; and (6) up to 3% in cash in hand and under current accounts.

Territorial distribution rules stipulate that the technical reserves must be covered by assets located on the territory of the Republic of Bulgaria or on the territory of a member state. By permission of the Commission, issued in each specific case, technical reserves may also be covered by assets, located within the territory of a third country.

The requirement for territorial distribution of assets under Article 205, Paragraph 1, may not apply to cases where the technical reserves are covered by investments in receivables from reinsurers in the proportion set under Article 202.

The assets’ location according to Article 205, Paragraph 1, must be:
(1) For ownership of real estate – the real estate’s location;
(2) For securities:
  (a) the issuing enterprise’s seat of business;
  (b) the bank’s seat of business – in case the securities are guaranteed by a bank;
  (c) the Depository’s seat of business – in the case of dematerialized securities;
(3) For deposits – the place where the deposit contract has been concluded;
(4) For any other receivables – the debtor’s seat of business;
(5) For shares in investment funds – the location of assets included in the fund with a predominant share, fixed pursuant to the terms and conditions under Items 1–4.
Requirements for professional qualification and reliability – Article 80(7) stipulates that each member of a management or control body of an insurer or of a reinsurer, respectively, as well as each person authorized to manage and/or represent it must hold a permit for long-term residence in the Republic of Bulgaria if he is a person from a third country.

In terms of granting consent in the case of a transfer of an insurance portfolio within the EU, the FSC must refuse to grant consent, when insurance contracts, under which risks located in the Republic of Bulgaria are covered, are transferred to:
(1) a branch of an insurer from a third country with a seat of business in another member state;
(2) an insurer from a member state which does not have the right to cover risks on the territory of the Republic of Bulgaria.
In terms of certification of the capital solvency requirement of an insurer with a seat of business in the Republic of Bulgaria on transfer of insurance portfolio by an insurer from a third country established in a member state through a branch – the FSC must issue a document, certifying that, following the transfer, the undertaking insurer will have at its disposal the necessary eligible own funds for cover of the capital solvency requirement.

The FSC must refuse to issue such certificate, if: (1) following the transfer, the undertaking insurer or the branch of an insurer from a third country registered in the Republic of Bulgaria, respectively, will not have at its disposal the necessary eligible own funds for cover of the capital solvency requirement and therefore the interest of the insured person is jeopardized or (2), as a result of the transfer, a branch of an insurer from a third country with a seat of business in the Republic of Bulgaria will undertake a portfolio of contracts covering risks located in other member states.

According to Article 3 of Economic and Financial Relations with Companies Registered in Preferential Tax Treatment Jurisdictions, the Persons Controlled Thereby and Their Beneficial Owners Act, companies registered in preferential tax treatment jurisdictions and the persons controlled thereby may not participate in procedures for obtaining a license to perform insurance or reinsurance activity under the Insurance Code or participation in a company carrying out such activity, where the percentage of participation constitutes a qualifying holding within the meaning of the Insurance Code.

Limits (max.) on securities issued by nonresidents

Yes.

There are no limits on securities and on investment portfolio held abroad. The assets of the insurers must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or market, and excessive accumulation of risk in the portfolio as a whole.

For small insurers without a right of access to the common market, the maximum amount may be 20% in case an insurer invests technical reserves in debt securities issued by a credit institution having its seat of business in a member state, subject to special supervision, for the purpose of protecting the holders of such securities. Furthermore, the technical provisions of such insurers must be covered by assets situated in the territory of the Republic of Bulgaria or in the territory of a Member State. With a permission by the FSC granted on a case-by-case basis, the technical provisions may also be covered by assets situated in the territory of a third country. The requirement for territorial distribution of the assets does not apply to cases where the technical provisions are covered by investments in receivables from reinsurers. Freedom of investment is regulated in Article 196 of the Insurance Code, and it is relevant to the insurers with a right to access of the common market:

(1) The insurer or the reinsurer, respectively, may not be placed under an obligation to invest in specific asset categories.

(2) The investment decision of the insurer or reinsurer or of the persons managing the investment operations may not be subject to a preliminary approval or to a notification procedure.

(3) The Commission may, by an ordinance, limit the assets or the benchmark values, with which the insurance policies related to investment funds are to be associated.

Location of the assets and prohibition to pledge assets are regulated in Article 197 of the Insurance Code: The assets for covering the technical reserves as regards risk located within the boundaries of the EU may be located in any member state, as well as in a third state.

Limits (max.) on investment portfolio held abroad

Yes.

There are no limits on securities and on investment portfolio held abroad. There are no restrictions on investing technical reserves in financial instruments issued by nonresidents. The only limit is on the
eligibility of those assets to cover the technical provisions of an insurer.

However, for an insurer without a right of access to the common market (small insurers), the technical provisions must be covered by assets situated in the territory of Republic of Bulgaria or in the territory of a Member State. With a permission by the FSC granted on a case-by-case basis, the technical provisions may also be covered by assets situated in the territory of a third country. The requirement for territorial distribution of the assets does not apply to cases where the technical provisions are covered by investments in receivables from reinsurers. This provision applies only for small insurers without a right of access to the market of the EU and EEA.

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Assets covering technical reserves must be in the same currency as the liabilities ensuing from contracts under which the technical reserves were set up. Currency matching is required when the assets in any one currency exceed 7% of the assets in the other currencies. Up to 20% of the total amount of technical reserves may be covered by assets in a currency other than the one in which they were set up, provided the total amount of assets for cover of technical reserves in all currencies is at least equal to the total amount of liabilities in all currencies. If the technical reserves were set up in leva, euros, or another currency of an EU member, the assets for their cover may be in euros (Article 206 of the Insurance Code).

Pension funds | Yes. |

Controls specific to pension funds in Bulgaria are provided in the SIC. Chapter 14 on Assets and Investments and Chapter 25 on Investments contain the requirements for the investment of mandatory and voluntary pension funds, respectively. The reserve requirements are in Chapter 16 on Pension Reserves. There are no restrictions on investing the assets of a supplementary pension fund in foreign securities. However, some limits apply to the diversification of supplementary pension funds’ investment portfolios (Articles 178 and 251 of the SIC). These limitations are the same for investments in both local and foreign securities.

According to Article 3 of Economic and Financial Relations with Companies Registered in Preferential Tax Treatment Jurisdictions, the Persons Controlled Thereby and Their Beneficial Owners Act, companies registered in preferential tax treatment jurisdictions and the persons controlled thereby may not, directly and/or indirectly, participate in procedures for obtaining a license for carrying out the activity as a company for additional social security under the SIC or participation in such a company, where the percentage of contribution represents 10 or more than 10% of the capital of the company.

The activity of supplementary pension insurance can be carried out only by pension insurance companies licensed by the FSC (Article 121 and Article 353 of the SIC). Foreign companies are not allowed to provide services except for institutions for occupational retirement provision based in the EU and the EEA (Article 120a, Article 229d, and Article 353 of the SIC).

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | Yes. |

The legal framework does not contain any limits in this regard.

No more than 20% of the assets of a supplementary mandatory pension insurance fund may be denominated in any currency other
than Bulgarian leva and euro (according to Article 178, Paragraph 16, of the SIC).
No more than 30% of the assets of a supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary pension insurance under occupational schemes, as appropriate, may be denominated in any currency other than Bulgarian leva and euro (according to Article 251, Paragraph 13, of the SIC).

The law on CISs and other collective investments applies as of 2011. CIS investment policy requirements in Chapter 6 outline the legal obligations regarding the investment policy of CISs. Detailed rules are given in Ordinance No. 44, which incorporates Directive (EC) Nos. 2010/43 and 2010/44. In 2013, the Alternative Investment Fund Managers Directive was transposed in Part III, Title 2, of the law on CISs and other collective investments, and in Part III, Title 1, a new type of investment fund was introduced—the national investment fund. National investment fund investment policy requirements are mentioned in Article 187. Investments in local and foreign securities are treated the same.

In terms of the investment firms Bulgaria fully transposed the EU framework on markets in financial instruments, which consists of Directive (EU) No. 2014/65 (effective February 16, 2018) and Regulation No. 2014/600. In terms of capital requirements Bulgaria complies with the EU rules under Capital Requirements Directive (EU) No. 2013/36 and Regulation (EU) No. 575/2013. The own funds requirements are specified in Article 92 (1) of Regulation (EU) No. 575/2013. The calculation of the total risk exposure amount (credit risk and dilution risk, position risk, concentration risk, foreign exchange risk, settlement risk, commodities risk, credit valuation adjustment risk, operational risk, counterparty risk) is specified in Article 92(3) of Regulation (EU) No. 575/2013. The liquidity requirements are specified in Part Six of Regulation (EU) No. 575/2013. The leverage requirements are specified in Part Seven of Regulation (EU) No. 575/2013. Additional capital requirements for determining capital buffers are set out in Chapter Nine of Ordinance No. 50. In such terms, we do not apply any national measures outside the scope of the EU rules.

According to Article 3 of Economic and Financial Relations with Companies Registered in Preferential Tax Treatment Jurisdictions, the Persons Controlled Thereby and Their Beneficial Owners Act, there are prohibitions for companies registered in preferential tax treatment jurisdictions and the persons controlled thereby directly and/or indirectly to participate in procedures for obtaining a license for providing services or carrying out activities under the Markets in Financial Instruments Act or participation in a company that has been licensed under the said Act, where the percentage of participation constitutes a qualifying holding within the meaning of the said Act, or participate in procedures for obtaining a license, permit, or in a registration procedure under the CISs and Other Undertakings for Collective Investment Act or participation in a company that owns a license, permit, or is registered under the said Act, where the percentage of participation constitutes a qualifying holding within the meaning of that Act.

There are exceptions, described in Article 4.

| Investment firms and collective investment funds | Yes. |
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
Currency-matching regulations on assets/liabilities composition  
Yes. In the terms of the investment firms, pursuant to Regulation (EU) No. 575/2013 of the European Parliament and of the Council, if the sum of an institution’s overall net foreign exchange position and net gold position, calculated according to Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

Exchange measures imposed for security reasons
Other security restrictions
05/17/2019 Restrictive measures against cyber-attacks threatening the EU or its Member States are in effect, in accordance with the UNSC resolution and the decision of the Council of the EU.

10/14/2019 The security restrictions are extended to Nicaragua, in accordance with the UNSC resolution and the decision of the Council of the EU.

11/11/2019 The security restrictions are extended to Turkey, in accordance with the UNSC resolution and the decision of the Council of the EU.

Arrangements for Payments and Receipts

Administration of control
03/01/2019 The Ministry of Economy was entitled to exercise foreign exchange control.

Controls on trade in gold (coins and/or bullion)
On domestic ownership and/or trade
02/10/2019 Persons engaged in extraction, processing, and trading of precious metals and gemstones and products made with or from them as their business activity must register their activity with the Ministry of Economy within 14 days prior to commencing activities.

02/21/2020 Extraction, processing, and trade of precious metals and gemstones and items containing them or made of them by occupation may be carried out by: (1) merchants registered under the Commerce Act or under the legislation of an EU Member State or of another State; (2) companies under the Obligations and Contracts Act, if they engage in such activities by occupation and are entered in the public register of the persons carrying out activities with precious metals and gemstones and items containing them.

Controls on exports and imports of banknotes
On exports
Domestic currency
02/21/2020 When cash in the amount of BGN 30,000 or more is carried across the border of the country to a third country, the customs authorities must request through official channels information concerning the existence or non-existence of liabilities. Where the information provided ex officio contains data of existence of public liabilities in excess of BGN5,000, the customs authorities do not permit such cash to be carried across the border.

Foreign currency
02/21/2020 When cash in foreign currency in the amount equivalent to BGN 30,000 or more is carried across the border of the country to a third country, the customs authorities must request through official channels information concerning the existence or non-existence of liabilities. Where the information provided ex officio contains data of existence of public liabilities in excess of BGN 5,000, the customs authorities do not permit such cash to be carried across the border.
### Imports and Import Payments

<table>
<thead>
<tr>
<th>Import licenses and other nontariff measures</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02/02/2019</td>
<td>A safeguard duty at the rate of 25% is applied on the imports of the steel products in the scope of the Regulation (EU) No. 2019/159 when tariff quotas are exhausted. This is in relation to commission Implementing Regulation (EU) No. 2019/159 of 31 January 2019 on imposing definitive safeguard measures against imports of certain steel products.</td>
</tr>
<tr>
<td></td>
<td>05/15/2020</td>
<td>Regulation on prior EU surveillance of imports of certain steel and aluminum products originating in certain third countries expired.</td>
</tr>
<tr>
<td></td>
<td>07/01/2020</td>
<td>After the second review investigation carried out by the European Commission, the Commission Implementing Regulation (EU) No. 2020/894 of 29 June 2020 amending Implementing Regulation (EU) No. 2019/159 imposing definitive safeguard measures against imports of certain steel products has been in force.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other nontariff measures</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02/20/2019</td>
<td>Regulation (EU) 2019/125 of the European Parliament and of the Council of 16 January 2019 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment (codified version of Regulation No. 1236/2005), Council Regulation (EU) No. 692/2014 (as amended) restricts imports into the EU of goods from Crimea or Sevastopol, in response to the illegal annexation of Crimea and Sevastopol.</td>
</tr>
</tbody>
</table>
BURKINA FASO
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of membership</td>
<td>May 2, 1963.</td>
<td></td>
</tr>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
<td>Date of acceptance: June 1, 1996.</td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
<th>No restrictions as reported in the latest IMF staff report as of December 31, 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
<td>A regional framework to combat money laundering (AML) and the financing of terrorism (AFT) was created at the regional level through two WAEMU Directives, in 2002 (AML) and 2007 (AFT). This comprehensive framework facilitates the implementation of UNSC resolutions based on a list of persons and entities prepared by the Committee and was updated in July 2015 through a regional Directive which went into force in Burkina Faso in May 2016.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
<th>The currency of Burkina Faso is the CFA franc (XOF).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings to the Operations Account with the French Treasury in accordance with the Amendment to the Operations Account Convention signed by France and the BCEAO on September 20, 2005.

**Stabilized arrangement**

**Crawling peg**

**Crawl-like arrangement**

**Pegged exchange rate within horizontal bands**

**Other managed arrangement**

**Floating**

**Free floating**

**Official exchange rate** Yes.

The CFA franc is officially pegged to the euro, the intervention currency, at the fixed rate of CFAF 655.957 per euro. The exchange rates for other currencies are derived from the rate for the currency concerned in foreign exchange market vis-à-vis the euro. The official rate is used for accounting and valuation.

The Conference of Heads of State and Government may decide to amend the Monetary Cooperation Agreement between the WAMU member countries and France.

**Monetary policy framework**

**Exchange rate anchor** Yes.

- **U.S. dollar**
  - Yes.

- **Euro**
  - Yes.

The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized Consumer Price Index is the benchmark rate to measure inflation.

**Composite**

**Other**

**Monetary aggregate target**

**Inflation-targeting framework**

**Target setting body**

- **Government**
- **Central Bank**
- **Monetary Policy Committee**
- **Central Bank Board**
- **Other**
- **Government and Central Bank**
Inflation target
Target number
Point target
Target with tolerance band
Band/Range
Target measure
CPI
Core inflation
Target horizon

Operating target (policy rate)
Policy rate
Target corridor band
Other

Accountability
Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax Yes. The commission rate charged on transfers to all countries that are not members of the WAEMU area is 0.6%. This commission must be surrendered to the National Treasury and is a portion of its tax revenue.

Exchange subsidy No.

Foreign exchange market Yes. Authorized intermediaries (authorized intermediary banks and authorized nonelectronic exchange dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which must be traded at the official fixed rate of CFAF 655,957 per euro. The commission on foreign exchange transactions may not exceed 2%. Instruction No. 013-11-2015 on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU went into force November 10, 2015.

Spot exchange market Yes. Authorized intermediaries must comply with the provisions in effect on the financial conditions for engaging in nonelectronic foreign exchange transactions that involve foreign currencies and issue a
transaction slip for all transactions with a client. Moreover, to provide satisfactory information to clients, they are required to (1) continuously post at their windows the rates actually charged for the different currencies and (2) post a notification that a transaction slip must be issued for all foreign exchange transactions based on the requestor’s identity document.

Banks and licensed exchange dealers are intermediaries authorized by the minister responsible for finance to conduct foreign exchange transactions with the public. As of December 31, 2019, there were 13 active banks and 104 authorized exchange bureaus operating in Burkina Faso. They may conduct transactions in foreign currencies, except euros with the BCEAO. Licensed exchange houses may not make transfers or payment in foreign currency with other countries or maintain accounts abroad.

The entities authorized to conduct nonelectronic foreign currency transactions are authorized intermediary banks and individuals or companies authorized to conduct nonelectronic transactions by decision of the minister responsible for finance, with the consent of the BCEAO.

In their operations with customers, authorized intermediaries (authorized intermediary banks and authorized OTC dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which is traded at the official fixed rate of CFAF 655.957 and may be subject to a maximum commission of 2.0%.

<table>
<thead>
<tr>
<th>Service</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operated by the central bank</td>
<td>Yes</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>Yes</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No</td>
</tr>
<tr>
<td>Market making</td>
<td>No</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The BCEAO exchanges foreign currency for CFA francs at the rates published on the international markets, with the exception of the euro, which is traded at the official fixed rate of 655.957 per euro. The nonelectronic currency exchange windows are open to owners of accounts on the BCEAO books and to the general public. A commission of 0.5% is charged on all transactions with the public (purchases and sales) and all withdrawals by banks and financial institutions (including euro withdrawals). However, commissions are not charged on cash foreign exchange transactions conducted by governments, officials of Member States of the WAMU on missions abroad, officials of the CB and their beneficiaries, and on payments made by banks and financial institutions.

Transactions in CFA francs between authorized intermediaries are allowed. As of December 31, 2019, 11 banks participated in the domestic currency interbank market. There is no regulated foreign currency interbank market in the WAEMU.

Residents of the WAEMU zone are permitted to conduct the following transactions on the foreign exchange derivatives market with authorized intermediary banks established in the WAMU or with foreign banks: outright forward foreign exchange contracts (over the counter), foreign exchange options, foreign exchange
swaps, and cross-currency swaps.

Transactions in foreign exchange options are limited to the following two types of transactions: options to purchase foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign bank, or options to sell foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign credit institution. Authorized intermediary banks are required to simultaneously cover the exchange risk they incur in respect of derivatives instruments traded with their customers.

The underlying commercial and financial operations must relate to imports and exports of goods and services by a resident, foreign borrowing operations by a resident (drawings and repayments), or direct foreign investment in a resident company.

All legitimate foreign currency needs are ultimately met by the BCEAO.

Official cover of forward operations  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.

Burkina Faso is linked to the French Treasury via the BCEAO through an operations account, through which settlement of transactions with France, Monaco, and other operations account countries (WAEMU and CEMAC members and the Comoros) is made mainly in euros. Payments with countries outside the WAEMU are made in foreign currencies. Trade with other WAEMU countries is settled in CFA francs.

Controls on the use of domestic currency  Yes.

The CFA franc may not be used for settlement of current or capital international transactions with countries outside the WAEMU.

For current transactions and payments  Yes.

The CFA franc may not be used for settlement of international transactions outside the WAEMU. However, there is an unlimited guarantee for the CFA franc in the form of an operations account with the French Treasury.

For capital transactions  Yes.

The CFA franc may not be used for capital transactions with countries outside the WAEMU. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

Transactions in capital and money market instruments  Yes.

The CFA franc may not be used for capital transactions with countries outside the WAEMU. Foreign investment by residents of the WAEMU zone is subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members do not require Minister of Economy and Finance (MEF) authorization.

Transactions in derivatives and other instruments  Yes.

Residents of WAEMU member countries may engage in the following operations on derivatives and other instruments with accredited banks established in the WAEMU or foreign banks: (1) forward contract, foreign exchange swaps, and options. Operations on derivatives with foreign banks outside the WAEMU can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit operations</td>
<td>Yes.</td>
<td>Loans of any kind, CFA franc overdrafts, and, in general, any advances granted by authorized intermediaries to nonresidents of the WAEMU zone are subject to prior authorization by the Directorate of External Financial Relations of the MOF, after BCEAO approval.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
<td>The CFA franc is the only legal tender, and residents of the WAEMU zone are not permitted to use foreign exchange for domestic transactions.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
<td>An operations account is maintained with the French Treasury that links operations account countries. All purchases or sales of foreign currency, including euros, against CFA francs are ultimately settled through a debit or credit to the operations account.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
<td>A multilateral clearing agreement exists in the context of the WAMA among the countries of the WAEMU and other ECOWAS countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone). Payments for current transactions between countries whose CBs are WAMA members may be effected under the clearing arrangements. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
<td>The institutional reform of the WAMU and the BCEAO went into effect April 1, 2010, with the adoption of the following new basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. All residents of WAEMU countries are treated as residents of Burkina Faso for the purposes of determining the foreign assets of banks, domiciliation and repatriation of export proceeds, issuance and marketing of securities, imports and exports of gold, investment and borrowing operations, and the physical exportation of payment instruments and securities by postal package or ordinary mail. However, for statistical purposes related to the balance of payments, all countries other than Burkina Faso are considered foreign countries. In addition, all transfer operations with the rest of the world must be performed through an authorized intermediary bank, the postal service, or the BCEAO.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
<td>Gold imports and exports require MOF authorization, except (1) imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated...</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.

Controls on exports and imports of banknotes

| On exports | Yes. |

Domestic currency

| Yes. | Travelers may freely export CFA franc (XOF) banknotes from one WAEMU member country to another. Resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving CFA franc banknotes issued by the BCEAO.

Foreign currency

| Yes. | The reexportation of foreign banknotes by nonresident travelers is permitted up to the equivalent of CFAF 500,000; reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposit accounts in local banks. Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess of the equivalent of CFAF 1 million. They may carry up to the equivalent of CFAF 2 million a person in banknotes not issued by the BCEAO. Larger amounts may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, or other means of payment. Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFAF 2 million a person. The issuance of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

On imports

| Yes. |

Domestic currency

| Yes. | Resident and nonresident travelers may freely import domestic currency from other WAEMU areas. However, resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from receiving banknotes in domestic currency.

Foreign currency

| No. | Residents and nonresident travelers may freely import CFA area banknotes denominated in foreign currencies. If such means of payment exceed the equivalent of CFAF 1 million, they must be declared to customs. Resident travelers are required to surrender foreign currency exceeding the equivalent of CFAF 500,000 to an authorized intermediary within eight days of their arrival in the national territory.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

| Foreign exchange accounts permitted | Yes. |

Held domestically

| Yes. |

Approval required

| Yes. | Foreign exchange accounts in currencies other than the euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such an account. These accounts are valid for a renewable term of up to one year. They cannot be
credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

Held abroad Yes.

Approval required Yes. Individual who are residents of the WAEMU and temporarily staying or traveling outside of the WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF authorization by after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts valid for up to one year. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any balance be repatriated to a WAEMU member country within eight days.

Accounts in domestic currency held abroad No.

Accounts in domestic currency convertible into foreign currency No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Nonresident accounts denominated in euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

Domestic currency accounts Yes.

Convertible into foreign currency Yes. Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange.

Approval required No.

Blocked accounts No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports Yes.

Minimum financing requirements No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payment requirements</td>
<td>Yes</td>
<td>Advance payments for imports require authorization, and importers may not acquire foreign exchange until the date of the payment specified in the contract.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes</td>
<td>Importers may purchase foreign exchange for import payments after establishing bank payment order accounts and submitting supporting documents, but not earlier than eight days before shipment if a documentary credit is opened, or on the payment due date if the products have already been imported.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes</td>
<td>Import transactions from outside the CFA franc area exceeding CFA 10 million must be made through an authorized bank.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes</td>
<td>Imports valued at CFA 3 million or more are subject to inspection for verification of quality and value.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes</td>
<td>Exchange authorization, invoices, and export-import cards are required.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes</td>
<td>Import licenses have been eliminated and replaced with pre-import declarations issued for all import operations valued at CFA 5,00,000 or more.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No</td>
<td>Import licenses have been eliminated and replaced with pre-import declarations issued for all import operations valued at CFA 5,00,000 or more.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes</td>
<td>Importation of ivory, fishing nets with mesh smaller than 3 square centimeters, asbestos, fireworks for entertainment, and explosive toys are prohibited. In addition, there is a temporary ban on importation of avian products and their derivatives originating in, or shipped from, countries affected by avian influenza.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes</td>
<td>A special import license, the autorisation spéciale d’importation (Special Import Authorization—ASI) issued by the Ministry of Trade, is required for imports of sugar (granulated and lump) from outside the ECOWAS and the WAEMU. The ASI is granted for a minimum import quota of 2,000 metric tons.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes</td>
<td>A technical importation visa (certificat de conformité) is required for the following products: reinforcing steel, sheet metal, adhesives for cold vulcanization (dissolution), carbide, electrical batteries, polyethylene and polypropylene bags for packaging, mopeds, motorcycles with an engine capacity of less than 125 cubic centimeters, tires and inner tubes for bicycles, aerosol insecticides, mosquito-repellent coils, pesticides, bleach, cosmetic products and perfume, gas cylinders, pharmaceutical alcohol, butter and margarine, cooking salt, edible vegetable oils, food pastes, granulated sugar and sugar cubes, mayonnaise, mustard, seasoning cubes and flavoring, vinegar, wheat and cereal flour, yeast and additives for bread making, canned food, cookies, rice, beer, liquor, milk, tea, coffee, sodas, wine, and tobacco and tobacco products of any kind.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes</td>
<td>The WAEMU CET consists of four tariff brackets: 0%, 5%, 10%, and 20%. Imports from countries other than WAEMU area countries are also subject to a 1% statistical tax and, a 0.8% community solidarity levy. A cyclical import tax (taxe conjoncturelle à l’importation) and a degressive protection tax (taxe dégressive de protection) may at certain times be charged on some products. Neither of these two taxes had been applied as at end-2018. Imports</td>
</tr>
</tbody>
</table>
Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

**Repatriation requirements**: Yes. Resident economic operators are required to collect and repatriate the entire amount of sales of goods abroad in the country of origin with the bank with which the transaction is domiciled within 30 days of the payment due date. The payment due date is specified in the trade agreement and normally falls within a period of 120 days after the goods are dispatched.

**Surrender requirements**: Yes. Export proceeds must be surrendered by ADs to the BCEAO within 30 days of the payment due date, which may not exceed 120 days after shipment of the goods. To cover its current foreign exchange needs, the domiciling bank may hold up to 20% of its export proceeds as owned foreign exchange resources. However, it must ensure that the total foreign exchange resources that cover its requirements do not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.

**Surrender to the central bank**: Yes. Proceeds must be surrendered to authorized banks within 30 days of the payment due date, which must not be more than 120 days after the shipment of the goods. Authorized intermediaries must then surrender the foreign exchange to the BCEAO by transfer through the bank of issue. Sales of foreign exchange by exporters to ADs other than the domiciling bank are permitted, provided the domiciling bank has documentation to verify domiciliation.

**Surrender to authorized dealers**: Yes. Export transactions of more than CFAF 10 million, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

**Financing requirements**: No.

**Documentation requirements**: Yes.

Letters of credit: No.

Guarantees: No.

Domiciliation: Yes. Exports of diamonds, gold, and all other precious metals are subject to authorization by the minister responsible for finance. Exports of ivory require special authorization by the Ministry of Foreign Trade. Exports of sesame are subject to the delivery of a certificate of origin and to the presentation of a phytosanitary certificate, verification notice, and certificate from an authorized laboratory. A visa system, called the Burkina Faso AGOA Visa, has been set up for exports of clothing and textiles to the United States under the AGOA preferential arrangement.

Without quotas: Yes.
With quotas No.

**Export taxes** Yes.

Collected through the exchange system No.

Other export taxes Yes. Most exports are subject to a customs stamp tax of 6% and a statistical duty of 3%.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Yes. Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 500,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.

<table>
<thead>
<tr>
<th>Trade-related payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes. Payments abroad relating to freight and insurance (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees are permitted in general, subject to the presentation of supporting documentation to the authorized intermediary.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment-related payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes. Payments for the depreciation of direct investments require approval by the minister of finance, because depreciation is not specifically mentioned in the regulations.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes. Outward transfers of proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes. Residents of the WAEMU zone traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a person a trip; amounts in excess of this limit may be taken out in the form of traveler’s checks, certified checks, or other means of payment. Larger amounts are permitted with documentation.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes. Resident travelers must present a travel document and a valid passport or a national identity card to an authorized intermediary bank or exchange bureau before foreign exchange will be issued.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes. Approval is required for payment of family maintenance expenses abroad.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
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<tr>
<td>-----------------------------------</td>
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</tr>
<tr>
<td>Personal payments may be made through an authorized bank, subject to presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>Foreign workers' wages</strong></th>
<th>Yes.</th>
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<thead>
<tr>
<th><strong>Prior approval</strong></th>
<th>No.</th>
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</table>

<table>
<thead>
<tr>
<th><strong>Quantitative limits</strong></th>
<th>No.</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Indicative limits/bona fide test</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments abroad related to wages, salaries, and honoraria; contributions and benefits; pensions and work-related activities; and service contracts are generally authorized on presentation of the appropriate documentation.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Credit card use abroad</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of credit cards is allowed when issued by specialized institutions which, where applicable, must report such transactions on a quarterly basis to the BCEAO.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th><strong>Prior approval</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Quantitative limits</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Indicative limits/bona fide test</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For travelers, allocations of foreign currency in the form of debit and payment card must be justified by requirements related to travel and personal expenses if they exceed the equivalent of CFAF 2 million.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Other payments</strong></th>
<th>Yes.</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Prior approval</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Quantitative limits</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Indicative limits/bona fide test</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a general rule, payments abroad in amounts greater than CFAF 500,000 are subject to the presentation of supporting documentation.</td>
<td></td>
</tr>
</tbody>
</table>

| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

<table>
<thead>
<tr>
<th><strong>Proceeds from Invisible Transactions and Current Transfers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repatriation requirements</strong></td>
</tr>
<tr>
<td>Proceeds from invisible transactions with non-WAEMU countries must be repatriated.</td>
</tr>
<tr>
<td>Residents of the WAEMU zone are required to surrender to an authorized intermediary all revenues and income in foreign currency collected abroad or received from a nonresident within one month after the payment due date.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Surrender requirements</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

| **Surrender to the central bank** | Yes. |
| ADs must immediately surrender residents of the WAEMU zone’s proceeds from invisible transactions to the BCEAO. At the request of the BCEAO, ADs must sell to it, in exchange for currency that it issues, all their holdings in euros or other foreign currencies. |

| **Surrender to authorized dealers** | Yes. |
| Proceeds from invisible transactions with non-WAEMU countries must be surrendered to an AD within one month of the payment due date. Resident travelers must surrender to an authorized intermediary, within eight days of their arrival in Burkina Faso, foreign banknotes and other means of payment denominated in foreign currency worth more than the equivalent of CFAF 500,000. |

<table>
<thead>
<tr>
<th><strong>Restrictions on use of funds</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |
Capital Transactions

Controls on capital transactions
Yes.  Capital transactions between WAEMU countries are unrestricted. Outward capital transfers require MOF authorization, except (1) amortization of debts and repayment of short-term loans to finance industrial and commercial operations, (2) payments required on foreign exchange derivatives transactions or raw material or commodity derivatives transactions, and (3) transfers of the proceeds of liquidated investments or the sale of foreign securities by nonresidents of the WAEMU zone. Capital receipts from non-WAEMU countries are generally permitted.

Repatriation requirements
Yes.  Proceeds from the sale or liquidation of residents of the WAEMU zone’s investments abroad must be repatriated within one month through a registered intermediary, if the resident does not have a reinvestment authorization.

Surrender requirements
Yes.

Surrender to the central bank
Yes.  Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

Surrender to authorized dealers
Yes.  Proceeds from the sale or liquidation of WAEMU residents’ investments abroad must be repatriated and surrendered within one month to an AD, if the resident does not have a reinvestment authorization. The surrender requirement applies to proceeds from all capital transactions.

Controls on capital and money market instruments
Yes.  RCPSFM (Regional Council on Public Savings and Financial Markets) authorization is required for the following operations: (1) issuance or marketing of securities and real assets of foreign entities, (2) canvassing, and (3) publicity or advertising for investment abroad. Securities and mutual funds issued outside the WAEMU by a private or public entity that is not a resident of a member country may not be listed on a regional securities exchange. Soliciting the public of the WAEMU by nonresident entities is subject to authorization by the BCEAO in its capacity as the authority responsible for regulating the external financial relations of WAEMU countries. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

On capital market securities
Yes.  The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
No.  Purchases in the country by nonresidents of the WAEMU zone are unrestricted. However, these purchases are subject to prior declaration to the minister of finance and the BCEAO for statistical purposes.

Sale or issue locally by nonresidents
Yes.  The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to authorization from the RCPSFM ( ), with authorization of the
BCEAO acting in its capacity as the authority responsible for external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation.

### Purchase abroad by residents

Yes. The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to authorization by the minister responsible for finance. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

### Sale or issue abroad by residents

No. Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of resident entities, foreign investors are required to make a prior declaration to the MEF. The sale of securities to liquidate an investment abroad is subject to declaration to the MEF and the BCEAO for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, unless the securities constitute a loan.

### Bonds or other debt securities

Yes. The regulations governing shares or other securities of a participating nature apply.

### Purchase locally by nonresidents

No. These purchases are subject to declaration to the MOF for statistical purposes. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.

### Sale or issue locally by nonresidents

Yes. The issuance of securities and sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires an exchange authorization to be submitted to the minister responsible for finance for approval, accompanied by supporting documentation.

### Purchase abroad by residents

Yes. The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries is authorized by the RCPSFM.

### Sale or issue abroad by residents

No. Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of domestic establishments, foreign investors are required to make a prior declaration to the minister responsible for finance. The sale of securities to liquidate an investment abroad is subject to declaration to the MEF and the BCEAO for statistical purposes. Issuance by residents of the WAEMU zone to nonresidents of the WAEMU zone of securities constituting a loan must be made through an authorized bank and must be reported to the MEF for statistical purposes.

### On money market instruments

Yes. The regulations governing shares or other securities of a participating nature apply.

### Purchase locally by nonresidents

No. These purchases are subject to prior declaration to the MEF for
The issuance and sale of money market instruments by nonresidents of the WAEMU zone are subject to authorization by the RCPSFM, with authorization of the BCEAO as the authority responsible for external financial relations. There are no controls on the sale of money market instruments resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of money market instruments by transfer abroad or by credit to a nonresident account requires an exchange authorization to be submitted to the minister responsible for finance for approval, accompanied by supporting documentation.

Residents of the WAEMU zone may sell local money market instruments abroad. The sale of money market instruments to liquidate an investment abroad is subject to declaration to the minister responsible for finance for statistical purposes. Residents of the WAEMU zone may sell or issue money market instruments abroad, unless the securities constitute a loan.

The regulations governing shares or other securities of a participating nature apply.

These purchases are subject to prior declaration to the minister responsible for finance for statistical purposes.

The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization with authorization of the BCEAO as the authority responsible for external financial relations. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires an exchange authorization to be submitted to the minister responsible for finance for approval, accompanied by supporting documentation.

The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to authorization by the minister responsible for finance and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of domestic establishments, foreign investors are required to make a prior declaration to the minister responsible for finance. The sale of securities to liquidate an investment abroad is subject to declaration to the minister responsible for finance for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, unless the securities constitute a loan.

Residents of the WAEMU zone may hedge risk using foreign
instruments

exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

**Purchase locally by nonresidents** Yes. The purchase of derivatives by nonresidents of the WAEMU zone on the domestic market is treated as a loan contracted by a resident with a nonresident. As such, it is permitted. The purchase must be executed through an authorized intermediary and must be reported to the MOF and the BCEAO for statistical purposes.

**Sale or issue locally by nonresidents** Yes. Residents of the WAEMU zone are permitted to purchase foreign exchange derivatives from nonresidents of the WAEMU zone.

**Purchase abroad by residents** Yes. These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone call or put options on primary commodities or securities transactions. Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign credit institution.

**Sale or issue abroad by residents** Yes. Residents of the WAEMU zone are permitted to purchase foreign currency sell options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (that is, nonresident of WAEMU) credit institution.

**Controls on credit operations** Yes. Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the minister responsible for finance.

**Commercial credits** Yes. There are no controls on credits related to exports of goods. The date on which payment falls due is specified in the contract (in principle not later than 120 days after the date of shipment).

**By residents to nonresidents** Yes. There are no controls, and repayments of commercial credits are generally conducted without prior authorization, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date, to the licensed intermediary bank responsible for handling the repayment.

**To residents from nonresidents** No. There are no controls on these credits, but they must be reported for statistical purposes to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or
pursuant to an interbank arrangement approved by the Directorate of External Finance. The necessary funds must be transferred from abroad through an authorized agent. There are no controls on repayment of loans, provided the authorized agent handling the settlement is furnished with documentation attesting to the validity of the transaction. Borrowing abroad is unrestricted.

<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>Yes.</th>
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</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

The regulations governing financial credits apply.

The granting of guarantees and sureties is subject to approval by the minister of finance. Transfers abroad of funds to service these facilities require the issuance of an exchange authorization, subject to approval by the minister of finance and the submission of supporting documents.

These facilities may be granted freely, although the funds required for servicing them must be transferred abroad by an authorized bank. If, however, these transactions take place between a resident direct investment company and its parent company located abroad, they are considered direct investments and therefore require prior declaration to the MEF and the BCEAO for statistical purposes.

Investment that implies control of a company or enterprise is considered direct investment. Mere participation is not considered direct investment unless it exceeds 10% of the capital of a company. All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of WAEMU residents and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MEF authorization.

All investment abroad by residents of the WAEMU zone is subject to authorization by the minister responsible for finance, including investment through foreign companies under the direct or indirect control of residents of Burkina Faso and investment by foreign branches or subsidiaries of companies established in Burkina Faso. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

FDI, including by resident companies that are directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the minister responsible for finance for statistical purposes. A share is not considered a direct investment unless it exceeds 10% of the capital of a company.

The liquidation of investments abroad must be reported to the MOF and the BCEAO for statistical purposes. Reinvestment of the liquidation proceeds is subject to authorization by the minister responsible for finance. If reinvestment is not authorized, the liquidation proceeds must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents of the WAEMU zone is unrestricted but must be reported to the MOF and the BCEAO for statistical purposes.

All investment abroad by residents of the WAEMU zone is subject to authorization by the minister responsible for finance, including investment through foreign companies under the direct or indirect control of residents of Burkina Faso and investment by foreign branches or subsidiaries of companies established in Burkina Faso. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

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<table>
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<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

The regulations governing financial credits apply.

The granting of guarantees and sureties is subject to approval by the minister of finance. Transfers abroad of funds to service these facilities require the issuance of an exchange authorization, subject to approval by the minister of finance and the submission of supporting documents.

These facilities may be granted freely, although the funds required for servicing them must be transferred abroad by an authorized bank. If, however, these transactions take place between a resident direct investment company and its parent company located abroad, they are considered direct investments and therefore require prior declaration to the MEF and the BCEAO for statistical purposes.

Investment that implies control of a company or enterprise is considered direct investment. Mere participation is not considered direct investment unless it exceeds 10% of the capital of a company. All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of WAEMU residents and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MEF authorization.

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Controls on personal capital transactions: Yes. Personal capital transactions between residents of the WAEMU zone and nonresidents of the WAEMU zone must be made through the BCEAO, the postal service, or an authorized intermediary bank, unless authorization is obtained from the minister of finance.

Loans: Yes. The regulations governing securities and investments apply.

By residents to nonresidents: Yes. These transactions require authorization by the minister of finance. The individuals concerned may not engage in such operations as a professional occupation without first being licensed and included on the list of approved financial institutions.

To residents from nonresidents: Yes. These transactions may be made freely but are subject to declaration to the MOF and the BCEAO for statistical purposes when disbursed and when repaid.

Gifts, endowments, inheritances, and legacies: Yes.

By residents to nonresidents: Yes. Inheritances and dowries are generally allowed. Gifts and endowments, however, are subject to authorization by the MOF and the BCEAO. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.

To residents from nonresidents: No. These transactions do not require authorization but are subject to declaration to the minister of finance and the BCEAO for statistical purposes.

Settlement of debts abroad by immigrants: Yes. Immigrants with resident status must obtain approval from the minister responsible for finance to settle debts incurred abroad when they were nonresidents of the WAEMU zone.

Transfer of assets: Yes.

Transfer abroad by emigrants: Yes. These operations require authorization by the minister of finance if the value exceeds CFAF 500,000 a person. There are no restrictions on transfers of amounts below this threshold.

Transfer into the country by immigrants: Yes. Foreign accounts of nonresidents of the WAEMU zone (in foreign currencies or CFA francs) who become residents of the WAEMU zone must be closed. However, they may maintain abroad bank accounts opened and financial assets acquired while they were nonresidents of the WAEMU zone. New transfers to these accounts require approval by the minister responsible for finance.

Transfer of gambling and prize earnings: No. These transfers are conducted freely through authorized intermediaries, subject to the presentation of supporting documents and compliance with the relevant provisions on combating money laundering and financing of terrorism.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions: Yes. The Law on Money Laundering defines the legal framework relative to money laundering in Burkina Faso, to prevent the use of the WAEMU’s economic, financial, and banking channels for laundering money or other illicitly obtained assets (Article 4). The Uniform Law on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU by the Council of Ministers of the Union took effect September 28, 2012. Decision No. CM/UMOA/023/2012 set the deadline (December 31, 2013) for including this law in the domestic legislation of WAMU members. It has been incorporated into Burkina Faso national law.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Loans from abroad are unrestricted. For statistical purposes, these transactions must be declared to the minister responsible for finance and the BCEAO when granted and when repaid.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions for their own account or the accounts of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements. In accordance with Regulation No. 09/2010/CM/UEMOA on the External Financial Relations of the WAEMU Member States, to cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries (1) demand deposits that do not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that do not exceed the balance of their open foreign accounts in foreign currencies other than euros and their open resident accounts in foreign currency. The total amount of these assets may not exceed 5% of their clients’ outstanding demand deposits. Assets in excess of foreign currency requirements must be surrendered to the BCEAO.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Commercial lending is permitted. Financial credits are subject to authorization by the minister responsible for finance, following BCEAO approval.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>There are no explicit regulations regarding these transactions, but minister responsible for finance authorization and BCEAO approval are required.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>These purchases require authorization by the minister responsible for finance if their issuance has not been authorized by the RCPSFM.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>A reserve requirement of 3% (previously 5%) applies to WAEMU banks. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes customer foreign currency deposits.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>Financial loans of any kind, CFA franc overdrafts, and, in general, advances to nonresidents of the WAEMU zone are subject to authorization by the minister responsible for finance, after BCEAO approval. These claims are included in the external position of banks and financial institutions, which is subject to special monitoring.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Banking regulations make no distinction among resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.</td>
</tr>
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<td>Reserve requirements</td>
<td>No.</td>
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<td>Interest rate controls</td>
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<tr>
<td>Credit controls</td>
<td>Yes.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>The regulations governing direct investment apply.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>All investment abroad by residents of the WAEMU zone is subject to</td>
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</tbody>
</table>
MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM.

In banks by nonresidents  Yes. These transactions may, depending on their volume, be subject to authorization by the minister responsible for finance. Article 29 of the Banking Law stipulates that the investment of any person in a bank that would have the effect of changing the minority and/or the majority of voting rights requires authorization by the minister responsible for finance.

Open foreign exchange position limits  Yes. No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain an open foreign exchange position. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments, up to the equivalent of 5% of total customer demand deposits. To cover their foreign currency requirements, banks are authorized to hold the following in banking institutions in non-WAEMU countries: (1) demand deposits that do not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that do not exceed the balance of their open foreign accounts in foreign currencies other than euros and their open resident accounts in foreign currency.

On resident assets and liabilities  Yes. No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain an open foreign exchange position. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold the following in banking institutions in non-WAEMU countries: (1) demand deposits that do not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that do not exceed the balance of their open foreign accounts in foreign currencies other than euros and their open resident accounts in foreign currency.

On nonresident assets and liabilities  Yes. No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain an open foreign exchange position. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold the following in banking institutions in non-WAEMU countries: (1) demand deposits that do not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that do not exceed the balance of their open foreign accounts in foreign currencies other than euros and their open resident accounts in foreign currency.

Provisions specific to institutional investors  Yes. Controls are imposed by the CIMA Code.

Insurance companies  Yes. The CIMA Code allows insurance companies of each CIMA member country to invest up to 50% of resources collected locally in other CIMA member countries.

Limits (max.) on securities issued by nonresidents  Yes. The CIMA Code allows insurance companies of each CIMA member country to invest up to 50% of resources collected locally in other CIMA member countries.

Limits (max.) on investment portfolio held abroad  Yes. According to the CIMA Code, a minimum of 50% of resources collected in a CIMA member country by insurance companies must...
**Currency-matching regulations on assets/liabilities composition** Yes. The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.

**Pension funds** Yes.

**Limits (max.) on securities issued by nonresidents** Yes. The issuance, presentation, and floating of securities of any kind from foreign governments, local authorities, foreign companies, or international institutions are subject to authorization by the RCPSFM.

**Limits (max.) on investment portfolio held abroad** Yes. With the exception of foreign securities issued or sold in WAEMU member countries with RCPSFM authorization, all investment abroad by residents of the WAEMU zone is subject to minister responsible for finance authorization and must be at least 75% financed with foreign borrowing.

**Limits (min.) on investment portfolio held locally** No.

**Currency-matching regulations on assets/liabilities composition** No.

**Investment firms and collective investment funds** Yes.

**Limits (max.) on securities issued by nonresidents** Yes. The issuance, presentation, and floating of securities of any kind from foreign governments, local authorities, foreign companies, or international institutions are subject to RCPSFM authorization.

**Limits (max.) on investment portfolio held abroad** Yes. With the exception of foreign securities issued or sold in WAEMU member countries with RCPSFM authorization, all investment abroad by residents of the WAEMU zone is subject to minister responsible for finance authorization and must be at least 75% financed with foreign borrowing.

**Limits (min.) on investment portfolio held locally** No.

**Currency-matching regulations on assets/liabilities composition** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
### Status under IMF Articles of Agreement

#### Date of membership

#### Article VIII
- Yes.

#### Article XIV
- Yes.

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The IMF staff report for the 2014 Article IV Consultation, Fifth Review under the Three-Year Arrangement under the Extended Credit Facility states that, as of July 29, 2014, Burundi maintained one MCP that is inconsistent with Article VIII, Section 2(a): the exchange rate used for government transactions differs by more than 2% from market exchange rates. (Country Report No. 14/293)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange measures imposed for security reasons</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Burundi maintains restrictions on financial transactions and accounts of individuals and organizations associated with terrorism, pursuant to UNSC Resolution No. 1269 (1999) and the updated list of organizations associated with terrorism prepared by the U.S. Department of State.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other security restrictions</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are no other restrictions.</td>
<td></td>
</tr>
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</table>

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<th>References to legal instruments and hyperlinks</th>
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### Exchange Arrangement

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<tr>
<th>Currency</th>
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</tr>
</thead>
<tbody>
<tr>
<td>The currency of Burundi is the Burundi franc.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other legal tender</th>
<th>No.</th>
</tr>
</thead>
</table>

#### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
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<tbody>
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<td></td>
<td></td>
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</table>

<table>
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<tr>
<th>Dual</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>On March 1, 2013, the Bank of the Republic of Burundi (BRB) set a fluctuation margin on foreign currency purchases and sales by commercial banks and exchange bureaus of ±1% of the reference rate it publishes each morning. With the replacement of the Marché des Enchères Symétriques en Devises (MESD—Symmetric Currency Auction Market) with the Marché Interbancaire des Devises (MID—Interbank Currency Exchange), calculation of the reference rate was modified to include all BRB transactions with customers on the previous day, beginning April 12, 2013. To prevent further sharp fluctuations, bank operations whose exchange rate deviates from the defined band are systematically excluded from the calculations. The exchange rate structure is dual because, according to the IMF staff report, Burundi has an MCP. The exchange rate for official transactions may deviate from the market exchange rates by more than 2%.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Multiple</th>
<th></th>
</tr>
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</table>
Classification
No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement  Yes. The de jure exchange rate arrangement is floating. The regulations governing the interbank foreign exchange market allow the BRB to intervene on its own initiative. Since June 2016, the exchange rate followed a depreciating trend within a 2% band against the US dollar. The de facto exchange rate arrangement is classified as a crawl-like arrangement.
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate  Yes. The method for calculating the reference rate includes all bank transactions with customers on the previous day. For the BRB, the official exchange rate is used for government transactions, foreign exchange sales, and to adjust banks’ net open positions.

Monetary policy framework
Exchange rate anchor
  U.S. dollar
  Euro
  Composite
  Other
Monetary aggregate target  Yes. The monetary policy objective is price stability through the control of base money expansion. The quantitative objectives in terms of internal and external net assets are defined on a quarterly basis.

Inflation-targeting framework
Target setting body
  Government
  Central Bank
    Monetary Policy Committee
    Central Bank Board
  Other
  Government and Central Bank
Inflation target
Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. ADs are allowed to determine freely their foreign exchange commissions with their clients.

Spot exchange market Yes. Banks and exchange bureaus are free to set traded market exchange rates, which they post for the clients. Banks can freely purchase and sell foreign exchange for trade and capital transactions. The BRB has set a fluctuation margin on foreign currency purchases and sales by commercial banks and exchange bureaus of ±1% of the reference rate, which it publishes each morning. The BRB licenses banks. Ten commercial banks operate on the spot exchange market. Licensing of exchange bureaus has been suspended since August 2016. The BRB licenses exchange bureaus, for a period of five years, renewable. However, their current business activity is severely controlled. Sixty-four licensed exchange bureaus are in operation. They may engage in foreign currency note purchases and sales with the public, but may not hold accounts abroad or make foreign exchange payments or transfers on behalf of their clients.
Operated by the central bank No.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.

Interbank market Yes. Only commercial banks (10) are authorized by the CB to participate in the interbank foreign exchange market. There are no limits on commissions of market participants. Since the decline in foreign exchange reserves, no transactions have been recorded in the interbank market, apart from CB interventions. The BRB intervenes in the interbank foreign exchange market on its own initiative in accordance with market conditions. The market is open on all business days. The CB intervenes in the foreign exchange market mainly to finance the import of priority products such as petroleum products, drugs, and fertilizers.

Over the counter Yes. Foreign exchange transactions take place over the counter.
Brokerage No.
Market making No.

Forward exchange market No. There is no derivatives market in Burundi.

Official cover of forward operations No. There is no official cover of forward operations in Burundi.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. The currency of settlement is prescribed by Law No. 1/34 of December 2, 2008, Article 25, which stipulates that the currency unit of Burundi is the Burundi franc (FBu) and that all monetary transactions taking place in the territory of Burundi must be expressed in FBu, unless a waiver is granted by the BRB.

Controls on the use of domestic currency Yes. All payments for goods and services in Burundi must be made in domestic currency. However, nonresidents staying in a hotel or guesthouse in Burundi may pay their hotel bills in foreign currency. Residents are required to repatriate receipts from exports of goods and services. Foreign exchange acquired for specific operations is to be rendered, if the relevant operations have not taken place.

For current transactions and payments Yes. All payments for goods and services in Burundi must be made in domestic currency. However, nonresidents staying in a hotel or guesthouse in Burundi may pay their hotel bills in foreign currency. Residents are required to repatriate receipts from exports of goods and services. Foreign exchange acquired for specific operations is to be rendered, if the relevant operations have not taken place.

For capital transactions Yes. Domestic currency may not be used for international settlements for capital transactions.

Transactions in capital and money market instruments Yes. Domestic currency may not be used for international settlements for capital transactions.

Transactions in derivatives and other instruments Yes. Domestic currency may not be used for international settlements for capital transactions.

Credit operations Yes. Domestic currency may not be used for international settlements for capital transactions.
Use of foreign exchange among residents | Yes. | Transactions in foreign currency among residents are not permitted. All monetary transactions taking place in the territory of Burundi must be expressed in FBu, unless a waiver is granted by the BRB.

**Payments arrangements** | Yes. | Bilateral payments arrangements | Yes. | Operative | No. | Inoperative | Yes. | Payments arrangements | Yes. | There are trade agreements with the Democratic Republic of the Congo and Rwanda. These agreements are not currently operational. Regional arrangements | Yes. | There are regional agreements with EAC and COMESA countries. Clearing agreements | Yes. | There are clearing agreements with the member countries of COMESA. Barter agreements and open accounts | No. | Administration of control | Yes. | Currently, the CB is responsible for the supervision of commercial banks, deposit-taking microfinance institutions, and foreign exchange bureaus. Control over foreign exchange transactions is vested in the BRB; the authority to carry out transactions is delegated to authorized banks. Only capital transactions abroad require BRB authorization. Export declarations for coffee, tea, and all minerals are subject to validation by the BRB.

**Payments arrears** | No. | Official | No. | Private | No. | Controls on trade in gold (coins and/or bullion) | Yes. | On domestic ownership and/or trade | Yes. | Individuals and legal entities with gold-mining permits issued by the ministry responsible for mining may establish purchasing houses for gold in transit or mined by artisans in Burundi. Gold produced by artisans may be sold only to approved firms. On external trade | Yes. | Exports of gold must be declared in foreign currency at the time of validation of the export declaration by the BRB. Gold exports are authorized jointly by the mining and customs departments.

**Controls on exports and imports of banknotes** | No. | On exports | No. | Domestic currency | No. | The exportation of Burundi franc banknotes exceeding FBu 100,000 is subject to customs declaration. Foreign currency | No. | There are no restrictions on exports of foreign currency purchased in cash from an authorized intermediary. Foreign currency that was subject on entry to an optional customs declaration may be reexported on presentation of the declaration.

On imports | No. | Domestic currency | No. | The importation of Burundi franc banknotes exceeding FBu 100,000 is subject to customs declaration. Foreign currency | No. | The importation of foreign currency in cash is unlimited. Optional customs declaration on importation will allow reexportation of equivalent amounts.

**References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Resident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes</td>
</tr>
<tr>
<td>Withdrawals in Burundi francs generally unrestricted. Withdrawals and payments from resident foreign currency accounts are unrestricted for individuals only (in banknotes). For legal entities, supporting documents of foreign currency expenditures are required for foreign currency withdrawals. Foreign exchange accounts of State institutions and for State projects, as well as of nongovernmental organizations (NGOs), receiving external support must be channeled through the CB, which makes national currency available, and all relevant existing foreign exchange accounts in commercial banks must be closed.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>The BRB may authorize foreign accounts for individuals and legal entities. Account holders, except residents temporarily abroad, must send monthly statements to the BRB. Balances can be freely repatriated.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

## Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>No</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

## Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
<td>Declarations of Intent to Import (DII)s must be validated by commercial banks.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
<td>A Declaration of Intent to Import (DII) must be filed. The bank that records the DII must authenticate the documents and ensure that the DII is properly completed (Article 40 of the Foreign Exchange Regulations). It must assign the DII an order number in an uninterrupted series that identifies the bank making the payment and the DII with or without provision of foreign exchange (2010 version of Foreign Exchange Regulations). Shipments of imported food, pharmaceuticals, and chemicals exceeding the equivalent of US $3,000 in c.i.f. value and of all other goods exceeding US$5,000 in c.i.f. value are subject to preshipment inspection by international supervisory and oversight agents with regard to quality, quantity, and price (Exchange Regulations of December 6, 2006, Article 39, paragraph (a)). Inspections are carried out by the Société Générale de Surveillance S.A. (SGS). All other goods with a c.i.f. value of less than said amounts are subject to a documentary check. A supplementary physical check may be carried out when the goods arrive. Goods not inspected before shipment for a valid reason may be inspected in transit or on arrival.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>Yes.</td>
<td>The validation of a DII serves as an exchange authorization and gives access to foreign exchange.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>Goods imported into Burundi must be insured by approved Burundi insurers; premiums must be paid in Burundi francs, unless the BRB has granted an exemption.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
<td>The only requirement is a DII. Imports of commercial samples, personal luggage, and the personal effects of travelers, as well as all imports by diplomatic and UN missions, are exempt from the DII requirement.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
<td>Imports of commercial samples, personal luggage, and the personal effects of travelers, as well as all imports by diplomatic and UN missions, are exempt from the DII requirement.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
<td>Imports from COMESA member countries enter Burundi duty free. Burundi applies the EAC CET, which consists of three rates: 0%, 10%, and 25%. Imports of petroleum products are subject to a 20% duty.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Exports and Export Proceeds

**Repatriation requirements**  Yes.  Export proceeds for all products must be collected within 30 days of the date of shipment recorded by customs for shipment by air or within 90 days for all other shipments. Residents are required to repatriate receipts from exports of goods and services.

**Surrender requirements**  No.

- **Surrender to the central bank**  No.
- **Surrender to authorized dealers**  No.

**Financing requirements**  No.

**Documentation requirements**  Yes.  Validation of the export declaration by a commercial bank or by the BRB is required.

- **Letters of credit**  Yes.  LCs are required for exports payable by documentary credit.
- **Guarantees**  Yes.  Exports paid for by means other than preshipment payment, documentary remittance, or documentary credit must be covered by a performance bond warranty underwritten by an intermediary bank in favor of the exporter’s commercial bank.

**Domiciliation**  No.

**Preshipment inspection**  No.

**Other**  No.

**Export licenses**  No.  Only export declarations are required.

- **Without quotas**  No.
- **With quotas**  No.

**Export taxes**  No.

- **Collected through the exchange system**  No.
- **Other export taxes**  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**  Yes.  Banks may approve requests for amounts within the prescribed limits. Banks may sell their customers up to US$3,000 on presentation of an identification document and up to US$5,000 on presentation of an airline ticket or any other travel document. Foreign exchange bureaus are not authorized to make transfers.

- **Trade-related payments**  Yes.  Shipping insurance on coffee exports must usually be taken out in Burundi francs with a domestic insurer.
- **Prior approval**  Yes.  Only payments and transfers related to capital transactions require approval by the BRB.
- **Quantitative limits**  No.
- **Indicative limits/bona fide test**  No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td>BRB approval is required for investments</td>
<td></td>
</tr>
<tr>
<td>abroad.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Private joint-stock companies may transfer</td>
<td></td>
</tr>
<tr>
<td>100% of the return on foreign capital and</td>
<td></td>
</tr>
<tr>
<td>of the profits distributed to foreign</td>
<td></td>
</tr>
<tr>
<td>directors after payment of taxes. Airlines</td>
<td></td>
</tr>
<tr>
<td>may transfer abroad 100% of their earnings</td>
<td></td>
</tr>
<tr>
<td>after deduction of local expenses. Transfer</td>
<td></td>
</tr>
<tr>
<td>of rental income is permitted after payment</td>
<td></td>
</tr>
<tr>
<td>of taxes and a deduction of 20% for</td>
<td></td>
</tr>
<tr>
<td>maintenance expenses.</td>
<td></td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial banks provide foreign exchange</td>
<td></td>
</tr>
<tr>
<td>for personal and official travel. The BRB</td>
<td></td>
</tr>
<tr>
<td>provides foreign exchange for official</td>
<td></td>
</tr>
<tr>
<td>missions to its government and semipublic</td>
<td></td>
</tr>
<tr>
<td>company account holders.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Official missions are governed by Decree No.</td>
<td></td>
</tr>
<tr>
<td>120-121/VP1-VP2/002 of February 3, 2006,</td>
<td></td>
</tr>
<tr>
<td>setting the scale and terms and conditions</td>
<td></td>
</tr>
<tr>
<td>for official mission orders and costs</td>
<td></td>
</tr>
<tr>
<td>as follows: (1) per diems: US$350 a night</td>
<td></td>
</tr>
<tr>
<td>for government officials and public figures</td>
<td></td>
</tr>
<tr>
<td>with the rank of minister; US$300 a night</td>
<td></td>
</tr>
<tr>
<td>for directors-general and other senior</td>
<td></td>
</tr>
<tr>
<td>management officials; and US$250 a night for</td>
<td></td>
</tr>
<tr>
<td>other officials; (2) per diem supplements:</td>
<td></td>
</tr>
<tr>
<td>US$100 a night for transit expenses longer</td>
<td></td>
</tr>
<tr>
<td>than six hours a day; US$50 a night to</td>
<td></td>
</tr>
<tr>
<td>supplement living expenses for a mission</td>
<td></td>
</tr>
<tr>
<td>without per diems or with per diems less</td>
<td></td>
</tr>
<tr>
<td>than US$50; and (3) communications costs</td>
<td></td>
</tr>
<tr>
<td>as indicated on the mission order for the</td>
<td></td>
</tr>
<tr>
<td>government and government-owned companies</td>
<td></td>
</tr>
<tr>
<td>and as determined by the board of directors</td>
<td></td>
</tr>
<tr>
<td>for semipublic companies. For private</td>
<td></td>
</tr>
<tr>
<td>missions, the amounts are as follows: (1)</td>
<td></td>
</tr>
<tr>
<td>business travel expenses: amount granted by</td>
<td></td>
</tr>
<tr>
<td>the employer, not to exceed US$10,000 a trip,</td>
<td></td>
</tr>
<tr>
<td>and (2) visit and tourism travel expenses:</td>
<td></td>
</tr>
<tr>
<td>US$350 a night, not to exceed US$10,000 a</td>
<td></td>
</tr>
<tr>
<td>trip.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial banks sell foreign exchange for</td>
<td></td>
</tr>
<tr>
<td>personal payments within the limits of their</td>
<td></td>
</tr>
<tr>
<td>available foreign exchange. Transactions</td>
<td></td>
</tr>
<tr>
<td>are limited to US$500 a person a day and</td>
<td></td>
</tr>
<tr>
<td>US$3,000 a person a month. Pension transfers</td>
<td></td>
</tr>
<tr>
<td>are effected through the National Social</td>
<td></td>
</tr>
<tr>
<td>Security Institute.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>There are no quantitative limits on</td>
<td></td>
</tr>
<tr>
<td>personal payments (commercial banks).</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>For health-related travel, an initial</td>
<td></td>
</tr>
<tr>
<td>allowance up to US$10,000 is granted on</td>
<td></td>
</tr>
<tr>
<td>departure; additional transfers are</td>
<td></td>
</tr>
<tr>
<td>authorized on presentation of invoices. For</td>
<td></td>
</tr>
<tr>
<td>an accompanying traveler, the allowance is</td>
<td></td>
</tr>
<tr>
<td>US$300 a day, not to exceed US$5,000 in</td>
<td></td>
</tr>
<tr>
<td>total. Amounts for education, moving, and</td>
<td></td>
</tr>
<tr>
<td>subsistence expenses for students are</td>
<td></td>
</tr>
<tr>
<td>as follows: (1) Scholarship students may</td>
<td></td>
</tr>
<tr>
<td>receive the sum of the amount awarded by</td>
<td></td>
</tr>
<tr>
<td>the government or organization financing</td>
<td></td>
</tr>
<tr>
<td>the studies plus the difference between</td>
<td></td>
</tr>
<tr>
<td>US$5,000 a quarter and the amount of the</td>
<td></td>
</tr>
<tr>
<td>scholarship award. (2) Students who are not</td>
<td></td>
</tr>
<tr>
<td>on scholarship may receive up to US$5,000 a</td>
<td></td>
</tr>
<tr>
<td>year for moving and equipment expenses plus</td>
<td></td>
</tr>
<tr>
<td>living expenses of US$5,000 a quarter and</td>
<td></td>
</tr>
<tr>
<td>tuition fees. (3) Interns may receive the</td>
<td></td>
</tr>
<tr>
<td>amount allowed by the employer, but no more</td>
<td></td>
</tr>
<tr>
<td>than the amount for official mission</td>
<td></td>
</tr>
<tr>
<td>expenses. It should be noted that</td>
<td></td>
</tr>
<tr>
<td>additional amounts may be acquired if</td>
<td></td>
</tr>
<tr>
<td>certain conditions are met.</td>
<td></td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
**Prior approval**  No.  
**Quantitative limits**  Yes.  Foreigners residing and working in Burundi may transfer abroad their total salary after payment of their taxes and deduction of local expenses.  
**Indicative limits/bona fide test**  Yes.  A work contract is required.  
Credit card use abroad  Yes.  The use of credit cards abroad is subject to the same ceilings as payments for services and other operations against foreign exchange accounts.  
**Prior approval**  No.  
**Quantitative limits**  Yes.  The use of credit cards abroad is subject to the same ceilings as payments for services and other operations against foreign exchange accounts (Article 76 of the Foreign Exchange Regulations).  
**Indicative limits/bona fide test**  No.  
**Other payments**  Yes.  Consulting and legal fees are limited to amounts indicated by invoices.  
**Prior approval**  No.  
**Quantitative limits**  No.  
**Indicative limits/bona fide test**  Yes.  Consulting and legal fees are limited to amounts indicated by invoices.  
**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**  
**Repatriation requirements**  Yes.  Residents are required to repatriate receipts from exports of services. There is no mandatory deadline. The terms and conditions of the attendant contracts or agreements must be applied.  
Surrender requirements  No.  
**Surrender to the central bank**  No.  
**Surrender to authorized dealers**  No.  
**Restrictions on use of funds**  No.  
**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**  
**Controls on capital transactions**  Yes.  Capital transfers abroad by residents require individual prior authorization by the BRB. The financial account is not fully liberalized.  
Repatriation requirements  No.  
**Surrender requirements**  No.  
Surrender to the central bank  No.  
Surrender to authorized dealers  No.  
**Controls on capital and money market instruments**  Yes.  
**On capital market securities**  Yes.
<table>
<thead>
<tr>
<th>Class of Securities</th>
<th>Residents</th>
<th>Nonresidents</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
<td>No</td>
<td>Purchases may be effected in foreign exchange or in Burundi francs of lawful origin. No approval is required.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
<td>Investments in Burundi by nonresidents are unrestricted (Article 61 of the Foreign Exchange Regulations of June 2010). There are no restrictions. There are no regulations specific to securities.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
<td>Purchases are subject to BRB approval. Insurance companies require approval to acquire equity stakes in foreign firms.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td></td>
<td>BRB approval is required (Article 63 of the Foreign Exchange Regulations of June 2010).</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes</td>
<td></td>
<td>These operations are not specifically identified in the Foreign Exchange Regulations of June 2010.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
<td>Purchases may be made with nonresidents’ foreign exchange funds or in Burundi francs of lawful origin. There are no restrictions. There is no minimum holding period requirement for such bonds.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
<td>These transactions are unrestricted.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
<td>BRB approval is required.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
<td>These transactions are unrestricted.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
<td>These transactions are unrestricted.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
<td>These transactions are not regulated.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
<td>BRB approval is required.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
<td>These transactions are unrestricted.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
<td>These transactions are unrestricted.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
<td>Specific regulations on such instruments are not available as the capital market is not yet in place. These transactions are unrestricted.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
<td>BRB approval is required.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
<td>These transactions are unrestricted.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td></td>
<td>There is no derivatives market in Burundi.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
<td>There is no derivatives market in Burundi.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
<td>There is no derivatives market in Burundi.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
<td>BRB approval is required.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
<td>There is no derivatives market in Burundi.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes</td>
<td></td>
<td>BRB approval is required. Article 63 of the Exchange Regulation of June 2010 applies.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
<td>These transactions are unrestricted. Residents may, for the purposes of their activities in Burundi, contract loans from nonresidents in</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Foreign currency that are repayable according to the contractual conditions of the loan (Article 64 of the Exchange Regulation of June 2010).

### Financial credits

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>BRB approval is required. Article 63 of the Exchange Regulation of June 2010 applies.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td>These transactions are unrestricted. Residens may, for the purposes of their activities in Burundi, contract loans from nonresidents in foreign currency that are repayable according to the contractual conditions of the loan (Article 64 of the Exchange Regulation of June 2010).</td>
</tr>
</tbody>
</table>

### Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td>These transactions are not regulated.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td>These transactions are not regulated.</td>
</tr>
</tbody>
</table>

### Controls on direct investment

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outward direct investment</td>
<td>Yes</td>
<td>Outward direct investment by residents is subject to BRB approval.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No</td>
<td>There are no restrictions on foreign investment (Article 61 of the Foreign Exchange Regulations of June 2010). There is no approval requirement or quantitative limitation, and there are no sector-specific controls.</td>
</tr>
</tbody>
</table>

### Controls on liquidation of direct investment

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers of foreign capital with repatriation guarantees do not require individual authorization. Repatriation of investments by nonresidents is unrestricted (Article 62 of the 2010 version of the Foreign Exchange Regulations). The repatriation request must be made to a bank and accompanied by the following: (1) the amount to be repatriated; (2) a sales contract or other document verifying the source of the amount to be transferred; and (3) proof of payment of tax on the revenue to be transferred. There is no approval requirement or quantitative limitation, and there are no sector-specific controls.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Controls on real estate transactions

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>BRB approval is required. Article 63 of the Exchange Regulation of June 2010 applies.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td>These transactions are unrestricted. Purchases may be made with nonresidents’ foreign exchange funds or in Burundi francs of lawful origin (Article 61 of the Exchange Regulation of June 2010).</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes</td>
<td>Transfer of proceeds from the sale of real estate by nonresidents is permitted, provided the purchaser pays in foreign currency if the purchaser is a nonresident. Resident buyers must pay in domestic currency, and the seller receives the foreign currency by conversion through a foreign exchange operation.</td>
</tr>
</tbody>
</table>

### Controls on personal capital transactions

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>Yes</td>
<td>BRB authorization is required. These transactions are not specifically regulated if they are effected in domestic currency.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>These transactions are unrestricted. For purposes of their activities in Burundi, residents can contract foreign-currency-denominated loans from nonresidents (Article 64 of the 2010 Foreign Exchange Regulations).</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td>These transactions are not specifically regulated if they are effected</td>
</tr>
<tr>
<td>Activity</td>
<td>Status</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Legacies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Category</td>
<td>Burundi</td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes. Approval is required.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No. No approval is required.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes. Open positions are not authorized.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes. Open positions are not authorized.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes. Insurance companies require approval to acquire equity stakes in foreign firms.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes. Insurance companies require approval to acquire equity stakes in foreign firms.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. Insurance companies require approval to acquire equity stakes in foreign firms.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No. This is not regulated.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities</td>
<td>No. This is not regulated.</td>
</tr>
<tr>
<td>limits on investment portfolio held abroad</td>
<td>Yes. Pension funds require approval to acquire equity stakes in foreign firms.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes. Pension funds require approval to acquire equity stakes in foreign firms.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. Pension funds require approval to acquire equity stakes in foreign firms.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No. This is not regulated.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities</td>
<td>No. This is not regulated.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>No. There are no investment firms or collective investment funds in Burundi.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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<tr>
<td>Currency-matching regulations on assets/liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>Changes during 2019 and 2020</td>
<td></td>
</tr>
<tr>
<td>No significant changes occurred in the exchange and trade system.</td>
<td></td>
</tr>
</tbody>
</table>
CABO VERDE
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance: July 1, 2004.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Cabo Verde is the Cabo Verde escudo.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement is a conventional pegged arrangement. The MOFs and CBs of Portugal and Cabo Verde have the authority to change the exchange rate arrangement.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Free floating

**Official exchange rate**

Yes. The escudo is pegged to the euro at the rate of CVEsc 110.265 per euro. There is no official bid-ask spread for euros. The official rate is used for accounting and valuation.

**Monetary policy framework**

Exchange rate anchor

Yes.

**U.S. dollar**

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro.

The Bank of Cabo Verde (BCV) collaborates with the government in defining the country’s monetary and exchange rate policy, which aims to achieve and maintain price stability. However, the implementation of monetary and exchange rate policy is done autonomously by the BCV.

The operational framework for monetary policy uses the interest rate as its operational target, exchange rate stability as an intermediate objective, and the maintenance of price stability as a final objective. The (semiannual) Monetary Policy Report and the monetary policy guidelines are analyzed/discussed (bimonthly) in the Monetary Policy Committee and approved by the Board of Directors of the BCV.

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

**Other**

Government and Central Bank

**Inflation target**

Target number

**Point target**

**Target with tolerance band**

**Band/Range**

Target measure

**CPI**

**Core inflation**
Commercial banks may buy and sell foreign currency. They may freely negotiate exchange rates and fees for purchases and sales of all foreign currency, except the euro, which must be traded at the official rate.

Under the terms of Article 12 of Legislative Decree No. 3/2018 of June 22, 2018, foreign exchange trading in Cabo Verde is generally done only by financial institutions expressly authorized thereto by the legal and regulatory rules governing their activity, except in specific cases of international money orders (Article 13) and manual exchange (Article 14).

On an exceptional basis, the Central Bank of Cabo Verde may authorize entities not referred to above to trade in foreign exchange and travelers’ checks, provided they meet the requirements defined in an Official Notice (Aviso).

The operations of the foreign exchange market are regulated through CB Technical Instruction No. 121/2005.

There is a parallel foreign exchange market in Cabo Verde. The exchange rates practiced in this market have been close to the rates applied in the formal market.


As of end-2019, there were two foreign exchange bureaus operating in the country. Foreign exchange bureaus can buy and sell foreign banknotes and coins and traveler’s checks and may also provide money transfer services to and from abroad (under the conditions specified in Aviso No. 3/2003). Foreign exchange bureaus may maintain accounts abroad, within the framework of the liberalization promoted by Legislative Decree No. 3/2018 of June 22, 2018. Licensed foreign exchange bureaus are authorized to conduct foreign
Operated by the central bank
Yes.

Foreign exchange standing facility
Yes.

The BCV buys and sells escudos for euros at the announced exchange rate. There is no official bid-ask spread for euros. The BCV engages in sales and purchases of foreign currency with commercial banks and the government on demand. There are no restrictions on access to foreign currency.

Allocation
No.

Auction
No.

Fixing
No.

Interbank market
Yes.

Commercial banks may trade foreign currency with each other. All seven commercial banks participate in the interbank foreign exchange market, but there are virtually no interbank foreign exchange transactions.

Entities authorized to trade in foreign exchange may freely negotiate the exchange rates and fees to be applied when trading in the quoted currencies, except the euro, which must be traded at the official rate because the Cabo Verde escudo is pegged to it.

Over the counter
Yes.

Banks are free to negotiate exchange rates and fees for purchases and sales of all foreign currencies, except the euro, which must be traded at the official rate.

Brokerage
No.

Market making
No.

Forward exchange market
Yes.

The regulation governing the forward foreign exchange market (BCV Technical Instruction No. 121/2005) dates from 2005. Only credit institutions are authorized to contract and engage in foreign exchange forward transactions, in Cabo Verde and abroad, for the purpose of hedging the foreign exchange risks inherent to commercial or financial transactions in foreign currency. The said institutions may enter into contracts with residents, with each other, and with nonresident credit institutions.

Official cover of forward operations
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements
No.

Most dealings in foreign exchange with the general public are conducted by seven commercial banks: (1) Banco Comercial do Atlântico, (2) Caixa Económica de Cabo Verde, (3) Banco Caboverdiano de Negócios, (4) Banco Interatlântico, (5) Banco Africano de Investimentos, (6) Ecobank, and (7) Internacional Investment Bank de Cabo Verde.

Controls on the use of domestic currency
No.

For current transactions and payments
No.

For capital transactions
No.

Transactions in capital and money market instruments
No.

Transactions in derivatives and other instruments
No.

Credit operations
No.
Under Legislative Decree No. 3/2018 of June 22, 2018, there are no restrictions against the use of foreign exchange among residents. Also, there are no restrictions against the use of foreign exchange between residents and nonresidents. Article 18 of Legislative Decree No. 3/2018 of June 22, 2018, provides that residents may reciprocally assume debts or grant credits denominated in foreign currency or in units of account used in international payments and clearing arrangements.

Foreign exchange transactions were fully liberalized, according to Legislative Decree No. 3/2018 of June 22, 2018. The BCV serves as the country’s foreign exchange authority, pursuant to the terms of Article 25 of Legislative Decree No. 3/2018 of June 22, 2018.

The June 2018 foreign exchange law fully liberalized foreign exchange transactions and economic and financial operations with entities abroad. This rendered irrelevant the prior authorization, prior verification process, and the special and prior authorization to which certain operations were previously subjected. However, in exceptional circumstances and in consultation with the BCV, the government may impose temporary restrictions on economic, financial, and foreign exchange transactions undertaken by residents with nonresidents (Article 23 of Legislative Decree No. 3/2018 of June 22, 2018).

Article 15 of Legislative Decree No. 3/2018 of June 22, 2018, provides that foreign exchange transactions must be conducted through an institution authorized to trade in foreign exchange, except in the cases identified in the decree.

As per Legislative Decree No. 3/2018, there are no limits on exports of domestic currency.
### Resident Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>No. As per Legislative Decree No. 3/2018, there are no limits on exports of foreign currency.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No. As per Legislative Decree No. 3/2018, there are no limits on imports of domestic currency.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No. As per Legislative Decree No. 3/2018, there are no limits on imports of foreign currency.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks:**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes. Article 19 of Legislative Decree No. 3/2018 of June 22, 2018, provides that accounts may be freely opened and operated in national territory.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes. Article 19 of Legislative Decree No. 3/2018 of June 22, 2018, provides that accounts may be freely opened and operated in national territory.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No. Approval is not required.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks:**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th><strong>Imports and Import Payments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange budget</strong></td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
</tr>
</tbody>
</table>

**Article 10 of Legislative Decree No. 3/2018 of June 22, 2018, provides that economic and financial transactions may be freely contracted with entities abroad, without prejudice to the provisions of Article 23.**

The only requirement is to provide statistical data and conserve their respective elements, pursuant to Aviso No.6/2018 of August 27. Institutions authorized to trade in foreign exchange may, subject to their Due Diligence, the Know Your Customer principle, and the application of legislation of another nature (for example, within the scope of anti-money laundering and the financing of terrorism), request the documentation necessary to provide the service, irrespective of whether the transaction involves foreign exchange.

**Domiciliation requirements** | No. |

**Article 16 of Legislative Decree No. 3/2018 of June 22, 2018, provides that payments between residents and nonresidents to settle economic and financial transactions with entities abroad may be made directly through any means of payment denominated in escudos or in foreign currency.**

**Article 20 of Legislative Decree No. 3/2018 of June 22, 2018, provides that accounts with nonresident institutions may be freely opened and operated.**

**Preshipment inspection** | No. |

**Letters of credit** | No. |

**Import licenses used as exchange licenses** | No. |

**Other** | No. |

**Import licenses and other nontariff measures** | Yes. |

Import licensing was delegated to the Chambers of Commerce in 2000 through the protocols published in B.O. 1, Series II of January 3, 2000. A series of subsequent trade legislation maintained the option to delegate powers through the signing of a protocol to enable the two Chambers of Commerce existing in Cabo Verde to issue import licenses on behalf of the government.

Import licenses that are issued will be valid for one year and may be renewed for a further year.

**Positive list** | No. |

restrictions and a list of goods which may not be imported into Cabo Verde.

Chapter III of the Customs Code defines prohibited goods as those whose importation or exportation is prohibited in Cabo Verde in any way or is subject to restrictions relating to quality, packaging, or special formalities. Similarly, goods whose importation or exportation is not accompanied by the appropriate specific document, legally required for this purpose, are also considered prohibited.

Import licenses are generally issued freely, with the exception of certain goods that are prohibited or restricted by law. For example, drugs are imported exclusively by the national pharmaceutical firm Empresa Nacional de Produtos Farmacêuticos (EMPROFAC) - Decree-Law No. 53/79 of June 9, 1979.

With the exception of imports channeled through the small packages regime, which are of a noncommercial nature with a value of up to CVEsc 100,000 and a weight not exceeding 150 kg, as well as donations and aid to the government/municipalities and nonprofit entities that are not required to submit import licenses, all other imports are subject to licensing and/or administrative authorizations (sanitary and phytosanitary certificates, authorization to import arms, munitions, etc.).

Article 4 of Legislative Decree No. 68/2005 of October 2005 established specific products exempt of licensing:

“The following must be exempt from licensing:
(1) Imports of merchandise without commercial value as defined by order of the member of government responsible for foreign trade;
(2) Active and passive processing operations, temporary imports, reimporting on an as-is basis, reexporting, and transit operations;
(3) Merchandise imports subject to special duty-free, bonded warehouse, free warehouse, and special customs warehouse systems;
(4) Industrialized merchandise earmarked for consumption in international congresses, fairs, exhibitions, and similar events;
(5) Imports of merchandise earmarked to supply ships and aircraft, as provided in the relevant legislation;
(6) Merchandise that is seized, abandoned, found at sea, discarded, or salvaged from wrecks, and sold at auction; and
(7) Imports of merchandise without foreign exchange expenditure, owned by airlines or maritime navigation companies and intended for their exclusive use.”

As per Article 5 of Legislative Decree No. 68/2005 of October 2005:

“The following merchandise must be subject to non-automatic licensing:
(1) Merchandise subject to health, phytosanitary, and safety inspections;
(2) Merchandise subject to mandatory restrictions defined by law. Applications for the importing of merchandise referred above must be accompanied with a certificate of compliance issued by the competent authorities.”

Pursuant to Article 43 of Legislative Decree No. 4/2010 of June 3, 2010:

1. For purposes of this Code, all merchandise for which importing or exporting is prohibited in any way or that are subject to restrictions deriving from rules applicable to quality, packaging, or special formalities will be considered prohibited merchandise.
2. Merchandise for which importing or exporting is not accompanied with the appropriate specific document required by law for that
Import taxes and/or tariffs: Yes.

There are currently 13 tariff bands with a maximum rate of 55% and an unweighted average of 11%.

Import duty has been reduced in accordance with the commitments made by Cabo Verde in connection with List CLXI List appended to the Protocol of Accession of Cabo Verde to the WTO, approved under Resolution No. 73/VII/2008 of June 19, 2008, as subsequently amended under Resolution No. 99/VII/2009 of May 11, 2009, covering reductions for information and communication technology and civil aviation products that began in 2010 and ended in 2018.

The Customs Statistics Tax was established under Article 31 of Law No. 23/VIII/2012 of December 31, 2012.

In the context of providing incentives for domestic industry and fighting the use and abuse of alcohol, tobacco, and sugar products, the import duty and excise duty rates for the products listed in Article 32 of Law No. 5/IX/2016, B.O. 73, Series I of December 30, 2016, were increased in 2017. The taxes are applicable to all imports from third-party countries.

As a member of the ECOWAS, Cabo Verde applies the trade liberalization scheme under which originating products benefit from import duty exemptions.

Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No. As per Legislative Decree No. 3/2018 of June 22, 2018, export proceeds no longer need to be repatriated.

Surrender requirements: No.

- Surrender to the central bank: No.
- Surrender to authorized dealers: No. As per Legislative Decree No. 3/2018 of June 22, 2018, the surrender requirement for export proceeds was abolished.

Financing requirements: No.

Documentation requirements: No.

- Letters of credit: No.
- Guarantees: No.
- Domiciliation: No.
- Preshipment inspection: No.
- Other: No.

Export licenses: No.

Without quotas: No.
With quotas No.

**Export taxes**

Collected through the exchange system No.
Other export taxes No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

| Controls on these transfers | No. | Legislative Decree No. 3/2018 of June 22, 2018, decreed the full liberalization of all economic and financial relations with the outside world.

Trade-related payments

Prior approval No.
Quantitative limits No.

Indicative limits/bona fide test No. As per Legislative Decree No. 3/2018 of June 22, 2018, there are no controls on these transfers.

Investment-related payments

Prior approval No.
Quantitative limits No.

Indicative limits/bona fide test No. As per Legislative Decree No. 3/2018 of June 22, 2018, there are no controls on these transfers.

Payments for travel

Prior approval No. As per Legislative Decree No. 3/2018 of June 22, 2018, payments for travel are no longer subject to approval.
Quantitative limits No. As per Legislative Decree No. 3/2018 of June 22, 2018, payments for travel are no longer subject to quantitative limits.
Indicative limits/bona fide test No. As per Legislative Decree No. 3/2018 of June 22, 2018, there are no controls on payments for travel.

Personal payments

Prior approval No.
Quantitative limits No.

Indicative limits/bona fide test No. As per Legislative Decree No. 3/2018 of June 22, 2018, there are no controls on these transfers.

Foreign workers' wages

Prior approval No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transfers are no longer subject to approval.
Quantitative limits No.
Indicative limits/bona fide test No. As per Legislative Decree No. 3/2018 of June 22, 2018, there are no controls on these transfers.

Credit card use abroad

Prior approval No.
Quantitative limits No.
### Cabo Verde

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
<th>As per Legislative Decree No. 3/2018 of June 22, 2018, there are no controls on these transfers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, there are no controls on these transfers.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
<th>As per Legislative Decree No. 3/2018 of June 22, 2018, proceeds from invisible transactions and current transfers no longer need to be repatriated.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, the surrender requirement for proceeds from invisible transactions and current transfers was abolished.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>No.</th>
<th>Legislative Decree No. 3/2018 of June 22, 2018, decreed the full liberalization of all economic and financial relations with the outside world, especially capital movements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
<td>In accordance with Legislative Decree No. 3/2018 of June 22, 2018, repatriation of revenue from capital operations is no longer required.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, the surrender requirement for proceeds from capital transactions was abolished.</td>
</tr>
</tbody>
</table>

### Controls on capital and money market instruments

<p>| On capital market securities     | No. |                                                                                               |
| Shares or other securities of a participating nature | No. |                                                                                               |
| Purchase locally by nonresidents| No. |                                                                                               |
| Sale or issue locally by nonresidents | No. |                                                                                               |
| Purchase abroad by residents     | No. | These transactions are permitted; however, they must be effected through the stock market or ADs. |
| Sale or issue abroad by residents| No. |                                                                                               |
| Bonds or other debt securities   | No. |                                                                                               |
| Purchase locally by nonresidents | No. |                                                                                               |</p>
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Requirement</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td>These transactions are permitted; however, they must be effected through the stock market or ADs.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>Legislative Decree No. 3/2018 of June 22, 2018, liberalized all current and capital operations, concluding the process of liberalizing Cabo Verde's economic and financial activities. Accordingly, free access was maintained for nonresidents to the domestic secondary market.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Decree-Law No. 43/2018 of July 2, 2018, designed to stimulate the secondary public debt market created public debt market development operators and liquidity operators. These operators are financial intermediaries and may be Cabo Verde or foreign nationals.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
<td>Transactions in derivatives are permitted under the terms of Legislative Decree No. 3/2018 of June 22, 2018.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, restrictions on these transactions were eliminated.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, restrictions on these transactions were eliminated.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, restrictions on these transactions were eliminated.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, restrictions on these transactions were eliminated.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval by the BCV.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval by the BCV.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval by the BCV.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval by the BCV.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
### Backup Facilities
- **By residents to nonresidents**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval by the BCV.
- **To residents from nonresidents**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval by the BCV.

### Controls on Direct Investment
- **Outward direct investment**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, controls on outward direct investment were eliminated.
- **Inward direct investment**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, inward direct investments are no longer subject to approval. There is only a notification requirement (ex-ante) under Legislative Decree No. 3/2018.

### Controls on Liquidation of Direct Investment
No.

### Controls on Real Estate Transactions
No.

### Purchase Abroad by Residents
No. As per Legislative Decree No. 3/2018 of June 22, 2018, controls on the purchase abroad by residents of real estate were eliminated.

### Purchase Locally by Nonresidents
No. As per Legislative Decree No. 3/2018 of June 22, 2018, controls on the purchase locally by nonresidents of real estate were eliminated.

### Sale Locally by Nonresidents
No. As per Legislative Decree No. 3/2018 of June 22, 2018, controls on the sale locally by nonresidents of real estate were eliminated.

### Controls on Personal Capital Transactions
No.

### Loans
- **By residents to nonresidents**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval.
- **To residents from nonresidents**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval.

### Gifts, Endowments, Inheritances, and Legacies
- **By residents to nonresidents**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval.
- **To residents from nonresidents**: No.

### Settlement of Debts Abroad by Immigrants
No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval.

### Transfer of Assets
No.

### Transfer Abroad by Emigrants
No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval.

### Transfer Into the Country by Immigrants
No.

### Transfer of Gambling and Prize Earnings
No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to approval.

### References to Legal Instruments and Hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Provisions Specific to the Financial Sector
- **Provisions specific to commercial banks and other credit institutions**: No.
- **Borrowing abroad**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to authorization from the BCV.
- **Maintenance of accounts abroad**: No. As per Legislative Decree No. 3/2018 of June 22, 2018, these accounts may be freely opened and operated, without the need for
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Provisions Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Foreign currency deposits are aggregated with local currency deposits valued at the official exchange rate for the purpose of calculating required reserves. A uniform reserve requirement applies to all deposits.

Liquid asset requirements do not differentiate between currencies.

As per Legislative Decree No. 3/2018 of June 22, 2018, these transactions are no longer subject to authorization from the BCV.

Ministerial Order No. 40/2005 of June 4, 2005, establishes a set of rules governing the type of assets that may represent technical provisions and on the limits of prudential diversification and dispersion, and also a set of principles to be followed by insurers in the definition, implementation, and control of investment policies.

Limits apply according to type of asset, but no distinction is made between residents and nonresidents.

There is still no regulation in this area.
| Limits (max.) on securities issued by nonresidents | n.a. |
| Limits (max.) on investment portfolio held abroad | n.a. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | Yes. |
| Investment firms and collective investment funds | Yes. |
| Limits apply according to type of asset, but no distinction is made between residents and nonresidents. |
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | Yes. |

**References to legal instruments and hyperlinks**

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**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
CAMBODIA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
December 31, 1969.

Article VIII
Yes. Date of acceptance: January 1, 2002.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes. Banks have been instructed to freeze transfers of capital and assets of certain individuals and funds and other financial assets of terrorists and organizations associated with terrorism to combat money laundering, pursuant to relevant UNSC resolutions.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Cambodia is the Cambodian riel.

Other legal tender
No.

Exchange rate structure

Unitary
Yes. The exchange rate regime comprises two rates: the official rate and the market rate. The daily spread between the official and market rates is generally ±1%.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
Yes. The de jure exchange rate arrangement is a managed float. Given the high degree of financial dollarization, the National Bank of Cambodia (NBC) intervenes in the foreign exchange market to accommodate demand for riel and maintain exchange rate stability. The NBC publishes intervention data twice a year, in semiannual
reports and annual reports of the NBC in Khmer language, which will be published on the NBC website with 1–2 months lag. There are also English versions of annual reports but published with a time lag of around 3–5 months. From March 2019, the exchange rate has followed a depreciating trend within a 2% band against the US dollar, with on realignment in October 2019. Accordingly, the de facto exchange rate arrangement has been reclassified to crawl-like from other managed, effective March 18, 2019.

### Pegged exchange rate within horizontal bands
- Other managed arrangement

### Floating
- Free floating

#### Official exchange rate
- Yes. The official exchange rate is based on the average daily market rate of the previous day, which is adjusted by taking into account liquidity conditions in the market. The official rate is used for banks’ and financial institutions’ accounting, customs valuation purposes, and foreign exchange transactions with the government. The NBC’s Official Exchange Rate Determination Committee meets every morning to set the official daily exchange rate, with approval from the director general of Central Banking.

### Monetary policy framework

#### Exchange rate anchor
- Yes.
  - U.S. dollar
  - Euro
  - Composite
  - Other

#### Monetary aggregate target

#### Inflation-targeting framework

##### Target setting body
- Government
- Central Bank
  - Monetary Policy Committee
  - Central Bank Board
- Other
- Government and Central Bank

##### Inflation target
- Target number
- Point target
Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. Commercial banks and money changers are free to set the exchange rate in transactions with their clients. The ADs are allowed to determine freely foreign exchange commissions with their clients.

Spot exchange market Yes. There is no formal spot exchange market. Commercial banks may buy and sell foreign exchange at their own rates. Money changers may also buy and sell banknotes and traveler’s checks at their own rates. The NBC licenses commercial banks and other foreign exchange agents (money changers). Foreign exchange dealers may conduct foreign exchange business, maintain accounts abroad, and buy and sell banknotes and traveler’s checks. There were 94 licensed money changers and 2,819 authorized money changers as of end-2019. Licensed money changers can directly transact with the NBC, and they are able to make foreign currency payment and transfer on behalf of the clients.

Operated by the central bank Yes. The NBC intervenes in the foreign exchange market through purchases and sales of US dollars to maintain a stable exchange rate to achieve price stability. The NBC holds foreign exchange reserves in US dollars, euros, pounds sterling, Australian dollars, and other currencies in accordance with the guidelines of the Investment Committee. The NBC interacts with the market using three channels:
(1) auction; (2) bilateral transaction with money changers and banks; and (3) direct transaction with the government. The current format of NBCs’ interaction with market participants appears to be managing riel liquidity (demand for Cambodian riel (KHR) tax payment, etc.) rather than managing exchange rate volatility. On bilateral basis, the NBC uses the official quote.

| Foreign exchange standing facility | Yes. | The NBC buys and/or sells US dollars and Cambodian riel (KHR) to manage the supply of foreign and the local currency to the market. The NBC also buys and sells US dollars and Cambodian riel directly to the government and public entity, except the Electricité Du Cambodge (EDU). The NBC sells Cambodian riels to market according to market conditions. Since 2012, the NBC has ceased to sell US dollars to market. |
| Allocation | No. | |
| Auction | Yes. | Auction takes place occasionally, depending on the demand from the market. The NBC provides guidance on rates and announces amounts in advance. There is a minimum bid rate, but there is no limit on amounts. There are some penalties for those who do not settle on time. There are no restrictions on the use of currency obtained at auction, but the NBC requests information beforehand on the intended use of local currency purchased. Banks and licensed money changers may participate and are not required to submit information on the intended use of the foreign currency exchange on a transactional or an aggregate basis. Auction results are regularly disclosed to the public. |
| Fixing | No. | |
| Interbank market | Yes. | The interbank foreign exchange market is still at an early stage of development, with the operation taking place on a retail customer basis. Banks conduct transactions among each other through NBC platform (NBCP). There is no limit on the bid-ask spread and commission fee. The number of banks participating in the interbank foreign exchange market in 2019 is 64. The NBC grants licenses to banks, and foreign exchange is one of the businesses that they can operate under bank license. There are a few number of money changers who are the market makers. Money changers are not allowed to participate in the platform. They can trade with the NBC and banks, but not through NBCP, since they do not possess current accounts at NBC. However, NBC is considering the possibility to include money changers via various means of payment options. |
| Over the counter | Yes. | The informal interbank market may operate over the counter, and there are no brokers. |
| Brokerage | No. | Foreign exchange market does not operate based on a brokerage system. |
| Market making | Yes. | There is no exact year when the market-making activities emerged. There are a few money changers who are the market makers, yet the operations are not under control of the CB. The CB also proposes its own quotes to market participants through NBC platform. Money changers are not allowed to participate in the NBCP where banks conduct transactions among each other. |
| Forward exchange market | Yes. | Forward exchange market exists among commercial banks. The CB does not participate in the forward foreign exchange market. There is no exact year when the forward exchange market was formed. |

Official cover of forward operations

| No. | |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>The use of domestic currency is not restricted for payments and receipts between Cambodia and the rest of the world; however, such operations must be undertaken solely through authorized intermediaries.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on the use of domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency can be used for settlement of international current or capital transactions.</td>
<td></td>
</tr>
<tr>
<td><strong>For current transactions and payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>For capital transactions</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Use of foreign exchange among residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>There are two bilateral payments arrangements: one is between the NBC and the State Bank of Vietnam since 2005 and another is between the NBC and the Bank of Thailand since 2006. Effective February 3, 2019, a Memorandum of Understanding on cooperation between the NBC and the Bank of Thailand was agreed on using QR code payment system in local currencies.</td>
<td></td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Regional arrangements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Clearing agreements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Barter agreements and open accounts</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The NBC is responsible for the management of the foreign exchange market. The NBC is authorized to license commercial banks and other agents to engage in foreign exchange transactions and to regulate current and capital transactions. In the event of a foreign exchange crisis, the NBC may issue regulations to be implemented for a maximum period of three months that impose certain temporary restrictions on the activity of authorized intermediaries, particularly on certain transactions specified in the law, on foreign exchange positions, and on loans in domestic currency extended to nonresidents.</td>
<td></td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Official</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Arrears are owed to Russia and the United States.</td>
<td></td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Imports and exports of raw gold and other precious metals are subject to declaration to the NBC, if the value of the transaction</td>
<td></td>
</tr>
</tbody>
</table>

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equals or exceeds US$10,000 or its equivalent. Besides the declaration requirement, there is no restriction on trading externally in gold.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports by travelers of cash exceeding the equivalent of US$10,000 must be declared to Customs at border crossings. The export of domestic currency that exceeds a certain amount must receive prior approval by the CB.</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports by travelers of foreign exchange exceeding US$10,000 or its equivalent must be declared to Customs on exiting Cambodia. Exports of cash, except for US dollars by banks, are subject to NBC authorization. Only the NBC may export US dollar banknotes.</td>
<td></td>
</tr>
</tbody>
</table>

| On imports                                   | Yes. |
| Domestic currency                            | Yes. |
| Imports by travelers of cash exceeding the equivalent of US$10,000 must be declared to Customs at border crossings. The import of domestic currency that exceeds a certain amount must receive prior approval by the CB. |
| Foreign currency                            | Yes. |
| Imports by travelers of foreign exchange exceeding US$10,000 or its equivalent must be declared to Customs. Imports of cash, except for US dollars by banks, are subject to NBC authorization. Only the NBC may import US dollar banknotes. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Balances in these accounts are not subject to limits and may be used to settle domestic obligations. All transactions may be settled in foreign currency. Balances in these accounts are freely transferable abroad.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are no restrictions. The balances can be transferred freely to Cambodia. However, such transactions must be undertaken solely by authorized intermediaries.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are no restrictions.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are no restrictions.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulations apply to residents and nonresidents. Nonresidents may open and transfer abroad from such accounts freely.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>These accounts are permitted. Nonresidents may freely open and maintain accounts in domestic currency in Cambodia. The balances of these accounts are freely transferable in foreign currency abroad as long as the fund is not related to money laundering and/or...</td>
<td></td>
</tr>
</tbody>
</table>
Convertible into foreign currency: Yes. There are no restrictions. The balance can be transferred freely as long as the fund is not related to money laundering and/or financing of terrorism.

Approval required: No.

Blocked accounts: Yes. The accounts related to money laundering and/or financing of terrorism are blocked.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget: No.

Financing requirements for imports: No. Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided the loan disbursements and repayments are made through authorized intermediaries.

Minimum financing requirements: No.

Advance payment requirements: No.

Advance import deposits: No.

Documentation requirements for release of foreign exchange for imports: Yes. Domiciliation requirements: Yes.

Preshipment inspection: No.

Letters of credit: No.

Import licenses used as exchange licenses: No.

Other: No.

Import licenses and other nontariff measures: Yes.

Positive list: No.

Negative list: Yes. Imports of certain products are subject to controls or are prohibited for national security, health, environmental, or moral reasons.

Open general licenses: No.

Licenses with quotas: No.

Other nontariff measures: Yes.

Import taxes and/or tariffs: Yes. Import duties and excise taxes are levied on selected imports. Imported goods are also subject to a 10% VAT.

Taxes collected through the exchange system: No. Taxes are collected through banking system.

State import monopoly: Yes. National Security and warfare products or weapons.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repatriation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>No. Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided the loan disbursements and repayments are made through authorized intermediaries.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domiciliation</strong></td>
<td>Yes. Export proceeds must be handled by authorized domestic banks and credited to an exporter’s account with a domestic bank.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes. Exports of a limited list of goods by either state-owned or private sector entities must be licensed by the Ministry of Commerce. Export licenses are required for sawed timber and some categories of logs. Exports of antiques and several categories of logs are prohibited. Exports of uncut precious stones are subject to the Law on Foreign Exchange.</td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No. Taxes are collected through banking system.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes. Export duties and excise taxes are levied on selected export.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payments</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td></td>
</tr>
<tr>
<td>Payments for travel</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td></td>
</tr>
<tr>
<td>Personal payments</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td></td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td></td>
</tr>
<tr>
<td>&quot;Surrender to the central bank&quot;</td>
<td></td>
</tr>
<tr>
<td>&quot;Surrender to authorized dealers&quot;</td>
<td></td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

<table>
<thead>
<tr>
<th></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
</tbody>
</table>

The securities market (stock market) was launched in Cambodia in 2011, and the trading activity in the secondary market began in April 18, 2012. The NBC issues negotiable certificate of deposits (NCDs) to facilitate liquidity management and promote interbank market.

In the primary market, 20% of each subscription for equity is reserved for Cambodian investors, and the remaining 80% is for both Cambodian and non-Cambodian investors. However, director general of the Securities and Exchange Commission of Cambodia (SECC) may define the reallocation, if the above allocation is not fulfilled. There are no restrictions in the secondary market.

Residents may buy foreign exchange freely at local banks for the purchase of foreign securities.

Residents may buy foreign exchange freely at local banks for the purchase of foreign securities.

Residents may buy foreign exchange freely at local banks for the purchase of foreign securities.

Residents may buy foreign exchange freely at local banks for the purchase of foreign securities.

Residents may buy foreign exchange freely at local banks for the purchase of foreign securities.

Residents may buy foreign exchange freely at local banks for the purchase of foreign securities.

There are no specific regulations regarding derivatives. Banks may, for their customers or on their own behalf, carry out transactions in
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Control Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td>Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided the loan disbursements and repayments are made through authorized intermediaries.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td>Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided the loan disbursements and repayments are made through authorized intermediaries.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided the loan disbursements and repayments are made through authorized intermediaries.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided the loan disbursements and repayments are made through authorized intermediaries.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
<td>Banks and financial institutions cannot grant loans (including lease loans and all types of signatory guarantees) to use overseas.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Banks and financial institutions cannot grant loans (including lease loans and all types of signatory guarantees) to use overseas.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Bank’s external borrowing is subjected to reserve requirement of the rate of 12.5%.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td>There are no specific regulations.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>There are no specific regulations.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>There are no specific regulations.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td>Any amount equaling or exceeding US$10,000 must be subjected to prior declaration to the CB for statistical and anti-money laundering and/or combating the financing of terrorism purposes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
<td>Foreign investors are required to obtain approval from the Council for the Development of Cambodia, but there are no foreign exchange controls.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>Proceeds from the liquidation of FDI in accordance with the provisions of the Investment Law of Cambodia may be transferred freely.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and other transfers</td>
<td>No.</td>
<td>There are no specific regulations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There are no specific regulations.</td>
</tr>
</tbody>
</table>
**legacies**

By residents to nonresidents | No.
---|---
To residents from nonresidents | No.

**Settlement of debts abroad by immigrants**

Transfer of assets | No. These transactions must be effected through authorized intermediaries.
---|---
Transfer abroad by emigrants | No.
Transfer into the country by immigrants | No.

**Transfer of gambling and prize earnings**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

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**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

Yes. Authorized banks must provide the NBC with periodic statements of transfers or settlements and of outflows and inflows of capital between Cambodia and other countries. Loans and borrowing, including trade credits, may be freely contracted between residents and nonresidents, provided the loan disbursements and repayments take place through authorized intermediaries. However, during a foreign exchange crisis, the NBC may issue regulations to be implemented for up to three months that temporarily restrict authorized intermediaries’ activity, particularly for certain transactions specified in the law, foreign exchange positions, and loans in domestic currency to nonresidents.

Borrowing abroad | No. The reserve requirement of 12.5% is placed for external borrowing.
Maintenance of accounts abroad | No. There is no restriction on the maintenance of accounts abroad by commercial banks and other financial institutions.
Lending to nonresidents (financial or commercial credits) | Yes. Banks and financial institutions cannot grant loans (including lease loans and all types of signatory guarantees) to use overseas.
Lending locally in foreign exchange | No. Authorized banks may lend locally in foreign exchange and must submit reports to the NBC from time to time.
Purchase of locally issued securities denominated in foreign exchange | No. There are currently no foreign-exchange-denominated securities issued in Cambodia.
Differential treatment of deposit accounts in foreign exchange | Yes. The reserve requirement is 12.5% for foreign currency deposits and external borrowing and 8% for riel deposits and is the same for resident and nonresident accounts. The NBC does not remunerate the additional 4.5% reserve requirement on the foreign deposits. In the wake of the pandemic, effective March 18, 2020, the reserve requirement for local currency deposits and foreign currency deposits & borrowing were cut to 7%.

**Reserve requirements**

Yes.

**Liquid asset requirements**

No. Effective January 1, 2020, banks must at all times have a liquidity coverage ratio of at least 100%, regardless of the denomination of the currency of the account. This requirement was gradually phased in since September 1, 2016 from 60%.

**Interest rate controls**

Yes. For microfinance institutions (including Microfinance Deposit-Taking Institutions (MDIs), Microfinance Institutions (MFIs), and Rural Credit Institutions), the interest rate cap is 18% per annum.

**Credit controls**

No.
Differential treatment of deposit accounts held by nonresidents

*Reserve requirements* No. Reserve requirements do not differentiate between resident and nonresident accounts. Reserve requirement rate is 8% for domestic currency deposits and 12.5% for foreign currency deposits.

*Liquid asset requirements* No. Effective January 1, 2020, banks must at all times have a liquidity coverage ratio of at least 100% for residents’ and nonresidents’ accounts. This requirement was gradually phased in since September 1, 2016, from 60%.

*Interest rate controls* No.

*Credit controls* No.

*Investment regulations* Yes.

*Abroad by banks* Yes. Banks may not use deposits collected in Cambodia abroad.

*In banks by nonresidents* No. Regulations are the same for residents and nonresidents.

*Open foreign exchange position limits* Yes. Banks have to maintain a net open foreign exchange position less than 20% for each individual foreign currency and aggregate foreign currencies.

*On resident assets and liabilities* Yes.

*On nonresident assets and liabilities* Yes.

*Provisions specific to institutional investors* Yes. The SECC has drafted the Prakas on Qualified Investor in Securities Sector. Qualified Investors include Institutional Investor and High Net Worth Investors (Legal and Nature person).

*Insurance companies* Yes.

*Limits (max.) on securities issued by nonresidents* No.

*Limits (max.) on investment portfolio held abroad* No.

*Limits (min.) on investment portfolio held locally* Yes. In the primary market, 20% of each subscription for equity is reserved for Cambodian investors, and the remaining 80% is for both Cambodian and non-Cambodian investors. However, director general of the SECC may define the reallocation, if the above allocation is not fulfilled. There are no restrictions in the secondary market.

*Currency-matching regulations on assets/liabilities composition* No.

*Pension funds* Yes.

*Limits (max.) on securities issued by nonresidents* No.

*Limits (max.) on investment portfolio held abroad* No.

*Limits (min.) on investment portfolio held locally* Yes. In the primary market, 20% of each subscription for equity is reserved for Cambodian investors, and the remaining 80% is for both Cambodian and non-Cambodian investors. However, Director General of the SECC may define the reallocation, if the above allocation is not fulfilled. There are no restrictions in the secondary market.

*Currency-matching regulations on assets/liabilities composition* No.

*Investment firms and collective investment funds* Yes.

*Limits (max.) on securities issued by* No.
In the primary market, 20% of each subscription for equity is reserved for Cambodian investors, and the remaining 80% is for both Cambodian and non-Cambodian investors. However, Director General of the SECC may define the reallocation, if the above allocation is not fulfilled. There are no restrictions in the secondary market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification

Crawl-like arrangement 03/18/2019 From March 2019, the exchange rate has followed a depreciating trend within a 2% band against the US dollar, with on realignment in October 2019. Accordingly, the de facto exchange rate arrangement has been reclassified to crawl-like from other managed.

Arrangements for Payments and Receipts

Payments arrangements

Bilateral payments arrangements

Operative 02/03/2019 A Memorandum of Understanding on cooperation between the National Bank of Cambodia and the Bank of Thailand was agreed on using QR code payment system in local currencies.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange Reserve requirements 03/18/2020 The reserve requirement for foreign currency deposits and borrowing was cut to 7% from 12.5%, and the local currency reserve requirement was cut to 7% from 8%.

Liquid asset requirements 01/01/2020 Banks must at all times have a liquidity coverage ratio of at least 100%, regardless of the denomination of the currency of the account. This requirement was gradually phased in since September 1, 2016 from 60%.

Differential treatment of deposit accounts held by nonresidents Liquid asset requirements 01/01/2020 Banks must at all times have a liquidity coverage ratio of at least 100% for residents’ and nonresidents’ accounts. This requirement was gradually phased in since September 1, 2016, from 60%.
CAMEROON

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 10, 1963.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 1, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |

For security reasons, Cameroon supports UNSC Resolution No. 1373 to combat money laundering and terrorism financing (Regulation No. 01/03/CEMAC/UMAC/CM of April 4, 2003), UNSC Resolution No. 1267 (1999), and restricts financial transactions and freezes accounts if they relate to terrorists or organizations associated with terrorism pursuant to the updated list of organizations associated with terrorism drawn up by the U.S. State Department.

Other security restrictions | Yes. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

| Currency | Yes. |
| Other legal tender | No. |

The currency issued within the CEMAC, which is legal tender in Cameroon and all other member countries, is the CFA franc.

Exchange rate structure

Unitary | Yes. |
Dual |
Multiple |

Classification

No separate legal tender |
Currency board |
Conventional peg | Yes. |

The exchange rate arrangement of the Central African Monetary Union is a conventional peg. Cameroon participates in the Central African Monetary Union and has no separate legal tender. The MCA between CEMAC member countries and France is based on three principles: (1) a common CB; (2) fixed parity with the euro; and (3) an unlimited convertibility guarantee. Article 16 empowers the finance ministers of signatory countries (Joint Monetary Committee) to amend the MCA. Article 17 permits signatories to renounce the agreement. Article 18 specifies that the expulsion of a member
country from the BEAC automatically results in that country’s renunciation of the MCA.

Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

Yes. The CFA franc is officially pegged to the euro, the intervention currency, at a fixed rate of CAF 655.957 per euro. The exchange rate is fixed by Article 12 of the MCA of November 23, 1972, between the BEAC and France, which states that the par value may be modified following consultation among the signatory countries (BEAC members and France), taking into account the demands of the economic and financial situation of the member countries. Exchange transactions in euros between the BEAC and commercial banks are made at this rate. Buying and selling rates for certain other foreign currencies are also listed officially based on the fixed rate for the euro and the rates for these foreign currencies prevailing in the Paris foreign exchange market. The official rate is used for accounting and valuation.

**Monetary policy framework**

Exchange rate anchor  Yes.

*U.S. dollar*

*Euro*  Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number
Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  Yes. Effective June 10, 2019, transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax. Licensed intermediaries may effect transfers with the rest of the world through the BEAC. Within the CEMAC, transfers of funds are subject to transfer fees determined freely by the market and not exceeding 0.25%, excluding the VAT and any other special tax.

Exchange subsidy  No.

Foreign exchange market  Yes.

Spot exchange market  Yes. Licensing of exchange bureaus is the responsibility of the MOFs of the CEMAC member countries, after the consent of the CB. Their operations are limited to OTC transactions. Licensed intermediaries, who set their own exchange rates with their customers for currencies other than the euro, may freely conduct exchange transactions with their customers. Licensed intermediaries consisted of 25 exchange bureaus and 14 banks, as of December 31, 2019. The BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.
| Operated by the central bank | Yes. | The BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries. |
| Foreign exchange standing facility | Yes. | Within the limits of available stocks, the BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries. |
| Allocation | No. |
| Auction | No. |
| Fixing | No. |
| Interbank market | Yes. | There are no restrictions on interbank foreign exchange transactions within the CEMAC. Exchange transactions are OTC transactions. The BEAC does not intervene in exchange transactions within the CEMAC. These transactions are freely conducted by operators licensed by the MOF with the approval of the Central African Banking Commission (COBAC). Effective June 10, 2019, a fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks. This fee covers all charges on OTC transactions and the intermediation margin. All the 14 banks are allowed to participate to the interbank market. |
| Over the counter | Yes. | Foreign exchange transactions are conducted on an OTC basis. |
| Brokerage | No. |
| Market making | No. |
| Forward exchange market | Yes. | There is no forward foreign exchange market in the CEMAC. Licensed intermediaries may enter into forward exchange contracts on presentation of supporting documentation (invoices, debt repayment schedules, or other foreign-currency-denominated debt instruments) and must report such activities to the BEAC. They are required to adhere to the limits of foreign holdings allowed by the Banking Commission. |
| Official cover of forward operations | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** | Yes. |
| Controls on the use of domestic currency | No. | Within the CEMAC, the CFA franc is used freely for payments and receipts relating to current and capital transactions and payments. Settlements with all countries other than CEMAC members must be made through correspondent banks in one of the currencies of the two parties or in any other currency agreed on by the two parties to the transaction. |
| For current transactions and payments | No. |
| For capital transactions | No. |
| Transactions in capital and money market instruments | No. |
| Transactions in derivatives and other instruments | No. |
| Credit operations | No. |
Use of foreign exchange among residents: Yes. The monetary unit is the CFA franc, which is the sole official currency and legal tender in all CEMAC member countries. Consequently, transactions among residents must be settled in domestic currency.

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><em>Operative</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Inoperative</em></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>An operations account links all the countries with the French Treasury. All purchases and sales of foreign currencies and euros in exchange for CFA francs are ultimately settled by a debit or credit to the operations account. Governments may maintain foreign currency deposits related to oil reserves at commercial banks and use them to meet their external debt service obligations. Exchange regulations in the CEMAC member countries are harmonized.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Administration of control**

Yes. Administration of the foreign exchange regulations is the responsibility of the CB, which may delegate all or a portion of their authority to the MOF, the COBAC, and licensed intermediaries. For example, authority is delegated to licensed intermediaries to carry out transactions with the rest of the world. They must verify the validity of transactions, collect statistics, and report these activities to the monetary authorities. However, certain types of transactions may not be delegated. The BEAC supervises the exchange regulations; evaluates foreign exchange hedging operations; reviews requests for approval of opening of foreign exchange accounts by some resident legal entities; and monitors the repatriation of export proceeds. The COBAC ensures that licensed intermediaries comply with certain provisions of these regulations, especially to prevent weakening of the CEMAC banking system.

**Payments arrears**

No. Licensed intermediaries may freely execute their customers’ payment orders. The related transfers may, at their request, be made through the BEAC. In this context, the MCA with France serves to guarantee the convertibility of the CFA franc. No payment arrears are allowed on the grounds that insufficient foreign exchange is available.

| Official | No. |
| Private | No. |
| Controls on trade in gold (coins and/or bullion) | Yes. |
| On domestic ownership and/or trade | No. |
| CEMAC residents are free to hold, purchase, and sell gold in any form within the CEMAC. |
| On external trade | Yes. |
| Except in the case of manufactured articles containing small quantities of gold, CEMAC gold imports and exports are subject to approval by the appropriate authorities. The national treasuries and the BEAC are exempt from this requirement. |
| Controls on exports and imports of banknotes | Yes. |
| Residents and nonresidents traveling from one country to another within the CEMAC may take with them an unlimited amount of CEMAC banknotes and coins. |
| On exports | Yes. |
### Domestic currency

**Yes.** CFA francs issued by the BEAC may not be exported to countries outside the CEMAC. However, effective March 1, 2019, departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000). During their trips outside the CEMAC, travelers must use payment instruments other than BEAC banknotes (foreign currency, traveler’s checks, bank drafts, transfers, etc.).

### Foreign currency

**Yes.** Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities. Nonresident travelers leaving the CEMAC may take with them foreign currency valued at up to the amount they declared on entering the CEMAC. If they made no declaration on entry or if they are carrying sums exceeding those they brought into the CEMAC, they must explain the source of the amount in excess of CFAF 5 million. Supporting documents include pay slips and work permits (wage income), student cards (parental assistance for students and trainees), and notarized instruments (donations), among others.

### On imports

**Yes.** CFA francs issued by the BEAC may not be imported from countries outside the CEMAC. However, effective March 1, 2019, arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

### Foreign currency

**No.** Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted**  
Yes.

**Held domestically**  
Yes. Residents may not open foreign exchange accounts in local banks. However, the BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts.

**Approval required**  
Yes. The BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts. Effective March 1, 2019, the authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

**Held abroad**  
Yes. Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM effective March 1, 2019. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

**Approval required**  
Yes. The BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive effective June 2019.
### Accounts in domestic currency held abroad

**Yes.** Effective March 1, 2019, accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

### Accounts in domestic currency convertible into foreign currency

**No.**

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Nonresident Accounts

#### Foreign exchange accounts permitted

**Yes.** There are no restrictions on the opening of nonresident foreign exchange accounts within the CEMAC. Licensed intermediaries may open such accounts for any nonresident, on request, provided they inform the monetary authorities. Such accounts may not be overdrawn.

#### Approval required

**No.**

#### Domestic currency accounts

**Yes.** There are no restrictions on the opening of nonresident CFA franc accounts within the CEMAC. Licensed intermediaries may open such accounts for nonresidents, on request, provided they inform the monetary authorities. Such accounts may not be overdrawn.

#### Convertible into foreign currency

**No.**

#### Approval required

**No.**

#### Blocked accounts

**No.**

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Imports and Import Payments

#### Foreign exchange budget

**No.** The exchange regulations do not limit access to foreign exchange. Payments for imports must be made regularly through licensed intermediaries.

#### Financing requirements for imports

**No.** Economic agents may freely enter into commercial contracts with their partners abroad. These contracts are executed through the banking system, subject to compliance with the exchange regulations.

#### Minimum financing requirements

**No.** There are no financing requirements.

#### Advance payment requirements

**No.**

#### Advance import deposits

**No.**

#### Documentation requirements for release of foreign exchange for imports

**Yes.** For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license. Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents.

#### Domiciliation requirements

**Yes.** Imports valued at more than CFAF 5 million must be domiciled with a resident licensed intermediary.

#### Preshipment inspection

**Yes.** There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard. In Cameroon, imports with an f.o.b. value exceeding the equivalent of CFAF 2 million are subject to inspection by the Société Générale de Surveillance.

#### Letters of credit

**No.** The use of LCs by economic agents for the settlement of transactions is allowed but optional.
**Import licenses used as exchange licenses**  
No. Import licenses are not used in the CEMAC countries to restrict the availability of foreign exchange for legitimate trade, as defined in the Compilation Guide. When such licenses exist, they are used for trade policy purposes.  

**Other**  
Yes. For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license (registration number, professional ID card, extract from the commercial registry, or tax clearance). Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents. Effective March 1, 2019, legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

**Import licenses and other nontariff measures**  
Yes. In general, CEMAC countries no longer use quantitative restrictions as a means of protecting local production. Merchandise originating from all countries may be freely imported, with the exception of gold, to which special regulations apply. In Cameroon, importers are required to file an import declaration with the Société Générale de Surveillance when the value of the imported goods exceeds the equivalent of CFAF 5 million. The import of certain goods on the list issued by the Ministry of Industrial and Commercial Development (MINDIC) each year requires licenses.

**Positive list**  
No.

**Negative list**  
Yes. Imports of some products may be prohibited, restricted, or require national authorization for humanitarian, security, or health reasons.

**Open general licenses**  
Yes. There is no system of OGLs at the CEMAC level. However, in Cameroon this system applies mainly to long-term supply contracts. In addition, imports are subject to declaration.

**Licenses with quotas**  
Yes. In Cameroon, quotas apply to container imports.

**Other nontariff measures**  
No.

**Import taxes and/or tariffs**  
Yes. The CEMAC CET applies to imports from non-CEMAC countries, at four rates: 5% for staple goods, 10% for raw materials and capital goods, 20% for intermediate goods, and 30% for consumer goods. The taxes are imposed by the national customs administration in CFA francs at the merchandise point of entry.

**Taxes collected through the exchange system**  
Yes. Licensed intermediaries are responsible for withholding all taxes and related fees established by law and surrendering them to the monetary authority.

**State import monopoly**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Exports and Export Proceeds

**Repatriation requirements**  
Yes. Export-related transactions must be reported to the appropriate administrative authorities, and all those exceeding CFAF 5 million must be domiciled at a licensed CEMAC bank. Effective March 1, 2019, export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

**Surrender requirements**  
Yes.

**Surrender to the central bank**  
Yes. Effective March 1, 2019, export proceeds collected in foreign
currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

**Surrender to authorized dealers**

No.

**Financing requirements**

No. Economic agents and their partners abroad may enter freely into commercial contracts, which are executed through the banking system, subject to compliance with the exchange regulations. There are no financing requirements.

**Documentation requirements**

Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank. Each domiciliation file must contain an export contract, a foreign exchange declaration under which the exporter agrees to repatriate all export earnings immediately after collection, and a customs export certificate duly signed by a customs officer.

**Letters of credit**

No. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

**Guarantees**

No. No guarantees are required. However, export companies applying for VAT refund should submit proof of repatriation of export earnings signed by the MOF.

**Domiciliation**

Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank.

**Preshipment inspection**

Yes. There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard. In Cameroon, exports, whatever their destination, are subject to Société Générale de Surveillance inspection.

**Other**

Yes. In Cameroon, a health certificate is required prior to shipment for exports of fresh foods (such as fruits and vegetables).

**Export licenses**

No.

**Without quotas**

No.

**With quotas**

No.

**Export taxes**

Yes. Export taxes established by the budget laws are levied by the Customs Directorate or via licensed intermediaries.

**Collected through the exchange system**

Yes. Licensed intermediaries are responsible for withholding all taxes and fees established in the law and surrendering them to the monetary authority.

**Other export taxes**

Yes. In Cameroon, a tax of 17.5% is levied on exports of lumber; the rate applicable to exports of semi-worked wood is 12.5%.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

Yes.

**Trade-related payments**

Yes. There are no exchange restrictions on service-related transactions. Payments for such transactions are subject to the same requirements as the underlying commercial transactions.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through
Investment-related payments Yes.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. There are no restrictions on transfers of capital income outside the CEMAC in the form of profits, dividends, interest, royalties, etc. payable to nonresidents, provided the underlying transaction was authorized or is not subject to authorization. Supporting documents on the decision to distribute income (profits and dividends), the repayment schedule, and the debt security involved (loans contracted and granted) must be provided.

Payments for travel Yes.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. Indicative limits are established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Effective March 1, 2019, a single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business and CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Personal payments Yes. Transfers are unrestricted, on submission of supporting documentation.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. Effective March 1, 2019, a single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business and CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Foreign workers' wages Yes.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. There are no restrictions on transfers by residents and nonresidents of income from wages, subject to a declaration for statistical purposes. On presentation of a pay slip, resident foreign wage earners may
transfer a portion of their net remuneration, provided all transfer requests justified to cover family expenses will be satisfied.

Credit card use abroad: Yes.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. The use of credit cards is considered equivalent to a transfer and is not subject to specific regulations in the context of invisible transactions and current transfers. Residents may use credit cards within the CEMAC and abroad.

Other payments: Yes. These are treated the same as trade-related payments.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries with stronger verifications. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 100 million.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements: Yes. Effective March 1, 2019, amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements: Yes.

Surrender to the central bank: Yes. Effective March 1, 2019, amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Surrender to authorized dealers: No.

Restrictions on use of funds: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions: Yes. The exchange regulations, including the section on capital flows within the CEMAC, do not apply to transactions between CEMAC member countries. There are no restrictions on most capital flows between CEMAC and non-CEMAC countries, provided they comply with the laws and regulations prohibiting drug financing and trafficking. Certain loans, direct investments, and the issuance, advertisement, and sale of foreign securities within the CEMAC are subject to administrative controls and require approval from the appropriate authorities. Controls on these transactions are applied indiscriminately to countries in the CFA franc area, other than CEMAC member countries, and all non-CFA franc area countries. Moreover, Article 61 of the General Regulations of the Central
African Financial Market Supervisory Commission (COSUMAF), which went into effect January 15, 2009, specifies that “when a nonresident legal entity plans a public offering on the Central African regional financial market, it must prepare a disclosure document and submit it to COSUMAF for approval prior to dissemination. The prior approval of the CB must also be obtained.” The article also states that “the issuer must appoint a correspondent (securities dealer) established in a CEMAC member state, where it elects domicile. This correspondent must be responsible for: (1) receiving correspondence from COSUMAF and (2) forwarding to COSUMAF all documents and information required under the laws and regulations or requested by COSUMAF.”

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
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</thead>
</table>
| In the context of the centralization of foreign exchange reserves, effective March 1, 2019, foreign currency collected from capital transactions must be repatriated, immediately after collection (previously within 30 days).

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Effective March 1, 2019, amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days after receipt (previously 30 days).

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| The issuance, advertisement, and sale of foreign securities (shares and bonds issued by foreign enterprises) whose value exceeds CFAF 50 million are subject to CB approval. Under CEMAC exchange regulations, transactions in capital market securities are treated in the same way as simple borrowing and lending operations, as opposed to direct investments, when the shares or equity held by the individual or legal entity represent less than 10% of the enterprise’s total equity. Borrowing and lending are not regulated by type of instrument or maturity.

<table>
<thead>
<tr>
<th>Shares or other securities of a participating nature</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

<table>
<thead>
<tr>
<th>Sale or issue locally by nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. Effective March 1, prior approval by the Banking Commission.
is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

- **Bonds or other debt securities**: Yes.
- **Purchase locally by nonresidents**: Yes. Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days.
- **Sale or issue locally by nonresidents**: Yes. Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million).
- **Purchase abroad by residents**: Yes. Banks may verify and make payment for purchases of securities by residents. Effective March 1, 2019, transactions must be declared 30 days before when the transaction is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.
- **Sale or issue abroad by residents**: Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days.
- **On money market instruments**: Yes.
- **Purchase locally by nonresidents**: Yes. Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.
- **Sale or issue locally by nonresidents**: Yes. Effective March 1, 2019, the issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million).
- **Purchase abroad by residents**: Yes. Banks may verify and make payment abroad for purchases of money market instruments by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval.
- **Sale or issue abroad by residents**: Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.
- **On collective investment securities**: Yes.
  - **Purchase locally by nonresidents**: Yes. Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days.
  - **Sale or issue locally by nonresidents**: Yes. Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million).
### CAMEROON

<table>
<thead>
<tr>
<th>Activity</th>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
</tbody>
</table>

*Transactions must be reported to the BEAC within 30 days.*

Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-ended investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

*Controls on derivatives and other instruments* No. These instruments are not regulated.

*Purchase locally by nonresidents* No. There is no derivatives market in the CEMAC.

*Sale or issue locally by nonresidents* No. There is no derivatives market in the CEMAC.

*Purchase abroad by residents* No. Licensed banks are free to deal in derivatives, subject to compliance with the prudential rules issued by the Banking Commission, which is responsible for supervision of the banking system.

*Sale or issue abroad by residents* No. There is no derivatives market in the CEMAC.

*Controls on credit operations* Yes. There are no specific regulations on borrowing and lending by instrument type or by maturity.

*Commercial credits* Yes. Borrowing directly related to the financing of commercial transactions and borrowing and lending contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction.

*By residents to nonresidents* Yes. Banks may verify and then execute commercial credits granted to nonresidents. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

*To residents from nonresidents* No. Only banks are authorized to verify and then execute commercial credits received by residents, which they must declare to the appropriate MOF and BEAC departments within 30 days of each transaction.

*Financial credits* Yes. Loans contracted or granted by resident licensed banks and loans constituting FDI, which are already being authorized, are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Banks may verify and execute borrowing and lending transactions for their customers, as well as their repayment. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

*By residents to nonresidents* Yes. Loans contracted or granted by resident licensed banks and loans...
constituting FDI, which are already being authorized, are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Banks may verify and execute borrowing and lending transactions for their customers, as well as their repayment. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

**Guarantees, sureties, and financial backup facilities**

*To residents from nonresidents*  No.

*By residents to nonresidents*  No.

*To residents from nonresidents*  No.

**Controls on direct investment**

*Outward direct investment*  Yes. Effective March 1, 2019, outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance. Only licensed banks may verify and execute such transactions. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

*Inward direct investment*  Yes. Inward direct investment to CEMAC countries is unrestricted. Only licensed banks may verify and execute such transactions. Transactions must be reported to the CB and MOF within 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Controls on liquidation of direct investment**

*Yes.* The total or partial liquidation of CEMAC countries’ outward (and inward) direct investment must be reported to the MOF 30 days before execution.

**Controls on real estate transactions**

*Yes.* This category of transaction is not subject to specific regulations. It is implicitly subject to the same regulations as FDI.

*Purchase abroad by residents*  Yes. The transaction should be reported to the CB and MOF as in the case of FDI and the CB should approve the transaction.

*Purchase locally by nonresidents*  Yes. The transaction should be reported to the CB as in the case of FDI.

*Sale locally by nonresidents*  No. There is no restriction.
Controls on personal capital transactions  Yes.

Loans

By residents to nonresidents  Yes. Residents may grant loans to nonresidents. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction.

To residents from nonresidents  Yes. Residents may contract loans from nonresidents. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents  No. Receipts from abroad related to gifts must be reported to the appropriate administrative authorities.

To residents from nonresidents  No.

Settlement of debts abroad by immigrants  Yes. Residents’ settlement of debts must be reported to the MOF and the BEAC within 30 days of the transaction.

Transfer of assets

Transfer abroad by emigrants  No.

Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions  Yes. Banks’ capital transactions must be reported after their execution. The business and accounting regulations applicable in the banking sector are based on the application of the COBAC regulations and instructions.

Borrowing abroad  No. Borrowing by resident licensed banks from nonresidents and repayment of such loans are not subject to prior approval, but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.

Maintenance of accounts abroad  No. Licensed banks may, without prior approval, open accounts with their correspondent banks abroad for their business purposes. Such accounts are monitored by the COBAC in the context of its supervision of the banking system.

Lending to nonresidents (financial or commercial credits)  No. Lending by resident licensed banks to nonresidents and repayment of such loans are not subject to approval but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.

Lending locally in foreign exchange  No. Transactions between residents must be effected in domestic currency. Residents may purchase foreign currency for the settlement of their transactions with nonresidents.

Purchase of locally issued securities denominated in foreign exchange  No. Securities issued within the CEMAC are denominated in domestic currency.

Differential treatment of deposit accounts in foreign exchange  No. The books of licensed banks are maintained in CFA francs. No specific requirements apply to foreign currency deposit accounts.

Reserve requirements  No.

Liquid asset requirements  No.
Interest rate controls
No.

Credit controls
No.

Differential treatment of deposit accounts held by nonresidents
No. No specific requirements apply to these accounts.

Reserve requirements
No.

Liquid asset requirements
No.

Interest rate controls
No.

Credit controls
No.

Investment regulations
No. Investment operations of licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Moreover, these transactions must be executed in compliance with the COBAC prudential rules.

Abroad by banks
No.

In banks by nonresidents
No.

Open foreign exchange position limits
Yes. The monitoring and control of the foreign exchange positions of local banks are described in COBAC Regulation No. R-2003/02 on the Supervision of Foreign Exchange Positions.

On resident assets and liabilities
Yes. The monitoring and control of the foreign exchange positions of local banks are described in COBAC Regulation No. R-2003/02 on the Supervision of Foreign Exchange Positions. This regulation sets out two requirements: the net open, short or long, weighted-foreign exchange positions in each currency may not exceed 15% of a credit institution’s own funds; the sum of the net short weighted positions or the sum of the net long weighted positions, whichever is the greater, may not exceed 45% of a credit institution’s own funds.

On nonresident assets and liabilities
No.

Provisions specific to institutional investors
Yes. In the exchange regulations, the applicable provisions are the same as those for borrowing and lending by the private sector.

Insurance companies
Yes. Insurance companies’ capital transactions must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for the insurance sector are based on the Code of the Inter-African Conference on Insurance Markets (CIMA Code) of the CFA franc area member countries.

Limits (max.) on securities issued by nonresidents
n.a.

Limits (max.) on investment portfolio held abroad
n.a.

Limits (min.) on investment portfolio held locally
n.a.

Currency-matching regulations on assets/liabilities composition
n.a.

Pension funds
n.a.

Limits (max.) on securities issued by nonresidents
n.a.

Limits (max.) on investment portfolio held abroad
n.a.

Limits (min.) on investment portfolio held locally
n.a.
**Currency-matching regulations on assets/liabilities composition**  
Investment firms and collective investment funds  
Yes.  
The capital transactions of investment firms and collective investment funds must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for this sector are based on the regulations and instructions of the COSUMAF.

| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | n.a. |

**Currency-matching regulations on assets/liabilities composition**  
References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Exchange tax**  
06/10/2019  
Transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax.

**Foreign exchange market**  
Spot exchange market  
**Interbank market**  
06/10/2019  
A fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks.

#### Arrangements for Payments and Receipts

**Controls on exports and imports of banknotes**  
On exports  
**Domestic currency**  
03/01/2019  
Departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

**Foreign currency**  
03/01/2019  
Resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

On imports  
**Domestic currency**  
03/01/2019  
Arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

**Foreign currency**  
03/01/2019  
Resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

#### Resident Accounts

Foreign exchange accounts permitted
The authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

Accounts in domestic currency held abroad

Accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

Imports and Import Payments

Legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

Exports and Export Proceeds

Export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Payments for Invisible Transactions and Current Transfers

A single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business and CFAF 4-5 million for leisure, study, medical treatment, official mission).

Proceeds from Invisible Transactions and Current Transfers

A single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business and CFAF 4-5 million for leisure, study, medical treatment, official mission).

Amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).
Surrender to the central bank 03/01/2019
Amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Capital Transactions

Repatriation requirements 03/01/2019
Foreign currency collected from capital transactions must be repatriated, immediately after collection (previously within 30 days).

Surrender requirements
Amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days after receipt (previously 30 days).

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 03/01/2019
Transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

Sale or issue locally by nonresidents 03/01/2019
The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

Purchase abroad by residents 03/01/2019
Transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

Sale or issue abroad by residents 03/01/2019
Prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

Bonds or other debt securities

Sale or issue locally by nonresidents 03/01/2019
The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million).

Purchase abroad by residents 03/01/2019
Transactions must be declared 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

On money market instruments

Purchase locally by nonresidents 03/01/2019
Transactions must be declared 30 days before when the transaction is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

Sale or issue locally by nonresidents 03/01/2019
The issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million).

Purchase abroad by residents 03/01/2019
Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported...
within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval. Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

On collective investment securities

Sale or issue locally by nonresidents

03/01/2019

The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million). Transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval.

Controls on direct investment

Outward direct investment

03/01/2019

Outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance.
## CANADA

*(Position as of July 31, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Date of membership</th>
<th>Date of acceptance</th>
</tr>
</thead>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with IMF Executive Board Decision No. 144-(52/51)

Canada imposes sanctions, which may include exchange restrictions and restrictions on payments and transfers for current international transactions, for the preservation of national or international security against the following: (1) under the SEMA: the Islamic Republic of Iran, the Democratic People’s Republic of Korea (DPRK), Myanmar, Nicaragua (effective June 21, 2019), Russia, South Sudan, Syria, Ukraine, Venezuela, and Zimbabwe; (2) under the United Nations Act (UN Act), to implement UNSC decisions, pursuant to Articles 25 and 103 of the Charter of the UN, with respect to Al-Qaida and the Taliban, the Central African Republic, the Democratic Republic of the Congo, Iran, Iraq, DPRK, Lebanon, Libya, Mali, Somalia, South Sudan, Sudan, and Yemen. Sanctions under the UN Act also affect certain individuals and entities in connection with terrorist activities under the Regulations Implementing the UNs Resolutions on the Suppression of Terrorism; and (3) On June 20, 2018, the Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law) (S.C. 2017, c. 21) was established and authorizes the government to place controls on the movement of currency to individuals suspected of contributing to acts of significant corruption and/or gross human rights violations. Foreign nationals from Myanmar, Russia, Saudi Arabia, South Sudan, and Venezuela are currently listed pursuant to this Act. Canada may also implement exchange restrictions and restrictions on payments and transfers for current international transactions under other mechanisms, including the Criminal Officials Act, against specific individuals, groups, and entities but not against entire jurisdictions or economic sectors in Tunisia and Ukraine. Sanctions against Côte d’Ivoire, Eritrea, and Liberia have been repealed.

On November 29, 2018, the Regulations Amending the Justice for Victims of Corrupt Foreign Officials Regulations (SOR/2018-259) were adopted. These amended the Justice for Victims of Corrupt Foreign Officials Regulations (SOR/2017-233) to include 17 foreign nationals from Saudi Arabia, who, in the opinion of the Governor in Council, are responsible for or complicit in gross violations of internationally recognized human rights, particularly the torture and extrajudicial killing of Saudi journalist Jamal Khashoggi. These individuals were listed pursuant to the Justice for Victims of Corrupt Foreign Officials Act (S.C. 2017, c. 21).

Other security restrictions | Yes. |
other mechanisms, including the Criminal Code and the Freezing Assets of Corrupt Foreign Officials Act, against specific individuals, groups, and entities but not against entire jurisdictions or economic sectors in Egypt, Tunisia, and Ukraine.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
<th>The currency of Canada is the Canadian dollar.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

**Exchange rate structure**

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
<tr>
<td>Stabilized arrangement</td>
</tr>
<tr>
<td>Crawling peg</td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
</tr>
<tr>
<td>Pegged exchange rate within horizontal bands</td>
</tr>
<tr>
<td>Other managed arrangement</td>
</tr>
<tr>
<td>Floating</td>
</tr>
</tbody>
</table>

The de jure exchange rate arrangement is free floating, with the exchange rate of the Canadian dollar determined by supply and demand. However, under an intervention policy established by the government in close consultation with the BOC, the BOC may intervene in the foreign exchange market on behalf of the government. The current policy is to intervene on a discretionary, rather than systematic, basis and only in exceptional circumstances. The last time the BOC intervened was as part of the concerted intervention with authorities in Europe, Japan, the United Kingdom, and the United States to counter an excessively strong yen following the March 2011 earthquake in Japan. Previously, the BOC intervened in September 1998 to influence movements in the Canadian dollar. Interventions are announced on the BOC’s website, and the amount of intervention is published in the government’s monthly official press release on international reserves.

The amount of any BOC intervention in foreign currency markets is published in the monthly release of the government’s official international reserves. This release is generally published three business days after month end.

<table>
<thead>
<tr>
<th>Official exchange rate</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The BOC publishes on its website the exchange rate for 26</td>
<td></td>
</tr>
</tbody>
</table>

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currencies vis-à-vis the Canadian dollar. The foreign exchange rates are published once a day, at 16:30 ET (Eastern Time), in the form of a single indicative rate for each currency pair that is based on an average of rates observed during the business day. They may differ from the rates of financial institutions and other market sources. The BOC exchange rates are released for informational purposes only and are not intended to be used as the benchmark rate for executing foreign exchange trades. The BOC does not guarantee the accuracy or completeness of these rates.

**Monetary policy framework**

**Exchange rate anchor**

*U.S. dollar*

*Euro*

*Composite*

*Other*

**Monetary aggregate target**

**Inflation-targeting framework**

Yes. The inflation-targeting framework was first introduced in 1991.

**Target setting body**

Yes.

*Government*

*Central Bank*

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Yes.

*Government and Central Bank*

The inflation target is set jointly by the BOC and the federal government. The BOC and the government have renewed the inflation-control target framework six times since its adoption in 1991—most recently in October 2016 for five years to the end of 2021. The target aims to keep the total CPI inflation at the 2% midpoint of a medium-term target range of 1%–3%. The BOC raises or lowers its policy interest rate to achieve the target, typically within six to eight quarters—the time usually needed for policy action to work its way through the economy and have its full effect on inflation. Decisions are made on a consensus basis.

**Inflation target**

Yes.

**Target number**

Yes.

**Point target**

Yes.

**Target with tolerance band**

Yes. The inflation target is the 2% midpoint of a medium-term target range of 1%–3%.

**Band/Range**

Yes.

**Target measure**

Yes.

**CPI**

Yes. The inflation target is expressed as the year-over-year (y-o-y) increase in the total CPI. The bank also monitors a set of “core”
inflation measures. The BOC’s preferred core inflation measures are CPI-trim, CPI-median, and CPI-common. CPI-trim (trimmed mean): a measure of core inflation that excludes CPI components whose rates of change in a given month are located in the tails of the distribution of price changes. CPI-median (weighted median): a measure of core inflation corresponding to the price change located at the 50th percentile (in terms of CPI basket weights) of the distribution of price changes in a given month. CPI-common (common component): a measure of core inflation that tracks common price changes across categories in the CPI basket. CPI is published by Statistics Canada.

**Core inflation**

**Target horizon**

Yes. BOC’s target horizon is six to eight quarters.

**Operating target (policy rate)**

Yes.

**Policy rate**

Yes. The BOC raises or lowers its policy interest rate (overnight rate) to achieve the inflation target, typically within six to eight quarters—the time usually needed for policy action to work its way through the economy and have its full effect on inflation.

**Target corridor band**

Yes. The target corridor band ranges from a low value of 0.25% to a high value of 2.75%. The BOC operates a system to make sure that trading in the overnight market stays within an “operating band.” This band is one-half of a percentage point wide and has the target for the overnight rate at its center. For example, if the operating band is 2.25% to 2.75%, the target for the overnight rate would be 2.50%. The top of that band (2.75%) is the bank rate—the interest rate that the bank charges on one-day loans to large value transfer system. The bottom of the band (2.25%) is the deposit rate—the interest rate that the Bank pays on any surplus funds that participating institutions leave on deposit at the bank overnight.

**Other**

n.a.

**Accountability**

Yes.

Open letter

No.

Parliamentary hearings

Yes. There are five parliamentary hearings in a calendar year.

Other

No.

**Transparency**

No.

Publication of votes

No.

Publication of minutes

No.

Publication of inflation forecasts

No.

**Other monetary framework**

**Exchange tax**

No.

**Exchange subsidy**

No.

**Foreign exchange market**

Yes. ADs may freely determine their bid-ask spreads and foreign exchange commissions in transactions with their clients.

**Spot exchange market**

Yes. Money services businesses must be registered with the Financial Transactions and Reports Analysis Centre of Canada, in accordance with the PCMLTFA. A money services business is an individual or
entity engaged in any of the following: (1) foreign exchange dealing; (2) remitting or transmitting funds by any means or through any person, entity, or electronic funds transfer network; and (3) issuing or redeeming money orders, traveler’s checks, and other similar negotiable instruments, and (4) dealing in virtual currency. As of September 1, 2020, 1,745 money service businesses (MSBs) were registered in Canada, of which 1,321 provide foreign exchange services, and of which 145 offer foreign exchange services exclusively.

<table>
<thead>
<tr>
<th>Operation</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operated by the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
</tbody>
</table>

There are no limits on the bid-ask spreads and commissions of market participants.

The foreign exchange market operates over the counter with the majority of transactions occurring between foreign exchange dealers and its clients, but with significant volume conducted through interdealer brokers.

The foreign exchange market operates based on a brokerage system.

The operation of the foreign exchange market is based on a market-making agreement. Market makers are market participants who continuously quote buying and selling prices to other market participants.

Forward exchange rates are freely determined in the exchange market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Arrangement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>-----------------</td>
<td>-----</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>
## Resident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes. Foreign exchange accounts operate like Canadian dollar accounts; there are no special rules.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes. There are no special rules or regulations.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elasticsearch-areaer.imf.org/Pages/Reports.aspx">http://www.elasticsearch-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

## Nonresident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>Yes. Assets of certain entities and individuals may be frozen or their accounts blocked through prohibition against dealing in the property of designated persons under Canadian economic sanctions. These entities and individuals are identified in the relevant regulations listed in Section II.B.1 above. For example, after the Regulations Implementing the UN Resolutions on Libya went into effect, in 2013, accounts and property belonging to designated persons affiliated with the Qadhafi family were frozen in Canada. Permits can be granted by the Minister of Foreign Affairs, on an exceptional basis, in respect of activities that are prohibited under the SEMA. Authorization for activities prohibited under the UN Act regulations requires a certificate from the Minister of Foreign Affairs and, if required by the regulation in question, approval from the UNSC.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elasticsearch-areaer.imf.org/Pages/Reports.aspx">http://www.elasticsearch-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

## Imports and Import Payments

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Requirements</td>
<td>Yes/No</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Import permits are required (under various laws) for a broad range of items, including certain endangered species of flora and fauna, natural gas, material and equipment for the production or use of nuclear energy, and certain internationally controlled drugs. Under Canada’s Export and Import Permits Act, import permits are also required for products that are included on the Import Control List, including certain small arms, large-caliber armaments or weapons, military products, chemicals, and a number of other textiles and apparel, agricultural, and metal products. In addition, Health Canada does not permit the importation of unregistered drugs. Imports of used motor vehicles (less than 15 years old) are generally prohibited for reasons of safety and environmental standards. Exceptions are generally available for vehicles imported from the United States and Mexico. Some regulations listed in Section II.B.1 above include import restrictions. Imports prohibited under UN Act regulations require a certificate from the Minister of Foreign Affairs and, if required by the regulation in question, approval from the UNSC. Imports prohibited under SEMA regulations require a permit from the Minister of Foreign Affairs under the related Permit Authorization Order. Effective January 1, 2019, the exemptions for used vehicles originating from Mexico (which began to be phased in on January 1, 2009) were entirely phased in.

Measures consistent with international trade obligations are in effect. Measures are imposed, taking into consideration competition policy factors and other economic costs, as appropriate.

On average, import tariff rates are low. Canada’s trade-weighted average tariff rate for all products, including agricultural products, has been less than 1% since 1998, largely as a result of duty-free access under the 1988 Canada-US Free Trade Agreement. Canada is an active participant in bilateral and regional free trade negotiations and currently has agreements with Mexico and the United States (under the Canada-US-Mexico Agreement), Chile, Colombia, Costa Rica, the EFTA countries, the EU, Honduras, Israel, Jordan, Korea, Panama, Peru, and Ukraine. In addition, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force between Canada and the six other countries in the Asia-Pacific region to have ratified the agreement: Australia, Japan, Mexico, New Zealand, Singapore, and Vietnam. Canada is also engaged in ongoing negotiations with the MERCOSUR bloc (Argentina, Brazil, Paraguay, and Uruguay), and the Pacific Alliance. Canada has also been engaged in exploratory discussions with the ASEAN toward a potential FTA. Canada maintains three preferential...
treatment for developing economies: the General Preferential Tariff, the Least Developed Country Tariff, and the Commonwealth Caribbean Countries Tariff. Canada also continues to reduce tariffs on a unilateral basis. Since 2009, Canada has eliminated more than 2,470 tariffs, including on both imported machinery and equipment and manufacturing inputs (making Canada a tariff-free zone for industrial manufacturers) and a broad range of goods used as agri-food processing ingredients. The highest tariff rates apply to a limited number of over-quota, supply-managed agricultural products (dairy products, poultry, eggs). Canada's other sectors with higher-than-average tariffs include textiles and apparel, footwear, and ships.

In 2020, Canada implemented two unscheduled temporary changes to its tariff regime. Effective March 16, 2020, goods imported for emergency use by or on behalf of certain health-related entities, including hospitals and first-response organizations to respond to COVID-19, are eligible for relief from tariffs and sales taxes. Effective April 6, 2020, goods imported by or on behalf of public and private care residences, such as seniors’ residences, retirement homes, nursing homes and shelters, are also eligible for relief. Effective May 5, 2020, imports of certain goods, including medical supplies, such as personal protective equipment, are eligible for relief from tariffs. Relief is available to all importers of the specified goods including businesses, distributors, and individual Canadians. These measures will remain in effect for as long as warranted by the COVID-19 crisis.

Taxes collected through the exchange system

No.

State import monopoly

Yes. There are certain monopolies at the federal level.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Financing requirements

No.

Documentation requirements

No.

Letters of credit

No.

Guarantees

No.

Domiciliation

No.

Preshipment inspection

No.

Other

No.

Export licenses

Yes. The Export Control List identifies goods and technologies controlled under the Export and Import Permits Act. This list includes all items identified in the various international export control regimes in which

Without quotas

Yes.
Canada participates. In addition, certain items are controlled to ensure the orderly export marketing of certain products subject to import limitations by other countries, to implement bilateral agreements, to ensure adequate supply and distribution, and for nonproliferation purposes (that is, chemical, biological, and nuclear weapons and their delivery systems). The Automatic Firearms Country Control List is a positive list of destinations to which Canadians may apply for permits to export prohibited firearms, weapons, or devices (as defined in the Criminal Code). The export of these prohibited items to countries that are not listed on the Automatic Firearms Country Control List is not allowed. The Area Control List includes countries to which the exports of all items are controlled. At present, only North Korea is on this list. Permits are required for the exportation of controlled goods and technologies to all countries except, in most cases, the United States, as well as for the export of all items destined for countries on the Area Control List. Acts and Regulations listed in Section II.B.1 above contain export restrictions, excluding the Freezing Assets of Corrupt Foreign Officials Act. Exports prohibited under UN Act regulations require a certificate from the Minister of Foreign Affairs and, if required by the regulation in question, approval from the UNSC. Exports prohibited under SEAMA regulations require a permit from the Minister of Foreign Affairs under the related Permit Authorization Order.

With quotas Yes. Certain items are controlled to ensure orderly export marketing of products subject to import limits by other countries and to implement bilateral and FTAs and/or ensure adequate supply and distribution. Canada administers export quotas and issues export permits or certificates for textiles and apparel goods exported under NAFTA, for high sugar and sugar-containing products, processed food, dog and cat food, and vehicles exported under Comprehensive Economic and Trade Agreement, and for peanut butter, sugar, and sugar-containing products exported to the United States.

Export taxes Yes.
Collected through the exchange system No.
Other export taxes Yes. Since 1994, Canada has imposed an export tax on some tobacco products. This export tax is administered under the Excise Act, 2001.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.
Trade-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Investment-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Payments for travel  No.
  Prior approval  No.
  Quantitative limits  No.
  Indicative limits/bona fide test  No.
Personal payments  No.
  Prior approval  No.
  Quantitative limits  No.
  Indicative limits/bona fide test  No.
Foreign workers' wages  No.
  Prior approval  No.
  Quantitative limits  No.
  Indicative limits/bona fide test  No.
Credit card use abroad  No.
  Prior approval  No.
  Quantitative limits  No.
  Indicative limits/bona fide test  No.
Other payments  No.
  Prior approval  No.
  Quantitative limits  No.
  Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
  Surrender to the central bank  No.
  Surrender to authorized dealers  No.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.
  The Special Economic Measures (Russia) Regulations prohibit persons in Canada and Canadians abroad from transacting in, providing financing for, or otherwise dealing in (1) new securities, including shares or any other ownership interest, in relation to a
designated person listed in Schedule 2, the property of that person, or the interests or rights in property of that person; (2) new debt of more than 30 days’ maturity, including bonds, loans, debentures, extensions of credit, loan guarantees, LCs, bank drafts, bankers’ acceptances, discount notes, treasury bills, commercial paper or similar instruments in relation to designated persons listed in Schedule 2, the property of those persons, or interests and property of those persons; and (3) new debt of more than 90 days’ maturity, including bonds, loans, debentures, extensions of credit, loan guarantees, LCs, bank drafts, bankers’ acceptances, discount notes, treasury bills, commercial paper or similar instruments in relation to designated persons listed in Schedule 3, the property of those persons, or interests and property of those persons.

Similarly, regulations made under the United Nations Act, SEMA, and the Justice for Victims of Corrupt Foreign Officials Act restrict all financial services to designated individuals, including capital transactions.

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls apply to the extent that the purchase of shares is affected by laws on inward direct investment and the establishment of a business by nonresidents in Canada.
Purchase locally by nonresidents  No.
Sale or issue locally by nonresidents  No.
Purchase abroad by residents  No.
Sale or issue abroad by residents  No.
Controls on derivatives and other instruments
  Purchase locally by nonresidents  No.
  Sale or issue locally by nonresidents  No.
  Purchase abroad by residents  No.
  Sale or issue abroad by residents  No.
Controls on credit operations  No.
  Commercial credits  No.
    By residents to nonresidents  No.
    To residents from nonresidents  No.
  Financial credits  No.
    By residents to nonresidents  No.
    To residents from nonresidents  No.
  Guarantees, sureties, and financial backup facilities  No.
    By residents to nonresidents  No.
    To residents from nonresidents  No.
Controls on direct investment  Yes.
  Outward direct investment  Yes.

The Special Economic Measures (Ukraine) Regulations (SOR/2014-60) prohibit persons in Canada and Canadians abroad from making an investment in the Crimea region of Ukraine that involves a dealing in any property located in the Crimea region of Ukraine that is held by or on behalf of the Crimea region of Ukraine or a person in the Crimea region of Ukraine. SOR/2014-60 was amended June 29, 2015, to prohibit persons in Canada and Canadians abroad from making an investment in the Crimea region of Ukraine that involves a dealing in any property located in the Crimea region of Ukraine. The Minister of Foreign Affairs may exempt any prohibited action by the issuance of a permit under the Special Economic Measures (Ukraine) Permit Authorization Order. In addition to the limitations on debt and equity financing, the Special Economic Measures (Russia) Regulations (SOR/2014-58) place limitations on the provision of financial services associated with property and oil exploration. The Special Economic Measures (Iran) Regulations (SOR/2010 165) were amended February 5, 2016. Persons in Canada and Canadians abroad are prohibited from dealing in property, entering into transactions, or providing financial or related services to persons listed in Schedule 1 of the Regulations or to a person acting for the benefit of a listed person. The broad prohibition against financial services was lifted following the February 5, 2016,
amendments. The Minister of Foreign Affairs may exempt any prohibited action by the issuance of a permit under the Special Economic Measures (Iran) Permit Authorization Order. The Special Economic Measures (Syria) Regulations (SOR/2011-114) prohibit persons in Canada and Canadians abroad from investing in Syria if the investment involves property, wherever located, held by or on behalf of Syria, a person in Syria, or a Syrian who does not ordinarily reside in Canada. Persons in Canada and Canadians abroad are also prohibited from providing or acquiring financial or other related services to, from, or for the benefit of or at the direction or order of Syria or any person in Syria for the purpose of such an investment. The Minister of Foreign Affairs may exempt any prohibited action by the issuance of a permit under the Special Economic Measures (Syria) Permit Authorization Order. The Special Economic Measures (DPRK) Regulations (SOR/2011-167) prohibit persons in Canada and Canadians abroad from investing in any entity in the DPRK that involves dealing in property, wherever located, held by or on behalf of the DPRK, any person in the DPRK, or a DPRK national who does not ordinarily reside in Canada. The regulations also prohibit the provision or acquisition of financial services—including those that are intended to facilitate an investment in any entity—to, from, or for the benefit of or at the direction or order of the DPRK or persons in the DPRK. Provision of such financial services requires a permit from the Minister of Foreign Affairs under the Special Economic Measures (DPRK) Permit Authorization Order.

Inward direct investment

Yes.

There are controls on direct investment by nonresidents in (1) activities related to Canada’s cultural heritage and national identity, in particular (a) publication, distribution, and sale of books, magazines, periodicals, and newspapers in print or machine readable form, but not including solely printing or typesetting any of the above; (b) production, distribution, sale, and exhibition of film and video recordings; (c) production, distribution, sale, and exhibition of audio and video music recordings; (d) publication, distribution, and sale of music in print or machine readable form; and (e) radio communication intended for direct reception by the general public; radio, television, and cable broadcasting companies; and satellite programming and broadcast network services; (2) air transport—foreign ownership of Canadian common carriers is limited to 49% and no more than 25% of the voting interests can be owned directly or indirectly by any single non-Canadian and no more than 25% of the voting interests can be owned by one or more non-Canadians authorized to provide air services in any jurisdiction, and only Canadians (as defined in the Canada Transportation Act) may register an aircraft as Canadian and obtain an operator certificate for the following commercial air services: (a) domestic air services; (b) scheduled international air services reserved for Canadian carriers under air services agreements; (c) nonscheduled international air services reserved for Canadian carriers under the Canada Transportation Act; and (d) specialty air services; (3) maritime transport; (4) telecommunications—foreign investment in a facilities-based telecommunications service supplier is restricted to 20% direct investment and 33.33% indirect investment. Restrictions do not apply to satellite and sub-sea facilities and do not apply to providers with less than a 10% revenue share of the telecommunications market; (5) uranium—51% minimum Canadian ownership requirement in individual uranium mining properties at the first stage of production unless the project is controlled by Canadian nationals, as defined in the ICA; the Cabinet may grant exemptions if Canadian partners cannot be found; and (6) fish harvesting. Under the Investment Canada Act, significant acquisitions of control of Canadian
businesses by non-Canadian investors are subject to net benefit review. The thresholds for direct acquisitions of control by WTO members and trade agreement partners are adjusted annually by a formula to reflect changes in nominal gross domestic product. The new thresholds become effective on January first of each year. Effective January 1, 2020, the review thresholds are: Can$1.075 billion in enterprise value for private sector WTO investments, Can$1.613 billion in enterprise value for private sector trade agreement investments, and Can$428 million for state-owned enterprise WTO investments. Previously, effective January 1, 2019, the review thresholds were Can$1.045 billion, Can$1.568 billion, and Can$416 million, respectively. The trade agreements that offer this private sector trade agreement investment threshold are: the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Canada-European Union Comprehensive Economic and Trade Agreement Implementation Act, Canada-United States-Mexico Agreement, Canada-Chile Free Trade Agreement Implementation Act, Canada-Peru Free Trade Agreement Implementation Act, Canada-Colombia Free Trade Agreement Implementation Act, Canada-Panama Economic Growth and Prosperity Act, Canada-Honduras Economic Growth and Prosperity Act, Canada-Korea Economic Growth and Prosperity Act. The Canada-United States-Mexico Agreement went into force effective July 1, 2020. The review threshold for non-WTO investments is Can$5 million for direct acquisitions and Can$50 million for indirect acquisitions. For all non-Canadian investors, acquisitions of Canadian cultural businesses are also reviewable at these thresholds (that is, Can$5 million and Can$50 million), except for (1) (e) of the paragraph above, for which non-cultural business thresholds apply. Under the guidelines on the acquisition of control of major investments in Canada by SOEs, the governance and commercial orientation of SOEs are examined as part of the net benefit review of those investments. In addition, in December 2012, the government issued a policy that SOE applications for the control of a Canadian oil-sands business will be approved only in an “exceptional circumstance.” An SOE includes entities influenced directly or indirectly by a foreign government. A direct acquisition occurs when a non-Canadian directly acquires a Canadian business. An indirect acquisition occurs when a non-Canadian acquires a business outside Canada and that business has a subsidiary in Canada. Decisions to allow an investment are based on “likely net benefit” to Canada. The net benefit factors are set out in Section 20 of the ICA. Decisions regarding investments by non-Canadians into non-cultural industries are made by the Minister of Innovation, Science and Economic Development. The Minister of Canadian Heritage makes decisions on investments related to cultural businesses. A list of cultural businesses is given in Schedule IV of the Investment Canada Regulations. Ministers have 45 days to make a decision on a reviewable investment. The review period may be extended by 30 days, and beyond only with the agreement of the Minister and the investor. Investments by non-Canadians in the cultural sector (below threshold value acquisitions and establishments of new Canadian businesses) that are only subject to a notification under the Act may be subject to a review if the Governor General in Council orders it, based on the belief that it is in the public interest to do so and the investment is related to Canada’s national identity and cultural heritage. Foreign investments of any size are reviewable for national security.

Temporary COVID-19-related measures were taken. Effective April 18, 2020, the government issued a Policy Statement on Foreign
Investment Review and COVID-19. Under this policy, the government will apply enhanced scrutiny under the Investment Canada Act to foreign direct investments of any value, controlling or non-controlling, in Canadian businesses that are related to public health or involved in the supply of critical goods and services to Canadians or to the Government; or by state-owned investors or private investors assessed as being closely tied to or subject to direction from foreign governments. Effective July 31, 2020, the Minister of Innovation, Science and Industry issued a Ministerial Order pursuant to the Time Limits and Other Periods Act (COVID-19). This Order lengthens the initial review period and the extended initial review period of the national security review timeline for any investments for which an application or notification has been certified as of the date of the Ministerial Order, July 31, 2020, up to December 31, 2020. The Ministerial Order also extends the deadline for the Minister to take action under Part IV.1 for investments that are subject to the Investment Canada Act but do not require a filing. For these investments, the relevant period continues to be determined from the date of implementation of the investment.

The Regulations implementing the UN Resolutions on Iran (SOR/2007-44) were amended February 5, 2016. The UN Resolutions on Iran prohibit financial or related services or the facilitation of any transaction related to uranium mining in Canada, or to the production or the use of nuclear materials and technologies listed in Information Circular INFCIRC/254/Rev.

### Controls on liquidation of direct investment
- **No.**

### Controls on real estate transactions
- **Yes.**

### Purchase abroad by residents
- **No.**

### Purchase locally by nonresidents
- **Yes.**

Ontario has a 15% nonresident speculation tax (NRST) on the purchase or acquisition of an interest in residential property located in the Greater Golden Horseshoe (GGH) by individuals who are not citizens or permanent residents of Canada or by foreign corporations (“foreign entities”) and taxable trustees. The NRST applies to the transfer of land which contains at least one and not more than six single-family residences. Examples of land containing one single-family residence include land containing a detached house, a semi-detached house, a town house or a condominium unit. In a situation involving the purchase of multiple condominium units, each unit would be considered land containing one single-family residence. Examples of land containing more than one single-family residence that are subject to the tax include land containing duplexes, triplexes, fourplexes, fiveplexes, and sixplexes. The NRST does not apply to other types of land such as land containing multi-residential rental apartment buildings with more than six units, agricultural land, commercial land, or industrial land. The NRST applies on the value of the consideration for the residential property. If the land transferred includes both residential property and another type of property, the NRST applies on the portion of the value of the consideration attributable to the residential property. For example, if the purchase price of the transaction is $1,000,000 and contains one single-family residence with a value of the consideration of $400,000, and commercial land with a value of the consideration of $600,000, the 15% NRST would apply to only the $400,000 portion. An additional 20% property transfer tax applies to foreign entities or taxable trustees on transfers of residential property located in the Greater Vancouver Regional District. The tax applies in relation to purchases or gaining interest in a property.
Effective June 1, 2020, the Regulations Implementing the United Nations Resolutions on the DPRK were amended to prohibit any person in Canada or any Canadian outside Canada to knowingly sell or lease or otherwise make available real property to the DPRK, to a national or to any person acting on behalf or at the direction of the DPRK or a national.

Sale locally by nonresidents No. There are no controls; however, withholding taxes apply.

Controls on personal capital transactions No.

Loans No.

By residents to nonresidents No. The Special Economic Measures (Russia) Regulations prohibit persons in Canada and Canadians abroad from transacting in, providing financing for, or otherwise dealing in (1) new debt of more than 30 days’ maturity, including bonds, loans, debentures, extensions of credit, loan guarantees, LCs, bank drafts, bankers’ acceptances, discount notes, treasury bills, commercial paper or similar instruments in relation to designated persons listed in Schedule 2, the property of those persons, or interests and property of those persons; and (2) new debt of more than 90 days’ maturity, including bonds, loans, debentures, extensions of credit, loan guarantees, LCs, bank drafts, bankers’ acceptances, discount notes, treasury bills, commercial paper or similar instruments in relation to designated persons listed in Schedule 3, the property of those persons, or interests and property of those persons.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector
<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
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<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no limits on investments abroad. Banks may make investments abroad in financial sector entities, subject to the prudent person test, and are required in some instances to obtain approval.

No controls are placed on the ownership of banks that specifically preclude nonresident ownership. The shares of large banks must remain widely held, and fit and proper investors may own up to 20% of voting shares and 30% of any class of nonvoting shares, provided no single shareholder or group of shareholders controls the bank. Medium banks may have individual shareholdings of up to 65% with a public offering of at least 35% of the voting shares. Small banks may be 100% closely held. Residents and nonresidents may set up or acquire a smaller bank, subject to ministerial approval.

<table>
<thead>
<tr>
<th>Open foreign exchange position limits</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>No.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no limits on securities issued by nonresidents. Federal insurance companies may invest abroad in financial sector entities, subject to the prudent person test and must in some instances obtain approval.
There are no limits on investments abroad. Federal insurance companies may invest abroad in financial sector entities, subject to the prudent person test and must in some instances obtain approval.

There are no limits on local investments. Federal insurance companies may invest abroad in financial sector entities, subject to the prudent person test and must in some instances obtain approval.

There are no limits specific to nonresidents. Pension plans in Canada are generally subject to the prudent portfolio rule, which governs the overall reasonable level of risk and the appropriate level of diversification. There are also quantitative investment limits, which are set out in the Federal Pension Benefits Standards Act and its accompanying regulations. Most provinces in Canada have adopted the federal pension investment rules. The investment rules limit pension funds to owning no more than 30% of a company’s voting shares to elect directors. Based on the market value of a pension fund’s assets, the pension fund may invest a maximum of 10% in any one entity. There are certain exemptions to the quantitative limits such as investment in real estate corporations, resource corporations, and investment corporations. There is also an exemption to the 10% maximum investment in any one entity limit for securities or funds composed of mortgage-backed securities issued or fully guaranteed by the Government of Canada, the government of a province, or any agency thereof.

There are no limits specific to international holdings. Pension plans in Canada are generally subject to the prudent portfolio rule, which governs the overall reasonable level of risk and the appropriate level of diversification. There are also quantitative investment limits, which are set out in the Federal Pension Benefits Standards Act and its accompanying regulations. Most provinces in Canada have adopted the federal pension investment rules. The investment rules limit pension funds to owning no more than 30% of a company’s voting shares to elect directors. Based on the market value of a pension fund’s assets, the pension fund may invest a maximum of 10% in any one entity. There are certain exemptions to the quantitative limits, such as investments in real estate corporations, resource corporations, and investment corporations. There is also an exemption to the 10% maximum investment in any one entity limit for securities or funds composed of mortgage-backed securities issued or fully guaranteed by the Government of Canada, the government of a province, or an agency thereof.
**Changes during 2019 and 2020**

### Exchange Measures

**Exchange measures imposed for security reasons**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/21/2019</td>
<td>Canada imposed sanctions on Nicaragua under the Special Economic Measures Act.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>The exemptions for used vehicles originating from Mexico (which began to be phased in on January 1, 2009) were entirely phased in.  The import taxes and/or tariffs to respond to COVID-19, are eligible for relief from tariffs and sales taxes. The measure will remain in effect for as long as warranted by the COVID-19 crisis.</td>
</tr>
<tr>
<td>03/16/2020</td>
<td>Goods imported for emergency use by or on behalf of certain health-related entities, including hospitals and first-response organizations to respond to COVID-19, are eligible for relief from tariffs and sales taxes. The measure will remain in effect for as long as warranted by the COVID-19 crisis.</td>
</tr>
<tr>
<td>04/06/2020</td>
<td>Goods imported by or on behalf of public and private care residences, such as seniors’ residences, retirement homes, nursing homes and shelters, are also eligible for relief. The measure will remain in effect for as long as warranted by the COVID-19 crisis.</td>
</tr>
<tr>
<td>05/05/2020</td>
<td>Imports of certain goods, including medical supplies, such as personal protective equipment, are eligible for relief from tariffs. Relief is available to all importers of the specified goods including businesses, distributors, and individual Canadians. The measure will remain in effect for as long as warranted by the COVID-19 crisis.</td>
</tr>
</tbody>
</table>

### Capital Transactions

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>For investors from World Trade Organization (WTO) member countries, the review threshold for direct acquisitions of control of non-cultural Canadian businesses is Can$1.045 billion in enterprise value (up from Can$1 billion). Under current legislation, the threshold for WTO investors is adjusted annually according to a formula based on growth in nominal gross domestic product.</td>
</tr>
<tr>
<td>01/01/2019</td>
<td>With the coming into force of the Canada-European Union Comprehensive Economic and Trade Agreement, the review threshold is Can$1.568 billion in enterprise value for European Union investors. The limits for other trade agreement investors (Chile, Colombia, Honduras, Mexico, Panama, Peru, South Korea, and the United States) were also increased to Can$1.568 billion from Can$1.5 billion.</td>
</tr>
<tr>
<td>01/01/2019</td>
<td>Acquisitions of control of non-cultural Canadian businesses by World Trade Organization (WTO) state-owned enterprise investors are reviewable for likely net benefit at Can$416 million in asset value, up from Can$398 million in 2018.</td>
</tr>
<tr>
<td>01/01/2020</td>
<td>The review threshold for direct acquisition of control is Can$1.075 billion (previously Can$1.045 billion) in enterprise value for private sector World Trade Organization (WTO) investments.</td>
</tr>
<tr>
<td>01/01/2020</td>
<td>The review threshold for direct acquisition of control is Can$1.613 billion (previously Can$1.568 billion) in enterprise value for private sector World Trade Organization (WTO) investments.</td>
</tr>
</tbody>
</table>
sector trade agreement investments.

01/01/2020  The review threshold for direct acquisition of control is Can$428 million (previously Can$416 million) for state-owned enterprise World Trade Organization (WTO) investments.

04/18/2020  As a temporary COVID-19-related measure, the government issued a Policy Statement on Foreign Investment Review and COVID-19. Under this policy, the government will apply enhanced scrutiny under the Investment Canada Act to foreign direct investments of any value, controlling or non-controlling, in Canadian businesses that are related to public health or involved in the supply of critical goods and services to Canadians or to the Government; or by state-owned investors or private investors assessed as being closely tied to or subject to direction from foreign governments.

07/01/2020  The Canada-United States-Mexico Agreement went into force.

07/31/2020  As a temporary COVID-19-related measure, the Minister of Innovation, Science and Industry issued a Ministerial Order pursuant to the Time Limits and Other Periods Act (COVID-19). This Order lengthens the initial review period and the extended initial review period of the national security review timeline for any investments for which an application or notification has been certified as of the date of the Ministerial Order, July 31, 2020, up to December 31, 2020. The Ministerial Order also extends the deadline for the Minister to take action under Part IV.1 for investments that are subject to the Investment Canada Act but do not require a filing. For these investments, the relevant period continues to be determined from the date of implementation of the investment.

06/01/2020  The Regulations Implementing the United Nations Resolutions on the Democratic People’s Republic of Korea (DPRK) were amended to prohibit any person in Canada or any Canadian outside Canada to knowingly sell or lease or otherwise make available real property to the DPRK, to a national or to any person acting on behalf or at the direction of the DPRK or a national.
### CENTRAL AFRICAN REPUBLIC

*(Position as of June 30, 2020)*

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Date of membership</th>
<th>Date of acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII</td>
<td>July 10, 1963</td>
<td>June 1, 1996</td>
</tr>
</tbody>
</table>

#### Exchange Measures

<table>
<thead>
<tr>
<th>Practice</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No restrictions as reported in the latest IMF staff report as of December 31, 2019.</td>
</tr>
<tr>
<td>Yes.</td>
<td>For security reasons, the Central African Republic (CAR) supports UNSC Resolution No. 1373 to combat money laundering and terrorism financing (Regulation No. 01/03/CEMAC/UMAC/CM of April 4, 2003).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>No.</td>
<td>This information can be found at the AREAER ONLINE database:</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Classification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. separate legal tender</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional peg</td>
<td>The exchange rate arrangement of the Central African Monetary Union is a conventional peg. The CAR participates in the Central African Monetary Union and has no separate legal tender. The Monetary Cooperation Agreement (MCA) between CEMAC member countries and France is based on three principles: (1) a common CB; (2) fixed parity with the euro; and (3) an unlimited convertibility guarantee. Article 16 empowers the finance ministers of signatory countries (“Joint Monetary Committee”) to amend the MCA. Article 17 permits signatories to renounce the agreement. Article 18 specifies that the expulsion of a member from the BEAC automatically results in that member’s renunciation of the MCA.</td>
</tr>
</tbody>
</table>

Stabilized arrangement
The CFA franc is officially pegged to the euro, the intervention currency, at a fixed rate of CFAF 655.957 per euro. The exchange rate is fixed by Article 12 of the MCA of November 23, 1972, between the BEAC and France, which states that the par value may be modified following consultation among the signatory countries (BEAC members and France), taking into account the demands of the economic and financial situation of the member countries. Exchange transactions in euros between the BEAC and commercial banks are made at this rate. Buying and selling rates for certain other foreign currencies are also listed officially based on the fixed rate for the euro and the rates for these foreign currencies prevailing in the Paris foreign exchange market. The official rate is used for accounting and valuation.

The monetary policy framework is an exchange rate anchor vis-à-vis the euro.

---

Official exchange rate

- Yes. The CFA franc is officially pegged to the euro, the intervention currency, at a fixed rate of CFAF 655.957 per euro. The exchange rate is fixed by Article 12 of the MCA of November 23, 1972, between the BEAC and France, which states that the par value may be modified following consultation among the signatory countries (BEAC members and France), taking into account the demands of the economic and financial situation of the member countries. Exchange transactions in euros between the BEAC and commercial banks are made at this rate. Buying and selling rates for certain other foreign currencies are also listed officially based on the fixed rate for the euro and the rates for these foreign currencies prevailing in the Paris foreign exchange market. The official rate is used for accounting and valuation.

Monetary policy framework

- Exchange rate anchor
  - Yes.
  - U.S. dollar
  - Euro
  - Composite
  - Other

- Monetary aggregate target

- Inflation-targeting framework
  - Target setting body
    - Government
    - Central Bank
      - Monetary Policy Committee
      - Central Bank Board
    - Other
    - Government and Central Bank
  - Inflation target
    - Target number
    - Point target
### Central African Republic

**Target with tolerance band**

**Band/Range**

**Target measure**

- CPI
- Core inflation

**Target horizon**

**Operating target (policy rate)**

**Policy rate**

**Target corridor band**

**Other**

**Accountability**

- Open letter
- Parliamentary hearings

**Transparency**

- Publication of votes
- Publication of minutes
- Publication of inflation forecasts

**Other monetary framework**

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effected June 10, 2019, transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax. Licensed intermediaries may effect transfers with the rest of the world through the BEAC. Within the CEMAC, transfers of funds are subject to transfer fees determined freely by the market and not exceeding 0.25%, excluding the VAT and any other special tax.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange subsidy</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Foreign exchange market</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing of exchange bureaus is the responsibility of the MOFs of the CEMAC member countries. Their operations are limited to OTC transactions. Licensed intermediaries, who set their own exchange rates with their customers for currencies other than the euro, may freely conduct foreign exchange transactions with their customers. The BEAC’s OTC foreign exchange transactions are conducted exclusively with national public accountants and treasuries.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign exchange standing facility</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the limits of available stocks, the BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.</td>
<td></td>
</tr>
</tbody>
</table>
There are no restrictions on interbank foreign exchange transactions within the CEMAC. Exchange transactions are OTC transactions. The BEAC does not intervene in exchange transactions within the CEMAC. These transactions are freely conducted by operators licensed by the MOF with the approval of the Central African Banking Commission (COBAC). Effective June 10, 2019, a fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks. This fee covers all charges on OTC transactions and the intermediation margin.

Foreign exchange transactions are conducted on an OTC basis. Licensed intermediaries may enter into forward exchange contracts up to a limit of CFAF 100 million on presentation of supporting documentation (invoices, debt repayment schedules, or other foreign-currency-denominated debt instruments) and must report such activities to the BEAC. For amounts over CFAF 100 million, requests for forward exchange contracts must be made to the BEAC so that their purpose may be verified.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Within the CEMAC, the CFA franc is used freely for payments and receipts relating to current and capital transactions and payments. Settlements with all countries other than CEMAC members must be made through correspondent banks in one of the currencies of the two parties or in any other currency agreed on by the two parties to the transaction.

The monetary unit is the CFA franc, which is the sole official currency and legal tender in all CEMAC member countries. Consequently, transactions among residents must be settled in domestic currency.
<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Official</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

An operations account links all the countries with the French Treasury. All purchases and sales of foreign currencies and euros in exchange for CFA francs are ultimately settled by a debit or credit to the operations account. Governments may maintain foreign currency deposits related to oil reserves at commercial banks and use them to meet their external debt service obligations. Exchange regulations in the CEMAC member countries are harmonized.

Administration of the foreign exchange regulations is the responsibility of the MOFs of the CEMAC countries, which may delegate all or a portion of their authority to the BEAC, the COBAC, and licensed intermediaries. For example, authority is delegated to licensed intermediaries to carry out transactions with the rest of the world. They must verify the validity of transactions, collect statistics, and report these activities to the monetary authorities. However, certain types of transactions may not be delegated. The BEAC supervises the exchange regulations; evaluates foreign exchange hedging operations; reviews requests for approval of opening of foreign exchange accounts by some resident legal entities; and monitors the repatriation of export proceeds. The COBAC ensures that licensed intermediaries comply with certain provisions of these regulations, especially to prevent weakening of the CEMAC banking system.

Licensed intermediaries may freely execute their customers’ payment orders. The related transfers may, at their request, be made through the BEAC. In this context, the MCA with France serves to guarantee the convertibility of the CFA franc. No payment arrears are allowed on the grounds that insufficient foreign exchange is available.

CEMAC residents are free to hold, purchase, and sell gold in any form within the CEMAC. Except in the case of manufactured articles containing small quantities of gold, CEMAC gold imports and exports are subject to approval by the appropriate authorities. The national treasuries and the BEAC are exempt from this requirement.

Residents and nonresidents traveling from one country to another within the CEMAC may take with them an unlimited amount of CEMAC banknotes and coins.

CFA francs issued by the BEAC may not be exported to countries outside the CEMAC. However, effective March 1, 2019, departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000). During their trips outside the CEMAC,
travelers must use payment instruments other than BEAC banknotes (foreign currency, traveler’s checks, bank drafts, transfers, etc.). Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities. Nonresident travelers leaving the CEMAC may take with them foreign currency valued at up to the amount they declared on entering the CEMAC. If they made no declaration on entry or if they are carrying sums exceeding those they brought into the CEMAC, they must explain the source of the amount in excess of CFAF 1 million. Supporting documents include pay slips and work permits (wage income), student cards (parental assistance for students and trainees), and notarized instruments (donations), among others.

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>Yes.</th>
</tr>
</thead>
</table>

CFA francs issued by the BEAC may not be imported from countries outside the CEMAC. However, effective March 1, 2019, arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
</table>

Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Residents may not open foreign exchange accounts in local banks. However, the BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts. Effective March 1, 2019, the authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM effective March 1, 2019. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

<table>
<thead>
<tr>
<th>Accounts in domestic currency held abroad</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Effective March 1, 2019, accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

<table>
<thead>
<tr>
<th>Accounts in domestic currency</th>
<th>No.</th>
</tr>
</thead>
</table>
**Nonresident Accounts**

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Permitted</th>
<th>Approval Required</th>
<th>Convertible into foreign currency</th>
<th>References to legal instruments and hyperlinks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange accounts</strong></td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Domestic currency accounts</strong></td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Permitted</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No</td>
<td>The exchange regulations do not limit access to foreign exchange. Payments for imports must be made regularly through licensed intermediaries.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No</td>
<td>Economic agents may freely enter into commercial contracts with their partners abroad. These contracts are executed through the banking system, subject to compliance with the exchange regulations.</td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
<td>No</td>
<td>There are no financing requirements.</td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes</td>
<td>For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license. Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents. Legally registered legal entities and declared or certified professionals may be exempt from the requirement to produce supporting documents, provided they submit an annual estimate of imports corroborated by a business forecast.</td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>Yes</td>
<td>Imports valued at more than CFAF 5 million must be domiciled with a resident licensed intermediary.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>Yes</td>
<td>There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard. In the CAR, imports exceeding CFAF 1 million or the equivalent are subject to mandatory preshipment inspection.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>No</td>
<td>The use of LCs by economic agents for the settlement of transactions is allowed but optional.</td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No</td>
<td>Import licenses are not used in the CEMAC countries to restrict the availability of foreign exchange for legitimate trade, as defined in the</td>
</tr>
</tbody>
</table>
Compilation Guide. When such licenses exist they are used for trade policy purposes.

<table>
<thead>
<tr>
<th>Other</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license (registration number, professional ID card, extract from the commercial registry, or tax clearance). Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents. Effective March 1, 2019, legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.</td>
</tr>
</tbody>
</table>

| Import licenses and other nontariff measures | Yes. |
| Positive list | No. |
| Negative list | Yes. |
| Open general licenses | No. |
| Licenses with quotas | No. |
| Other nontariff measures | No. |
| Import taxes and/or tariffs | Yes. |
| Taxes collected through the exchange system | Yes. |
| State import monopoly | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Exports and Export Proceeds

| Repatriation requirements | Yes. |
| Surrender requirements | Yes. |
| Surrender to the central bank | Yes. |
| Surrender to authorized dealers | No. |
| Financing requirements | No. |
| Documentation requirements | Yes. |

Export-related transactions must be reported to the appropriate administrative authorities, and all those exceeding CFAF 5 million must be domiciled at a licensed CEMAC bank. Effective March 1, 2019, export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Effective March 1, 2019, export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

Economic agents and their partners abroad may enter freely into commercial contracts, which are executed through the banking system, subject to compliance with the exchange regulations. There are no financing requirements.

Transactions related to exports to non-CEMAC countries valued at...
more than CFAF 5 million must be domiciled with a local licensed bank. Each domiciliation file must contain an export contract, a foreign exchange declaration under which the exporter agrees to repatriate all export earnings within a month of the payment due date, and a customs export certificate duly signed by a customs officer.

Letters of credit: No. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Guarantees: n.r.

Domiciliation: Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank.

Preshipment inspection: No. There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard.

Other: No.

Export licenses: No.

Without quotas: No.

With quotas: No.

Export taxes: Yes. Export taxes established by the budget laws are levied by the Customs Directorate or via licensed intermediaries.

Collected through the exchange system: Yes. Licensed intermediaries are responsible for withholding all taxes and fees established in the law and surrendering them to the monetary authority.

Other export taxes: Yes.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

Controls on these transfers: Yes.

Trade-related payments: Yes. There are no exchange restrictions on service-related transactions. Payments for such transactions are subject to the same requirements as the underlying commercial transactions.

Prior approval: No.

Quantitative limits: No.

*Indicative limits/bona fide test*: Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.

Investment-related payments: Yes.

Prior approval: No.

Quantitative limits: No.

*Indicative limits/bona fide test*: Yes. There are no restrictions on transfers of capital income outside the CEMAC in the form of profits, dividends, interest, royalties, etc.
payable to nonresidents, provided the underlying transaction was authorized or is not subject to authorization. Supporting documents on the decision to distribute income (profits and dividends), the repayment schedule, and the debt security involved (loans contracted and granted) must be provided.

Payments for travel  Yes.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes. Indicative limits are established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Effective March 1, 2019, a single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Personal payments  Yes. Transfers are unrestricted, on submission of supporting documentation.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes. Effective March 1, 2019, a single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Foreign workers' wages  Yes.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes. There are no restrictions on transfers by residents and nonresidents of income from wages, subject to a declaration for statistical purposes. On presentation of a pay slip, resident foreign wage earners may transfer a portion of their net remuneration.

Credit card use abroad  Yes.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes. The use of credit cards is considered equivalent to a transfer and is not subject to specific regulations in the context of invisible
transactions and current transfers. Residents may use credit cards within the CEMAC and abroad.

Other payments Yes. These are treated the same as trade-related payments.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes. Effective March 1, 2019, amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements Yes.

Surrender to the central bank Yes. Effective March 1, 2019, amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes. The exchange regulations, including the section on capital flows within the CEMAC, do not apply to transactions between CEMAC member countries. There are no restrictions on most capital flows between CEMAC and non-CEMAC countries, provided they comply with the laws and regulations prohibiting drug financing and trafficking. Certain loans, direct investments, and the issuance, advertisement, and sale of foreign securities within the CEMAC are subject to administrative controls and require approval from the appropriate authorities. Controls on these transactions are applied indiscriminately to countries in the CFA franc zone, other than CEMAC member countries, and all non-CFA franc zone countries. Moreover, Article 61 of the General Regulations of the Central African Financial Market Supervisory Commission (COSUMAF), which entered into effect January 15, 2009, specifies that “when a nonresident legal entity plans a public offering on the Central African regional financial market, it must prepare a disclosure document and submit it to COSUMAF for approval prior to dissemination. The prior approval of the exchange control authority in the various countries concerned must also be obtained.” The article also states that “the issuer must appoint a correspondent (securities dealer) established in a CEMAC member state, where it elects domicile. This correspondent must be responsible for: (1) receiving correspondence from COSUMAF and (2) forwarding to COSUMAF...
Repatriation requirements: Yes.

In the context of the centralization of foreign exchange reserves, effective March 1, 2019, foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

Surrender requirements: Yes.

Surrender to the central bank: Yes.

Effective March 1, 2019, amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

Surrender to authorized dealers: No.

Controls on capital and money market instruments: Yes.

On capital market securities: Yes.

The issuance, advertisement, and sale of foreign securities (shares and bonds issued by foreign enterprises) whose value exceeds CFAF 10 million are subject to MOF approval. Under CEMAC exchange regulations, transactions in capital market securities are treated in the same way as simple borrowing and lending operations, as opposed to direct investments, when the shares or equity held by the individual or legal entity represent less than 10% of the enterprise’s total equity. Borrowing and lending are not regulated by type of instrument or maturity.

Shares or other securities of a participating nature: Yes.

Purchase locally by nonresidents: Yes.

Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

Sale or issue locally by nonresidents: Yes.

Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.

Purchase abroad by residents: Yes.

Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

Sale or issue abroad by residents: Yes.

Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. Effective March 1, 2019, prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

Bonds or other debt securities: Yes.

Purchase locally by nonresidents: Yes.

Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.

Sale or issue locally by nonresidents: Yes.

Effective March 1, 2019, the issuance, advertisement, and sale of
securities within the CEMAC are subject to CB approval when the
amount involved exceeds CFAF 50 million (previously CFAF 10
million). Transactions must be reported to the BEAC within 30 days.

**Purchase abroad by residents**

Yes. Banks may verify and make payment for purchases of securities by
residents. Effective March 1, 2019, transactions must be declared 30
days before when the transaction is no more than CFAF 20 million.
Above this amount, prior CB approval is required. Previously,
transactions must be reported within 30 days regardless of the
amount. When the total outstanding debt of the issuer exceeded
CFAF 100 million, transactions were subject to MOF and BEAC
approval.

**Sale or issue abroad by residents**

Yes. Banks may verify and make payment abroad for the sale or issuance
of securities by residents. Transactions must be reported within 30
days. When the total outstanding liabilities of a single borrower
exceed CFAF 100 million, transactions are subject to MOF approval.

**On money market instruments**

Yes.

**Purchase locally by nonresidents**

Yes. Banks may verify and make payment for purchases of securities by
nonresidents. Effective March 1, 2019, transactions must be declared
30 days before when the transaction is less than CFAF 20 million.
Above that amount, prior CB approval is required. Previously,
transactions must be reported within 30 days regardless of the
amount. When the total outstanding liabilities of a single borrower
exceeded CFAF 100 million, transactions were subject to MOF
approval.

**Sale or issue locally by nonresidents**

Yes. Effective March 1, 2019, the issuance, advertisement, and sale of
money market instruments within the CEMAC are subject to CB
approval when the amount involved exceeds CFAF 50 million
(previously CFAF 10 million). Transactions must be reported to the
BEAC within 30 days.

**Purchase abroad by residents**

Yes. Banks may verify and make payment abroad for purchases of money
market instruments by residents. Effective March 1, 2019,
transactions must be declared to the CB 30 days before if the
transaction is less than CFAF 20 million. Above that amount, prior
CB approval is required. Previously, transactions must be reported
within 30 days regardless of the amount. If the customer’s total
outstanding debt exceeds CFAF 100 million, the transaction is
subject to MOF and BEAC approval.

**Sale or issue abroad by residents**

Yes. Banks may verify and make payment abroad for the sale or issuance
of securities by residents. Effective March 1, 2019, transactions must
be declared to the CB 30 days before if the transaction is less than
CFAF 20 million. Above this amount, the prior CB approval is
required. Previously, transactions must be reported within 30 days
regardless of the amounts. When the total outstanding liabilities of a
single borrower exceeded CFAF 100 million, transactions were
subject to MOF approval.

**On collective investment securities**

Yes.

**Purchase locally by nonresidents**

Yes. Banks may verify and make payment for purchases of securities by
nonresidents. Transactions must be reported within 30 days. When
the total outstanding liabilities of a single borrower exceed CFAF
100 million, transactions are subject to MOF approval.

**Sale or issue locally by nonresidents**

Yes. Effective March 1, 2019, the issuance, advertisement, and sale of
securities within the CEMAC are subject to CB approval when the
amount involved exceeds CFAF 50 million (previously CFAF 10
million). Transactions must be reported to the BEAC within 30 days.

**Purchase abroad by residents**

Yes. Banks may verify and make payment for purchases of securities
abroad by residents. Effective March 1, 2019, transactions must be
declared to the CB 30 days before when the transaction is less than
CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Sale or issue abroad by residents Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Controls on derivatives and other instruments n.r. These instruments are not regulated.

Purchase locally by nonresidents n.r. There is no derivatives market in the CEMAC.

Sale or issue locally by nonresidents n.r. There is no derivatives market in the CEMAC.

Purchase abroad by residents No. Licensed banks are free to deal in derivatives, subject to compliance with the prudential rules issued by the Banking Commission, which is responsible for supervision of the banking system.

Sale or issue abroad by residents n.r. There is no derivatives market in the CEMAC.

Controls on credit operations Yes. There are no specific regulations on borrowing and lending by instrument type or by maturity.

Commercial credits Yes. Borrowing directly related to the financing of commercial transactions and borrowing and lending contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction.

By residents to nonresidents Yes. Banks may verify and then execute commercial credits granted to nonresidents, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case such credits must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

To residents from nonresidents No. Only banks are authorized to verify and then execute commercial credits received by residents, which they must declare to the appropriate MOF and BEAC departments within 30 days of each transaction.

Financial credits Yes. Loans contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Banks may verify and execute borrowing and lending transactions for their customers, as well as their repayment, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case they must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction.
Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

By residents to nonresidents: Yes.

To residents from nonresidents: Yes.

Guarantees, sureties, and financial backup facilities: n.r.

By residents to nonresidents: n.r.

To residents from nonresidents: n.r.

Controls on direct investment: Yes.

Outward direct investment: Effective March 1, 2019, outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance. Only licensed banks may verify and execute such transactions. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Inward direct investment: Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Controls on liquidation of direct investment: Yes. The total or partial liquidation of CEMAC countries’ outward (and inward) direct investment in amounts exceeding CFAF 100 million must be reported to the MOF 30 days before execution.

Controls on real estate transactions: Yes. This category of transaction is not subject to specific regulations. It is implicitly subject to the same regulations as FDI.

Purchase abroad by residents: Yes. Outward direct investment by CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Purchase locally by nonresidents: Yes. Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only
licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Sale locally by nonresidents n.r.

Controls on personal capital transactions Yes.

Loans

By residents to nonresidents Yes. Residents may grant loans to nonresidents, as long as the total outstanding amount does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

To residents from nonresidents Yes. Residents may contract loans from nonresidents, provided a single borrower’s total outstanding debt does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

Gifts, endowments, inheritances, and legacies Yes. Receipts from abroad related to gifts must be reported to the appropriate administrative authorities and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

By residents to nonresidents n.r.

To residents from nonresidents Yes. Receipts from abroad related to gifts must be reported to the appropriate administrative authorities and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

Settlement of debts abroad by immigrants Yes. Residents’ settlement of debts abroad of up to CFAF 100 million must be reported to the MOF and the BEAC within 30 days of the transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

Transfer of assets n.r.

Transfer abroad by emigrants n.r.

Transfer into the country by immigrants n.r.

Transfer of gambling and prize earnings n.r.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. Banks’ capital transactions must be reported after their execution. The business and accounting regulations applicable in the banking sector are based on the application of the COBAC regulations and instructions.

Borrowing abroad No. Borrowing by resident licensed banks from nonresidents and repayment of such loans are not subject to prior approval, but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the
<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td><strong>COBAC prudential rules.</strong></td>
<td></td>
</tr>
<tr>
<td>Licensed banks may, without prior approval, open accounts with</td>
<td></td>
</tr>
<tr>
<td>their correspondent banks abroad for their business purposes. Such</td>
<td></td>
</tr>
<tr>
<td>accounts are monitored by the COBAC in the context of its supervision of</td>
<td></td>
</tr>
<tr>
<td>the banking system.</td>
<td></td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending by resident licensed banks to nonresidents and repayment of</td>
<td></td>
</tr>
<tr>
<td>such loans are not subject to approval but must be reported within 30</td>
<td></td>
</tr>
<tr>
<td>days of their execution to the MOF and the BEAC. Licensed banks</td>
<td></td>
</tr>
<tr>
<td>may undertake such operations, subject to the COBAC prudential rules.</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions between residents must be effected in domestic currency.</td>
<td></td>
</tr>
<tr>
<td>Residents may purchase foreign currency for the settlement of their</td>
<td></td>
</tr>
<tr>
<td>transactions with nonresidents.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Securities issued within the CEMAC are denominated in domestic currency.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>The books of licensed banks are maintained in CFA francs. No specific</td>
<td></td>
</tr>
<tr>
<td>requirements apply to foreign currency deposit accounts.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>No specific requirements apply to these accounts.</strong></td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Investment operations of licensed banks are unrestricted and must be</td>
<td></td>
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<tr>
<td>reported to the appropriate MOF and BEAC departments within 30 days of</td>
<td></td>
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<tr>
<td>each transaction. Moreover, these transactions must be executed in</td>
<td></td>
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<tr>
<td>compliance with the COBAC prudential rules.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>The monitoring and control of the foreign exchange positions of local</td>
<td></td>
</tr>
<tr>
<td>banks are described in COBAC Regulation No. R-2003/03 on the Supervision</td>
<td></td>
</tr>
<tr>
<td>of Foreign Exchange Positions.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>n.a.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>n.a.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies’ capital transactions must be reported within 30</td>
<td></td>
</tr>
<tr>
<td>days to the MOF and the BEAC. Transactions exceeding CFAF 100 million</td>
<td></td>
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<tr>
<td>are subject to approval by the appropriate authorities. The business and</td>
<td></td>
</tr>
<tr>
<td>accounting regulations for the insurance sector are based on the Code of</td>
<td></td>
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<tr>
<td>the Inter-African Conference on Insurance Markets (CIMA Code) of the CFA</td>
<td></td>
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<tr>
<td>franc area member countries.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>nonresidents</strong></td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
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</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
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<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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<td>References to legal instruments and hyperlinks</td>
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</tr>
</tbody>
</table>

### Changes during 2019 and 2020

#### Exchange Arrangement

| Exchange tax | 06/10/2019 | Transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax. |
| Foreign exchange market |  |
| Spot exchange market |  |
| Interbank market | 06/10/2019 | A fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks. |

#### Arrangements for Payments and Receipts

| Controls on exports and imports of banknotes |  |
| On exports |  |
| Domestic currency | 03/01/2019 | Departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000). |
Resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

Arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

Resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, and instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

The authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

Legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

Export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

A single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of
Personal payments

Indicative limits/bona fide test 03/01/2019  A single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission).

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements 03/01/2019  Amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements

Surrender to the central bank 03/01/2019  Amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Capital Transactions

Repatriation requirements 03/01/2019  Foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

Surrender requirements

Surrender to the central bank 03/01/2019  Amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

Controls on capital transactions

Repatriation requirements 03/01/2019  Transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

Surrender requirements

Surrender to the central bank 03/01/2019  The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 03/01/2019  Prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

Sale or issue locally by nonresidents 03/01/2019  The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be declared 30 days before the transaction when the transaction is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.
### On money market instruments

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>03/01/2019</td>
<td>Transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>03/01/2019</td>
<td>The issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>03/01/2019</td>
<td>Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval.</td>
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<td>03/01/2019</td>
<td>Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.</td>
</tr>
</tbody>
</table>

### On collective investment securities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>03/01/2019</td>
<td>The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>03/01/2019</td>
<td>Transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to MOF and BEAC approval.</td>
</tr>
</tbody>
</table>

### Controls on direct investment

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outward direct investment</td>
<td>03/01/2019</td>
<td>Outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance.</td>
</tr>
</tbody>
</table>
CHAD

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII  Yes.  Date of acceptance: June 1, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices  No.  No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons  Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)  No.

Other security restrictions  Yes.  For security reasons, Chad supports UNSC Resolution No. 1373 to combat money laundering and terrorism financing (Regulation No. 01/03/CEMAC/UMAC/CM of April 4, 2003).

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency  Yes.  The currency issued within the CEMAC, which is legal tender in Chad and the other member countries, is the CFA franc.

Other legal tender  No.

Exchange rate structure

Unitary  Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg  Yes.  The exchange rate arrangement of the Central African Monetary Union (CAMU) is a conventional peg. Chad participates in the CAMU and has no separate legal tender. The Monetary Cooperation Agreement (MCA) between CAMU member countries and France is based on three principles: (1) a common CB; (2) fixed parity with the euro; and (3) an unlimited convertibility guarantee. Article 16 empowers the finance ministers of signatory countries (Joint Monetary Committee) to amend the MCA. Article 17 permits signatories to renounce the agreement. Article 18 specifies that the expulsion of a member country from the BEAC automatically results in that country’s renunciation of the MCA.

Stabilized arrangement
The CFA franc is officially pegged to the euro, the intervention currency, at a fixed rate of CFAF 655.957 per euro. The exchange rate is fixed by Article 12 of the MCA of November 23, 1972, between the BEAC and France, which states that the par value may be modified following consultation among the signatory countries (BEAC members and France), taking into account the demands of the economic and financial situation of the member countries. Exchange transactions in euros between the BEAC and commercial banks are made at this rate. Buying and selling rates for certain other foreign currencies are also listed officially based on the fixed rate for the euro and the rates for these foreign currencies prevailing in the Paris foreign exchange market. The official rate is used for accounting and valuation.

The monetary policy framework is an exchange rate anchor vis-à-vis the euro.
**Band/Range**

Target measure

**CPI**

**Core inflation**

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

Other

**Accountability**

Open letter

Parliamentary hearings

Other

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax**  Yes. Effective June 10, 2019, transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax. Licensed intermediaries may effect transfers with the rest of the world through the BEAC. Within the CEMAC, transfers of funds are subject to transfer fees determined freely by the market and not exceeding 0.25%, excluding the VAT and any other special tax.

**Exchange subsidy**  No.

**Foreign exchange market**  Yes. Licensing of exchange bureaus is the responsibility of the MOFs of the CEMAC member countries. Their operations are limited to OTC transactions. Licensed intermediaries, who set their own exchange rates with their customers for currencies other than the euro, may freely conduct foreign exchange transactions with their customers. The BEAC’s OTC foreign exchange transactions are conducted exclusively with national public accountants and treasuries. Commercial banks may also acquire euro notes at 1.5% from the CB. There are eight authorized foreign exchange bureaus in Chad.

**Operated by the central bank**  Yes. The BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries. Commercial banks may also acquire euro notes at 1.5% from the CB.

**Foreign exchange standing facility**  Yes. Within the limits of available stocks, the BEAC’s OTC exchange
transactions are conducted exclusively with national public accountants and treasuries.

<table>
<thead>
<tr>
<th>Allocation</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are no restrictions on interbank foreign exchange transactions within the CEMAC. Exchange transactions are OTC transactions. The BEAC does not intervene in exchange transactions within the CEMAC. These transactions are freely conducted by operators licensed by the MOF with the approval of the Central African Banking Commission (COBAC). Effective June 10, 2019, a fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks. This fee covers all charges on OTC transactions and the intermediation margin. All banks approved by COBAC and authorized by the Monetary Authority to operate in the country are automatically eligible to participate in the interbank market. Only participation in BEAC intervention requires the approval of the governor after COBAC’s consent. There are eight authorized banks, all of which participate in the interbank market.

| Over the counter | Yes. |
| Brokerage       | No. |
| Market making   | No. |
| Forward exchange market | Yes. |

There is no forward foreign exchange market in the CEMAC. Licensed intermediaries may enter into forward exchange contracts on presentation of supporting documentation (invoices, debt repayment schedules, or other foreign-currency-denominated debt instruments) and must report such activities to the BEAC. They are required to adhere to the limits of foreign holdings allowed by the Banking Commission.

| Official cover of forward operations | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes.

Controls on the use of domestic currency No.

Within the CEMAC, the CFA franc is used freely for payments and receipts relating to current and capital transactions and payments. Settlements with all countries other than CEMAC members must be made through correspondent banks in one of the currencies of the two parties or in any other currency agreed on by the two parties to the transaction.

| For current transactions and payments | No. |
| For capital transactions             | No. |
| Transactions in capital and money market instruments | No. |
| Transactions in derivatives and other instruments | No. |
Credit operations No.

Use of foreign exchange among residents Yes. The monetary unit is the CFA franc, which is the sole official currency and legal tender in all CEMAC member countries. Consequently, transactions among residents must be settled in domestic currency.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. An operations account links all the countries with the French Treasury. All purchases and sales of foreign currencies and euros in exchange for CFA francs are ultimately settled by a debit or credit to the operations account. Governments may maintain foreign currency deposits related to oil reserves at commercial banks and use them to meet their external debt service obligations. Exchange regulations in the CEMAC member countries are harmonized.

Clearing agreements No.

Barter agreements and open accounts Yes.

Administration of control Yes. Administration of the foreign exchange regulations is the responsibility of the MOFs of the CEMAC countries, which may delegate all or a portion of their authority to the BEAC, the COBAC, and licensed intermediaries. For example, authority is delegated to licensed intermediaries to carry out transactions with the rest of the world. They must verify the validity of transactions, collect statistics, and report these activities to the monetary authorities. However, certain types of transactions may not be delegated. The BEAC supervises the exchange regulations; evaluates foreign exchange hedging operations; reviews requests for approval of foreign exchange accounts by some resident legal entities; and monitors the repatriation of export proceeds. The COBAC ensures that licensed intermediaries comply with certain provisions of these regulations, especially to prevent weakening of the CEMAC banking system.

Payments arrears No. Licensed intermediaries may freely execute their customers’ payment orders. The related transfers may, at their request, be made through the BEAC. In this context, the MCA with France serves to guarantee the convertibility of the CFA franc. No payment arrears are allowed on the grounds that insufficient foreign exchange is available.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) Yes. CEMAC residents are free to hold, purchase, and sell gold in any form within the CEMAC.

On domestic ownership and/or trade No.

On external trade Yes. Except in the case of manufactured articles containing small quantities of gold, CEMAC gold imports and exports are subject to approval by the appropriate authorities. The national treasuries and the BEAC are exempt from this requirement.

Controls on exports and imports of banknotes Yes. Residents and nonresidents traveling from one country to another within the CEMAC may take with them an unlimited amount of CEMAC banknotes and coins.

On exports
**CHAD**

<table>
<thead>
<tr>
<th>Domestic currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes. CFA francs issued by the BEAC may not be exported to countries outside the CEMAC. However, effective March 1, 2019, departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000). During their trips outside the CEMAC, travelers must use payment instruments other than BEAC banknotes (foreign currency, traveler’s checks, bank drafts, transfers, etc.).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes. Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities. Nonresident travelers leaving the CEMAC may take with them foreign currency valued at up to the amount they declared on entering the CEMAC. If they made no declaration on entry or if they are carrying sums exceeding those they brought into the CEMAC, they must explain the source of the amount in excess of CFAF 1 million. Supporting documents include pay slips and work permits (wage income), student cards (parental assistance for students and trainees), and notarized instruments (donations), among others.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes. Residents may not open foreign exchange accounts in local banks. However, the BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Approval required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes. The BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts. Effective March 1, 2019, the authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Held abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes. Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM effective March 1, 2019. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval required</th>
</tr>
</thead>
</table>
| Yes. The BEAC may allow a resident legal entity to open a foreign
currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Effective March 1, 2019, accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

| Accounts in domestic currency held abroad | Yes. |
| Accounts in domestic currency convertible into foreign currency | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | No. |
| Approval required | No. |
| Blocked accounts | No. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | Yes. |
| Domiciliation requirements | Yes. |
| Preshipment inspection | Yes. |

The exchange regulations do not limit access to foreign exchange. Payments for imports must be made regularly through licensed intermediaries. Economic agents may freely enter into commercial contracts with their partners abroad. These contracts are executed through the banking system, subject to compliance with the exchange regulations. There are no financing requirements. Imports valued at more than CFAF 5 million must be domiciled with a resident licensed intermediary. There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this area.
regard. In Chad, imports with an f.o.b. value exceeding the equivalent of CFAF 2 million are subject to preshipment inspection. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Import licenses are not used in the CEMAC countries to restrict the availability of foreign exchange for legitimate trade, as defined in the Compilation Guide. When such licenses exist, they are used for trade policy purposes.

For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license (registration number, professional ID card, extract from the commercial registry, or tax clearance).

Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents. Effective March 1, 2019, legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

In general, CEMAC countries no longer use quantitative restrictions as a means of protecting local production. Merchandise originating from all countries may be freely imported, with the exception of gold, to which special regulations apply.

Imports of some products may be prohibited, restricted, or require national authorization for humanitarian, security, or health reasons.

There is no system of OGLs at the CEMAC level.

The CEMAC CET applies to imports from non-CEMAC countries, at four rates: 5% for staple goods, 10% for raw materials and capital goods, 20% for intermediate goods, and 30% for consumer goods. The taxes are imposed by the national customs administration in CFA francs at the merchandise point of entry.

Licensed intermediaries are responsible for withholding all taxes and related fees established by law and surrendering them to the monetary authority.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Export-related transactions must be reported to the appropriate administrative authorities, and all those exceeding CFAF 5 million must be domiciled at a licensed CEMAC bank. Effective March 1, 2019, export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Effective March 1, 2019, export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.
Surrender to authorized dealers No.

**Financing requirements**
No. Economic agents and their partners abroad may enter freely into commercial contracts, which are executed through the banking system, subject to compliance with the exchange regulations. There are no financing requirements.

**Documentation requirements**
Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank. Each domiciliation file must contain an export contract, a foreign exchange declaration under which the exporter agrees to repatriate all export earnings within a month of the payment due date, and a customs export certificate duly signed by a customs officer.

Letters of credit No. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Guarantees n.r.

**Domiciliation**
Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank.

**Preshipment inspection**
Yes. There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard. In Chad, the Customs office must stamp a certificate of departure of the goods and send a copy to the exporter, paying bank, BEAC, and foreign MOF.

Other No.

**Export licenses**
No.

**Without quotas**
No.

**With quotas**
No.

**Export taxes**
Yes. Export taxes established by the budget laws are levied by the Customs Directorate or via licensed intermediaries.

**Collected through the exchange system**
Yes. Licensed intermediaries are responsible for withholding all taxes and fees established in the law and surrendering them to the monetary authority.

**Other export taxes**
Yes.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

Controls on these transfers Yes.

Trade-related payments Yes. There are no exchange restrictions on service-related transactions. Payments for such transactions are subject to the same requirements as the underlying commercial transactions.

Prior approval No.

**Quantitative limits**
No.

Indicative limits/bona fide test Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for...
Investment-related payments: Yes.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. There are no restrictions on transfers of capital income outside the CEMAC in the form of profits, dividends, interest, royalties, etc. payable to nonresidents, provided the underlying transaction was authorized or is not subject to authorization. Supporting documents on the decision to distribute income (profits and dividends), the repayment schedule, and the debt security involved (loans contracted and granted) must be provided.

Payments for travel: Yes.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. Indicative limits are established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Effective March 1, 2019, a single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Personal payments: Yes. Transfers are unrestricted, on submission of supporting documentation.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. Effective March 1, 2019, a single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Foreign workers’ wages: Yes.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: Yes. There are no restrictions on transfers by residents and nonresidents of income from wages, subject to declaration for statistical purposes. On presentation of a pay slip, resident foreign wage earners may...
Credit card use abroad

Yes.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

Yes. The use of credit cards is considered equivalent to a transfer and is not subject to specific regulations in the context of invisible transactions and current transfers. Residents may use credit cards within the CEMAC and abroad.

Other payments

Yes. These are treated the same as trade-related payments.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

Yes. Effective March 1, 2019, amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

**Surrender requirements**

Yes.

**Surrender to the central bank**

Yes. Effective March 1, 2019, amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

**Surrender to authorized dealers**

No.

**Restrictions on use of funds**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**

Yes. The exchange regulations, including the section on capital flows within the CEMAC, do not apply to transactions between CEMAC member countries. There are no restrictions on most capital flows between CEMAC and non-CEMAC countries, provided they comply with the laws and regulations prohibiting drug financing and trafficking. Certain loans, direct investments, and the issuance, advertisement, and sale of foreign securities within the CEMAC are subject to administrative controls and require approval from the appropriate authorities. Controls on these transactions are applied to countries in the CFA franc area, other than CEMAC member countries, and all non-CFA franc area countries. Moreover, Article 61 of the General Regulations of the Central African Financial Market Supervisory Commission (COSUMAF), which went into effect January 15, 2009, specifies that “when a nonresident legal entity
plans a public offering on the Central African regional financial market, it must prepare a disclosure document and submit it to COSUMAF for approval prior to dissemination. The prior approval of the exchange control authority in the various countries concerned must also be obtained.” The article also states that “the issuer must appoint a correspondent (securities dealer) established in a CEMAC member country, where it elects domicile. This correspondent must be responsible for: (1) receiving correspondence from COSUMAF and (2) forwarding to COSUMAF all documents and information required under the laws and regulations or requested by COSUMAF.”

### Repatriation requirements
Yes.

In the context of the centralization of foreign exchange reserves, effective March 1, 2019, foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

### Surrender requirements
Yes.

Surrender to the central bank
Yes. Effective March 1, 2019, amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

Surrender to authorized dealers
No.

### Controls on capital and money market instruments
Yes.

**On capital market securities**

Yes. The issuance, advertisement, and sale of foreign securities (shares and bonds issued by foreign enterprises) whose value exceeds CFAF 10 million are subject to MOF approval. Under CEMAC exchange regulations, transactions in capital market securities are treated in the same way as simple borrowing and lending operations, as opposed to direct investments, when the shares or equity held by the individual or legal entity represent less than 10% of the enterprise’s total equity. Borrowing and lending are not regulated by type of instrument or maturity.

### Shares or other securities of a participating nature
Yes.

**Purchase locally by nonresidents**

Yes. Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

**Sale or issue locally by nonresidents**

Yes. Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million). Transactions must be reported to the BEAC within 30 days.

**Purchase abroad by residents**

Yes. Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

**Sale or issue abroad by residents**

Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. Effective March 1, 2019, prior approval by the Banking Commission is required in all occasions. Previously, MOF approval...
was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

<table>
<thead>
<tr>
<th>Bonds or other debt securities</th>
<th>Yes.</th>
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</thead>
<tbody>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| **Purchase locally by nonresidents** | Yes. | Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When
the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.

Sale or issue locally by nonresidents Yes. Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.

Purchase abroad by residents Yes. Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Sale or issue abroad by residents Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Controls on derivatives and other instruments n.r. These instruments are not regulated.

Purchase locally by nonresidents n.r. There is no derivatives market in the CEMAC.

Sale or issue locally by nonresidents n.r. There is no derivatives market in the CEMAC.

Purchase abroad by residents No. Licensed banks are free to deal in derivatives, subject to compliance with the prudential rules issued by the Banking Commission, which is responsible for supervision of the banking system.

Sale or issue abroad by residents n.r. There is no derivatives market in the CEMAC.

Controls on credit operations Yes. There are no specific regulations on borrowing and lending by instrument type or by maturity.

Commercial credits Yes. Borrowing directly related to the financing of commercial transactions and borrowing and lending contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction.

By residents to nonresidents Yes. Banks may verify and then execute commercial credits granted to nonresidents, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case such credits must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

To residents from nonresidents No. Only banks are authorized to verify and then execute commercial credits received by residents, which they must declare to the appropriate MOF and BEAC departments within 30 days of each transaction.
Financial credits

Loans contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Banks may verify and execute borrowing and lending transactions for their customers, as well as their repayment, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case they must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

By residents to nonresidents
Yes.

To residents from nonresidents
Yes.

Guarantees, sureties, and financial backup facilities
n.r.

By residents to nonresidents
n.r.

To residents from nonresidents
n.r.

Controls on direct investment
Yes.

Outward direct investment
Yes. Effective March 1, 2019, outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance. Only licensed banks may verify and execute such transactions. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Inward direct investment
Yes. Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Controls on liquidation of direct investment
Yes. The total or partial liquidation of CEMAC countries’ outward (and inward) direct investment in amounts exceeding CFAF 100 million must be reported to the MOF 30 days before execution.

Controls on real estate transactions
Yes. This category of transaction is not subject to specific regulations. It is implicitly subject to the same regulations as FDI.

Purchase abroad by residents
Yes. Outward direct investment by CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve
as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Purchase locally by nonresidents**  Yes.

Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Sale locally by nonresidents**  n.r.

**Controls on personal capital transactions**  Yes.

**Loans**

- **By residents to nonresidents**  Yes. Residents may grant loans to nonresidents, as long as the total outstanding amount does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

- **To residents from nonresidents**  Yes. Residents may contract loans from nonresidents, provided a single borrower’s total outstanding debt does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

**Gifts, endowments, inheritances, and legacies**

- **By residents to nonresidents**  n.r.

- **To residents from nonresidents**  Yes. Receipts from abroad related to gifts must be reported to the appropriate administrative authorities, and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

- **Settlement of debts abroad by immigrants**

- **Transfer of assets**  n.r.

- **Transfer abroad by emigrants**  n.r.

- **Transfer into the country by immigrants**  n.r.

- **Transfer of gambling and prize earnings**  n.r.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
# Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
<th>Banks’ capital transactions must be reported after their execution. The business and accounting regulations applicable in the banking sector are based on the application of the COBAC regulations and instructions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
<td>Borrowing by resident licensed banks from nonresidents and repayment of such loans are not subject to approval, but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
<td>Licensed banks may, without approval, open accounts with their correspondent banks abroad for their business purposes. Such accounts are monitored by the COBAC in the context of its supervision of the banking system.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
<td>Lending by resident licensed banks to nonresidents and repayment of such loans are not subject to approval but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
<td>Transactions between residents must be effected in domestic currency. Residents may purchase foreign currency for the settlement of their transactions with nonresidents.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>n.a.</td>
<td>Securities issued within the CEMAC are denominated in domestic currency.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
<td>The books of licensed banks are maintained in CFA francs. No specific requirements apply to foreign currency deposit accounts.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td>The accounts of banks are held in CFA francs, so the calculation of reserve requirements is also in CFA francs.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td>No specific requirements apply to these accounts.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td>There are no specific provisions applicable to nonresident deposit accounts.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
<td>Investment operations of licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Moreover, these transactions must be executed in compliance with the COBAC prudential rules.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
<td>The monitoring and control of the foreign exchange positions of local banks are described in COBAC Regulation No. R-2003/03 on the Supervision of Foreign Exchange Positions.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>n.a.</td>
<td></td>
</tr>
</tbody>
</table>
On nonresident assets and liabilities | n.a.
---|---
Provisions specific to institutional investors | Yes.
Insurance companies | Yes.

In the exchange regulations, the applicable provisions are the same as those for borrowing and lending by the private sector. Insurance companies’ capital transactions must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for the insurance sector are based on the Code of the Inter-African Conference on Insurance Markets (CIMA Code) of the CFA franc area member countries.

| Limits (max.) on securities issued by nonresidents | n.a.
---|---
| Limits (max.) on investment portfolio held abroad | n.a.
| Limits (min.) on investment portfolio held locally | n.a.
| Currency-matching regulations on assets/liabilities composition | n.a.

| Limits (max.) on securities issued by nonresidents | n.a.
---|---
| Limits (max.) on investment portfolio held abroad | n.a.
| Limits (min.) on investment portfolio held locally | n.a.
| Currency-matching regulations on assets/liabilities composition | n.a.

| Investment firms and collective investment funds | Yes.
---|---

The capital transactions of investment firms and collective investment funds must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for this sector are based on the regulations and instructions of the COSUMAF.

| Limits (max.) on securities issued by nonresidents | Yes.
---|---
| Limits (max.) on investment portfolio held abroad | Yes.
| Limits (min.) on investment portfolio held locally | n.a.
| Currency-matching regulations on assets/liabilities composition | n.a.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Exchange tax**

| 06/10/2019 |
|---|---|
| Transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax. |

**Foreign exchange market**

**Spot exchange market**

**Interbank market**

| 06/10/2019 |
|---|---|
| A fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than
10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks.

Arrangements for Payments and Receipts

Controls on exports and imports of banknotes

On exports

**Domestic currency** 03/01/2019
Departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

**Foreign currency** 03/01/2019
Resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

On imports

**Domestic currency** 03/01/2019
Arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

**Foreign currency** 03/01/2019
Resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, and instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

Resident Accounts

Foreign exchange accounts permitted

Held domestically

**Approval required** 03/01/2019
The authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

Held abroad 03/01/2019
Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

Accounts in domestic currency held abroad 03/01/2019
Accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

Imports and Import Payments

Documentation requirements for release of foreign exchange for imports

Other 03/01/2019
Legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

Exports and Export Proceeds

Repatriation requirements 03/01/2019
Export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.
Surrender to the central bank 03/01/2019  Export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Payments for travel

Indicative limits/bona fide test 03/01/2019  A single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission).

Personal payments

Indicative limits/bona fide test 03/01/2019  A single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission).

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements 03/01/2019  Amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements

Surrender to the central bank 03/01/2019  Amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Capital Transactions

Controls on capital transactions

Repatriation requirements 03/01/2019  Foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

Surrender requirements

Surrender to the central bank 03/01/2019  Amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 03/01/2019  Transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously 10 million).

Transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

Prior approval by the Banking Commission is required in all
occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

**Bonds or other debt securities**

**Sale or issue locally by nonresidents** 03/01/2019
The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

**Purchase abroad by residents** 03/01/2019
Transactions must be declared 30 days before when the transaction is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

**On money market instruments**

**Purchase locally by nonresidents** 03/01/2019
Transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

**Sale or issue locally by nonresidents** 03/01/2019
The issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

**Purchase abroad by residents** 03/01/2019
Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval.

**Sale or issue abroad by residents** 03/01/2019
Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

**On collective investment securities**

**Sale or issue locally by nonresidents** 03/01/2019
The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

**Purchase abroad by residents** 03/01/2019
Transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval.

**Controls on direct investment**

**Outward direct investment** 03/01/2019
Outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance.
## CHILE

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 31, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks  | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Chile is the Chilean peso.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

#### Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
</tr>
<tr>
<td>Stabilized arrangement</td>
<td></td>
</tr>
<tr>
<td>Crawling peg</td>
<td></td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
<td></td>
</tr>
<tr>
<td>Pegged exchange rate within horizontal bands</td>
<td></td>
</tr>
<tr>
<td>Other managed arrangement</td>
<td></td>
</tr>
</tbody>
</table>

| Floating | Yes. The de jure exchange rate arrangements is free floating. The Central Bank of Chile (BCCH) reserves the right to intervene in the foreign exchange market, in exceptional circumstances, to keep the currency |
near its equilibrium value to avoid costly future reversals. These interventions take the form of transparent, well-founded measures, including explicit definitions of the periods and amounts involved and clearly explained reasons for the intervention. The BCCH usually announces the amount of foreign exchange it intends to buy or sell in its monthly bulletin. It publishes its auction results daily and its reserves weekly. Effective November 28, 2019, the BCCH announced a preventive program aimed at facilitating the management of liquidity in the financial system in dollars and pesos, together with a program to sell foreign currency aimed at reducing excessive volatility in the exchange rate. This program was implemented to sell up to US$20 billion in foreign currency, which would be in effect up until May 29, 2020, according to the following plan: sale of up to US$10 billion in the spot market and sale of up to US$10 billion in exchange hedging instruments.

However, the initial announcement of this program did not specify the daily or weekly amounts. Instead such details were announced at the end of each week for the daily amounts sold the following week. Given that the initial November 28, 2019 announcement lacked sufficient detail, each subsequent weekly announcement was counted as an intervention. The weekly announcements occurred each week for interventions starting December 2, 2019. Under the program US$2.55 billion was sold in the spot market and was suspended on January 3, 2020. And only the stock of forwards in effect on that date, equivalent to US$4.5 billion, would be renewed.

The three-intervention limit allowed under the free-floating arrangement for the period under review from May 1, 2020 through end-April 2020 was reached on the fourth announcement on December 20, 2019. Hence, the de facto exchange rate arrangement was reclassified to floating from free floating, effective December 20, 2019.

Free floating

**Official exchange rate**  Yes.  The exchange rate in the Formal Exchange Market (MCF) is the rate freely agreed by the participants. The BCCH publishes daily exchange rates of the foreign currencies generally accepted in international exchange markets in the Official Gazette, based on the previous day’s transactions in the MCF and, where appropriate, on reports on transactions in international markets. The Law of the CB specifically states that the exchange rate in the MCF is the one freely agreed by the intervening parties. Nevertheless, the Law of the CB also requires it to authorize “adjustment systems” (“sistemas de reajuste”) for credit operations in local currency of banks and cooperatives (Article 35.9), and the US dollar and other foreign currencies have been authorized as one of those “adjustment systems.” Only for those specific transactions (credit operations in local currency of banks and cooperatives), the exchange rates published in the Official Gazette are mandatory.

**Monetary policy framework**

Exchange rate anchor

- **U.S. dollar**
- **Euro**
- **Composite**
The Board of the BCCH sets targets and carries out such functions in accordance with the Organic Constitutional Law. In general, the adoption of Agreements by the Board requires a majority vote by its members. The Board is free to change the target.

Since 2007, the explicit objective of the BCCH has been to maintain annual inflation of the headline consumer price index at about 3% most of the time, with a tolerance range of ±1%. There are no automatic consequences from missing the inflation target, but rather the authorities use their discretion to return inflation to within the target band.

Since 2007, the explicit objective of the BCCH has been to maintain annual inflation of the headline consumer price index.

The target is always for a two-year period.

The BCCH executes its monetary policy by influencing the overnight interbank interest rate, the rate at which banks lend to each other from one day to the next.

The Monetary Policy Meeting (MPM) is the BCCH’s Board instance to decide any change in the Monetary Policy Rate. There are 8 scheduled Monetary Policy Meetings in a year. The dates for these meetings are published the previous year, although the Board reserves the right to hold special monetary policy meetings if deemed necessary. As of August 11, 2020, the policy rate was 0.5%.

The target corridor band is set symmetrically in relation to the monetary policy rate ±50 basis points. The permanent liquidity facility (PLF) provides overnight liquidity at the monetary policy rate +25 basis points, while the permanent deposits facility absorbs overnight liquidity at the monetary policy rate of ~25 basis points.
Accountability  Yes.
Open letter  n.a.
Parliamentary hearings  Yes.  The BCCH presents its Monetary Policy Report to the Finance Commission on a quarterly basis and the Financial Stability Report every six months. In total, there are 6 hearings in the year, one of which (the September IPOM) is in front of the entire Senate. It should be noted that Article 4 of the Organic Law of the BCCH states that the BCCH must inform the President of the Republic and the Senate of the policies and general rules it sets in the exercise of its functions.

Other  n.a.

Transparency  Yes.
Publication of votes  Yes.  The minutes of the monetary policy meeting state whether the decision was unanimous or, if not, the number of votes in favor and against the decision. These votes are not anonymous, although the reasons behind the votes are.
Publication of minutes  Yes.  On the day of the monetary policy meeting, the decision adopted is reported to the public through a communiqué published at 6 p.m. The Minutes of Monetary Policy Meetings, which present the contents and basis for the voting, are published 11 business days after the meeting is held. The official records of the meetings are published 10 years later.
Publication of inflation forecasts  Yes.  The Monetary Policy Report (IPOM), which is signed by the Board and published quarterly (in March, June, September, and December), includes the inflation projections.

Other monetary framework

Exchange tax  No.
Exchange subsidy  No.
Foreign exchange market  Yes.  Commercial banks may freely set their exchange rates in transactions with their clients.
Spot exchange market  Yes.  Only institutions licensed by the BCCH may conduct foreign exchange transactions, which must be carried out through the MCF. As of August 11, 2020, 19 banks and 9 nonbank entities (8 stock exchange brokers and 1 securities dealer) are authorized institutions. Under Article 39 of the Organic Constitutional Law of the BCCH anyone may freely engage in foreign exchange operations. Without prejudice to that provision, Article 42 of that law authorizes the BCCH to limit execution of certain operations to the MCF. The MCF comprises all banking institutions; the BCCH may authorize other entities and individuals, provided they meet the requirements in Chapter III of the Compendium of Foreign Exchange Regulations (CNCI). A list of these entities is given in the annex to Chapter III. Chapter II also lists operations that must be conducted exclusively through the MCF, executed in the MCF, and reported to the BCCH, and those that need only be reported.
Therefore, exchange bureaux may operate in the exchange market, except for transactions that must be executed exclusively through the MCF. At present, no exchange bureaux participate in the MCF, although they are not legally barred from requesting authorization to do so if they meet the CNCI requirements.

Operated by the central bank  No.
Effective December 2, 2019, a foreign currency sales program was launched. The program was initially intended to sell up to USS 10 billion in the spot market until May 29, 2020. However, the auction was suspended, effective January 6, 2020, after US$ 2.55 billion were auctioned.

The interbank market includes 19 banks licensed by the Superintendency of Banks and Financial Institutions (currently the Financial Markets Board, CMF). There are no limits on the bid-ask spreads and commissions of market participants.

The CB has not intervened in this market.

The interbank market is operated as a continuous electronic OTC market by the Bolsa de Comercio (Stock Exchange), based on market-making agreements. Banks and other members of the MCF also deal on their own account.

Effective December 2, 2019, a special operations program was launched which included the sale of up to US$10 billion in exchange hedging instruments and an auction program for the purchase of up to US$4 billion in currency swaps.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>Yes</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>Yes</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No</td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Bilateral payments arrangements  No.
Operative  No.
Inoperative  No.
Regional arrangements  Yes. Settlements between Chile and the other member countries of the Latin American Integration Association (ALADI) may be made through accounts maintained in the corresponding CBs, under the framework of the ALADI multilateral clearing system.
Clearing agreements  Yes. Chile participates in the clearing system of the Latin American Integration Association (ALADI).
Barter agreements and open accounts  No.
Administration of control  Yes. Exchange market regulations are the responsibility of the BCCH.
Payments arrears  No.
Official  No.
Private  No.
Controls on trade in gold (coins and/or bullion)  Yes. Monetary gold transactions are classified as international exchange transactions. As a result, they may be subject to the CB’s exchange standards, depending on the particular transaction. There are no restrictions on customary transactions in nonmonetary gold between private individuals.
On domestic ownership and/or trade  Yes.
On external trade  No.
Controls on exports and imports of banknotes  No.
On exports  No.
Domestic currency  No.
Foreign currency  No.
On imports  No.
Domestic currency  No.
Foreign currency  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Resident Accounts
Foreign exchange accounts permitted  Yes.
Held domestically  Yes. Current accounts, in both domestic and foreign currencies, are governed by the Law on Bank Current Accounts and Checks (Executive Decree (DFL) No. 707 of 1982) and by each bank’s general conditions. There are no restrictions on the transfer of balances abroad, but such transfers must comply with the applicable BCCH foreign exchange regulations.
Approval required  No.
Held abroad  Yes. Nonbank financial institutions, individuals, and nonfinancial sector
companies may maintain accounts abroad.

Approval required

No.

Accounts in domestic currency held abroad

Yes. Residents may hold accounts in domestic or foreign currencies at home or abroad. The transfer of funds to or from foreign accounts does not require any prior authorization, and their rules of operation are determined by the entities in which the accounts have been opened.

Accounts in domestic currency convertible into foreign currency

Yes. Residents are free to convert their account balances in domestic currency to a foreign currency or vice versa, without any regulatory limits.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes. Account balances of nonresidents may be moved abroad freely. There are no applicable regulatory limits and the rules of operation are determined by the entities in which the accounts have been opened.

Approval required

No.

Domestic currency accounts

Yes.

Convertible into foreign currency

Yes. Nonresidents are free to convert their account balances in domestic currency to a foreign currency or vice versa, without any regulatory limits.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

No.

Minimum financing requirements

No.

Advance payment requirements

No.

Advance import deposits

No.

Documentation requirements for release of foreign exchange for imports

No.

Domiciliation requirements

No.

Preshipment inspection

No.

Letters of credit

No.

Import licenses used as exchange licenses

No.

Other

No.

Import licenses and other nontariff measures

Yes.

Positive list

No.
Imports of used motor vehicles are restricted. 

Most imports are subject to a uniform 6% tariff rate, except some goods that are imported free of tariffs (capital goods). In 2018, imports from free trade agreement partners accounted for 94% of the total, so the effective tariff was 0.81%. Imports of wheat, wheat flour, and sugar are subject to a tariff band system. Effective May 23, 2019, antidumping duty is imposed on imports of forged steel grinding balls with a diameter of less than 4 inches (tariff code 7326.1110) from China. The measure is for a period of one year and as an ad valorem tariff surcharge of 5.6%.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
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<td>Quantitative limits</td>
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<td>Indicative limits/bona fide test</td>
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<td>Foreign workers’ wages</td>
<td>No.</td>
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<td>Prior approval</td>
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<td>Indicative limits/bona fide test</td>
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<tr>
<td>Credit card use abroad</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
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<tr>
<td>Quantitative limits</td>
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<td>Indicative limits/bona fide test</td>
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<tr>
<td>Other payments</td>
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<td>Prior approval</td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Capital Transactions

### Controls on capital transactions

Banks and financial institutions may conduct the following foreign currency operations: (1) engage in credit operations with the rest of the world; (2) acquire credit granted abroad to residents, including for foreign trade; (3) participate as agents in international financing operations in favor of residents; (4) discount commercial paper whose obligors are not banks established in Chile; (5) purchase bonds issued abroad by residents and by state enterprises; and (6) invest in bonds issued by foreign enterprises and in claims issued or guaranteed by foreign governments, CBs, and foreign or international banking or financial institutions.

### Repatriation requirements

No.

### Surrender requirements

No.

### Surrender to the central bank

No.

### Surrender to authorized dealers

No.

### Controls on capital and money market instruments

Nonresidents may sell securities and other instruments through the extraterritorial mechanisms of the securities exchange.

### On capital market securities

Yes.

### Shares or other securities of a participating nature

Yes.

### Purchase locally by nonresidents

Yes.

### Sale or issue locally by nonresidents

No.

### Purchase abroad by residents

Yes.

The purchase of shares and other securities of a participating nature may be affected by laws on inward direct investment.

Effective January 1, 2020, the currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros. To facilitate the development of a broader range of investment alternatives in the local market, admission of shares and other securities, such as exchange-traded funds, denominated in pesos and issued by nonresident on the domestic market is authorized based on the conditions established by the BCCH.

Limits apply to purchases of foreign securities by (1) insurance companies that would cause foreign assets to exceed 25%, and 30% of technical provisions and risk capital reserves; (2) managers of DL 3500 pension funds, Retirement Bonus Fund of Law 19882 funds, and Unemployment Fund of Law 19728 funds that would cause foreign assets to exceed the limits established in DL 3500, as amended in 2008; and (3) managers of housing funds that would cause foreign assets to exceed 30% of total assets under management.
Effective January 1, 2020, the currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros. The issue of bonds in pesos locally by nonresidents can be done without prior approval requirement, however, registration with the Financial Market Commission is required. There are no quantitative limits on it. In addition, funds associated to the issuance of peso denominated bonds by non-residents are required to be conducted through the Formal Exchange Market and be reported to the CB.

On money market instruments

Effective January 1, 2020, the currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros. To facilitate the development of a broader range of investment alternatives in the local market, admission of shares and other securities, such as exchange-traded funds, denominated in pesos and issued by nonresident on the domestic market is authorized based on the conditions established by the BCCH.

On collective investment securities

Effective January 1, 2020, the currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros. To facilitate the development of a broader range of investment alternatives in the local market, admission of securities denominated in pesos and issued by nonresident on the domestic market is authorized based on the conditions established by the BCCH.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>Limits apply to purchases of foreign securities by (1) insurance companies that would cause foreign assets to exceed 25%, and 30% of technical provisions and risk capital reserves; (2) managers of DL 3500 pension funds, Retirement Bonus Fund of Law 19882 funds, and Unemployment Fund of Law 19728 funds that would cause foreign assets to exceed the limits established in DL 3500, as amended in 2008; and (3) managers of housing funds that would cause foreign assets to exceed 30% of total assets under management.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td>Banks may engage in operations in financial derivatives in accordance with the rules issued by the BCCH. Banks must limit their risk exposure (including exchange risk) in accordance with the recommendations of the Basel Committee on Banking Supervision (BCBS).</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td>Effective January 1, 2020, the currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros. The issue of derivatives in pesos locally by nonresidents is authorized. There is prior approval requirement nor quantitative limit. Public offering of foreign securities require registration to the Commission of Financial Markets (just as the public offering of domestic securities), and funds associated to those transactions are required to be conducted through the Formal Exchange Market and be reported to the CB.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>Limits apply to purchases of foreign securities by (1) insurance companies that would cause foreign assets to exceed 25%, and 30% of technical provisions and risk capital reserves; (2) managers of DL 3500 pension funds, Retirement Bonus Fund of Law 19882 funds, and Unemployment Fund of Law 19728 funds that would cause foreign assets to exceed the limits established in DL 3500, as amended in 2008; and (3) managers of housing funds that would cause foreign assets to exceed 30% of total assets under management.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes</td>
<td>Limits apply to lending abroad by (1) insurance companies that would cause foreign assets to exceed 25%, and 30% of technical provisions and risk capital reserves; (2) managers of DL 3500 pension funds, Retirement Bonus Fund of Law 19882 funds, and Unemployment Fund of Law 19728 funds that would cause foreign assets to exceed the limits established in DL 3500, as amended in 2008; and (3) managers of housing funds that would cause foreign assets to exceed 30% of total assets under management.</td>
</tr>
</tbody>
</table>
To residents from nonresidents | No.
---|---
Guarantees, sureties, and financial
backup facilities | Yes.
By residents to nonresidents | Yes. Controls apply to the granting by a domestic bank to nonresidents of sureties, guarantees, and financial backup facilities in foreign currency that would ensure the total value of such operations does not exceed the equivalent of 25% of the bank’s effective net worth. This limit increases to 37.5% for banking institutions with a Basel indicator (regulatory capital over risk-weighted assets in accordance with the General Banking Act) equal to or greater than 10%. The limit for residents and entities domiciled in the country is 100% of the bank’s effective net worth.

To residents from nonresidents | No.
Controls on direct investment | Yes.
Outward direct investment | No.
Inward direct investment | Yes. Auditors of financial institutions must be incorporated in Chile. Controls apply to the establishment of branches of nonresident financial institutions except banks and insurance companies. Registration of aircraft is reserved for Chilean natural persons and enterprises majority owned by Chileans. Shipping vessels must be registered and incorporated in Chile. Vessels for water transportation, fishing, cabotage, and tugging activities in Chilean ports must be owned by Chilean natural persons and enterprises majority owned by Chileans. Vessels must be majority owned by resident Chileans, and Chileans must hold majority rights.
International land transportation is reserved for enterprises majority owned by Chileans or by citizens of Argentina, Bolivia, Brazil, Paraguay, Peru, and Uruguay. Stowage and dockage are reserved for enterprises majority owned by Chileans. Small-scale fishing is reserved for enterprises majority owned by Chileans or permanent residents. Only residents or legal entities incorporated in Chile may hold concessions for aquaculture activities. Radio broadcasting is limited to enterprises whose foreign ownership does not exceed 10%. Social media owners must be incorporated in Chile. Nuclear energy for peaceful ends may only be produced by the Chilean Nuclear Energy Commission. Investment in mining (including exploration, exploitation, and treatment) of liquid and gaseous hydrocarbons, uranium, and lithium must be authorized.
Generally, restrictions for purchases by nonresidents in certain sectors are mentioned as non-conforming measures in free trade agreements.

Controls on liquidation of direct investment | No.
Controls on real estate transactions | Yes.
Purchase abroad by residents | No.
Purchase locally by nonresidents | Yes. Businesses may not acquire land in the border zone if they (1) are headquartered in the territory of a neighboring country, (2) are more than 40% owned by citizens of these countries, or (3) are under the effective control of such persons.
Sale locally by nonresidents | No.
Controls on personal capital transactions | No.
Loans | No.
By residents to nonresidents: No.
To residents from nonresidents: No.

Gifts, endowments, inheritances, and legacies
By residents to nonresidents: No.
To residents from nonresidents: No.

Settlement of debts abroad by immigrants: No.

Transfer of assets: No.
Transfer abroad by emigrants: No.
Transfer into the country by immigrants: No.

Transfer of gambling and prize earnings: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions: Yes. Banks and financial institutions may conduct the following foreign currency operations: (1) engage in credit operations with the rest of the world; (2) acquire credit granted abroad to residents, including for foreign trade; (3) participate as agents in international financing operations in favor of residents; (4) discount commercial paper whose obligors are not banks established in Chile; (5) purchase bonds issued abroad by residents and by state enterprises; and (6) invest in bonds issued by foreign enterprises and in claims issued or guaranteed by foreign governments, CBs, and foreign or international banking or financial institutions. Banks may also engage in financial derivatives operations under BCCH rules. Banks must limit their exposure (including foreign exchange risk) as recommended by the BCBS.

Borrowing abroad: Yes. Banks may issue certificates of deposit (CDs) and bonds abroad. Loans with up to one-year maturity are subject to a 3.6% reserve requirement.

Maintenance of accounts abroad: Yes. Banks may hold foreign exchange accounts and demand or time deposits within the margin for financial investment abroad. Nonbank financial institutions are allowed to maintain accounts abroad. External current accounts are not subject to controls.

Lending to nonresidents (financial or commercial credits): Yes. Banks may deal in debt instruments and sovereign bonds issued abroad and may grant loans to individuals and legal entities residing abroad, observing the prudential margins and provisions set by the BCCH.

Lending locally in foreign exchange: Yes. Banks may grant loans and purchase securities issued in Chile and denominated or expressed in foreign exchange. Banks are required to limit interest rate and currency risk exposure, in accordance with the recommendations of the BCBS.

Purchase of locally issued securities denominated in foreign exchange: Yes. There are no restrictions on the purchase of locally issued securities denominated in foreign exchange: banks may purchase such securities. Banks must, however, abide by the restrictions in the General Law on Banks, which specifies allowable transactions, and they must limit their risk exposure (including exchange risk) in keeping with the recommendations of the BCBS.
### Differential Treatment of Deposit Accounts in Foreign Exchange

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

The reserve requirement for foreign currency deposits and other liabilities and assets must be held in US dollars, regardless of the currency of the deposit or assets.

### Differential Treatment of Deposit Accounts held by Nonresidents

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
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<tr>
<td>Liquid asset requirements</td>
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</tr>
<tr>
<td>Interest rate controls</td>
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</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Investment Regulations

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abroad by banks</td>
<td>Yes</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Foreign financial investments by commercial banks are subject to prudential regulations.

The incorporation of a bank in Chile requires, among other things, that the company be incorporated in the country as a corporation. In addition, the founding or controlling shareholders are required to comply with a set of fit and proper requirements, but none concerning nationality (Articles 27 and 28 of the General Banking Law, LGB).

In addition, Article 29 of the LGB regulates how financial institutions incorporated abroad can significantly participate in the creation or acquisition of shares of a Chilean bank: “A financial institution incorporated abroad that requests to take a significant part in the creation or acquisition of shares of a Chilean bank or to establish a branch in accordance with Article 32 may only be authorized if, in the country in which its head office operates, there is supervision that allows adequate monitoring of the risk of its operations and, in addition to complying with the provisions of the previous article, if it has prior authorization from the supervisory authority of the country in which its head office is incorporated. Additionally, to grant authorization, the supervisory bodies of both countries must be able to exchange relevant information on these institutions on a reciprocal basis.

In the case of investment holdings or other types of companies incorporated abroad, they must assure the Financial Market Commission, in whatever manner the latter deems necessary, that the provisions of the foregoing paragraph shall be permanently complied with if they hold or subsequently acquire a significant interest in a bank or financial institution in the country in which they are incorporated or in another country.

As for the companies referred to in the previous paragraph, which are incorporated in a country that applies the rules of the Basel Committee, the preceding paragraphs shall not be applicable, if they are obliged to deliver, in the manner and within a time frame determined by the Board, reliable financial information regarding said companies and their subsidiaries, it being understood that such information emanates from the supervisory bodies. When these companies are not subject to the supervision of a body or are not
required to provide such information to the body, the information must be endorsed by internationally recognized external auditors. To grant the corresponding authorization to these companies, they must assure the Board, in the manner it determines, that the provisions of this paragraph will be permanently complied with when they hold or subsequently acquire a significant interest in a bank or financial institution in the country in which they are incorporated or in another country.

In the event of non-compliance with the provisions of this article, the provisions of the second and final paragraphs of Article 36 of this law shall apply.

For the purposes of this article, a significant shareholding in a Chilean bank is considered to be one which, according to the rules of Article 36, requires authorization from the Board."

Open foreign exchange position limits Yes. Banks are required to observe a limit on interest rates and currency risk exposure.

On resident assets and liabilities Yes. Chapter III B. 2 of the Compendium of Financial Standards of the BCCH states that the difference between payables, in the liabilities and expenditure accounts, and receivables, in the assets and revenue accounts, that have different maturities—the so-called maturity mismatch—must comply with the following: (1) The sum of the 30-day maturity mismatches denominated in domestic and foreign currency may not exceed core capital. (2) The 30-day maturity mismatches denominated in foreign currency may not exceed core capital. (3) The sum of the 90-day maturity mismatches denominated in domestic and foreign currency may not exceed twice the core capital.

On nonresident assets and liabilities Yes. Chapter III B. 2 of the Compendium of Financial Standards of the BCCH states that the difference between payables, in the liabilities and expenditure accounts, and receivables, in the assets and revenue accounts, that have different maturities—the so-called maturity mismatch—must comply with the following: (1) The sum of the 30-day maturity mismatches denominated in domestic and foreign currency may not exceed core capital. (2) The 30-day maturity mismatches denominated in foreign currency may not exceed core capital. (3) The sum of the 90-day maturity mismatches denominated in domestic and foreign currency may not exceed twice the core capital.

Provisions specific to institutional investors Yes.

Insurance companies Yes.

Limits (max.) on securities issued by nonresidents Yes. Limits apply to purchases of foreign securities by insurance companies that would cause foreign assets to exceed 25%, and 30% of technical provisions and risk capital reserves. Foreign financial derivative products purchased or exchanged for other assets may not exceed 3% of insurance companies' technical reserves or risk assets.

Limits (max.) on investment portfolio held abroad Yes. Limits apply to lending abroad by insurance companies that would cause foreign assets to exceed 25%, and 30% of technical provisions and risk capital reserves.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition Yes. A degree of consistency between asset and liability flows, both in terms of currency and maturity, must be maintained.

Pension funds Yes. There are five types of pension funds: A, B, C, D, and E.

Limits (max.) on securities issued by nonresidents Yes. Pension funds of types A, B, C, and D may invest up to 1% of their assets in equity shares issued by foreign capital investment funds and may invest no more than 1% of their assets in the equity shares of a...
single foreign capital investment fund. Limits apply to the purchase of foreign securities by managers of DL 3500 pension funds, Retirement Bonus Fund of Law 19882 funds, and Unemployment Fund of Law 19728 funds that would cause foreign assets to represent an amount greater than the limits established for them in DL 3500, as amended in 2008.

Limits apply to investment abroad by managers of DL 3500 pension funds, Retirement Bonus Fund of Law 19882 funds, and Unemployment Fund of Law 19728 funds that would cause foreign assets to represent an amount greater than the limits established for them in DL 3500, as amended in 2008. The sum of investments in foreign securities of A, B, C, D, and E funds managed by the same pension fund manager plus the amount of their investments abroad through mutual fund and national investment shares may not exceed 80% of the total value of the funds.

The limits on foreign currency investments without hedging applicable to A, B, C, D, and E funds are, respectively, 50%, 40%, 35%, 25%, and 15% of the total value of the fund. Investment funds must state their investment policies in their regulations and must stay within the limits they are free to set.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification

Floating

12/20/2019 The de facto exchange rate arrangement was reclassified to floating from free floating.

Foreign exchange market

Spot exchange market

Operated by the central bank

Auction

12/02/2019 A foreign currency sales program was launched. The program was initially intended to sell up to US$10 billion in the spot market until May 29, 2020.

01/06/2020 The auction was suspended after US$ 2.55 billion were auctioned.

Forward exchange market

12/02/2019 A special operations program was launched which included the sale of up to US$10 billion in exchange hedging instruments and an auction program for the purchase of up to US$4 billion in currency swaps

Imports and Import Payments

Import taxes and/or tariffs

05/23/2019 Antidumping duty is imposed on imports of forged steel grinding balls with a diameter of less than 4 inches (tariff code 7326.1110)
from China. The measure is for a period of one year and as an ad
valorem tariff surcharge of 5.6%.

## Capital Transactions

### Controls on capital transactions

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>On capital market securities</th>
<th>01/01/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Sale or issue locally by nonresidents</td>
<td>The currency restriction on foreign currency denominated securities is abolished. Previously, these securities could be denominated only in US dollars and euros.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Sale or issue locally by nonresidents</td>
<td>The currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Sale or issue locally by nonresidents</th>
<th>01/01/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>The currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Sale or issue locally by nonresidents</td>
<td>01/01/2020</td>
</tr>
<tr>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on derivatives and other instruments</th>
<th>Sale or issue locally by nonresidents</th>
<th>01/01/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>The currency restriction on foreign currency denominated securities is abolished. Previously, such securities could be denominated only in US dollars and euros.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHINA

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: December 1, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |
| Other security restrictions | Yes. |

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Measures have been taken to freeze the accounts and assets of listed individuals, groups, and organizations associated with terrorism, in accordance with the relevant UNSC resolutions.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

| Currency | Yes. |
| Other legal tender | No. |

The currency of China is the Chinese renminbi (RMB). The currency unit is the yuan.

Exchange rate structure

| Unitary | Yes. |
| Dual | |
| Multiple | |

Classification

| No separate legal tender | |
| Currency board | |
| Conventional peg | |
| Stabilized arrangement | |
| Crawling peg | |
| Crawl-like arrangement | |
| Pegged exchange rate within horizontal bands | |
| Other managed arrangement | Yes. |

China officially maintains a de jure managed floating exchange rate arrangement with a view to keeping the RMB exchange rate stable at an adaptive and equilibrium level based on market supply and...
demand with reference to a basket of currencies to preserve the
stability of the Chinese economy and financial markets. The floating
band of the RMB’s trading prices is 2% against the US dollar in the
interbank foreign exchange market—that is, on each business day,
the trading prices of the RMB against the US dollar in the market
may fluctuate within a band of ±2% around the midrate released that
day by China’s Foreign Exchange Trading System (CFETS). The
People’s Bank of China (PBC) announced that the RMB’s floating
range would be expanded in an orderly manner, based on the
developments of the foreign exchange market and economic and
financial situation. Based on the market demand and their pricing
capacity, banks can determine their quotes of RMB against other
currencies. There is no limit on the purchasing and selling prices of
spot exchange and cash, which are determined by market supply and
demand (PBC No. 2014/188).

The de facto exchange rate arrangement is classified as other
managed. The CFETS publishes its exchange rate index, and other
RMB indices based on the Bank for International Settlements
currency basket and the SDR currency basket.

Floating

Free floating

**Official exchange rate**  Yes.

The PBC authorizes the CFETS to publish the daily midrates for the
RMB against the Australian dollar, Canadian dollar, Danish krone,
euro, Hong Kong dollar, Hungarian forint, Japanese yen, Korean
won, Malaysian ringgit, Mexican peso, New Zealand dollar,
Norwegian krone, Polish zloty, pound sterling, Russian ruble, Saudi
Arabian riyal, South African rand, Singapore dollar, Swedish krona,
Swiss franc, Turkish lira, UAE dirham, Thai baht, and the US dollar
at 9:15 a.m. each working day to serve as the day’s midrates for the
interbank spot foreign exchange market (including the OTC method
and the bid-offer method). At the same time, the CFETS also
publishes the daily reference rate (similar to the midrate) of the RMB
against Kazakhstani tenge, Mongolian tögrög, and Cambodian riel.
For bank’s counter transactions (that is, bank customer transactions),
banks can determine their RMB quotes against other currencies.
There is no limit on the purchasing and selling prices of spot foreign
exchange and cash, which are determined by market supply and
demand.

The method for determining the RMB–US dollar midrate is as
follows: The CFETS, before the daily interbank foreign exchange
market opening quote, asks for quotes from all market makers in the
interbank foreign exchange market and uses their quoted prices as
the calculation sample for the RMB–US dollar midrate. The quotes
for the US dollar must refer to the closing price of the previous day
and take into account foreign exchange supply and demand and
changes in the exchange rates of the main international currencies.
After eliminating the highest and lowest quotes, it takes the weighted
average of the remaining market makers’ quotes and obtains the daily
RMB–US dollar midrate. The weighting is determined by the CFETS
based on indicators including the transaction volume of the quoting
parties in the interbank foreign exchange market and the
circumstances of the quotes.

The method for determining the midrate of the RMB against the
Australian dollar, Canadian dollar, Danish krone, euro, Hungarian
forint, Japanese yen, Korean won, Malaysian ringgit, Mexican peso,
New Zealand dollar, Norwegian krone, Polish zloty, pound sterling,
Russian ruble, Saudi Arabian riyal, South African rand, Singapore
dollar, Swedish krona, Swiss franc, Turkish lira, UAE dirham, and
Thai baht is as follows: The CFETS, before the daily interbank foreign exchange market opens, asks for quotes from market makers of the corresponding currencies in the interbank foreign exchange market, eliminates the highest and lowest quotes, takes the average of the remaining market makers’ quotes, and obtains the daily RMB midrates against the corresponding currencies.

The midrate against the Hong Kong dollar is determined by the CFETS through cross-rates based, respectively, on the day’s midrate of the RMB against the US dollar and the exchange rate for the US dollar against the Hong Kong dollar on international foreign exchange markets at 9:00 a.m.

The reference rates for the Kazakhstani tenge, Mongolian tögrög, and Cambodian riel are determined by the CFETS by asking for quotes from quoting banks before the opening quote and then taking a simple average of the quotes.

The CFETS publishes its exchange rate index, and other RMB indices based on the Bank for International Settlements currency basket and the SDR currency basket. The number of currencies included in the CFETS RMB currency basket was increased from 13 to 24 in 2017. The new currencies account for about 21% of the new basket and are included as they have become directly traded in the onshore foreign exchange market in 2016.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target Yes. The Law of the People’s Republic of China on the PBC stipulates that “the aim of monetary policies must be to maintain the stability of the value of the currency and thereby promote economic growth.” The current reality in China requires that monetary policy take into account multiple objectives such as inflation, growth, employment, balance of payments, and also set aside space for financial stability and financial reforms. Therefore, in developing and implementing monetary policies, the PBC needs to consider multiple factors such as currency stability and economic growth and to properly adjust the weights of each objective according to key tasks of economic management.

To effectively achieve the monetary policy objectives, in recent years, the PBC has continuously enriched the monetary policy toolkit and applied a set of comprehensive quantity- and price-based tools to flexibly adjust the banking system liquidity, guide the market interest rates, and promote an appropriate money and credit growth. At the same time, the PBC constantly improves the monetary policy framework, promoting the transformation from a mainly quantity-based to a mainly price-based framework. Moreover, based on lessons and experiences from the global financial crisis and taking into account the specific conditions in China, the PBC also took a lead in using macroprudential policies to guide the overall credit growth and better prevent systemic financial risks.

Inflation-targeting framework

Target setting body
Government
Central Bank

*Monetary Policy Committee*

Central Bank Board

*Other*

Government and Central Bank

**Inflation target**

Target number

*Point target*

Target with tolerance band

*Band/Range*

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

*Other*

**Accountability**

Open letter

Parliamentary hearings

*Other*

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

*Other monetary framework*

**Exchange tax** No.

**Exchange subsidy** No.

**Foreign exchange market** Yes. The floating band of the RMB’s trading prices against the US dollar in the interbank foreign exchange market is 2%—that is, each business day, the trading prices of the RMB against the US dollar
may fluctuate within a band of ±2% around the central parity released on the same day by the CFETS. The trading prices for the RMB against the Australian dollar, Canadian dollar, euro, Hong Kong dollar, Japanese yen, New Zealand dollar, pound sterling, and Singapore dollar float within a 3% range of the current day’s midrates for the RMB against these currencies. The trading prices against the Malaysian ringgit, the Russian ruble, Swiss franc, Korean won, UAE dirham, Saudi Arabian riyal, Hungarian forint, Polish złoty, Danish krone, Swedish krona, Norwegian krone, Turkish lira, and Mexican peso float within a 5% range of the current day’s midrates of the RMB against these currencies. The trading prices of the RMB against the South African rand and the Thai baht float within a 10% range of their respective midrates on the current trading day.

The trading prices of the RMB against the Kazakhstani tenge, the Mongolian tögrög, and the Cambodian riel in regional interbank markets float within a 10% range of their respective midrates on the current trading day.

<table>
<thead>
<tr>
<th>Spot exchange market</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| As of the end of 2019, 518 banks were qualified to engage in spot foreign exchange settlement and sales operations. Of these, 105 are qualified to initiate forward and swap transactions for their customers. Banks may determine their RMB exchange rates to the US dollar with their clients without any limit on the spread, based on market supply and demand. On August 2008, the State Administration of Foreign Exchange (SAFE) launched a pilot project to license institutions to provide foreign currency conversion services to individuals. As of the end of 2019, there were 70 institutions across the country licensed to provide such services. These institutions are only permitted to handle banknote conversion transactions for individuals; they are not permitted to handle foreign currency payments and transfers, maintain accounts abroad, or engage in foreign exchange transactions directly with the PBC. The licensed institutions may freely determine the currencies they trade unless otherwise required by the State, and set their exchange rates according to relevant regulations of the PBC and SAFE regarding banks’ exchange rates.

Foreign CBs (monetary authorities) and other reserve management institutions, international financial organizations, sovereign wealth funds, offshore RMB operating and clearing banks, and participant banks may enter the Chinese interbank foreign exchange market and initiate various types of foreign exchange transactions, including spot, forward, swap, and option, through one or more of the following three avenues: through the PBC as their agent, through a Chinese interbank foreign exchange market member as their agent, and by directly becoming a foreign member of the Chinese interbank foreign exchange market. Transaction methods include OTC and price-matching, without limits on the amount.

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Within the trading band, banks may independently decide the buying and selling prices for interbank market transactions based on market supply and demand. As of the end of 2019, 711 institutions were
The interbank foreign exchange market launched direct trading of the RMB against Malaysian ringgit (August 19, 2010), Russian ruble (November 22, 2010), Thai baht (December 19, 2011), Japanese yen (May 29, 2012), Australian dollar (April 9, 2013), New Zealand dollar (March 19, 2014), pound sterling (June 19, 2014), euro (September 30, 2014), Singapore dollar (October 28, 2014), Swiss francs (November 9, 2015), South African rand (June 20, 2016), Korean won (June 27, 2016), UAE dirham (September 26, 2016), Saudi Arabian riyal (September 26, 2016), Canadian dollar (November 14, 2016), Hungarian forint, Polish zloty, Danish krone, Swedish krona, Norwegian krone, Turkish lira, and Mexican peso (all on December 12, 2016).

The midrate of the trading band does not need to be between bank’s bid and ask price. Market makers propose their quotes based on market prices.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
<th>The interbank market may operate over the counter.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
<td>The interbank market may operate by means of a bid-offer method.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
<td>The SAFE classifies foreign exchange market makers as spot trading market makers, forward and swap trading market makers, and comprehensive market makers. As of the end of 2019, 30 banks had been approved as spot market makers and 27 had been approved as forward and swap market makers. Currently, there are no comprehensive market makers.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
<td>Banks may offer their customers products such as RMB–foreign currency forward transactions, foreign exchange swaps, and currency swaps and options.</td>
</tr>
</tbody>
</table>

Foreign CBs (monetary authorities) and other reserve management institutions, international financial organizations, sovereign wealth funds, offshore RMB operating and clearing banks, and participant banks may enter the Chinese interbank foreign exchange market and initiate various types of foreign exchange transactions, including, forward, swap, and option, through one or more of the following three avenues: through the PBC as their agent, through a Chinese interbank foreign exchange market member as their agent, and by directly becoming a foreign member of the Chinese interbank foreign exchange market. Transaction methods include OTC and price-matching, without limits on the amount. Financial institutions (including finance companies) that sell foreign exchange forward to their clients must deposit foreign exchange risk reserves, with the reserve ratio temporarily set as 20%. The calculation should be based on the amount of contracted forward foreign exchange sales of the previous month, and the reserves should be deposited in dollars with the PBC. The holding period of the foreign exchange risk reserve is one year, and the interest rate is tentatively set at 0.

Domestic institutions approved by the SAFE for derivatives business of RMB against foreign exchange for customers are allowed to handle foreign exchange derivatives business for foreign institutional investors if they meet the conditions for settlement agents in the interbank market set out in the Announcement No. 3 of the PBC [2016].

Official cover of forward operations No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Arrangements for Payments and Receipts

**Prescription of currency requirements**  Yes.  
Pursuant to the Regulations of the People’s Republic of China on the Administration of Foreign Exchange, for all cross-border trade (including border trade), there are no restrictions on the foreign currencies that can be used. In cross-border transactions, contractual parties may agree to use freely convertible currencies or RMB. When transnational trading companies carry out cross-border trade with foreign trading agencies, they may value and settle accounts in freely convertible currencies, the currency of the neighboring country, or RMB.

**Controls on the use of domestic currency**  Yes.

**For current transactions and payments**  No.  
Enterprises and individuals in all regions of China may settle cross-border transactions for current account items using RMB because the deregulation of personal cross-border receipts and payments of renminbi under current accounts became complete under Yin Fa [2018] No. 3.

**For capital transactions**  Yes.

**Transactions in capital and money market instruments**  Yes.  
RMB may be used for both outward and inward FDI. Eligible institutions outside mainland China may invest in China subject to conditions. Eligible institutions include all types of financial institutions, including commercial banks, insurance companies, securities companies, fund management companies, and other asset management institutions, that meet the requirement listed in PBC Announcement [2016] No. 3 and are legally registered and established outside China; the investment products issued to clients by the aforementioned financial institutions according to law and in compliance with rules and regulations, and other medium- and long-term institutional investors approved by the PBC, such as pension funds, charitable funds, and endowment funds, may engage in bond and spot bond trading approved by the PBC on the interbank bond market. All types of foreign institutional investors can also carry out transactions such as bond lending, bond forwards, forward interest rate agreements, and interest rate swaps based on hedging needs, without investment limits. RMB clearing banks may participate in the domestic interbank lending market. Foreign RMB clearing banks and foreign participating banks may carry out bond repo business in the interbank bond market. Foreign CBs or monetary authorities, international financial organizations, and sovereign wealth funds may conduct interbank market transactions permitted by the PBC, such as spot bond trading, bond repos, or bond lending without restriction on the amounts. The financing ratio of domestic correspondent banks with respect to the renminbi accounts of foreign participating banks must not exceed 3% of the domestic correspondent bank’s total renminbi deposits at the end of the previous year. Foreign institutional investors (formerly qualified foreign institutional investors (QFIIs)) and renminbi qualified foreign institutional investors RQFII may use foreign currencies or renminbi to invest in domestic securities markets, including stocks, bonds, and warrants traded on securities exchanges, and fixed-income products, securities investment funds, stock index futures, and other instruments permitted by the China Securities Regulatory Commission (CSRC) traded on the interbank bond market. The national and regional restrictions on QFII/RQFII quotas and the RQFII pilot have been canceled, and administration by registration has been instituted for the domestic securities and futures investment funds of qualified investors. Qualified investors may autonomously...
choose the currency to be remitted inward to engage in domestic securities and futures investment operations. Domestic banks, securities, and insurance institutions may invest in external capital markets as qualified domestic institutional investors (QDIIs) or RMB qualified domestic institutional investors (RQDIIs). QDIIs have an overall total limit on the size of their investments (currently US$180 billion), but RQDIIs have no size limit. However, they need to invest in security products denominated in RMB. As of June 30, 2020, a total of 152 QDIIs had obtained limits totaling US$103.983 billion.

On April 30, 2018, the PBC published Yin Ban Fa [2018] No. 81, perfecting and clarifying that QDIIs can use RMB to invest in offshore financial products valued in RMB. On May 2, 2018, the Shanghai headquarters of the PBC published the supporting Shanghai Headquarters Notice (2018) No. 1, clarifying requirements related to macroprudential management and information disclosures of RQDIIs.

Hong Kong institutions and individuals may invest in domestic A shares through Hong Kong brokerage agencies and institutions (northbound Shanghai stock connect and Shenzhen stock connect), and domestic institutions and individuals may invest in Hong Kong shares through domestic securities companies (southbound HK stock and Shenzhen stock connect). The Shanghai–Hong Kong stock connect has a daily cap on investments, and investment targets are limited.

Legal person financial institutions and enterprises in China can freely carry out cross-border financing in RMB or in foreign currencies within the limit determined by their capital and net assets. They do not need to get the approval from the PBC or SAFE in advance. Domestic branches of foreign banks (including banks in Hong Kong SAR, Macau SAR, and Taiwan Province of China) may freely conduct domestic and foreign currency cross-border financing within the limit determined by their capital or net asset, without being subject to PBC and SAFE advance review and approval requirement.

To support the engagement of QDIIs in various types of foreign investment, in addition to the QDII plan, since 2013, the SAFE launched a qualified domestic investment enterprise (QDIE) pilot program in Shenzhen, and a qualified domestic limited partnership (QDLP) pilot program in Shanghai. These programs enable domestic investors who meet qualifications to raise funds domestically and invest them abroad in securities, private equity, commodities, and real estate. The QDLP/QDIE schemes are currently pilot operations; the SAFE exercises regional quota controls, and the competent local financial administrative authorities have led the formation of joint review teams charged with managing the qualifications of qualified institutions and individual institution quotas within the pilot regions. Under the QDLP and QDIE schemes, under preconditions of authenticity and regulatory compliance, investors can invest overseas in securities, private equity, commodities, and real estate. The quota for the QDLP scheme is US$5 billion, and that for the QDIE scheme is US$5 billion.

Foreign CBs, monetary authorities, international financial organizations, and sovereign wealth funds may initiate bond forward and interest rate swaps, forward rate agreements, and other interbank market transactions permitted by the PBC without limitation on the amount.

Qualified institutions that meet the requirements of PBC Announcement [2016] No. 4, including all types of financial institutions that are legally registered and established outside China, including commercial banks, insurance companies, securities

Transactions in derivatives and other instruments

Yes.
companies, fund management companies, and other asset management institutions, the investment products the aforementioned financial institutions issue to clients legally and in compliance with rules and regulations, and other medium- and long-term institutional investors approved by the PBC, such as pension funds, charitable funds, and endowment funds, may carry out spot bond trading on the interbank market, and can also carry out transactions such as bond lending, forward bond, forward rate agreements, and interest rate swaps based on hedging needs, with no investment limit.

Domestic correspondent banks, foreign clearing banks, and foreign participant banks can process renminbi purchase and sales operations for capital and financial accounts based on cross-border renminbi settlement needs for current account items, direct investment, and approved securities investments; transaction varieties include spot, forward, foreign exchange swaps, currency swaps, and options. Bank financial institutions initiating derivative product trading operations must be approved by the China Banking and Insurance Regulatory Commission (CBIRC) and be subject to supervision and examination by the CBIRC.

On March 26, 2018, formal trading of RMB-denominated crude oil futures targeting domestic and foreign investors began on the Shanghai Energy Exchange.

On May 4, 2018, foreign investors were introduced into iron ore futures trading on the Dalian Commodity Exchange.

On November 30, 2018, foreign investors were formally introduced into purified terephthalic acid (PTA) futures trading on the Zhengzhou Commodity Exchange.

On August 12, 2019, formal trading of RMB-denominated natural rubber futures and technically specified rubber (TSR) 20 futures began on the Shanghai Energy Exchange.


Credit operations: Yes.

Domestic institutions can engage in cross-border RMB lending and must obtain approval. The sum of their overseas RMB and foreign currency loan balances should not exceed 30% of shareholder’s equity as indicated by the audited financial statements of the previous year. Additional requirements on the loan’s objectives, funding sources, lending period, usage, withdrawal, etc., are also in place.

Domestic correspondent banks may offer RMB financing accounts to banks participating in foreign RMB operations within certain limits and maturities. Domestic enterprises and financial institutions may, subject to macroprudential policies, attract RMB funds from abroad. Domestic parent banks or head offices may provide RMB liquidity support to foreign RMB clearing banks. Within the present institutional framework of foreign debt and foreign lending, resident enterprises may use RMB to manage cross-border credit business.

Use of foreign exchange among residents: Yes.

The use of foreign exchange for pricing or settlement of transactions among residents is prohibited.

Payments arrangements: Yes.

As of August 10, 2020, the PBC has signed or renewed bilateral local currency swap agreements with CBs or the monetary authorities of 40 countries or regions, of which 28 are currently in effect.
<table>
<thead>
<tr>
<th>Section</th>
<th>Yes/No</th>
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<tbody>
<tr>
<td>Clearing agreements</td>
<td>Yes</td>
</tr>
<tr>
<td>The PBC has established RMB clearing arrangements with the CBs or monetary authorities of 25 countries and regions: Argentina, Australia, Canada, Chile, France, Germany, Hong Kong SAR, Hungary, Japan, Korea, Luxembourg, Macao SAR, Malaysia, Philippines (effective September 1, 2019), Qatar, Russia, Singapore, South Africa, Switzerland, Taiwan Province of China, Thailand, UAE, the United Kingdom, the United States, and Zambia.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes</td>
</tr>
<tr>
<td>The SAFE is responsible for foreign exchange administration, under the direction of the PBC.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No</td>
</tr>
<tr>
<td>Official</td>
<td>No</td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes</td>
</tr>
<tr>
<td>Domestic gold transactions are organized on a market basis. Enterprises and individuals may transact in gold spot and spot-deferred products on the Shanghai Gold Exchange, gold futures products on the Shanghai Futures Exchange, and OTC gold products at commercial banks.</td>
<td></td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No</td>
</tr>
<tr>
<td>Enterprises with a business registration may independently produce, process, or engage in the production, processing, sale, or resale of gold products. The government protects individuals’ holdings of legitimately obtained gold or silver.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes</td>
</tr>
<tr>
<td>Imports of gold require PBC approval. Individuals may carry gold in and out of the country for their own use, subject to a reasonable limit.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes</td>
</tr>
<tr>
<td>Individuals may not take out more than Y 20,000 from China.</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes</td>
</tr>
<tr>
<td>Foreign currency cash not exceeding the amount declared on the most recent entry may be taken out without a foreign currency holding certificate (FCHC). Customs clearance is required for larger amounts or in the absence of a record as follows: (1) Foreign currency cash not exceeding the equivalent of US$5,000 may be taken out without an application for an FCHC and customs clearance. (2) Foreign currency cash exceeding the equivalent of US$5,000 up to and including the equivalent of US$10,000 may be taken out with an FCHC issued by a bank. Customs clearance is subject to an FCHC stamped by a bank. Under special circumstances established by law and regulations, application for an FCHC may be made at the local SAFE office.</td>
<td></td>
</tr>
<tr>
<td>On imports</td>
<td>Yes</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes</td>
</tr>
<tr>
<td>Residents and nonresidents may bring into China up to RMB 20,000.</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes</td>
</tr>
<tr>
<td>Persons entering China with foreign currency cash equivalent to more than US$5,000 must declare it in writing to customs, except those going and returning several times on the same day or within a short period of time.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
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<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td>Resident Accounts</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Held domestically Yes. Resident institutions setting up foreign exchange accounts for current account transactions and resident individuals setting up foreign exchange savings accounts, etc., do not need to register with or be approved by the SAFE. Resident individuals may, with valid identification documents, open foreign exchange savings accounts and, in accordance with the related SAFE regulations, purchase foreign exchange and deposit it in foreign exchange savings accounts up to the amount equivalent to US$50,000 a year at banks on the basis of personal identification. Cumulative withdrawals of foreign currency by individuals not exceeding the equivalent of US$10,000 a day can be transacted directly at banks. If the cumulative total withdrawals exceed this amount, the transactions must be filed in advance with the bank’s local foreign exchange bureau, based on information including the individual’s valid identification document and an explanation of the purpose of the cash withdrawals.

Approval required Yes. Mainland institutions opening foreign exchange accounts for capital account transactions must register with or be approved by the SAFE. Generally, mainland institutions open an account for current account trading directly with the bank. Only a small number of special business current accounts (foreign currency cash accounts and offshore foreign exchange accounts) require SAFE approval. To borrow and raise external debt, a domestic bank may directly open the necessary accounts in domestic or foreign banks and follow the procedures of drawing and repaying external debt.

Held abroad Yes.

Approval required Yes. Export enterprises may open foreign exchange accounts abroad to deposit proceeds from bona fide and legitimate export transactions with SAFE registration. To deposit the foreign exchange proceeds from exporting goods abroad, enterprises should meet the following requirements: (1) They should have proceeds from exports and have payment needs abroad in line with the Detailed Implementation Rules for the Guidelines for the Foreign Exchange Administration of Trade in Goods; (2) they must not have violated the foreign exchange management rules in the past two years; (3) they should have in place a well-established internal control system on making deposits abroad; and (4) other requirements as prescribed by the SAFE. When a service trade enterprise deposits its proceeds in foreign currencies abroad, it should be subject to the following conditions: (1) It should have proceeds in foreign currencies from service trade and continue to have a need to make payment in foreign currencies; (2) it must not have violated the foreign exchange management rules in the past two years; (3) it should have in place a well-established internal control system on making deposits abroad; (4) it should engage in service trade that is related to trade of goods; (5) for domestic enterprise groups that make deposits abroad and have centralized collection and payment system, they should have a centralized system for their domestically held foreign exchange in the first place; and (6) other requirements as prescribed by the SAFE. Domestic enterprise groups that have a centralized collection and payment system may designate one domestic member enterprise (including finance company) as the main enterprise to carry out centralized collection and payment of foreign exchange proceeds from overseas service trade for all member enterprises that participate in overseas deposit business. Other resident entities that meet the following requirements may open foreign currency accounts abroad with SAFE approval: (1) The institution receives recurrent and sporadic proceeds abroad and needs
a foreign currency account abroad to pool such proceeds before repatriating them. (2) The institution makes recurrent and sporadic payments abroad and needs a foreign currency account abroad. (3) The institution engages in project contracting abroad and needs a foreign currency account abroad. (4) The institution issues foreign-currency-denominated securities abroad and needs a foreign currency account abroad. (5) The institution has special operational requirements abroad and needs a foreign currency account abroad. Resident entities must submit regular reports to the SAFE regarding changes in funds in their foreign currency account abroad.

Resident entities may deposit their RMB proceeds received from RMB cross-border transactions in their offshore accounts without SAFE approval/registration.

When making external payments, institutions and individuals must present valid evidence and commercial documents to designated foreign exchange banks to convert domestic currency to foreign currency. Current account transactions do not require permission, but capital account transactions require permission or registration; cross-border payments for direct investment require registration with SAFE or a bank. The registration serves information collection and statistical purposes. For cases subject to registration, institutions need only to comply with the relevant laws and regulations. Because approval involves market access, the authorities have the discretion to grant approval (for example, QDII quota). Annual quota controls are in place for the settlement of foreign exchange by individuals and the purchase of foreign exchange by domestic individuals. The annual quota is the equivalent of US$50,000 an individual a year. Within the annual quota, these transactions can be completed at the bank based on valid identification; where the annual quota has been exceeded, for current accounts, these transactions can be completed at the bank based on valid identification and documentation of the existence of a trading quota; under capital accounts, such transactions are completed in accordance with the relevant regulations concerning individual foreign exchange controls for capital accounts.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

Foreign exchange accounts permitted Yes. Foreign individuals with valid identification documents may open foreign exchange savings accounts in banks. Domestic banks that open foreign exchange accounts for foreign institutions should verify the documents provided such as their proof of legal registration abroad. Pursuant to the Notice of the SAFE Concerning Questions Related to the Administration of Foreign Exchange Accounts of Foreign Institutions, without approval, funds in the domestic foreign exchange accounts of foreign institutions (as referred to in this document—-institutions legally registered and established outside China (including the Hong Kong, Macau, and Taiwan regions)) must not be directly or covertly used for foreign exchange settlements. Foreign institutions in free trade zones are permitted to settle foreign exchange using their domestic foreign exchange accounts. Where RMB is remitted onshore for use after settlements of foreign exchange, domestic banks must first review the valid commercial documents and vouchers of domestic institutions and domestic individuals concerned before processing the transactions, in accordance with the relevant provisions on cross-border transactions.

Approval required Yes. On registration by SAFE or a bank, foreign investors may establish foreign exchange accounts to retain foreign exchange related to
Hong Kong and Macao RMB business clearing banks may open RMB clearing accounts with the PBC; other RMB clearing banks may open RMB clearing accounts at their China head office or at branches designated by their China head offices. Domestic correspondent banks may open RMB interbank current accounts for foreign participating banks and act as agents for foreign participating banks to carry out cross-border RMB payments. Account financing is also available on correspondent bank accounts. Foreign participating banks may use RMB funds from RMB cross-border trade and investment business including RMB funds in domestic interbank current accounts to invest in China’s interbank bond market subject to conditions.

Nonresidents who engage in cross-border RMB business settlements may open RMB bank settlement accounts domestically. Foreign CBs and similar institutional investors investing in the interbank bond and foreign exchange markets may open special RMB deposit accounts at the PBC or at commercial banks.

Foreign individuals may convert and transfer abroad RMB (1) obtained from their legitimate current transactions in China and (2) originally converted but not yet completely used, in accordance with the relevant SAFE regulations.

Nonresident enterprises may convert to foreign exchange RMB funds deposited on settlement accounts in domestic banks and transfer abroad. Domestic correspondent banks and nonresident clearing banks may process trade of goods and services and direct investments for nonresident participating banks and enter China’s interbank foreign exchange market to clear their positions.

Foreign institutions issuing RMB bonds in China may follow rules and open nonresident RMB accounts to deposit proceeds from bond issuance.

<table>
<thead>
<tr>
<th>Domestic currency accounts</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The SAFE registers and maintains a list of resident institutions that have trade receipts and payments in foreign currencies and publishes
the list through an electronic information platform for financial institutions. Institutions registered at the SAFE on this list may directly buy foreign exchange from banks and make payments for legitimate needs. If payment is made in foreign currency to a foreign party and the settlement is on a payment on delivery basis, companies must provide one of the following: a customs clearing form, import contract, or invoice; if the settlement is on an LC or collection basis, a commercial invoice is required in accordance with international practice; and if the settlement is on a prepaid loan basis, an import contract or invoice must be provided. When a single service trade transaction (including transport, travel, communication, building installation, labor contracting, insurance, financial, computer and information, exclusive right to use and franchise sports, cultural and entertainment services, other commercial services, government services) exceeds the equivalent of US$50,000, the resident payer must also submit a “Taxation Registration Form for Foreign Payments under Trade in Services and Other Items” (hereinafter, the “Tax Filing Form”) to the financial institution making the transfer. The “Taxation Registration Form for Foreign Payments under Trade in Services and Other Items” confirms that the withholding tax has been paid and that foreign exchange may be paid through a financial institution. No verification of the tax registration form is needed for the payment of trade-related commissions, insurance premiums, etc.

The submission and verification of the Taxation Registration Form is not required for the following foreign payments in foreign exchange by domestic institutions and individuals:
(1) Travel, conference, product exhibition, and other expenses incurred overseas by domestic institutions;
(2) Office expenses incurred by the overseas representative offices of domestic institutions and project payments for projects contracted overseas by domestic institutions;
(3) Import and export trade commissions, insurance premiums, and compensation paid overseas by domestic institutions;
(4) International transportation payments that overseas institutions obtain under import trade;
(5) Insurance premiums, insurance benefits, and other relevant expenses under the insurance item;
(6) Repair fees, fuel costs, port charges, and other expenses incurred overseas by domestic institutions engaging in transportation or distant fishery;
(7) Group charges of domestic travel agencies for overseas tourism and boarding, travel, and other relevant expenses paid for reservations on behalf of tourists;
(8) Income or revenues that the Asian Development Bank or International Finance Corporation under the World Bank Group obtain in China, including profits distributed from and income from transfer of shares in joint ventures in which they invest, revenues from leasing out or transferring property (including real estate) in China, and interest on loans to institutions in China;
(9) Interest under foreign government loans (onlending) (including mixed foreign government loans (onlending)) and international financial organization loans provided to China by foreign governments and international financial organizations. The term “international financial organizations” herein includes but is not limited to the IMF, the World Bank Group, the International Development Association, the International Fund for Agricultural Development, and the EIB;
(10) Interest on the foreign financing of designated foreign exchange banks or finance companies, such as overseas loans, overseas...
interbank lending, overseas agency payments, and other debts;
(11) Foreign aid funds gratuitously donated by a state organ of China
at or above the provincial level;
(12) Legally obtained dividends, bonuses, interests, or proceeds
obtained from the sale of securities paid by a domestic securities
company or a depository and clearing company to an overseas
institution or individual;
(13) Foreign exchange for personal use of overseas education,
tourism, and family visits by domestic individuals;
(14) Remittance refund under service trade, proceeds, and current
transfers by domestic institutions and individuals;
(15) Other cases prescribed by the authorities.

| Import licenses and other nontariff measures | Yes. |
| Positive list                              | Yes. |
| Negative list                              | Yes. |
| The positive list is for goods that can be imported freely. | |
| The negative list includes goods for which imports are prohibited or
restricted. Goods prohibited for import include tiger bones,
rhinoceros’ horns, opium, asbestos, carbon tetrachloride, old
clothing, asphalt macadam, urban garbage, coin-operated electronic
game machines, used CRT glass bulbs (effective January 1, 2019),
and used overheated boilers (for details, see the Index of Prohibited
Imports). In addition, the importation of the following items is
prohibited: weapons; ammunition and explosives; manuscripts;
printed and recorded materials; and films that are deemed
detrimental to Chinese political, economic, cultural, or moral
interests. Goods for which imports are restricted may be imported if a permit is obtained. | |
| Open general licenses                      | Yes. |
| Such licenses are applicable to certain categories of old electrical
products. | |
| Licenses with quotas                        | Yes. |
| Such licenses apply to substances that deplete the ozone layer. | |
| Other nontariff measures                    | Yes. |
| China implements inspections, quarantines, and certifications with
regard to import products according to the law. An import quarantine
approval system is applied to high-risk plants and animals, and
related products. | |
| Import taxes and/or tariffs                 | Yes. |
| Based on the Regulations of the People’s Republic of China on Import and Export Tariffs, import tariffs may follow the MFN rates, agreed rates, preferential rates, regular rates, quota rates, or provisional rates. MFN duty rates apply to imported goods originating in WTO member countries that are subject to the MFN clause, import goods originating in countries or regions with which China has bilateral trade agreements for reciprocal MFN treatment, and goods originating in the customs territory of China. Agreed duty rates apply to imported goods originating in countries or regions with which China has regional trade agreements that include preferential duty clauses. Special preferential duty rates apply to imported goods originating in countries or regions with which China has trade agreements that include special preferential duty clauses. General duty rates apply to imported goods originating in countries or regions other than those with MFN rates, agreed rates, and preferential rates and to imported goods of undetermined origin. Import tariff quota controls are in effect for wheat, corn, rice, sugar, cotton, wool, wool top, and chemical fertilizer, and within the tariff quota, the tariff quota duty rate applies to imported goods subject to tariff quotas. (The tariff rate for imports subject to tariff quota... |
Taxes collected through the exchange system | No.

State import monopoly | Yes. In accordance with the relevant laws, regulations, and the WTO Agreement, state trading is in effect for importing activities involving the following products: grain (wheat, corn, rice), crude oil, oil products, sugar, tobacco and tobacco products, chemical fertilizers, and cotton.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements | Yes. Foreign exchange proceeds of resident entities may be repatriated to China or deposited abroad; the conditions and terms for deposit abroad are regulated by the SAFE based on the international balance of payments status and foreign exchange management needs. Resident entities with bona fide and legitimate export revenues and external payment needs in line with foreign exchange regulations and who have not violated the foreign exchange regulations for the past two years, and domestic institutions that have complete internal control systems, may open accounts abroad and deposit the proceeds from bona fide and legitimate export transactions after registration with SAFE. The registration needs to be revised in case the total funds deposited abroad annually exceed the amount of funds originally registered with SAFE. Resident entities may freely determine the period for keeping their deposit abroad, except when SAFE requires the repatriation of the funds because the entity violated the regulations. The RMB revenue of resident entities and individuals may be repatriated to China or deposited externally without PBC or SAFE approval.

Surrender requirements | No. Resident entities may retain foreign exchange revenue from current account transactions in foreign exchange demand deposit accounts.

Surrender to the central bank | No.

Surrender to authorized dealers | No.

Financing requirements | No.

Documentation requirements | Yes.

Letters of credit | No.

Guarantees | No.

Domiciliation | No.

Preshipment inspection | No.

Other | Yes. The SAFE registers and maintains a list of resident institutions that have trade receipts and payments in foreign currencies and publishes the list through an electronic information platform for financial institutions. Institutions registered at the SAFE on this list may sell their foreign-currency-denominated export proceeds for RMB or deposit them in foreign exchange settlement accounts.
<table>
<thead>
<tr>
<th><strong>Export licenses</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Foreign trade operators exporting goods including live cattle (to markets other than Hong Kong or Macau), live pigs (to markets other than Hong Kong or Macau), live chickens (to markets other than Hong Kong), beef, pork, or chicken meat, natural sand (including standard sand), bauxite, phosphate rock (effective January 1, 2019), magnesia sand, talc lump (powder), fluorite (fluorspar), rare earth, tin and tin products, tungsten and tungsten products, molybdenum and molybdenum products, antimony and antimony products, coke, refined oil (lubricating oil, lubricating grease, base oil for lubricating oil), paraffin, some metals and metallic products, disodium sulfate, silicon carbide, substances that deplete the ozone layer, citric acid, vitamin C, penicillin industrial salt, silver (effective January 1, 2019), platinum (exported using the processing trade method), indium and indium products, motorcycles (including all-terrain vehicles) and their engines and frames, automobiles (including knocked-down kits) and their chassis must apply for and obtain export permits according to regulations.</td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export quota</td>
<td>Export quota administration includes both quota allocation and calls for tenders.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>Export duty rates have been established for the taxation of exports. Provisional duty rates may be applied to export goods for a specified time period.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export permits</td>
<td></td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export rebates</td>
<td>Export rebates are standard international practice, conform to WTO rules and requirements, and do not constitute an export subsidy. If the legally prescribed VAT rate is not exceeded, China implements full tax rebates for the majority of export cargo; at the same time, to promote environmental protection, tax rebates are not offered for certain export products, to reflect the environmental pollution caused by the products in the cost of exporting them. To simplify tax collection and administration, China has simplified and merged export rebate rates multiple times, in accordance with the various VAT tax rates. Effective April 1, 2019, the export rebate rates were adjusted to 13%, 10%, 9%, 6%, and 0% from 16%, 13%, 10%, 6%, and 0%. Effective March 20, 2020, the five tiers of export rebate rates were further adjusted to three: currently at 13%, 9%, and 0%, respectively.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Payments for Invisible Transactions and Current Transfers**

| Controls on these transfers | Yes. |
|                           | Regulations for nontrade payments are the same for foreign-owned and domestically owned enterprises. There are separate rules for individuals. Annual quota controls are in place for the settlement of foreign exchange by individuals and the purchase of foreign exchange by domestic individuals. The annual quota is the equivalent of US$50,000 a year a person. Within the annual quota, such transactions can be completed at the bank based on valid identification; in excess of the annual quota, under current accounts, such transactions can be completed at the bank based on valid identification and documentary evidence related to the transaction amount. |
| Trade-related payments    | Yes. |
| Prior approval            | No. |
Receipts may be repatriated or deposited overseas. When a single service trade transaction (including transport, travel, communication, building installation, labor contracting, insurance, financial, computer and information, exclusive right to use and franchise sports, cultural and entertainment services, other commercial services, government services) exceeds the equivalent of US$50,000, the resident payer must submit a “Taxation Filing Form for Foreign Payments under Trade in Services and Other Items” to the financial institution making the transfer. The Taxation Filing Form does not need to be completed or submitted for the following foreign payments with foreign exchange by domestic institutions and individuals:
1. Travel, conference, product exhibition, and other expenses incurred overseas by domestic institutions;
2. Office expenses incurred by the overseas representative offices of domestic institutions and project payments for projects contracted overseas by domestic institutions;
3. Import and export trade commissions, insurance premiums, and compensation paid overseas by domestic institutions;
4. International transportation payments that overseas institutions obtain under import trade;
5. Insurance premiums, insurance benefits, and other relevant expenses under the insurance item;
6. Repair fees, fuel costs, port charges, and other expenses incurred overseas by domestic institutions engaging in transportation or distant fishery;
7. Group charges of domestic travel agencies for overseas tourism and boarding, travel, and other relevant expenses paid for reservations on behalf of tourists;
8. Income or revenues that the Asian Development Bank or International Finance Corporation under the World Bank Group obtain in China, including profits distributed from and income from transfer of shares in joint ventures in which they invest, revenues from leasing out or transferring property (including real estate) in China, and interest on loans to institutions in China;
9. Interest under foreign government loans (onlending) (including mixed foreign government loans (onlending)) and international financial organization loans provided to China by foreign governments and international financial organizations. The term “international financial organizations” herein includes but is not limited to the IMF, the World Bank Group, the International Development Association, the International Fund for Agricultural Development, and the EIB;
10. Interest on the foreign financing of designated foreign exchange banks or finance companies, such as overseas loans, overseas interbank lending, overseas agency payments, and other debts;
11. Foreign aid funds gratuitously donated by a state organ of China at or above the provincial level;
12. Legally obtained dividends, bonuses, interests, or proceeds obtained from the sale of securities paid by a domestic securities company or a depository and clearing company to an overseas institution or individual;
13. Foreign exchange for personal use of overseas education, tourism, and family visits by domestic individuals;
14. Remittance refund under service trade, proceeds, and current transfers by domestic institutions and individuals;
15. Other cases prescribed by the authorities.

Payments in foreign exchange can be made directly through authorized banks by presenting valid proof and commercial bills. No transaction evidence is needed for trade-related RMB cross-border
payments. On the basis of the three principles of “know your customer,” “know your business,” and “conduct due diligence,” banks may effect current account RMB cross-border settlement according to the payment or receipt instructions submitted by domestic enterprises.

<table>
<thead>
<tr>
<th>Investment-related payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Profit below US$50,000 from direct investments may be repatriated following a bona fide test by the bank. For the repatriation of profits above US$50,000, banks must verify documents related to the current profit repatriation, including the board of directors’ resolutions on the distribution of profits (or the partners’ resolution on the distribution of profits), originals of the tax filing forms, and audited financial statements. Companies with losses in previous years should cover losses before distributing dividends.

No transaction evidence is needed for investment-related current payments in RMB; proof of transactions is required for payments in foreign exchange only. On the basis of the three principles of “know your customer,” “know your business,” and “conduct due diligence,” banks may effect investment-related current account RMB cross-border settlements relying on the income and payment instructions submitted by domestic enterprises.

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Resident individuals may purchase foreign exchange up to the equivalent of US$50,000 a year at banks for current account purposes (such as tourism) on the basis of valid personal identification documents. For amounts above US$50,000, banks may sell foreign exchange to individuals based on valid personal identification and documentary evidence relating to the transaction amount.

<table>
<thead>
<tr>
<th>Personal payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Resident individuals may purchase foreign exchange up to the equivalent of US$50,000 a year at banks on the basis of valid personal identification documents. For amounts above US$50,000, banks may sell foreign exchange to individuals based on valid personal identification and documentary evidence relating to the transaction amount.

<table>
<thead>
<tr>
<th>Foreign workers’ wages</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Proof of earnings and tax clearance is required.

| Credit card use abroad | Yes. |
Prior approval  No.

Quantitative limits  Yes. When individuals using domestic bank cards to withdraw cash abroad, for foreign currency cards and renminbi cards (UnionPay cards), the limit is RMB 10,000 per card per day. The yearly cumulative cash withdrawal limit using domestic bank cards under the name of the same individual may not exceed the equivalent of RMB 100,000. In case of overseas withdrawals in excess of the annual quota, the individual will not be allowed to withdraw cash overseas with the domestic bank cards in the current and second years.

Indicative limits/bona fide test  Yes. Domestic bank cards may be used abroad for current account transactions, but not for other payments, nor may they be used for unlawful transactions. Management of overseas spending is effected primarily through merchant category codes. Merchant category codes are divided into fully prohibited, capped, and not restricted transactions. No payment can be made for fully prohibited transactions. As for transactions in the capped category, it is required that cardholders, except for those belonging to the “6010” (financial institution teller services) and “6011” (financial institution automated teller machine services) categories, should not exceed an amount equivalent to US$5,000 in a single transaction.

Other payments  Yes.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes. Proof of the transaction is required for transfers for subscriptions and membership dues.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  Yes. Resident entities must repatriate foreign exchange proceeds from services trade to China. With SAFE approval, resident entities may place the foreign exchange proceeds from service trade abroad within the limit registered with the SAFE.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Restrictions on use of funds  Yes.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes. To apply for QFII qualification, applicants should meet the following conditions: (1) The applicant has sound finances and good credit and meets asset size and other criteria required by the CSRC; (2) the applicant’s employees meet all professional qualification requirements in the applicant’s country or region; (3) the applicant has a sound corporate governance structure and a complete system of internal controls, and business conduct is standard and has received no major punishments from regulatory agencies in the last three years; (4) the country or region of the applicant has complete legal
and regulatory systems, and its regulatory agency has signed a memorandum of understanding on cooperation with and maintains an effective relationship of regulatory cooperation with the CSRC; and (5) other conditions required by the CSRC in accordance with prudential supervision principles.

To apply for RQFII qualification, applicants should meet the following conditions: (1) The applicant has sound finances and good credit, and the place of incorporation and operational qualifications conform to CSRC requirements; (2) corporate governance and internal controls are effective, and employees meet the professional qualification requirements of the applicant’s country or region; (3) business conduct is standard and has received no major punishments from local regulatory agencies recently or because the applicant was incorporated; and (4) other conditions required by the CSRC in accordance with prudential supervision principles.

QFII applicants should meet relevant conditions and satisfy the following asset requirements: (1) An asset management entity must have engaged in asset management for over two years, with at least US$500 million in portfolio assets under management during the latest fiscal year. (2) An insurance company must have been established for over two years, with at least US$500 million in portfolio assets held during the latest fiscal year. (3) A securities company must have engaged in the securities business for over five years, with at least US$500 million in net assets and at least US$5 billion in portfolio assets under management during the latest fiscal year. (4) A commercial bank must have engaged in banking business for over 10 years, with at least US$300 million in Class I capital and at least US$5 billion in portfolio assets under management during the latest fiscal year. (5) Other institutional investors (pension funds, charitable foundations, endowment funds, trust companies, governmental investment management companies) must have been established for over two years, with at least US$500 million in portfolio assets under management or held during the latest fiscal year. QFIIs should authorize custodians to apply, on their behalf, to China Securities Depository and Clearing Co., Ltd., to open securities accounts and an institution qualified by China Securities Depository and Clearing Co., Ltd., for clearing activities to conduct funds settlement operations on their behalf.

QFIIs and RQFIIs may invest in domestic financial instruments, including exchange-related securities and fixed-income products on the interbank bond market, portfolio investment funds, and stock index futures.

Institutions that invest in the interbank bond market include: foreign CBs or monetary authorities, international financial organizations, and sovereign wealth funds; various types of financial institutions incorporated outside the borders of China, in satisfaction of the requirements listed in PBC Announcement [2016] No. 3, including commercial banks, insurance companies, securities companies, fund management companies, and other asset management institutions, and the investment products issued by such institutions, and other medium- and long-term institutional investors approved by the PBC, such as retirement funds, charitable funds, and endowment funds; foreign clearing banks, foreign participating banks, foreign insurance companies, and those that access the market through QFII and RQFII channels.

Since March 11, 2020, the macroprudential adjustment parameter was raised from 1 to 1.25.

Proceeds from the issuance of shares by an overseas-listed enterprise controlled by foreign shareholders may, after registration, be retained
overseas.
Domestic institutions should repatriate profits from direct investment abroad in RMB or foreign currencies according to relevant rules. SAFE approval is not required for the repatriation of funds from settlements. In principle, domestic institutions should repatriate all proceeds from issuing foreign exchange bonds abroad unless being granted approval.

### Surrender requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes</td>
</tr>
</tbody>
</table>

SAFE approval or bank registration is required for resident entities to open foreign exchange accounts to deposit capital account receipts in foreign currency. Foreign-owned domestic enterprises opening foreign exchange capital accounts at a domestic bank are required to register their basic information at the bank where the enterprises are registered. The prerequisite is to get verification or approval from the commerce authorities (in some cases submission of the foreign investor certificate may be required) or filing approval from the industry authorities; financial regulatory agency verification or approval is required for some transactions.

### Controls on capital and money market instruments

On capital market securities

<table>
<thead>
<tr>
<th>Securities Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The domestic securities investments of foreign investors should comply with the restrictions on equity holding percentages set forth below: (1) Ownership by individual foreign investors in a listed company through a QFII may not exceed 10% of the shares of the company, and all foreign investors may not hold more than 30% of the A shares of a single listed company. Effective June 6, 2020, the formalities for the outward remittance of earnings on domestic securities investments by QFIIs and RQFIIs were greatly simplified, no longer requiring the submission of such materials as a special audit report issued by a Chinese certified public accountant or tax filing certificate; these have been replaced with a letter of commitment to complete tax filings.
Foreign investors may make strategic investments in A shares of domestically listed companies, but are subject to the following restrictions. (1) Investors must (a) be legally incorporated and operating foreign legal persons or other organizations that are financially sound and have good credit and mature management experience; (b) have actual offshore assets totaling no less than US$100 million or actual offshore assets under management totaling no less than US$500 million, parent company actual offshore assets totaling no less than US$100 million, or actual offshore assets under management totaling no less than US$500 million; (c) have a sound governance structure and good internal control systems with standardized operations; and (d) have received no material penalties from domestic or foreign regulatory agencies in the past three years (including the parent company). (2) A shares of the listed company must be acquired through acquisition under contract or acquisition through issuance of new shares by the listed company or by other means set forth in national laws and regulations. (3) Investment may take place in installments; the percentage of shares obtained on completion of the first installment may not be less than 10% of the company’s shares issued and outstanding, with the exception of special industries with specific requirements or with approval of the relevant authority. (4) A shares of the listed company may not be transferred for three years. (5) Investors’ shareholdings may not exceed the limits stipulated by law or regulations, and investment is not allowed in listed companies in areas prohibited by law or regulations. (6) Shareholders of government-owned shares in listed companies must comply with the relevant regulations.

Since November 2014, investors from the Mainland and Hong Kong SAR can invest in Hong Kong and Shanghai stock markets, respectively (SH–HK stock connect), under certain conditions and within the limit jointly published by the CSRC and the Hong Kong Securities and Futures Commission. Since December 2016, when certain conditions are met, investors from the Hong Kong SAR may invest in the Shenzhen stock market and vice versa (SZ–HK stock connect). The overall limit on the SH–HK stock connect was abolished in August 2016, while SZ–HK stock connect was established without overall limits, but both schemes had daily limits: for the Shanghai and Shenzhen component RMB 52 billion and for the Hong Kong component RMB 42 billion. Foreign investors may complete foreign exchange fund exchange and foreign exchange risk hedging operations at Hong Kong renminbi clearing banks or participating banks, incorporated into renminbi purchase and sales operations.

Global Depository Receipts (GDR): Based on the objective of hedging risk, domestic securities companies engaged in cross-border conversion operations may buy and sell underlying stocks corresponding to depositary receipts in accordance with the requirements of the relevant competent authorities. The first GDR was issued by Huatai Securities on June 17, 2019, and has been eligible for cross-border conversion since October 17, 2019. The Measures for the Administration of the Cross-Border Funds for Depositary Receipts (Provisional) (PBC and SAFE Announcement [2019] No. 8) were published on May 27, 2019. The CSRC launched a pilot program in March 2018 for the issuance of Chinese Depository Receipts (CDRs) by innovative enterprises, making arrangements for the issuance, public offering, and trading of CDRs, setting forth the basic conditions and procedures for CDR offerings, and producing the general requirements for the use of CDRs to engage in refinancing. Subsequently, the PBC and the
SAFE issued regulations concerning the administration of cross-border funding of depositary receipts. In October 2018, the CSRC published the Regulatory Provisions of the CSRC on the Interconnection Depositary Receipt Business of the Shanghai Stock Exchange (SSE) and the London Stock Exchange (LSE) (Provisional) (CSRC Announcement [2018] No. 30), clarifying the institutional arrangements related to CDRs under the terms of Shanghai–London connect, including review and approval of offerings, listing and trading, information disclosures, cross-border exchange, and registration and clearing.

The Shanghai–London stock connect was formally launched effective June 17, 2019, to enable issuance of CDRs domestically in China on the SSE by qualified issuers of foreign underlying securities listed on the LSE, based on an interconnectivity mechanism between the SSE and the LSE. Capital raised by foreign issuers of domestic CDRs based on new securities can be remitted abroad in renminbi or foreign currencies and may also be retained for use domestically. In accordance with the dividends and allotments distributed by a foreign issuer, the domestic depository trustee of CDRs may provide corresponding services to the holders of CDRs and process the receipts, payments, and currency conversions of the related funds.

Overseas-listed companies controlled by foreign shareholders may repurchase their overseas-listed and traded shares, provided the SAFE verifies the source of the funds and approves payment abroad. Insurance companies may invest overseas subject to approval. The aggregate balance of insurance companies’ overseas investment may not exceed 15% of the insurance company’s total assets at the end of the previous quarter, and the total amount of actual investment must not exceed the investment payment limit approved by the SAFE. Effective July 17, 2020, a solvency-based differentiated proportional supervision policy has been instituted for the book value of insurance companies’ investments in equity-type assets (previously no more than 30% of the company’s total assets at the end of the previous quarter), and the book value of major equity investments must not exceed the company’s net assets at the end of the previous quarter; the book value does not include investments in insurance enterprise stock made using the insurance company’s own funds. The book values of investments in single fixed-income assets, equity assets, fixed assets, and other financial assets must not exceed 5% of the company’s total assets at the end of the previous quarter. Investments in single assets refer to single specific investment varieties among the major investment categories. For investment varieties that are issued in installments, the book value of the investment in a single asset is the total investment amount in each installment period. Investments in a single legal entity may not exceed 20% of the total assets at the end of the previous quarter. Insurance fund offshore investment in equity-type assets includes equity instruments or products such as common stock, preferred stock, global depositary receipts, American depositary receipts, and equity of unlisted enterprises. Stocks and depositary receipts should be listed and traded on the stipulated main board markets of national or regional securities exchanges. Direct investments in the equity of unlisted enterprises are limited to equity of enterprises in the financial services, pension, health care, energy, resources, automotive services, and modern agriculture sectors.

On approval, qualified fund management firms and other securities management organizations may, within limits, combine foreign exchange funds and RMB funds of resident entities and individuals and use the funds to engage in portfolio investment, including in
stocks. QDIIs, including banks, fund management firms, securities companies, and insurance companies, may use foreign exchange to purchase stock and other investment instruments as permitted by regulations abroad within their respective SAFE-approved investment quotas and regulatory limits. Under the RQDII system, foreign investments in RMB are not subject to quotas, overall limits, and internal limits on the financial instruments acquired and must be invested in RMB denominated products in foreign financial markets. As of the end of June 2019, 142 QDIIs were approved, with an aggregate investment limit of US$103.2 billion.

The market value of securities issued by the same institution (except governments and international financial organizations) held by a single fund or collective plan may not exceed 10% of the net value of the fund or collective plan; funds and collective schemes must not buy securities with the intention to control or influence the institution that issues the security or its management. The entire fund or collective plan managed by the same domestic institutional investor may not hold more than 10% of the total volume of the same institution’s voting securities. Index funds are not subject to these restrictions.

On registration with the SAFE, domestic employees of domestic affiliates of foreign listed companies may participate in these companies’ equity incentive programs and purchase shares or options under the terms of such programs.

China mainland and Hong Kong investors may invest in the Hong Kong stock market and Shanghai/Shenzhen stock markets, respectively, under certain conditions and subject to limits.

Yin Ban Fa [2018] No. 81 further standardized matters related to the investment products, use of funds, macroprudential management, and information reporting for foreign securities investments of qualified renminbi investors.

To support competent domestic institutions in carrying out various types of outbound investments, in addition to the QDII scheme, the SAFE has launched QDIE pilots in Shenzhen and QDLP in Shanghai since 2013. The QDIE scheme, with a total investment limit of US$1 billion at its origination, allows domestic investors that meet the qualifications to raise funds domestically to invest overseas in securities, bonds, monetary policy tools, collective investment securities, and real estate. Similarly, the QDLP scheme allows global fund managers to establish limited partnerships with domestic investors and raise funds domestically to invest in the overseas financial markets. Under the QDLP and QDIE schemes, investors can invest overseas in securities, private equity, commodities, and real estate.

On April 25, the quotas for the Shanghai QDLP and the Shenzhen QDIE programs were increased. The quota for the QDLP scheme is US$5 billion, and that for the QDIE scheme is US$5 billion.

Approval by the CSRC and registration with the SAFE are required for the issuance of shares or depositary receipts abroad by resident enterprises. Funds originating from such issuance are not subject to the restrictions required for repatriation, but may be converted to RMB and used in China.

Renminbi capital raised by domestic enterprises by issuing stocks abroad can be remitted into and used in China.

Sale or issue abroad by residents Yes.

Bonds or other debt securities Yes.

Purchase locally by nonresidents Yes. Foreign RMB clearing banks and foreign participating banks may carry out spot bond trading and bond repo business on the interbank bond market. Foreign CBs or monetary authorities, international...
financial organizations, and sovereign wealth funds may conduct other interbank market transactions permitted by the PBC, such as spot bond trading, bond repos, bond loans, bond forwards and interest rate swaps, and forward rate agreements without restriction on the amounts.

Various types of financial institutions legally registered and established outside China, such as commercial banks, insurance companies, securities companies, fund management companies, and other asset management institutions, the investment products issued by the aforementioned financial institutions to clients in compliance with rules and regulations, and other medium- and long-term institutional investors approved by the PBC, such as pension funds, charitable funds, and endowment funds, may conduct spot bond trading on the interbank bond market, and can also carry out transactions such as bond lending, forward bond, forward rate agreements, and interest rate swaps based on their hedging needs, with no investment limit.

QFIIIs and RQFIIs may invest in the following RMB-denominated financial instruments: (1) stocks, bonds, and warrants traded or transferred on a securities exchange; (2) fixed-income products traded on the interbank bond market; (3) securities investment funds; (4) stock index futures; and (5) other financial instruments permitted by the CSRC. These investors may also apply to participate in new stock offerings, convertible bond offerings, additional share offerings, allotments of shares, and other similar type investments. Such investments are subject to the upper limits on individual institutions.

Effective September 10, 2019, with the approval of the State Council, the investment limits of QFII/RQFII as well as the geographical restrictions of RQFII pilots have been eliminated. Previously, the QFII and RQFII schemes had investment limits and the RQFII pilots were only carried out in select countries and regions.

Foreign CBs (monetary authorities) and other reserve management institutions, international financial organizations, and sovereign wealth funds may participate in all listed transactions without limits on the amounts through one or more of the following three avenues: through the PBC as their agent, through a commercial bank with international clearing qualifications and clearing agent qualifications, and through direct investment.

Foreign participating banks of RMB purchasing and selling business, after applying to the CFETS, can become members of the interbank foreign exchange market. They have access to all listed transaction products with no quota limits, but the transaction context is limited to the RMB purchasing and selling business. The arrangement of foreign RMB clearing banks was at the beginning a supportive arrangement for the RMB business in Hong Kong SAR and Macau SAR in 2003. In 2009, with the pilot program of cross-border RMB business, the arrangement was expanded. As has been gradually developed since 2016, direct investment can be made by foreign investors in the interbank bond market.

Indirect investment can be made in the domestic bond market by foreign investors through the bond market connect, with subject bonds comprising all bond types that can be traded and circulate on the domestic interbank bond market. This arrangement allows investors from mainland China and overseas to participate in each other’s bond markets. Currently, only the northbound trading has commenced, allowing investors from Hong Kong and other regions
to invest in the China interbank bond market, while southbound trade has not been activated.

Foreign governmental institutions, international development institutions, foreign financial institution corporations, and non-financial enterprise corporations can all issue RMB bonds on China’s bond market. Of these, foreign financial institution corporations issuing bonds on the national interbank bond market should be approved by the PBC; foreign governmental institutions and international development institutions issuing relevant bonds on the national interbank bond market, and foreign non-financial enterprise corporations issuing non-financial corporate debt financing instruments on the national interbank bond market should apply to register with the National Association of Financial Market Institutional Investors.

Effective January 17, 2019, the National Association of Financial Market Institutional Investors issued guidelines that apply to issuances of renminbi bonds by foreign non-financial institutions.

On December 2015, the CSRC launched the pilot program to issue Panda Bonds on the exchange bond market; foreign institutions can issue Panda Bonds on the exchanges.

QDIIs, which include banks, fund management firms, securities companies, and insurance companies, may purchase bonds abroad, within their respective SAFE-approved foreign exchange quotas and regulatory limits.

For QDIIs, the net amount of funds remitted abroad by banks, securities dealers, and insurance companies for investment in securities may not exceed their approved investment limits. Insurance companies may invest overseas subject to approval. The aggregate balance of insurance companies’ overseas investment may not exceed 15% of the insurance company’s total assets at the end of the previous quarter, and the total amount of actual investment must not exceed the investment payment limit approved by the SAFE. The book values of single investments in fixed-income assets, equity assets, fixed assets, and other financial assets must not exceed 5% of the company’s total assets at the end of the previous quarter. Single asset investments refer to single specific investment varieties among the major investment categories. For investment varieties that are issued in installments, the single investment book value is the total investment balance in each installment period. Investments in a single legal entity may not exceed 20% of the total assets at the end of the previous quarter.

Insurance fund foreign investment in bonds should be denominated in a major currency in circulation, and issuers and bond issues must have received a rating equivalent to BBB or higher from an internationally recognized rating agency. In the event that an issue is exempt from credit rating requirements in accordance with regulations, the issuer should have a credit rating not less than this bond credit rating requirement. Bonds issued abroad by the Chinese government are not subject to credit rating restrictions. Convertible bonds should be listed and traded on the required main board market of national or regional securities exchanges. As of the end of December 2018, 152 QDIIs were approved, with investment limits totaling US$103.2 billion.

Under the RQDII system, foreign investments in RMB are not subject to quotas, overall limits, and internal limits on the financial instruments acquired. RMB funds cannot be remitted offshore to purchase foreign exchange.

To support competent domestic institutions in carrying out various
types of outbound investments, in addition to the QDII scheme, the
SAFE has launched QDIE pilots in Shenzhen and QDLP in Shanghai
since 2013. The QDIE scheme, with a total investment limit of US$1
billion at its origination, allows domestic investors that meet the
qualifications to raise funds domestically to invest overseas in
securities, private equities, commodities, real estates, etc. Similarly,
the QDLP scheme allows global fund managers to establish limited
partnerships with domestic investors and raise funds domestically to
invest in the overseas financial markets. Under the QDLP and QDIE
schemes, investors can invest overseas in securities, private equity,
commodities, and real estate. The quota for the QDLP scheme is
US$5 billion, and that for the QDIE scheme is US$5 billion.

Sales or issue abroad by residents
Yes

Enterprises and financial institutions that issue bonds abroad with
maturities in excess of one year must apply in advance to the
National Development and Reform Commission (NDRC) for filing
and registration. Domestic financial institution legal persons may
issue RMB bonds abroad with PBC approval.

Legal person financial institutions and enterprises in China, as well
as domestic branches of foreign banks (including banks in Hong
Kong SAR, Macau SAR, and Taiwan Province of China), may freely
carry out cross-border financing in RMB or in foreign currencies
within the limit determined by their capital and net assets, without
being subject to PBC and SAFE advance review and approval
requirement.

Effective March 11, 2020, the macroprudential adjustment parameter
was raised from 1 to 1.25.

On money market instruments
Yes

Purchase locally by nonresidents
Yes

QFIIs/RQFIIs may purchase money market funds. Open-end China
funds may authorize their custodial banks to move funds in and out
of China daily according to the net amount between purchases and
redemptions.

QFIIs/RQFIIs may directly participate in investment transactions in
interbank foreign exchange markets. Foreign RMB clearing banks
and foreign participating banks with quotas to invest in the interbank
bond market may carry out bond repo business in the interbank bond
market to fund offshore RMB business. The limit on financing
through repos is tied to the bonds held onshore. Foreign CBs or
monetary authorities, international financial organizations, and
sovereign wealth funds may conduct other interbank market
transactions permitted by the PBC, such as spot bond trading, bond
repos, bond loans, bond forward and interest rate swaps, and forward
rate agreements without restriction on the amounts. An archival filing
requirement is implemented instead of the previous quota approval.

Various types of financial institutions legally registered and
established outside China, such as commercial banks, insurance
companies, securities companies, fund management companies, and
other asset management institutions, the investment products issued
legally and in compliance with rules and regulations to clients by the
aforementioned financial institutions, and other medium- and long-
term institutional investors approved by the PBC, such as pension
funds, charitable funds, and endowment funds, may conduct spot
bond trading and other interbank bond market transactions approved
by PBC on the interbank bond market without restriction on the
investment amount.

GDR: Based on the objective of hedging risk, domestic securities
companies engaged in cross-border conversion operations may buy
and sell currency management instruments and hedge-based stock
market risk and exchange rate risk financial products or instruments
in accordance with the requirements of the relevant competent
Sale or issue locally by nonresidents | Yes. |
---|---|
| Foreign issuers that meet the conditions in Yin Zong Bu [2015] No. 72 may issue cross-border interbank certificates of deposit in the Shanghai Free Trade Zone. |

Purchase abroad by residents | Yes. |
---|---|
| QDIIs may purchase money market instruments permitted by regulation, subject to their respective foreign exchange quotas and regulatory limits. RQDIIs may invest in renminbi-denominated products in foreign financial markets. Insurance companies may invest overseas subject to approval. The aggregate balance of insurance companies’ overseas investment may not exceed 15% of the insurance company’s total assets at the end of the previous quarter, and the total amount of actual investments must not exceed the investment payment limit approved by the SAFE. Foreign investment of insurance funds in the money market includes money market instruments or products with maturities of not more than one year, such as commercial paper, bankers acceptances, large negotiable certificates of deposit, reverse repo agreements, short-term government bonds, and overnight interbank borrowings. Issuers of money market instruments (including securities used as collateral for reverse repo agreements) should have received credit ratings of A or the equivalent of A or higher. |

To support competent domestic institutions in carrying out various types of outbound investments, in addition to the QDII scheme, the SAFE has launched QDIE pilots in Shenzhen and QDLP in Shanghai since 2013. The QDIE scheme, with a total investment limit of US$1 billion at its origination, allows domestic investors that meet the qualifications to raise funds domestically to invest overseas in securities, private equities, commodities, real estates, etc. Similarly, the QDLP scheme allows global fund managers to establish limited partnerships with domestic investors and raise funds domestically to invest in the overseas financial markets. Under the QDLP and QDIE schemes, investors can invest overseas in securities, private equity, commodities, and real estate. The quota for the QDLP scheme is US$5 billion, and that for the QDIE scheme is US$5 billion. |

CDR: Based on the objective of hedging risk, domestic securities companies engaged in cross-border conversion operations may buy and sell currency management instruments and hedge-based stock market risk and exchange rate risk financial products or instruments in accordance with the requirements of the relevant competent authorities, but the balance of assets in overseas markets must not exceed the cap set by the CSRC. |

Sale or issue abroad by residents | Yes. |
---|---|
| Under the framework of the comprehensive macroprudential management of cross-border financing, the PBC and SAFE will no longer enforce advance review and preapproval requirements for the issuance of foreign debt, but each financial institution and enterprise will follow uniform and clear rules to estimate a cap on the financing-risk-weighted balance of cross-border financing linked to their capital or net assets, and the financial institution or enterprise will be permitted to engage in cross-border RMB or foreign currency financing within that limit. At the same time, the PBC will set and adjust the relevant parameters based on macro control requirements to make countercyclical adjustments to the cross-border financing of financial institutions and enterprises. This covers all domestic institutions that take in funds in local or foreign currency from nonresidents and includes on- and off-balance-sheet financing. |

On collective investment securities | Yes. |
---|---|
| QFIIs and RQFIIs may invest in domestic closed-end and open-end funds. Effective September 10, 2019, the investment limits of QFIIs
and RQFII pilots as well as the geographical restrictions of RQFII pilots have been eliminated. Open-end China funds may authorize their custodial banks to move funds in and out of China daily according to the net amount between purchases and redemptions.

Cross-Border Wealth Management Connect: Hong Kong and Macau residents can purchase wealth management products from mainland banks in the Guangdong/Hong Kong/Macau Greater Bay Area. This initiative has been announced. The official launch and implementation rules are still under development.

Sale or issue locally by nonresidents
Yes.
Hong Kong public placement fund products that meet legal requirements may be sold in mainland China subject to approval.

Purchase abroad by residents
Yes.
QDIIs may purchase collective investment securities abroad, subject to their respective foreign exchange quotas and regulatory limits. RQDIIs may invest in renminbi-denominated products in foreign financial markets according to regulations.

To support competent domestic institutions in carrying out various types of outbound investments, in additional to the QDII scheme, the SAFE has launched QDIE pilots in Shenzhen and QDLP in Shanghai since 2013. The QDIE scheme, with a total investment limit of US$1 billion at its origination, allows domestic investors that meet the qualifications to raise funds domestically to invest overseas in securities, private equities, commodities, real estates, etc. Similarly, the QDLP scheme allows global fund managers to establish limited partnerships and raise funds domestically with domestic investors to invest in the overseas financial markets. Under the QDLP and QDIE schemes, investors can invest overseas in securities, private equity, commodities, and real estate. The quota for the QDLP scheme is US$5 billion, and that for the QDIE scheme is US$5 billion.

Insurance companies may invest overseas subject to approval. The aggregate balance of insurance companies’ overseas investment may not exceed 15% of the insurance company’s total assets at the end of the previous quarter, and the total amount of actual investment must not exceed the investment payment limit approved by the SAFE. Effective July 17, 2020, a solvency-based differentiated proportional supervision policy has been instituted for the book value of insurance companies’ investments in equity assets (previously no more than 30% of the company’s total assets at the end of the previous quarter), and the book value of major equity investments must not exceed the company’s net assets at the end of the previous quarter; the book value does not include investments in insurance enterprise stock made using the insurance company’s own funds. The book value of an investment in a single fixed-income asset, equity asset, fixed asset, or other financial asset must not exceed 5% of the company’s total assets at the end of the previous quarter. Single asset investments refer to single, specific investment varieties within the major asset investment categories. For investments in varieties issued in installments, the book value of an investment in a single asset is the total amount invested in each respective installment period. A single investment in a single legal entity may not exceed 20% of the insurance company’s total assets at the end of the previous quarter.

Cross-Border Wealth Connect: Qualified domestic individuals may purchase wealth management products at banks in Hong Kong and Macao. This initiative has been announced. The official launch and implementation rules are still under development.

Sale or issue abroad by residents
Yes.
Domestic public placement fund products that meet legal requirements may be sold or issued in the Hong Kong SAR region subject to approval by the Securities and Futures Commission.
Controls on derivatives and other instruments

For the purpose of hedging risk, based on hedge trading objectives, QFIIs and RQFIIs may invest in domestic stock index futures and engage in foreign exchange risk hedging. Foreign CBs (monetary authorities) and other reserve management institutions, international financial organizations, and sovereign wealth funds, and foreign renminbi clearing banks and participating banks may enter the Chinese interbank foreign exchange market and initiate various types of foreign exchange transactions, including forward, swap, and option, through one or more of the following three avenues: through the PBC as their agent, through a Chinese interbank foreign exchange market member as their agent, and by directly becoming a foreign member of the Chinese interbank foreign exchange market. Transaction methods include OTC and price-matching, without limits on the amount. These institutions may initiate bond forward and interest rate swaps, forward rate agreements, and other interbank market transactions permitted by the PBC without limit as to amount. Foreign CBs, monetary authorities, international financial organizations, and sovereign wealth funds may initiate bond forwards and interest rate swaps, forward interest rate agreements, and other interbank market transactions approved by the PBC. Qualified institutional investors that meet the requirements of PBC Announcement [2016] No. 3, including all types of financial institutions legally registered outside China, such as commercial banks, insurance companies, securities companies, fund management companies, and other asset management institutions, and the investment products legally issued to clients by said financial institutions, as well as other medium- to long-term institutional investors approved by the PBC, such as pension funds, charitable funds, and endowment funds, may initiate spot trading on the interbank bond market, and may engage in bond lending, bond forward, forward interest rate agreement, and interest rate swap transactions.

Financial institutions (including finance companies) that sell foreign exchange forward to their clients must deposit foreign exchange risk reserves, with the reserve ratio temporarily set as 20%. The calculation should be based on the amount of contracted forward foreign exchange sales of the previous month and the reserves should be deposited in dollars with the PBC. The holding period of the foreign exchange risk reserve is one year and the interest rate is tentatively set at 0.

Since March 26, 2018, the formal listing and trading in crude oil futures denominated and settled in RMB debuted on the Shanghai Energy Exchange, targeting both domestic and foreign investors. Since May 4, 2018, iron ore futures on the Dalian Commodities Exchange introduced foreign investors. Since November 30, 2018, foreign investors were formally introduced into purified terephthalic acid futures on the Zhengzhou Commodity Exchange. Effective August 12, 2019, renminbi-denominated natural rubber futures and technically specified rubber No. 20 rubber futures were formally listed for trading on the Shanghai Energy Exchange. Effective June 22, 2020, formal trading of RMB-denominated low-sulfur fuel oil futures began on the Shanghai Energy Exchange.

Sale or issue locally by nonresidents

Yes.

Sale or issue locally by nonresidents

Yes.

Purchase abroad by residents

Yes. Bank financial institutions under the regulatory jurisdiction of the CBIRC may purchase and sell derivative instruments with the
approval of the former CBRC for the following purposes: (1) to hedge inherent balance sheet risk, (2) for profit, and (3) to provide customers (including financial institutions) derivatives trading services. Before such innovations as initiating new operational varieties or expanding to new markets, bank financial institutions should seek the opinions of regulatory agencies in writing. Commercial banks conducting overseas wealth management services on behalf of clients may not invest in commodity derivatives. Institutions that engage in derivatives trading related to foreign exchange, stocks, and commodities and exchange-listed derivatives must comply with SAFE and other relevant regulations. Banking industry financial institutions that comply with the relevant requirements may engage in domestic gold futures trading business. QDIIs may, in accordance with regulations, invest in foreign derivative instruments subject to their foreign exchange quotas. With the permission of the State-Owned Assets Supervision and Administration Commission, central-government-owned enterprises may conduct offshore derivatives products business. The CIRC allows insurance companies to use such products as forwards, swaps, options, and futures to hedge risks. On registration with the SAFE, domestic employees of domestic affiliates of qualified foreign listed companies may participate in these companies’ equity incentive programs and purchase shares or options under the terms of such programs. Since 2015, financial institutions or enterprises in Shanghai may participate in offshore derivatives trading by establishing free trade accounts. RQDIIs may invest in RMB-denominated foreign derivate products in accordance with the relevant requirements of the CBIRC.

Without approval, sale or issue abroad is not permitted by nonbank institutions. Banks require prior approval from the CBIRC, to engage in sale or issue abroad of derivative products.

### Sale or issue abroad by residents

**Yes.**

### Controls on credit operations

**Yes.**

### Commercial credits

**Yes.**

**By residents to nonresidents**

**Yes.**

**To residents from nonresidents**

**No.**

### Financial credits

**Yes.**

**By residents to nonresidents**

**No.**

**To residents from nonresidents**

**Yes.**

Within their approved scopes of operations, bank financial institutions may provide commercial loans directly abroad.

RMB cross-border lending by domestic institutions is subject to approval. The sum of their offshore RMB and foreign currency loans should not exceed 30% of shareholder’s equity as indicated by the audited financial statements of the previous year. Additional requirements on the loan’s objectives, funding sources, lending period, usage, withdrawal, etc., are also in place. Domestic correspondent banks may offer RMB financing accounts to banks participating in foreign RMB operations within certain limits and maturities. Domestic parent banks or head offices may provide RMB liquidity support to foreign RMB clearing banks. Within the present institutional framework of foreign debt and foreign lending, resident enterprises may use RMB to manage cross-border credit business.

Foreign loans to resident entities with a maturity of more than one year must be filed and registered in advance with the NDRC.
Legal person financial institutions and enterprises in China can freely carry out cross-border financing in RMB or in foreign currencies within the limit determined by their capital and net assets. They do not need to get the approval from the PBC or SAFE in advance. Domestic branches of foreign banks (including banks in Hong Kong SAR, Macau SAR, and Taiwan Province of China) may freely conduct domestic and foreign currency cross-border financing within the limit determined by their capital or net asset, without being subject to PBC and SAFE advance review and approval requirement. Within the present institutional framework of foreign debt and foreign lending, resident enterprises may use RMB to manage cross-border credit business.

The aggregate balance of medium- and long-term foreign debt and outstanding short-term foreign debt of foreign-invested enterprises may not exceed the difference between total investment and registered capital. “Total investment” means the sum of construction funds and working capital required for production as stipulated in joint investment contracts and the enterprise’s articles of association. Within this scope, preapproval is not required to borrow from nonresidents; however, the borrower must complete the SAFE registration procedures. Converting such funds to RMB does not require SAFE approval.

Multinational enterprise groups, in accordance with their own operational and management needs, may engage in RMB fund pooling transactions with nonfinancial member enterprises both domestically and abroad.

<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>Yes.</th>
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<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
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<tr>
<td>Cross-border guarantees by residents and nonresidents are not subject to SAFE approval. Resident nonfinancial entities may provide RMB guarantees abroad without PBC approval. All guarantees must be registered individually. Onshore guarantees for offshore loans must be registered individually.</td>
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<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
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<tr>
<td>Cross-border guarantees by residents and nonresidents are not subject to SAFE approval. Under certain conditions, domestic institutions may accept guarantees offered by foreign institutions or individuals. Foreign nonfinancial institutions may use the funds on their RMB settlement accounts as collateral for domestic financing. Onshore guarantees for offshore loans must be registered individually.</td>
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<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
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<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
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</table>
| In 2014, the Ministry of Commerce amended the Administrative Measures on Overseas Investment, implementing an administrative model that “primarily relies on a filing system and is supported by approvals” for enterprises investing and incorporating overseas. With the exception of overseas investments in sensitive countries and regions and sensitive industries, for which an approval system is in place, all other overseas investments are administered using a filing system. Countries for which approvals are required refer to countries that have no diplomatic relationship with the People’s Republic of China and countries that are subject to UN sanctions; when necessary, the Ministry of Commerce may additionally announce a list of other countries for which approval management is required. Industries for which approvals are required are those that involve the export of products and technologies with export restrictions placed by the People’s Republic of China, and industries that affect more than one country’s (region’s) interests. At present, 99% of overseas investment matters are administered using the filing system. According to the Administrative Measures on Overseas Investment,
for overseas investors that fall under administration by the filing system, state-owned key enterprises submit filings to the Ministry of Commerce, and local enterprises submit filings to the local provincial-level regulatory authority for commerce. Domestic legal entities may make direct outward investments after filing a record. Outward investments in nonsensitive industries are subject to record management. More specifically, outward investments carried out by enterprises managed by the central government, as well as those with funding from Chinese sources exceeding US$300 million or its equivalents in RMB and carried out by local enterprises, should be recorded at the NDRC; outward investment with funding from the Chinese sources below US$300 million or its equivalents in RMB and carried out by local enterprises should be recorded at the provincial authorities. As of March 1, 2018, NDRC Decree No. 9 governing outbound investment by Chinese companies was replaced by Decree No. 11. The NDRC revised the list of sensitive industries by delisting some of the industries, including operation of telecommunication; infrastructures; large-scale land development; main power transmission lines and power grids; and adding some other industries, including R&D, manufacturing and maintenance of weapons and military equipment; real estate; hotels; movie studios; entertainment; sports clubs; and equity funds or investment platforms established overseas without specific real-economy projects. Similar to Decree No. 9, any amount of investment in sensitive industries requires NDRC approval. Per Decree No. 11, approval requirement for outward FDI above US$1 billion in non-sensitive industries was abolished. As of March 1, 2018, overseas investment by domestic natural persons through foreign companies or Hong Kong, Macau, or Taiwan companies under their control, which was outside the scope of Decree No. 9, is subject to regulations specified in Decree No. 11. Specifically, NDRC approval is required for investment in sensitive industries, and for investments in nonsensitive projects that exceed US$300 million or its equivalent in RMB, the NDRC must be informed of the basic project information, but no review or approval is required. Outward direct investment should also be registered at banks. Banks may process such operations as opening accounts and remitting funds for enterprises on the basis of the three principles of “know your customer,” “know your business,” and “conduct due diligence.” Domestic institutions may use a variety of legitimate asset sources for outward direct investment, including their own foreign exchange funds, foreign currency loans obtained domestically in accordance with regulations, foreign exchange purchased using RMB, or tangible or intangible assets, and such profits as are kept abroad. During the preparatory stage of formal startup of a foreign project, resident entities may remit funds overseas in an amount not to exceed the smaller value of US$300 million and 15% of the Chinese investor’s total investment. To support competent domestic institutions in carrying out various types of outbound investments, in addition to the QDII scheme, the SAFE has launched QDIE pilots in Shenzhen and QDLP in Shanghai since 2013. The QDIE scheme, with a total investment limit of US$1 billion at its origination, allows domestic investors that meet the qualifications to raise funds domestically to invest overseas in securities, private equities, commodities, real estates, etc. Similarly, the QDLP scheme allows global fund managers to establish limited partnerships and raise funds domestically with domestic investors to invest in the overseas financial markets. The quota for the QDLP scheme is US$5 billion, and that for the QDIE scheme is US$5
billion. Outward direct investment by state-owned enterprises (SOEs) and private enterprises should be filed with or approved by the NDRC and Ministry of Commerce. Except for setting up foreign special-purpose entities, domestic individuals are not allowed to make direct outward investment.

Inward direct investment Yes.

Foreign investment projects in China are divided into four categories: encouraged, permitted, restricted, and prohibited. Because the Foreign Investment Law and the corresponding implementation regulations went into effect, China has implemented a pre-establishment national treatment plus negative list administration system, with restricted and prohibited projects included in the negative list, and encouraged and permitted projects outside the scope of the negative list. Foreign investors are not permitted to invest in fields prohibited by the provisions of the foreign investment access negative list. Foreign investors investing in fields restricted by the provisions of the foreign investment access negative list should meet the conditions required in the negative list. Foreign investment in fields not contained in the access negative list is administered in accordance with the principle of equal treatment for domestic and foreign capital. Nonresidents may invest in China, provided they are in compliance with the requirements of laws and regulations concerning foreign investment and other laws and regulations. Foreign enterprises and individuals that establish a partnership enterprise in China must apply for registration of the enterprise to the local administrative department for industry and commerce authorized by the State Administration for Industry and Commerce; approval of the Ministry of Commerce is not required in such cases. Partnership enterprises whose main business is investment are subject to additional government provisions. Conversion of the invested funds from foreign exchange to RMB may be carried out as determined by the enterprise. FDI should also be registered at banks. The aggregate balance of medium- and long-term foreign debt and outstanding short-term foreign debt of foreign-invested enterprises may not exceed the difference between total investment and registered capital. “Total investment” means the sum of construction funds and working capital required for production as stipulated in joint investment contracts and enterprise articles of association. Within this scope, preapproval is not required to borrow from nonresidents; however, the borrower must complete the SAFE registration procedures. Converting such funds to RMB does not require SAFE approval.

Foreign investors currently are not subject to restrictions in investing in the B shares of domestically listed companies. Foreign investors may make strategic investments in A shares of domestically listed companies, but are subject to the following restrictions. (1) Investors must (a) be legally incorporated and operating foreign legal entities or other organizations that are financially sound and have good credit and mature management experience; (b) have actual offshore assets totaling no less than US$100 million or actual offshore assets under management totaling no less than US$500 million, parent company actual offshore assets totaling no less than US$100 million, or actual offshore assets under management totaling no less than US$500 million; (c) have a sound governance structure and good internal control systems with standardized operations; and (d) have received no material penalties from domestic or foreign regulatory agencies in the past three years (including parent company). (2) A shares of the listed company must be acquired through acquisition under contract or acquisition through targeted issuance of new shares by the listed company or by other...
means set forth in national laws and regulations. (3) Investment may take place in installments; the percentage of shares obtained on completion of the first installment may not be less than 10% of the company’s shares issued and outstanding, with the exception of industries with specific requirements or approval of the relevant authority. (4) A shares of the listed company may not be transferred for three years. (5) Investors’ shareholdings may not exceed the limits stipulated by law or regulation, if such limits are in place for specific industries, and investment is not allowed in listed companies in areas prohibited by law or regulation. (6) Shareholders of government-owned shares in listed companies must comply with the relevant regulations.

Foreign investors may engage in direct investment activities in China using RMB legally obtained abroad. Legitimately obtained RMB includes RMB obtained by foreign investors from (1) cross-border trade settlement in RMB; (2) mainland China in the form of profits and earnings from equity swaps, reduction of invested capital, clearing, and advance recovery of investment; and (3) the issuance of bonds and shares denominated in RMB abroad and other ways. Banks may settle inward direct investment transactions in RMB on the basis of the three principles of “know your customer,” “know your business,” and “conduct due diligence,” relying on the income and payment instruction submitted by the enterprises.

Profit of less than US$50,000 from direct investments may, following a bona fide test by the bank, be repatriated without documentary proof. For the repatriation of profits above US$50,000, banks must verify documents related to the current profit repatriation, including the board of directors’ resolutions on the distribution of profits (or the partners’ resolution on the distribution of profits), originals of tax filing forms, and audited financial reports.

### Controls on liquidation of direct investment
- Yes.

“A” shares of listed companies may not be transferred for three years. Premature liquidation before expiration of the term of operations requires approval of the original reviewing and approving authority or a judicial decision. On liquidation, after registering with the relevant bank, a foreign investor may purchase foreign currency and initiate repatriation of funds. RMB funds obtained from liquidation by foreign investors may be remitted abroad by banks, with no need for PBC approval.

### Controls on real estate transactions
- Yes.

The regulations governing direct investment apply.

### Purchase abroad by residents
- Yes.

Purchases of real estate abroad by resident entities are conducted similarly to direct investment abroad. Insurance companies may invest overseas subject to approval. The aggregate balance of insurance companies’ overseas investment may not exceed 15% of the insurance company’s total assets at the end of the previous quarter. A single investment in equity and fixed-income assets may not exceed 5%, and investments in a single legal entity may not exceed 20% of the insurance company’s total assets at the end of the previous quarter. The balance of foreign and domestic real estate investments may not exceed 30% of the insurance company’s total assets at the end of the previous quarter. The total balance does not include real estate purchased with insurance companies’ own funds for their own use, the balance of which may not exceed 50% of their total net assets at the end of the previous quarter. A single investment in real estate may not exceed 5% of the insurance company’s total assets at the end of the previous quarter.

To support competent domestic institutions in carrying out various types of outbound investments, in additional to the QDII scheme, the SAFE has launched QDIE pilots in Shenzhen and QDLP in Shanghai since 2013. The QDIE scheme, with a total investment limit of US$1
billion at its origination, allows domestic investors that meet the qualifications to raise funds domestically to invest overseas in securities, private equities, commodities, real estates, etc. Similarly, the QDLP scheme allows global fund managers to establish limited partnerships with domestic investors and raise funds domestically to invest in the overseas financial markets. Under the QDLP and QDIE schemes, investors can invest overseas in securities, private equity, commodities, and real estate. Since April 25, 2018, the quota for the QDLP scheme is US$5 billion and that for the QDIE scheme is US$5 billion.

**Purchase locally by nonresidents**

Yes. Nonresidents purchasing commercial residential housing must abide by the principles of actual need and self-use and may directly convert foreign exchange to RMB at a designated foreign exchange bank for the purchase.

**Sale locally by nonresidents**

Yes. Nonresidents may directly perform the procedures for repatriating proceeds from the sale of real estate at banks in accordance with the relevant foreign exchange regulations. The transfer of foreign exchange does not require separate approval.

**Controls on personal capital transactions**

Yes.

**Loans**

Yes.

- **By residents to nonresidents**

  Yes. Resident individuals may not provide loans to nonresidents without specific authorization.

- **To residents from nonresidents**

  Yes. Nonresident individuals may not provide loans to residents without specific authorization.

**Gifts, endowments, inheritances, and legacies**

Yes.

- **By residents to nonresidents**

  Yes. Residents with valid personal identification documentation may purchase foreign exchange at a bank for aid and assistance to immediate relatives overseas up to the equivalent of US$50,000 a year. For larger amounts, individuals must provide the bank with valid personal identification and such materials as documentation of immediate relatives issued by the relevant department or notarial institution and certification of the aid and assistance. Foreign heirs, including those from Hong Kong SAR, Macao SAR, and Taiwan Province of China, are permitted to transfer inheritances out of the country.

- **To residents from nonresidents**

  Yes. With valid personal identification, residents’ income from endowments, bequests, and legacies not exceeding the amount equivalent to US$50,000 may be converted to RMB with a bank. Sale or settlement of amounts exceeding this amount requires valid personal identification, legal documents, and other related explanations and materials.

**Settlement of debts abroad by immigrants**

n.a.

**Transfer of assets**

Yes.

**Transfer abroad by emigrants**

Yes. Retirement and pension funds may be remitted abroad. Natural persons moving abroad or going to reside in Hong Kong SAR and Macao SAR may, before obtaining emigrant status, liquidate their lawfully owned property in China and purchase and remit the foreign exchange abroad. The purchase and payment of foreign exchange by emigrants transferring property abroad require SAFE approval.

**Transfer into the country by immigrants**

No. Currently, there is no applicable legislation.

**Transfer of gambling and prize earnings**

No. Currently, there is no applicable legislation.

**References to legal instruments and**

This information can be found at the AREAER ONLINE database:
Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

In accordance with China’s WTO accession, foreign financial institutions may establish wholly owned subsidiary banks, Chinese–foreign joint venture banks, or branches of foreign banks in China. Pursuant to the Regulations on the Administration of Foreign-Funded Banks amended and announced in September 2019, foreign banks may simultaneously establish a wholly owned subsidiary bank and a foreign bank branch, or simultaneously establish a Chinese–foreign joint venture bank and a foreign bank branch.

Effective September 30, 2019, the restriction requiring foreign sole or major shareholders planning to establish Chinese–foreign joint venture banks to “present year-end total assets of not less than US$10 billion for the year preceding the application to establish” was eliminated, and the restriction requiring foreign banks planning to establish branches to “present year-end total assets of not less than US$20 billion” was eliminated.

Effective September 30, 2019, branches of foreign banks may accept time deposits from resident Chinese citizens for individual deposits in amounts not less than RMB 500,000 (previously 1 million).

Effective September 30, 2019, a subsidiary of a foreign-owned bank or a foreign bank branch can engage in renminbi operations immediately on startup; no separate review and approval are needed.

Previously, they need to satisfy the following requirements: (1) has been operating within the territory of the People’s Republic of China for one year or more prior to submitting the application and (2) meets other prudential conditions prescribed by a banking regulatory institution of the State Council.

Business entities of a foreign-owned banks engaged in renminbi operations as set forth in Article 29 or Article 31 of the Regulation within their scope of operations should make preparations and complete the following tasks during the preparation period: A subsidiary of a foreign-owned bank or a foreign bank making its first application to engage in RMB operations should meet the following requirements: (1) allocate an appropriate number operating personnel who meet business development needs; (2) produce important business vouchers and forms for use with the public; (3) outfit themselves with security facilities approved by the competent authorities; (4) establish internal control systems and operational procedures for renminbi operations; and (5) if a business entity of a foreign-owned bank needs to increase registered capital or working capital to engage in renminbi operations, it should retain a certified public accounting firm registered in China to verify capital, and submit the capital verification certificate to the local office of the CBIRC.

Hong Kong and Macau banks that establish wholly owned banks, joint venture banks, and branches on the mainland must satisfy the relevant requirements of the Regulations on the Administration of Foreign-Funded Banks.

Borrowing abroad

Yes.

Commercial banks and other financial institutions borrowing loans abroad with maturities in excess of one year must apply in advance to file and register them with the NDRC.

All foreign borrowing must be registered with the SAFE. Chinese-funded commercial banks issuing bonds must obtain the permission of the CBIRC. Domestic financial institutions may issue RMB bonds abroad with PBC approval. Legal person financial institutions and enterprises in China can freely carry out cross-border financing in RMB or in foreign currencies within the limit determined by their...
capital and net assets. They do not need to get the approval from the PBC or SAFE in advance. Domestic branches of foreign banks (including banks in Hong Kong SAR, Macau SAR, and Taiwan Province of China) may freely conduct domestic and foreign currency cross-border financing within the limit determined by their capital or net asset, without being subject to PBC and SAFE advance review and approval requirement. To promote the smooth linkage and transition of policies, in accordance with national treatment principles, the “cross-border financing leverage ratios” for Chinese and foreign-invested enterprises were uniformly increased. The leverage ratio for cross-border financing of bank type corporate financial institutions and branches of foreign banks is 0.8 (for enterprises the leverage ratio is 2 and for nonbank financial institutions it is 1), and effective March 11, 2020, the macroprudential adjustment parameter is set as 1.25 (previously 1).

<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase of locally issued securities</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase of locally issued securities</td>
<td>Yes</td>
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<tr>
<td>Denominated in foreign exchange</td>
<td></td>
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<tr>
<td>Differential treatment of deposit accounts</td>
<td>Yes</td>
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<tr>
<td>in foreign exchange</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Banking financial institutions may, within the approved scope of operations, directly provide commercial loans abroad. There are no quota and no requirement for approval for RMB loans. For domestic institutions other than commercial banks carrying out cross-border lending business, their overseas loan balance, in RMB and in foreign currencies combined, should not exceed 30% of shareholder’s equity as indicated by the audited financial statements of the previous year.

Banks must comply with provisions of the Commercial Banking Law of China concerning asset–debt ratio management. SAFE registration and permission are not required for residents who borrow foreign exchange from domestic Chinese financial institutions to repay principal. However, creditors must submit regular loan registrations and report the principal and interest repayment status to the SAFE.

The PBC enforces different deposit reserve rates for differing types of financial institutions for RMB deposits. Effective September 16, 2019, and effective January 6, 2020, the PBC lowered financial institutions’ deposit reserve ratio on RMB deposits on each day by 0.5 percentage point. Deposit reserve rates of 12.5% (previously 13.5%) and 10.5% (previously 11.5%) are, respectively, in force for large banks and medium and small banks, and for those institutions which meet prudential management requirements and for which loans in inclusive finance areas meet certain percentages, the reserve rate can be further reduced by 0.5 to 1.5 percentage points compared to institutions of the same type. Deposit reserve rates of 7% (previously 8%) are in force for rural commercial banks, rural cooperative banks, rural credit cooperatives, and village and town banks.

Effective April 15, 2020 and effective May 15, 2020, the PBC reduced the deposit reserve ratio on RMB deposits for medium and small banks on each day by 0.5 percentage point and also for rural commercial banks, rural cooperative banks, rural credit cooperatives, and village and town banks. As a result, deposit reserve rate of 9.5% (previously 10.5%) for medium and small banks and 6% (previously 7%) is in force for rural commercial banks, rural cooperative banks, rural credit cooperatives, and village and town banks. For the latter four types of institutions, if a certain proportion of new deposits is used for local lending, their reserve rate can be reduced by an
The reserve requirement for foreign exchange deposits is 5%.
The ratio of the balance of current assets to the balance of current liabilities may not be lower than 25%.

The ratio of the balance of current assets to the balance of current liabilities may not be lower than 25%.

Commercial bank loans to single nonbank customers must not exceed 10% of their net capital; risk exposure to single nonbank customers must not exceed 15% of net Tier 1 capital.

The ratio of the balance of current assets to the balance of current liabilities may not be lower than 25%.

The ratio of the credit balance of a single borrower to a commercial bank’s capital balance may not exceed 10%.

For a Chinese-funded commercial bank to apply to invest in the formation of, hold shares in, or acquire an overseas institution, the applicant must meet the following conditions: (1) It must have a sound and effective corporate governance structure and internal controls, business line management, and risk control capabilities that are compatible with the development of its overseas business. (2) It must have a clear overseas development strategy. (3) It must have good consolidated management capabilities. (4) The primary main prudential regulatory indicators must meet the regulatory requirements. (5) The balance of its equity investments must in principle not exceed 50% of its net assets (on a consolidated accounting basis). (6) It must have been profitable for the latest three consecutive fiscal years. (7) The balance of its year-end assets must be at least RMB 100 billion for the year preceding its application. (8) It must have a team of professionals compatible with the foreign business environment. (9) Other prudential conditions prescribed by the CBIRC.

As referred to here, overseas institutions must mean the overseas level-one branches, wholly affiliated or controlled financial institutions of Chinese-funded commercial banks, representative institutions, and transnational (cross-border) institutions established by level-one branches or wholly owned subsidiaries.

As a founder or strategic investor of a Chinese-funded commercial banking institution, overseas financial institutions must meet the following conditions: (1) In principle, its most recent total year-end assets must not be less than US$10 billion. (2) It must have a good long-term credit rating in the most recent two years by an international rating institution accepted by the CBIRC. (3) It must have been continuously profitable in the most recent two fiscal years. (4) Commercial bank capital adequacy ratios must reach the local banking industry average in the place of incorporation and must not be lower than 10.5%. The total capital of nonbank financial institutions must not be lower than 10% of total weighted risk assets. (5) It must have sound and effective internal controls. (6) There must be a complete financial institution supervision and regulatory system in the place of incorporation. (7) Economic conditions must be good in the country (region) where the institution is located. (8) Other prudential conditions prescribed by the CBIRC.
As founders or strategic investors, overseas financial institutions that become shareholders of Chinese-funded commercial banks should abide by the principles of long-term shareholding, optimized governance, business cooperation, and competition avoidance. The CBIRC may adjust the requisite conditions for an overseas financial institution to become a founder in accordance with financial sector risk conditions and regulatory requirements.

Supervision and administration of Chinese-funded commercial banks with equity investments by foreign financial institutions are implemented according to the institutional type of the Chinese-funded commercial bank at the time that the equity was acquired. Supervision and administration of rural commercial banks with equity investments by foreign financial institutions are implemented according to the relevant regulations for rural commercial banks. Foreign financial institutions must also comply with the relevant national regulations concerning foreign investors who invest domestically in China (CBIRC Decree [2018] No. 5).

Financial institutions trading foreign exchange on their own behalf may not have a daily total transaction volume (total open foreign exchange position) and exceed 20% of foreign exchange working capital. As authorized by top management, financial institutions trading foreign exchange on their own behalf may retain a small overnight open foreign exchange position no greater than 1% of foreign exchange working capital or foreign exchange operating funds.

The cumulative foreign exchange open position ratio is the ratio of cumulative foreign exchange open positions to net capital, which is calculated on a quarterly basis and should not exceed 20%. Qualified commercial banks may simultaneously use other methods to measure foreign exchange risk (for example, the at-risk value method or the base-point present value method).

Cumulative foreign exchange open position is explicitly established in the Notice of the CBRC on the Printing and Distribution of Internal Guidelines for the Regulatory Ratings of Commercial Banks (Yin Jian Fa [2014] No. 32). Commercial banks must report their cumulative foreign exchange open positions on a quarterly basis; the content of the report is information about a bank’s foreign exchange holdings during the reporting period, including foreign exchange held as the result of engaging in option operations. Additionally, the SAFE Administrative Regulations for Financial Institutions that Handle Proprietary Foreign Exchange Trading Operations also put forward a related regulatory requirement.

The aggregate balance of insurance companies’ foreign investments may not exceed 15% of their total assets at the end of the previous quarter, and the total actually invested must not exceed the investment payment limit approved by the SAFE. Insurance companies must calculate ratios for all types of investment products on a consolidated basis (including amounts of domestic and foreign investments); the ratio for a single product is required to be consistent with domestic products of the same type. Effective July 17, 2020, a solvency-based differentiated proportional supervision
policy has been instituted for the book value of insurance company investments in equity-type assets (both domestic and foreign). Previously, insurance companies’ investments in equity-type assets may not exceed 30% of the insurance company’s total assets at the end of the previous quarter, and the book value of major equity investments must not exceed the company’s net assets at the end of the previous quarter; the book value does not include investments in insurance enterprise stock made using the insurance company’s own funds. The balance of foreign and domestic real estate investments may not exceed 30% of the company’s total assets at the end of the previous quarter; this total book value does not include real estate purchased with insurance companies’ own funds for their own use, whose balance may not exceed 50% of their total net assets at the end of the previous quarter. The book value of an investment in a single fixed-income asset, equity asset, fixed asset, or other financial asset must not exceed 5% of the company’s total assets at the end of the previous quarter. Single-asset investments refer to single, specific investment varieties among the major investment categories. For investment varieties issued in installments, the book value of the single-asset investment is the total balance invested in each installment period.

The aggregate balance of insurance companies’ foreign investments may not exceed 15% of their total assets at the end of the previous quarter, and the total amount actually invested must not exceed the investment payment limit approved by the SAFE. Insurance companies must calculate ratios for various types of investment products on a consolidated basis (including both domestic and foreign amounts); the ratio for a single product is required to be consistent with domestic products of the same type. A solvency-based differentiated proportional supervision policy has been instituted for the book value of insurance company investments in equity-type assets (both domestic and foreign), and the book value of major equity investments must not exceed the company’s net assets at the end of the previous quarter; the book value does not include investments in insurance enterprise stock made using the insurance company’s own funds. The balance of foreign and domestic real estate investments may not exceed 30% of the company’s total assets at the end of the previous quarter; this total book value does not include real estate purchased with insurance companies’ own funds for their own use, whose balance may not exceed 50% of their total net assets at the end of the previous quarter. The book values of investments in single fixed-income assets, equity-type assets, fixed assets, and other financial assets must not exceed 5% of the company’s total assets at the end of the previous quarter. Single-asset investments refer to single, specific investment varieties among the major investment asset categories. For investment varieties issued in installments, the book value of a single-asset investment is the total amount invested in each installment period.

The total amount of foreign investments of insurance companies must not exceed 15% of the company’s total assets at the end of the previous quarter, and the total amount actually investment must not exceed the investment payment limit approved by the SAFE. Insurance companies must calculate ratios for the various types of investment products on a consolidated basis (including domestic and foreign investment amounts); ratios for individual projects are required to be consistent with domestic products of the same type. A differential, solvency-based proportional supervision policy has been instituted for the book value of insurance company investments in equity-type assets (both domestic and foreign), and the book value of major equity investments must not exceed the company’s net assets.
at the end of the previous quarter; the book value does not include investments in insurance enterprise stock made using the insurance company’s own funds. The balance of foreign and domestic real estate investments may not exceed 30% of the company’s total assets at the end of the previous quarter; this total book value does not include real estate purchased with insurance companies’ own funds for their own use, whose balance may not exceed 50% of their total net assets at the end of the previous quarter. The book values of investments in single fixed-income assets, equity-type assets, fixed assets, and other financial assets must not exceed 5% of the company’s total assets at the end of the previous quarter. Single-asset investments refer to investments in single, specific investment varieties among the major investment asset categories. For investment varieties issued in installments, the book value of single-asset investments is the total amount invested in each installment period.

The Social Security Fund’s overseas investment ratios are calculated at cost and may not exceed 20% of total assets. The entrusted assets of the National Social Security Fund invested in a single security issued by an institution and managed by a single National Social Security Fund overseas investment manager may not exceed 10% of the quota for the security and fund. Calculation is at cost and may not exceed 20% of the total value of the National Social Security Fund overseas entrusted assets managed, unless the fund investment manager acts as an institutional investor to participate in overseas public listing placements and private placements for the Social Security Foundation and the Social Security Fund entrusts the shares it holds to the overseas investment manager for investment operations.

The market value of securities issued by the same institution (excluding governments and international financial organizations) held by a single fund or collective plan may not exceed 10% of the fund’s net value; funds and collective plans must not purchase securities with the intention to control or influence the institution that issues the security or its management, and all funds and collective plans managed by the same domestic institutional investor must not hold more than 10% of the total outstanding voting securities of the same institution. Index funds may not be subject to these restrictions.

The market value of shares of overseas investment funds held by a single fund or a collective plan must not exceed 10% of the net value
of such fund or collective plan. The holding of shares of money
market funds may not be subject to this restriction.

Limits (min.) on investment portfolio
held locally
No.
Currency-matching regulations on
assets/liabilities composition
No.
References to legal instruments and
hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Arrangements for Payments and Receipts

Payments arrangements
Clearing agreements
09/01/2019 The People’s Bank of China established Chinese renminbi clearing
arrangements with Philippines.

Imports and Import Payments

Import licenses and other
tariff measures
Negative list
01/01/2019 CRT glass bulbs were added to the lists of goods prohibited to
import.

Exports and Export Proceeds

Export licenses
Without quotas
01/01/2019 Export quota controls were lifted for phosphate rock and silver.

Export taxes
Other export taxes
04/01/2019 The export rebate rates for the five classes were adjusted to 13%,
10%, 9%, 6%, and 0% from 16%, 13%, 10%, 6%, and 0%.

03/20/2020 The five tiers of export rebate rates were further adjusted to three:
currently at 13%, 9%, and 0%, respectively.

Capital Transactions

Controls on capital transactions
Controls on capital and money
market instruments
On capital market securities
Shares or other securities of a
participating nature
Purchase locally by nonresidents
01/14/2019 The overall investment limit for qualified foreign institutional
investors (QFIIs) was increased to US$300 billion from US$150
billion; the upper limit for a single QFII is a certain ratio of asset
under management by the QFII (base quota), subject to a ceiling of
US$5 billion (only investment quota exceeding the base quota
requires examination and approval by State Administration of
Foreign Exchange); and the upper limit of sovereign funds, CBs, and
monetary authorities is determined by their investment needs, not
their size or asset under management.

09/10/2019 The investment limits of qualified foreign institutional investors
(QFII)/Renminbi qualified foreign institutional investors (RQFII) as
well as the geographical restrictions of RQFII pilots have been
eliminated, and administration by registration has been instituted for
the domestic securities and futures investment funds of qualified
investors. Qualified investors can freely choose the currency to remit
to invest in domestic securities and futures. Previously, the QFII and
RQFII schemes had investment limits and the RQFII pilots were only carried out in select countries and regions.

The formalities for the outward remittance of earnings on domestic securities investments by qualified foreign institutional investors and Renminbi qualified foreign institutional investors were greatly simplified, no longer requiring the submission of such materials as a special audit report issued by a Chinese certified public accountant or tax filing certificate; these have been replaced with a letter of commitment to complete tax filings.

The Shanghai–London stock connect was formally launched to enable issuance of Chinese Depository Receipts (CDRs) domestically in China on the Shanghai Stock Exchange (SSE) by qualified issuers of foreign underlying securities listed on the London Stock Exchange (LSE), based on an interconnectivity mechanism between the SSE and the LSE.

Capital raised by foreign issuers of domestic CDRs based on new securities can be remitted abroad in renminbi or foreign currencies and may also be retained for use domestically. In accordance with the dividends and allotments distributed by a foreign issuer, the domestic depository trustee of CDRs may provide corresponding services to the holders of CDRs and process the receipts, payments, and currency conversions of the related funds.

A solvency-based differentiated proportional supervision policy has been instituted for the book value of insurance companies’ investments in equity-type assets (previously no more than 30% of the company’s total assets at the end of the previous quarter).

The investment limits of qualified foreign institutional investors (QFII)/Renminbi qualified foreign institutional investors (RQFII) as well as the geographical restrictions of RQFII pilots have been eliminated. Previously, the QFII and RQFII schemes had investment limits and the RQFII pilots were only carried out in select countries and regions.

The National Association of Financial Market Institutional Investors issued guidelines that apply to issuances of renminbi bonds by foreign non-financial institutions.

The macroprudential adjustment parameter was raised from 1 to 1.25. The investment limits of QFIIs and RQFIIs as well as the geographical restrictions of RQFII pilots have been eliminated. A solvency-based differentiated proportional supervision policy has been instituted for the book value of insurance companies’ investments in equity assets (previously no more than 30% of the company’s total assets at the end of the previous quarter).

Renminbi-denominated No. 20 rubber futures were formally listed for trading on the Shanghai Energy Exchange.


The restriction requiring foreign sole or major shareholders planning to establish Chinese–foreign joint venture banks to “present year-end total assets of not less than US$10 billion for the year preceding the application to establish” was eliminated, and the restriction requiring foreign banks planning to establish branches to “present year-end
Branches of foreign banks may accept time deposits from resident Chinese citizens for individual deposits in amounts not less than RMB 500,000 (previously 1 million).

A subsidiary of a foreign-owned bank or a foreign bank branch can engage in renminbi operations immediately on startup; no separate review and approval are needed. Previously, they need to satisfy the following requirements: (1) has been operating within the territory of the People’s Republic of China for one year or more prior to submitting the application and (2) meets other prudential conditions prescribed by a banking regulatory institution of the State Council.

The macroprudential adjustment parameter is set as 1.25 (previously 1).

Deposit reserve ratios on RMB deposits for large banks was reduced to 13% from 13.5%; for medium and small banks to 11% from 11.5%; and for rural commercial banks, rural cooperative banks, rural credit cooperatives, and village and town banks to 7.5% from 8%.

Deposit reserve ratios on RMB deposits for large banks was reduced to 12.5% from 13%; for medium and small banks to 10.5% from 11%; and for rural commercial banks, rural cooperative banks, rural credit cooperatives, and village and town banks to 7% from 7.5%.

Deposit reserve ratios on RMB deposits for medium and small banks to 10% from 10.5% and for rural commercial banks, rural cooperative banks, rural credit cooperatives, and village and town banks to 6.5% from 7%.

Deposit reserve ratios on RMB deposits for medium and small banks to 9.5% from 10% and for rural commercial banks, rural cooperative banks, rural credit cooperatives, and village and town banks to 6% from 6.5%.

A solvency-based differentiated proportional supervision policy has been instituted for the book value of insurance company investments in equity-type assets (both domestic and foreign). Previously, insurance companies’ investments in equity-type assets may not exceed 30% of the insurance company’s total assets at the end of the previous quarter.
COLOMBIA

(Position as of August 31, 2020)

Status under IMF Articles of Agreement

Date of membership: December 27, 1945.

Article VIII: Yes. Date of acceptance: August 1, 2004.

Article XIV:

Restrictions and/or multiple currency practices: Yes.

Exchange measures imposed for security reasons: No.
In accordance with IMF Executive Board Decision No. 144-(52/51): No.
Other security restrictions: No.

References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The monetary unit and unit of account in Colombia is the Colombian peso.

Other legal tender: No.

Exchange rate structure:
Unitary: Yes.
Dual: 
Multiple: 

Classification:
No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating:

Yes. The de jure exchange rate arrangement is free floating. All foreign exchange transactions are conducted at the market-determined exchange rate.

In 2019, the performance of the Colombian peso was consistent with that of the majority of currencies of the countries in the region. Its performance is explained by the performance at the global level of the dollar, which strengthened during the year under the influence of the development of negotiations between the United States and its trading partners, China in particular, various events related to political uncertainty in different parts of the world, and lower expectations of economic growth at the global level. Other factors that have affected the dynamics of exchange rates in the region include the behavior of prices for various commodities and idiosyncratic factors such as social protests that took place in some of these countries toward the end of the year. Locally, the Colombian peso was also influenced by the uncertainty regarding the level and possible increase of the current account deficit and the likelihood of meeting the fiscal targets in the short and medium term.

During 2020, the currencies of countries in the region have declined in value against the dollar, in line with the increase in the perception of risk related to the effect of the pandemic at the global level. In addition, the Colombian peso weakened in the first quarter in line with the drop in oil prices, given the negative impact that this has on the country’s fiscal accounts and revenues in dollars. Subsequently, this trend was partially reversed, consistent with the global weakening of the dollar, the partial recovery of crude oil prices, and expectations of a gradual reopening of the economies globally.

The de facto exchange rate arrangement is classified as floating. The Banco de la República (BR) publishes daily data on interventions on the exchange market. The BR publishes the date, amount, and mechanism. When an intervention involves options, the information is published on the day that the option is exercised. Each month (on the fifth business day), the BR publishes a press release indicating the amount purchased or sold in the previous month (aggregate monthly amount).

Official exchange rate:

Yes. The representative market rate (RMR) is the economic indicator of the peso–US dollar exchange rate; it is not an official exchange rate. It is used as a reference for the quotation and settlement of foreign exchange transactions, for transactions indexed to the US dollar, and for the conversion of accounts in foreign currency to local currency.

The RMR is the weighted average amount of US dollar buy/sell operations in exchange for Colombian legal tender, for settlement in both currencies on the same day, conducted by exchange market intermediaries (EMIs) during the hours of operation established by the BR in its general regulations.

To calculate the RMR, derivative operations must be excluded, as well as operations conducted by EMIs with entities other than those supervised by the Office of the Financial Superintendence of Colombia (SFC) and with the State-Ministry of Finance and Public Credit. Also excluded are operations by EMIs with the following entities supervised by the SFC: foreign financial entities, foreign reinsurers, foreign financial entities with no trade offices, and representative offices of the foreign securities market. (External Regulatory Circular DODM-146 of May 25, 2018). The RMR is calculated daily and certified by the SFC-based available information, in accordance with the methodology established by BR in the External Regulatory Circular DODM.

Monetary policy framework:
Exchange rate anchor

**U.S. dollar**

**Euro**

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework  Yes.

Target setting body  Yes.

Government

Central Bank  Yes.

Monetary Policy Committee

Central Bank Board  Yes. It is the responsibility of the BR to maintain the purchasing power of the currency. To that end, its Board of Directors must establish a specific inflation target. The target decision is adopted by a majority vote. The monetary policy objective is to maintain a low, stable inflation rate and achieve the maximum sustainable level of production and employment.

Other

Government and Central Bank

Inflation target  Yes.

Target number  Yes.

Point target

Target with tolerance band

Band/Range  Yes. For 2019, the Board of Directors renewed its inflation target of 3%, within a range of 2.0% to 4.0%. The same target was applied in 2017 and 2018.

Target measure  Yes.

CPI  Yes.

Core inflation

Target horizon  No. There is no target horizon.

Operating target (policy rate)  Yes.

Policy rate  Yes. The rate is variable over time and changes based on the current state of the economy. The policy rate used is the one-day repo rate.

Target corridor band  No.

Other  No.

Accountability  Yes.
Within the first 10 days of each period of regular meetings, the BR Board of Directors is required to submit a report, via the General Manager, to the Congress of the Republic on the implementation of the monetary, exchange, and credit policies, including broad guidelines, an assessment of the results obtained in the preceding period, and the respective objectives, proposals, and targets for the following period and the medium term.

The press releases issued by the Board of Directors disclose the number of votes in favor and against the decisions on interest rate interventions.

Effective October 1, 2019, the minutes are drafted as part of the agenda of the session of the Board of Directors and they are published on the next business day after meetings at which decisions on monetary policy are adopted (January, March, April, June, July, September, October, and December). They include elements of the discussion by members of the Board of Directors at the relevant session, the positions – not identified – of the members of the Board of Directors, and the decision regarding the benchmark interest rate, indicating whether the decision was adopted unanimously or by a majority, as well as the distribution of the votes (Internal Resolution No. 3 of August 30, 2019, which rescinded Internal Resolution No. 1 of 2007). Previously, they contained a summary of the economic information analyzed for the adoption of decisions on interest rates, an analysis of the economic outlook and price levels, an assessment of the risks to attaining the inflation target, and the decision on interest rate interventions. The minutes also indicated whether the decision was taken unanimously or by majority, as well as the distribution of the votes. The minutes were published five (5) working days after the meeting during which the decision was taken was held. (Internal Resolution No. 1 of 2007 as amended by Internal Resolution No. 2 of 2018 of the BR Board of Directors.)

Banking institutions, financial corporations, finance companies, financial cooperatives (with SFC authorization), stock brokerage companies, the government-owned National Development Financial Corporation (Financiera de Desarrollo Nacional—FDN), the government-owned Foreign Trade Bank (Bancoldex—Banco de Comercio Exterior), Special Financial Services and Exchange Intermediation Companies (Sociedades de Intermediación Cambiaria y Servicios Financieros Especiales—SICSFEs, formerly exchange bureaus), and Companies Specializing in Electronic Deposits and Payments (Sociedades Especializadas en Depósitos Electrónicos—SEDPE), the Financial Corporation for Territorial
Development (FINDETER), the Agricultural Sector Financing Fund (FINAGRO), the Colombian Institute of Educational Credit and Technical Studies Abroad (ICETEX), the National Corporation for Promotion of Territorial Development (ENTerritorio), and the National Savings Fund (FNA) are the EMIs authorized to intermediate in foreign exchange market operations.

The BR Board of Directors determines the foreign exchange transactions that EMIs are authorized to carry out, based on the type of entity and its capital. EMIs may freely determine their foreign exchange buying and selling rates and commissions.

Effective February 28, 2020, the ICETEX also requires that the Office of the Financial Superintendence issue prudential rules that are applicable to EMIs to perform authorized exchange operations. As of August 31, 2020, there were 44 EMIs registered with the BR. Spot foreign exchange transactions may be conducted through or outside trading systems. All entities supervised by the SF, including EMIs as well as the State, are authorized to participate in foreign exchange trading systems. EMIs must record all spot foreign exchange transactions in a foreign exchange transaction registration system, with the exception of spot transactions with unsupervised entities or the State involving amounts less than US$250,000. Spot foreign exchange transactions conducted (1) between EMIs and (2) between an EMI and another entity that is supervised by the SF and participates in a foreign exchange trading system must be cleared through an authorized foreign exchange clearing and settlement system.

In addition, residents may engage professionally in the purchase and sale of foreign exchange and traveler’s checks, provided they are registered in advance in the trade register and in the register of professional foreign exchange dealers established by the National Tax and Customs Directorate (DIAN). Residents who engage professionally in buying and selling foreign exchange may not carry out foreign exchange transactions directly with the BR. Residents may also make foreign exchange purchases and sales on the unregulated market with other residents, provided they do not do so habitually or in a professional capacity. If they do so habitually, they must comply with the requirements applicable to professionals who buy and sell foreign exchange and traveler’s checks.

Operated by the central bank: Yes.
Foreign exchange standing facility: No.
Allocation: No.
Auction: Yes.

The Bank of the Republic may intervene in the foreign exchange market to regulate financial market liquidity and the normal functioning of the domestic and external payments of the economy, to prevent undesirable exchange rate fluctuations, and to increase and reduce international reserves, in accordance with the directives of the Board of Directors, through spot or forward foreign exchange purchases or sales, to or from the EMIs indicated in Article 8(1), (2), or (3) of R.E. 1 of 2018 of the BR Board, companies that manage pensions and severance benefits, foreign exchange clearing and settlement systems, and the State-Ministry of Finance and Public Credit, as long as they are registered with the BR as EMIs and have permanent instructions from the BR. The authorization to participate depends on the intervention mechanism, as explained below. The BR may conduct intervention operations through various systems and mechanisms. The authorized intervention operations are as follows:
(1) Direct uniform price auction sales of put or call options;
(2) Direct uniform price auctions (with three minutes of bids) or discriminatory price auction sales of foreign exchange (with three minutes of bids);
(3) Spot sales of foreign exchange and forward purchases of dollars by means of foreign exchange swap contracts with delivery in auctions and OTC transactions. (4) Effective March 12, 2020, forward dollar sales through forward contracts, by means of the auction mechanism (R.E. 4 of March 12, 2020).

The auction quotas of the different mechanisms are announced in advance in the invitations to bid. The amount of the direct purchase/sale intervention in the trading systems is not announced in advance, but the exchange intervention carried out over a month is reported on the fifth business day of the following month through a press release.

Delays, incompletion of intervention operations, and errors in the price of auctions by authorized agents are subject to sanctions. The sanction regime does not apply to: i) direct foreign currency purchase or sale operations with the national government – the Ministry of Finance and Public Credit; ii) dollar purchase or sale operations that are cleared and settled through foreign currency clearance and settlement systems; and iii) NDF contracts that are cleared and settled through a Central Counterparty Risk Clearinghouse (CRCC).

Option auction:
May be conducted with banks, financial corporations, finance companies, and financial cooperatives (provided they are authorized as EMIs by the SFC), the State-Ministry of Finance and Public Credit, Financiera de Desarrollo Nacional S.A., and Banco de Comercio Exterior (BANCOLDEX) whose capital equals the minimum amount required for the establishment of a financial corporation. Effective January 31, 2019, stock brokerages whose capital equals the minimum amount required for the establishment of a financial corporation may also be counterparties.

The entities must be registered with the Bank of the Republic and must maintain permanent instructions with the BR. The BR may intervene in the foreign exchange market through options to increase or reduce international reserves and control exchange rate volatility. The BR sells put or call options in uniform price auctions.

The participants must offer the option premium (bid price expressed in pesos per US$1,000), as well as the amount of the bid in dollars. In the auction, the bids are arranged in strict descending order based on the amount of the premium, and all bids with a premium equal to or exceeding the premium at which the auction limit is met (hereinafter the cutoff premium) are approved. All approved bids must pay the cutoff premium. The BR may partially approve bids it believes could give rise to an unacceptable concentration. The BR reserves the right to approve a put or call options auction below the announced amount or to declare the auction void. The general terms and conditions of auctions are announced in an invitation to bid on the immediately preceding business day. Options may be exercised only when the option exercise conditions established by the BR are satisfied. (a) Options to increase or reduce international reserves:
The BR may auction put options to increase international reserves. The total amount of call option auctions for the reduction of reserves is US$500 million. The regulations establish that call option auctions to reduce international reserves are held when the RMR is above its moving average for the preceding 20 business days plus a percentage (%) determined by the BR. The call option to reduce international reserves has been discontinued since May 27, 2016.

Effective October 31, 2019, the Board of Directors decided to
terminate the reserves accumulation program announced in September 2018 because it considered that the level of international reserves and the expected outcome of the renegotiation of the Flexible Line of Credit would be sufficient to cover Colombia’s potential external liquidity needs.

In accordance with the regulations, put options may be exercised only when the RMR is below its recent average (average for the preceding 20 business days). The amount of the auctions is announced in the invitation. The participants must pay a premium established by means of the uniform price auction mechanism. The exercise price for options is the RMR in effect on the day the option is exercised. Entities that complied with the provisions of Regulatory Circular DODM 143 (now DOAM-143) participated in this program.

(1) Options to control exchange rate volatility:
It is established in the regulation that the BR will announce and hold a put or call option auction to control volatility when the RMR is 4% or more below or above its moving average for the preceding 20 business days. This instrument is discontinued.

(2) Purchase or sale of foreign exchange:
The BR may buy and sell US dollars directly in auctions or through other systems and mechanisms established for interbank foreign exchange operations. May be conducted with banks, financial corporations, finance companies, and financial cooperatives (provided they are authorized as EMI by the SFC), Financiera de Desarrollo Nacional S.A., and Banco de Comercio Exterior (BANCOLDEX). Stock brokerages whose capital equals the minimum amount required for the establishment of a financial corporation and the State-Ministry of Finance and Public Credit may also participate. The entities must be registered with the Bank of the Republic and must maintain permanent instructions with the BR. The BR buys and sells dollars in uniform price auctions (with 3 minutes of bids) or discriminatory price auctions (depending on what is announced in the invitation to bid). The BR announces the total amount of the auctions to agents. Participants offer the exchange rate (bid price expressed in pesos per dollar) at which they would be prepared to sell or buy dollars to or from the BR, as well as the amount in dollars. Each agent may submit only one bid, which may be altered in the first three minutes of the auction. The BR reserves the right to approve an auction to buy or sell dollars below the announced amount or to declare the auction void. Foreign exchange trading systems must grant access to the BR on special terms when it intervenes to implement exchange policy. These terms must be defined in the regulations governing the operation of such systems.

(3) Foreign exchange swap contracts: The BR may also intervene through foreign exchange swap contracts, under which a spot sale of dollars by the BR and a forward purchase of dollars in the amount traded are transacted simultaneously. The swap contracts are offered through auctions (uniform price) or over the counter. The auction may be held with the same entities authorized for option auctions, with the exception of stock brokers, whereas only foreign exchange clearing and settlement systems may participate in OTC transactions. In the auction, participants offer the exchange rate (bid price expressed in pesos per US dollar) at which they would be willing to sell dollars to the BR on the maturity of the operation, as well as the amount in dollars to be exchanged. They may submit as many bids as they wish for a total not to exceed the total amount of the auction. The BR will announce the total amount of the auction. They may be conducted at 30, 60, 90, 180, or 365 calendar days. They are forward delivery transactions. Spot dollar sales are carried out on the day of the auction, and forward dollar purchases on the maturity date of the
foreign exchange swap contract. OTC participants offer the amount in dollars to be exchanged. Ten minutes prior to the OTC operation, the BR announces the initial and forward exchange rates. 4) Non-delivery forward sale contracts. The BR may execute forward contracts in which it negotiates the future sale of dollars. These are non-delivery contracts. Forward contracts for the sale of dollars are offered through auctions. The same entities authorized for option auctions may participate, but stock brokers may perform these operations only when the contracts are cleared and settled through a Central Counterparty Risk Clearinghouse (CRCC). Forward contracts for the sale of dollars are offered through a uniform price auction. The participants offer the exchange rate (the offer price expressed in pesos per dollar) at which the dollars are available to the BR for purchase on maturity of the contract, as well as the amount of the bid in dollars. The general terms and conditions of the auction are announced through an invitation on the previous business day. Each authorized agent may present as many bids as it wishes and in a total amount that does not exceed the auction quota. In the process of the auction, the bids are arranged in strict descending order by the offer price and all bids that contain a price that is greater than or equal to the cut-off at which the auction quota is met (the cut-off price) are approved. All of the approved bids pay the cut-off price. The BR may partially approve bids which in its opinion give rise to an unacceptable concentration of the forward contracts. The BR reserves the right to approve an auction below the announced quota or to declare it void. Forward contracts for the sale of dollars may be performed for 30 calendar days. The plan for the performance of bilateral operations or operations through a CRCC is announced in an invitation through the means available. The BR intervention operations that are performed through a CRCC are subject to the terms and conditions set forth in the operating regulations of the given clearinghouse. The BR’s sanctions scheme is not applicable to operations that are cleared and settled through a CRCC. Performance of bilateral operations or operations through a CRCC was established by an amendment to DOAM143, effective August 14, 2020. Extraordinary and ordinary sessions during 2020: At an extraordinary session, effective March 12, 2020, against the backdrop of extreme global volatility, the Board of Directors decided among other measures to establish a new foreign exchange hedging mechanism through Non-Delivery Forward contracts (NDFs) for the sale of dollars at a future date under the following conditions: a) Mechanism: uniform price auction; b) Amount: US$1 billion; c) Forward price: To be determined in the auction; d) Term: 30 days, which may be renewed; and e) Counterparties: Eligible intermediaries in the foreign exchange market and the national government – Ministry of Finance and Public Credit. This mechanism sought to facilitate trading in foreign currency by market participants in the context of the inflation-targeting scheme with a flexible exchange rate. At an extraordinary session, effective March 18, 2020, the Board of Directors decided to auction dollar swaps (foreign exchange swaps) in the amount of US$400 million, in which the Bank of the Republic would perform a spot sale of dollars and a forward purchase of dollars (in 60 days). The aim of this measure was to provide temporary liquidity in dollars to a broad group of entities including not only traditional intermediaries in the foreign exchange market, but also companies that manage pensions and severance benefits in terms of their own position and the funds managed by them, with the aim of easing pressure in the foreign exchange market. At an ordinary session, effective March 27, 2020, the Board of Directors adopted the following measures to strengthen
liquidity in dollars: (i) Hold an new auction of dollar swaps (foreign exchange swaps) on March 30, 2020, in the amount of US$400 million, in which the Bank of the Republic would perform a spot sale of dollars and a forward purchase of dollars (in 60 days). The amounts not awarded at auction on one day would be auctioned on the next day until the quota is exhausted or until the remaining amount is less than US$25 million. This measure is intended to provide temporary liquidity in dollars to a broad group of financial institutions with the aim of easing possible restrictions on external financing and pressure in the foreign exchange market. (ii) Expand the foreign exchange hedging mechanism through a new auction on March 30, 2020, of Non-Delivery Forwards in the amount of US$1 billion for 30 days. The amounts not awarded at auction on one day would be auctioned on the next day until the quota is exhausted or until the remaining amount is less than US$25 million. In addition, the maturities of the Non-Delivery Forwards that were offered before May 1, 2020, would be added to the daily quotas of the NDF auction. These measures expand the hedge against the risk of depreciation in an environment characterized by great uncertainty and high volatility of the exchange market. Thus, the balance of foreign exchange swaps would reach US$800 million and the balance of NDFs would reach US$2 billion. At an ordinary session, effective April 30, 2020, the Board of Directors decided: (i) To increase the amount of the foreign exchange hedge by holding a new dollar sale auction through NDF transactions in an amount of up to US$1 billion. (ii) To renew the NDFs those are maturing before May 30, 2020. (iii) To continue holding foreign exchange swap auctions up to US$400 million. At an ordinary meeting, effective May 29, 2020, the Board of Directors decided to renew through auctions the foreign exchange hedging instruments (NDFs) that would be maturing in the month of June. It also decided to continue auctioning the unawarded amount of the authorized operations (NDFs and swaps). At its ordinary session, effective June 30, 2020, with regard to liquidity in foreign currency the Board of Directors decided that the Bank of the Republic: (i) Would continue to offer in July NDF contracts through auctions in amounts equivalent to the maturities of contracts in force that are recorded each day; (ii) Would not continue the auctions of foreign exchange swaps given that the external liquidity has improved and that these auctions were not in demand. These contracts will be offered again when deemed necessary. At its ordinary session, effective July 31, 2020, the Board of Directors decided that the Bank of the Republic would renew in August the maturities of NDF contracts for the sale of dollars through the auction mechanism on the maturity dates.

<table>
<thead>
<tr>
<th>Fixing</th>
<th>No.</th>
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<tbody>
<tr>
<td><strong>Interbank market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Over the counter</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Brokerage</strong></td>
<td>Yes.</td>
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</tbody>
</table>

Almost all operations on the spot interbank market are carried out through foreign exchange trading systems. There are no limits on the bid-ask spreads or on the commissions of market participants. As of August 31, 2020, there were 44 EMIs registered with the BR (19 banks, 3 financial corporations, 6 finance companies, 10 stock brokers, 1 financial cooperative, Bank of Foreign Trade (BANCOLDEX), FDN, the foreign exchange clearinghouse, and 2 specialized deposit and payment companies).

Foreign exchange transactions may be conducted through trading systems or on the OTC market.

Authorized purchases and sales of foreign exchange by stock brokerage companies may be conducted through their proprietary position or under commission contracts.
Market making No.

Forward exchange market Yes.

Trades of non-standardized foreign exchange derivatives may be carried out through trading systems or other trading platforms used by the market (OTC market). Entities supervised by the Superintendencia Financiera de Colombia (SFC), the State, and foreign agents may participate in the trading systems. EMI must record all non-standardized financial derivatives transactions daily in a foreign exchange transaction register. Entities supervised by the SF of Colombia, other than EMIs, that engage in foreign exchange derivatives transactions with foreign agents on the OTC market must record those transactions in an authorized foreign exchange transaction register. This recording is mandatory for application of close-out netting. The EMIs referred to in Article 8(1) of R.E. 1/2018 may carry out transactions in financial derivatives on any type of underlying asset with authorized foreign agents with which they have signed a framework contract. They may also contract financial derivatives on any type of underlying asset denominated in foreign currencies with any other resident EMI. – EMI may carry out transactions in commodity derivatives with authorized foreign agents and contract commodity derivatives denominated in foreign currencies with residents and with other EMIs. The stock brokerage companies referred to in Article 8(3) of R.E. 1/2018 (EMIs) may offer their clients foreign exchange rate derivatives only when they are cleared and settled through a central counterparty clearinghouse authorized by the SFC. Residents (other than the EMIs specified in Article 8(1) of R.E. 1/2018) may carry out transactions in financial derivatives on any type of underlying asset with authorized foreign agents that have carried out financial derivatives transactions in the immediately preceding calendar year amounting to more than US$1 billion or with the EMIs specified in Article 8(1) of R.E. 1/2018. The BR also authorizes residents (other than EMIs) to carry out commodity-price derivatives transactions in foreign currency, provided they are carried out with authorized foreign agents. Effective January 1, 2019, entities supervised by the SF may enter into credit derivatives with authorized foreign agents exclusively in the form of credit default swaps (CDS). These instruments are no longer restricted to portfolio hedging, do not require the prior authorization of the SF, but must be issued by foreign issuers. Previously, entities supervised by the SF were permitted to conduct CDS only with authorized foreign agents with an investment grade credit rating and subject to regulatory restrictions, provided the operations are carried out solely for hedging its 2008 portfolio and have the prior authorization of the SF. The BR has not participated in the foreign exchange derivatives market although one of the authorized foreign exchange intervention mechanisms is the foreign exchange swap. The BR may execute forward contracts in which it negotiates the future sale of dollars. These are non-delivery contracts. Forward contracts for the sale of dollars are offered through auctions.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.

Controls on the use of domestic currency No.

For current transactions and payments No.
### For capital transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

Use of foreign exchange among residents: **Yes.**

Residents may not make foreign currency deposits or use foreign exchange for any other financial transactions or, generally, any type of domestic transaction with other residents, with the exception of the following special authorizations: (1) Sales to other residents. (2) Payments for goods in bonded warehouses. (3) Payments for freight and international transport tickets. (4) Payment of personal expenses using international credit cards. (5) Payment of insurance premiums denominated in foreign currency, pursuant to Decree No. 2821 of 1991. (6) Payment of obligations arising from reinsurance contracts abroad and payment in Colombia or abroad of damages payable in foreign currency by insurance companies based in Colombia, as determined by the national government in implementation of Article 14 of Law No. 9 of 1991. (7) Domestic enterprises with capital abroad that are engaged in oil, natural gas, coal, ferronickel, or uranium exploration and mining, and companies engaged exclusively in the provision of technical services in the hydrocarbons sector may pay one another for contracts in foreign currency within the country. (8) Purchases and sales of fuel for ships and aircraft used in international travel. (9) Purchases and sales of crude oil and natural gas produced nationally by Ecopetrol and other entities engaged in industrial refining, carried out with other residents. (10) Payments through clearing accounts of obligations derived from domestic operations. (11) Payments for landing rights in international travel between airport services concessionaires and other residents. Fiduciary transactions may be carried out in foreign currency in respect of resources received by residents when such payment is authorized, or payment for services with nonresidents in execution of the activities referred to in Article 8(1) (d) of R.E. 1/2018. Residents may engage professionally in the purchase and sale of foreign exchange and traveler’s checks. Residents may use clearing accounts to fulfill obligations derived from operations between residents.

### Payments arrangements

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
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<tbody>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Settlements between Colombia and other ALADI countries may be made freely within the framework of the multilateral clearing system of the Reciprocal Payments and Credit Agreement concluded by the CBs of the ALADI member countries.

### Administration of control

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Office of the Superintendent of Corporations, the DIAN, and the SF are responsible for ensuring compliance with the exchange regime.

### Payments arrears

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
</tbody>
</table>
Official
No.

Private
No.

Controls on trade in gold (coins and/or bullion)
No.

On domestic ownership and/or trade
No.

On external trade
No.

Controls on exports and imports of banknotes
Yes.

Inward and outward flows of cash in foreign currency or Colombian legal currency (except by the BR) in excess of US$10,000 or the equivalent in other currencies must, under a separate procedure from that used for travelers, be effected through securities transport companies. The related customs declarations must be submitted.

On exports
Yes.

Domestic currency
Yes.

Inward and outward flows of cash in foreign currency or Colombian legal currency (except by the BR) in excess of US$10,000 or the equivalent in other currencies must, under a separate procedure from that used for travelers, be effected through securities transport companies. The related customs declarations must be submitted.

Foreign currency
Yes.

Inward and outward flows of cash in foreign currency or Colombian legal currency (except by the BR) in excess of US$10,000 or the equivalent in other currencies must, under a separate procedure from that used for travelers, be effected through securities transport companies. The related customs declarations must be submitted.

On imports
Yes.

Domestic currency
Yes.

Inward and outward flows of cash in foreign currency or Colombian legal currency (except by the BR) in excess of US$10,000 or the equivalent in other currencies must, under a separate procedure from that used for travelers, be effected through securities transport companies. The related customs declarations must be submitted.

Foreign currency
Yes.

Inward and outward flows of cash in foreign currency or Colombian legal currency (except by the BR) in excess of US$10,000 or the equivalent in other currencies must, under a separate procedure from that used for travelers, be effected through securities transport companies. The related customs declarations must be submitted.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted
Yes.

Held domestically
Yes.

These accounts may be opened with the EMIs indicated in Article 8 (1) of R.E. 1/2018 by (1) international transport companies; (2) travel and tourism agencies; (3) bonded warehouses and free warehouses; (4) port and airport services companies; (5) public or private entities conducting international technical cooperation programs with the national government for the deposit of amounts actually disbursed by foreign cooperation agencies; and (6) trust companies under fiduciary mandates or acting as representatives, spokespersons, and managers of independent pools of foreign exchange assets generated by the activities indicated above. These accounts do not have to be registered with the BR and may not be used to pay for exchange transactions that must be channeled through the foreign exchange market.

Approval required
No.
<table>
<thead>
<tr>
<th>Held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents may open accounts in financial institutions abroad with foreign exchange acquired on the foreign exchange market or foreign exchange unrelated to operations that must be channeled through the foreign exchange market. Residents carrying out foreign exchange transactions that are required to be channeled through the foreign exchange market may meet this requirement using accounts with foreign financial institutions registered with the BR as clearing accounts.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EMIs indicated in Article 8(1) of R.E. 1/2018 may receive deposits in foreign currency from (1) nonresident individuals and legal entities; (2) accredited diplomatic and consular missions to the government of Colombia and their employees; (3) multilateral organizations and their employees; and (4) foreign agents acting as liquidity providers for foreign currency clearing and settlement systems. These accounts may not be used to pay for transactions that must be channeled through the foreign exchange market, nor do they have to be registered at the Bank of the Republic.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>The EMIs indicated in Article 8(1) of R.E. 1/2018 may receive demand deposits in current accounts, savings accounts, and electronic deposits in Colombian pesos from nonresident individuals and legal entities or like entities. The accounts are classified as general-use accounts and restricted-use accounts. General-use accounts may be opened by nonresidents for any purpose but may not be used to disburse loans in Colombian legal currency or to carry out exchange transactions that must be channeled through foreign exchange market, with the exception of: (1) payments for imports and exports of goods made by residents which are settled in Colombian legal currency; and (2) settlement in Colombian legal currency of transactions in derivatives. Restricted-use accounts are accounts intended for the following activities: (1) accounts for direct investment operations; (2) deposits of foreign capital portfolio investors (individual investors and omnibus accounts); (3) centralized foreign securities deposit accounts; and (4) accounts for foreign lending operations in legal currency.</td>
<td></td>
</tr>
</tbody>
</table>

| Convertible into foreign currency | No. |
| Approval required | No. |
| Blocked accounts | No. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

| Foreign exchange budget | No. |
Financing requirements for imports No.
Minimum financing requirements No.
Advance payment requirements No.
Advance import deposits No.

Documentation requirements for release of foreign exchange for imports
Domiciliation requirements No.
Preshipment inspection No.
Letters of credit No.
Import licenses used as exchange licenses No.

Other Yes.

All payments for imports must be channeled (traded and/or transferred) through EMIs or accounts in foreign financial institutions, which must be registered with the BR under the clearing mechanism. To that end, a foreign exchange declaration must be submitted to report certain minimum data for the operation, which must be provided to EMIs for forwarding to the BR or submitted directly to the BR if the payments are channeled through clearing accounts.

Import licenses and other nontariff measures
Positive list Yes.

There is a list of imports subject to the prior licensing system, which is administered by the Ministry of Trade, Industry, and Tourism. In accordance with the provisions of Article 14 of Decree 0925, prior licensing is required for: (1) imports of products classified by the tariff subheadings listed in Annex 1 to said Decree.; (2) imports of balances, understood as such, with 2 or more years of production; (3) imports of products under special market conditions, such as those that are used, defective, repaired, rebuilt, reconditioned, remanufactured, second-hand, of poor quality, or in another similar condition; (4) imports of goods for which a tariff exemption is requested; (5) imports of products controlled by the National Narcotics Fund (FNE) of the National Council of Narcotics (CNE) and the military industry (INDUMIL); (6) imports of goods intended for the armed forces and the national police provided that they are for security and national defense purposes, or combat equipment or classified material as provided for in Article 3.2.8.1 of Decree 734 of 2012.; and (7) imports that use the annual licensing system. On the other hand, registration is required for goods subject to permits or prior authorization, such as fishery products, private surveillance and security equipment, radioisotopes and radioactive material, law enforcement uniforms, and hydrocarbons and gasoline. Registration is also required for products subject to (1) sanitary controls to protect human, plant, and animal health; (2) technical regulation compliance; (3) emissions certification by dynamic testing; (4) vehicle inspection; (5) quantitative safeguards quotas, without prejudice to those established for imports under the previous licensing system; (6) quotas established pursuant to international treaties, conventions, agreements, and protocols or in the context of trade policy; and (7) controls for environmental protection under international treaties, agreements, or protocols or national policy. Controls are applied for sanitary, security, health, or environmental protection purposes.

Negative list Yes.

There is a ban on imports of the following goods, in accordance with
the following provisions: Chemical, biological, and nuclear weapons. Nuclear and toxic waste. Products that contain ozone-depleting substances. Toy weapons. Pornographic material. Mini gelatin capsules. Certain products originating in and/or coming from the Democratic People’s Republic of Korea. Incandescent light bulbs. Tetraethyl leaded gasolines. Products containing lead at levels above those established in the Technical Regulations. Mercury for mining and industrial activities (except the health care sector). Waste oils containing polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs), or polybrominated biphenyls (PBBs). Other waste oils according to the Basel Convention. Insecticides, rat poison and other rodenticides, fungicides, herbicides, germination inhibitors and plant growth regulators, disinfectants and similar products presented in forms or packaging for retail sale, or as preparations or articles such as ribbons, wicks and candles, sulfur, and flypaper. Dichlorodiphenyltrichloroethane DDT (ISO), clophenotane (DCI) packaged in containers with a net weight less than or equal to 300 g. Other insecticides presented in forms or packaging for retail sale or in articles that contain mirex or endrin. Other insecticides that contain carbofuran (only if they are used in the area of public health). Other insecticides that contain bromomethane (methyl bromide) or bromochloromethane or that contain mirex or endrin (only if they are used in the area of public health). Fungicides presented in forms or packaging for retail sale or in articles that contain bromomethane (methyl bromide) or bromochloromethane (only if they are used in the area of public health). Other fungicides that contain copper compounds (only if they are used in the area of public health). Herbicides, germination inhibitors, and plant growth regulators presented in forms or packaging for retail sale or in articles that contain bromomethane (methyl bromide) or bromochloromethane, or that contain butachlor or alachlor (only if they are used in the area of public health). Disinfectants presented in forms or packaging for retail sale or in articles that contain bromomethane (methyl bromide) or bromochloromethane (only if they are used in the area of public health). Other rat poisons and other rodenticides presented in forms or packaging for retail sale or in articles that contain bromomethane (methyl bromide) or bromochloromethane (only if they are used in the area of public health).

Open general licenses  No.
Licenses with quotas  No.
Other nontariff measures  Yes. Controls are applied for sanitary, security, health, environmental protection, and national production purposes.
Import taxes and/or tariffs  Yes. With certain exceptions, imports are subject to the CET of the Andean Community. The weighted average tariff rate for 2019 was 5.28%.
Taxes collected through the exchange system  No.
State import monopoly  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  Yes. Foreign currency proceeds from exports must be channeled through EMIs or clearing accounts no later than six months after receipt.
Surrender requirements  No.
Surrender to the central bank
No.

Surrender to authorized dealers
No.

Financing requirements
No.

Documentation requirements
Yes.

Letters of credit
No.

Guarantees
No.

Domiciliation
No.

Preshipment inspection
No.

Other
Yes.

Export proceeds must be repatriated through EMIs or foreign financial institutions, which must be registered with the BR under the clearing mechanism. A foreign exchange declaration must be submitted to report certain minimum data for the operation. It must be provided to EMIs for forwarding to the BR or submitted directly to the BR if the payments are channeled through clearing accounts.

Export licenses
Yes.

Without quotas
Yes.

Products that require authorization, approval, and certification prior to export by entities that operate in the Single Foreign Trade Window (VUCE), which is administered by the Ministry of Trade, Industry, and Tourism. * The prior export authorizations granted by the National Authority for Aquaculture and Fisheries through the VUCE are for ornamental fish and fish for consumption. * The prior export authorizations granted by the National Authority for Environmental Licensing (ANLA) through the VUCE are for specimens not listed in the NON-CITES Appendices and for ozone-depleting substances. * The prior export authorizations granted by the Ministry of Environment and Sustainable Development through the VUCE are for specimens listed in the CITES Appendices – fauna and for specimens listed in the CITES Appendices – flora. * The prior export authorizations granted by the National Mining Agency through the VUCE are the declaration of export coal for shipment, precious metals, other minerals, and precious and semi-precious stones and jewelry. * The prior export authorizations granted by the Ministry of Justice through the VUCE are for chemicals or controlled substances. * The prior export authorizations granted by the INDUMIL through the VUCE are for weapons and ammunition; the chemical weapons convention; explosives; raw materials (Decree 2535/1993); samples of raw materials with no commercial value less than or equal to 50 kg; and samples of raw materials with no commercial value less than or equal to 50 kg with the INDUMIL. * The prior export authorizations granted by the Ministry of Agriculture through the VUCE are for export quotas to Mexico (milk and dairy products; oils derived from soy, sunflower, safflower, turnip seed or rapeseed; flour from wheat, oats, and semolina; boneless meat; ornamental fish and animals.

With quotas
Yes.

An export quota applies to substances that deplete the ozone layer and to controlled chemical substances. The export quota for unrefined sugar (crystals and loaf sugar) granted by the US government to Colombia for access to preferential treatment also remains in effect. The same applies to exports of sugar and products containing sugar within the framework of the trade promotion agreement between Colombia and the United States. In accordance with the protocol amending the free trade treaty between Colombia...
and Mexico, export quotas are granted by Mexico for goods originating in Colombia, including milk and dairy products; oils derived from soy, sunflower, safflower, turnip or rape; flour from wheat, oats, and semolina; boneless meat; ornamental fish and animals. The export quota for confectionery products and chocolates to Argentina remains in place.

<table>
<thead>
<tr>
<th>Export taxes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
</tbody>
</table>
**Quantitative limits**  No.

**Indicative limits/bona fide test**  No.

**Other payments**  No.

**Prior approval**  No.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**  No.

**Surrender requirements**  No.

**Surrender to the central bank**  No.

**Surrender to authorized dealers**  No.

**Restrictions on use of funds**  No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**  Yes.

**Repatriation requirements**  No.

**Surrender requirements**  No.

**Surrender to the central bank**  No.

**Surrender to authorized dealers**  No.

**Controls on capital and money market instruments**

**On capital market securities**  Yes.

**Shares or other securities of a participating nature**

**Purchase locally by nonresidents**  Yes.  Foreign capital portfolio investments in (1) securities listed in the National Register of Securities and Issuers (RNVE) or listed in foreign securities listing systems, (2) collective investment funds, and (3) negotiable certificates of deposit representing securities must be made through local administrators (stock brokerage companies, trusts, or investment management companies subject to inspection and supervision by the SF and trusts authorized to engage in the safekeeping of securities).

**Sale or issue locally by nonresidents**  Yes.  SF approval is required for local issuance by nonresidents. Public offerings of securities issued by foreign governments, foreign public entities, or foreign entities are allowed, provided they comply with certain requirements. Securities issued abroad may be traded in Colombia, provided they are listed in foreign securities listing systems by stock brokerage companies or under stock market
integration agreements or conventions or agreements or conventions between securities trading or securities transaction registration systems or are registered in the RNVE.

**Purchase abroad by residents**  Yes.  Primary or secondary public offerings of foreign securities that have been granted prior express authorization by a supervisory authority, under the applicable legal regime in the respective jurisdiction, may be purchased, provided the said authority has signed information sharing agreements or conventions and supervision protocols with the SF. Those who, in accordance with the regulation, qualify as professional investors or investment clients may invest in these foreign securities.

**Sale or issue abroad by residents**  Yes.  Entities established in Colombia may issue securities to be offered on securities markets abroad or register securities issued in Colombia on international stock markets without making an offering, in which case they are subject only to the applicable foreign regulations, without prejudice to compliance with the applicable Colombian tax, exchange, and foreign capital investment rules. Authorized securities issuers established in Colombia may simultaneously offer securities on the international and local markets, with prior SF authorization for local offerings. In the case of a simultaneous offering of shares and convertible bonds, the issuing company must list its shares on a Colombian stock market.

**Bonds or other debt securities**  Yes.

**Purchase locally by nonresidents**  Yes.  Foreign capital portfolio investments in (1) securities listed in the RNVE or listed in foreign securities listing systems, (2) collective investment funds, and (3) negotiable certificates of deposit representing securities must be made through local administrators (stock brokerage companies, trusts, or investment management companies subject to inspection and supervision by the SF and trusts authorized to engage in the safekeeping of securities).

**Sale or issue locally by nonresidents**  Yes.  SF approval is required for local issuance by nonresidents. Public offerings of securities issued by foreign governments or foreign entities are allowed, provided they comply with certain requirements. Securities issued abroad may be traded in Colombia, provided they are listed in foreign securities listing systems by stock brokerage companies or under stock market integration agreements or conventions/agreements between securities trading or securities transaction registration systems or are registered in the RNVE.

**Purchase abroad by residents**  Yes.  Primary or secondary public offerings of foreign securities that have been granted prior express authorization by a supervisory authority, under the applicable legal regime in the respective jurisdiction, may be purchased, provided the said authority has signed information sharing agreements or conventions and supervision protocols with the SF. Those who, in accordance with the regulation, qualify as professional investors or investment clients may invest in these foreign securities.

**Sale or issue abroad by residents**  Yes.  Entities established in Colombia may issue securities to be offered in securities markets abroad or register securities issued in Colombia on international stock markets without making an offering, in which case they are subject only to the applicable foreign regulations, without prejudice to compliance with the applicable Colombian tax, exchange, and foreign capital investment rules. Authorized securities issuers established in Colombia may simultaneously offer securities in the international and local markets, with prior SF authorization for local offerings. In the case of a simultaneous offering of shares and convertible bonds, the issuing company must list its shares on a Colombian stock market.

**On money market instruments**  Yes.
| Purchase locally by nonresidents | Yes. | Foreign capital portfolio investments must be made through local administrators. Foreign capital portfolio investment managers may carry out operations in the money market and establish the respective guarantees. |
| Sale or issue locally by nonresidents | Yes. | SF approval is required for local issues by nonresidents. Public offerings of securities issued by foreign governments or foreign entities are allowed, provided they comply with certain requirements. Securities issued abroad may be traded in Colombia, provided they are either listed in securities listing systems abroad or registered in the RNVE. |
| Purchase abroad by residents | Yes. | Primary or secondary public offerings of foreign securities that have been granted prior express authorization by a supervisory authority, under the applicable legal regime in the respective jurisdiction, may be purchased, provided the said authority has signed information sharing agreements or conventions and supervision protocols with the SF. Those who, in accordance with the regulation, qualify as professional investors or investment clients may invest in those foreign securities. |
| Sale or issue abroad by residents | Yes. | Entities established in Colombia may offer securities in the markets abroad or register securities issued in Colombia on international stock markets without making an offering, in which case they are subject only to the applicable foreign regulations, without prejudice to compliance with the applicable Colombian tax, exchange, and foreign capital investment rules. Authorized securities issuers established in Colombia may simultaneously offer securities in the international and local markets, with prior SF authorization in the case of local offerings. |
| On collective investment securities | Yes. | Foreign capital portfolio investments must be made through local administrators. These include holdings in collective investment funds. |
| Purchase locally by nonresidents | Yes. | Issuance is not allowed. The offering of financial and foreign securities market services in Colombia is expressly regulated and must be conducted through representation offices and under correspondent contracts with authorized securities market intermediaries. Representation offices may not provide advertised services, such as sales of holdings in collective portfolios. |
| Sale or issue locally by nonresidents | Yes. | |
| Purchase abroad by residents | Yes. | |
| Sale or issue abroad by residents | No. | |
| Controls on derivatives and other instruments | No. | The EMIs specified in Article 8(1) of R.E. 1/2018 and residents may carry out transactions in financial derivatives on any type of underlying asset with foreign agents, as well as in financial derivatives on any type of underlying asset denominated in foreign exchange with residents and other EMIs. Stock brokerage companies specified in Article 8(3) of R.E. 1/2018 (EMIs) may offer their clients exchange rate financial derivatives only when they are cleared and settled through a central counterparty clearinghouse authorized by the SFC. Derivatives with cash settlement to cover any obligation may be contracted by EMIs and residents. Until December 31, 2018, entities supervised by the SF could engage in CDS with authorized foreign agents with an investment grade credit rating and subject to regulatory restrictions, provided the operations are carried out solely for hedging purposes and have the prior authorization of the SF. Effective January 1, 2019, the restrictions were eased. The limit on the gross leverage position of EMIs, which was 550% of equity, was in effect until May 25, 2018. |
Purchase locally by nonresidents: No. The foreign agents authorized to engage in derivatives transactions with the EMIs specified in Article 8(1) of R.E. 1/2018 are nonresidents who have framework contracts with EMIs, in accordance with the provisions established by the SF in the Basic Accounting and Financial Circular, and foreign clearing and settlement houses. The framework contract must include a close-out netting clause as of September 1, 2018 (Circular DODM 144). The foreign agents authorized to engage in derivatives transactions with residents other than the EMIs specified in Article 8(1) of R.E. 1/2018 are nonresidents (including clearing and settlement houses abroad) who have carried out derivatives transactions in the immediately preceding calendar year in an amount exceeding US$1 billion in nominal terms.

Sale or issue locally by nonresidents: No. The foreign agents authorized to engage in derivatives transactions with the EMIs specified in Article 8(1) of R.E. 1/2018 are nonresidents who have framework contracts with EMIs, in accordance with the provisions established by the SF in the Basic Accounting and Financial Circular, and foreign clearing and settlement houses. The framework contract must include a close-out netting clause as of September 1, 2018 (Circular DODM 144). The foreign agents authorized to engage in derivatives transactions with residents other than the EMIs specified in Article 8(1) of R.E. 1/2018 are nonresidents (including clearing and settlement houses abroad) who have carried out derivatives transactions in the immediately preceding calendar year in an amount exceeding US$1 billion in nominal terms. In the case of CDS sales to entities supervised by the SF, the foreign agents must also be rated investment grade by at least one internationally renowned credit rating agency.

Purchase abroad by residents: No. The EMIs specified in Article 8(1) of R.E. 1/2018 and other residents may engage transactions in financial derivatives on any type of underlying asset with authorized foreign agents. Foreign agents authorized to conduct derivative operations with the EMIs specified in Article 8(1) of R.E. 1/2018 are nonresidents that have framework agreements with EMIs, in accordance with the provisions established by the SF in the Basic Accounting and Financial Circular, and foreign clearing and settlement houses. The framework contract must include a close-out netting clause as of September 1, 2018 (Circular DODM 144). Moreover, the foreign agents authorized to conduct derivative operations with residents other than the EMIs specified in Article 8(1) of R.E. 1/2018 are nonresidents (including clearing and settlement houses abroad) that have carried out derivatives transactions in the immediately preceding calendar year in an amount exceeding US$1 billion in nominal terms. Entities supervised by the SF may purchase credit default swaps (in accordance with the terms set out in the regulation) from foreign agents with whom they have signed a framework contract provided the nonresident has an investment grade credit rating from at least one internationally renowned credit rating agency.

Sale or issue abroad by residents: No. The EMIs specified in Article 8(1) of R.E. 1/2018 and other residents may engage in transactions in financial derivatives on any type of underlying assets with authorized foreign agents. Moreover, foreign agents authorized to carry out derivative transactions with residents other than the EMIs specified in Article 1 [sic] of R.E. 1/2018 are nonresidents (including clearing and settlement houses abroad) that have carried out derivatives transactions in the immediately preceding calendar year in an amount exceeding US$1 billion in nominal terms.

Controls on credit operations: Yes.
### Commercial credits

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No</td>
<td>Residents and EMIs (Article 8(1) of R.E. 1/2018) may grant credits to nonresidents, regardless of the currency of denomination, disbursement, or payment. The credit may be denominated, disbursed, or paid in foreign currency and Colombian legal currency, as agreed by the parties.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes</td>
<td>Nonresidents may grant credits to EMIs and residents, regardless of the currency of denomination, disbursement, or payment, as agreed by the parties. Up until October 2017 disbursements and payments of these credits had to be performed in foreign currency. Nonresident individuals may not grant foreign loans to residents, with the following specific exceptions: leasing or finance leases contracted with nonresidents; advance payment for goods for immediate use and intermediate goods (applies to operations channeled before November 1, 2010); financing of goods for immediate use and intermediate goods (applies to operations with shipping documents dated before September 1, 2010); financing of the purchase of capital goods (applies to operations with shipping documents dated before September 1, 2010); financing of the purchase of goods for immediate use – free zone (applies to operations with shipping documents dated before September 1, 2010); advance payment for exports of capital goods (applies to operations channeled before November 1, 2010); legal acts or proceedings other than international business reorganizations; advance payments for future capitalizations in those cases in which at the time of the disbursement of funds regulations for the issue and placement of shares have not been issued, or the capitalization has not been approved by the competent corporate body. As a requirement for the disbursement and channeling of foreign credits obtained by residents from nonresidents, a deposit must be made with the BR under the conditions, amount, and term indicated in general by the Board of Directors (currently 0%). Prior to the issuance of R.E. 1/18, these credits were also subject to a deposit requirement under the same conditions. Disbursements in Colombian legal currency of credits granted by nonresidents should take place through the Colombian legal currency accounts of nonresidents with EMIs used exclusively for external credits. Transfers of foreign amounts into these accounts of nonresidents are subject to the deposit requirement.</td>
</tr>
</tbody>
</table>

### Financial credits

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No</td>
<td>Residents and EMIs (Article 8(1) of R.E. 1/2018) may grant credits to nonresidents, regardless of the currency of denomination, disbursement, or payment. Prior to the issuance of R.E. 1/18, disbursements in foreign currency were considered foreign credits regardless of their denomination.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes</td>
<td>Nonresidents may grant credits to EMIs and residents, regardless of the currency of denomination, disbursement, or payment, as agreed by the parties. Up until October 2017 disbursements and payments of these credits had to be performed in foreign currency. Nonresident individuals may not grant foreign loans to residents, with the following specific exceptions: leasing or finance leases contracted with nonresidents; advance payment for goods for immediate use and intermediate goods (applies to operations channeled before November 1, 2010); financing of goods for immediate use and intermediate goods (applies to operations with shipping documents dated before September 1, 2010); financing of capital goods (applies to operations with shipping documents dated before September 1, 2010); financing of the purchase of capital goods (applies to operations with shipping documents dated before September 1, 2010); financing of the purchase of goods for immediate use – free zone (applies to operations with shipping documents dated before September 1, 2010); advance payment for exports of capital goods (applies to operations channeled before November 1, 2010); legal acts or proceedings other than international business reorganizations; advance payments for future capitalizations in those cases in which at the time of the disbursement of funds regulations for the issue and placement of shares have not been issued, or the capitalization has not been approved by the competent corporate body. As a requirement for the disbursement and channeling of foreign credits obtained by residents from nonresidents, a deposit must be made with the BR under the conditions, amount, and term indicated in general by the Board of Directors (currently 0%). Prior to the issuance of R.E. 1/18, these credits were also subject to a deposit requirement under the same conditions. Disbursements in Colombian legal currency of credits granted by nonresidents should take place through the Colombian legal currency accounts of nonresidents with EMIs used exclusively for external credits. Transfers of foreign amounts into these accounts of nonresidents are subject to the deposit requirement.</td>
</tr>
</tbody>
</table>
2010); financing of the purchase of capital goods – free zone (applies
to operations with shipping documents dated before September 1,
2010); financing of the purchase of goods for immediate use – free
zone (applies to operations with shipping documents dated before
September 1, 2010); advance payment for exports of capital goods
(applies to operations channeled before November 1, 2010); legal
acts or proceedings other than international business reorganizations;
advance payments for future capitalizations in those cases in which
at the time of the disbursement of funds regulations for the issue and
placement of shares have not been issued, or the capitalization has
not been approved by the competent corporate body. As a
requirement for the disbursement and channeling of foreign credits
obtained by residents from nonresidents, a deposit must be made
with the BR under the conditions, amount, and term indicated in
general by the Board of Directors (currently 0%). Prior to the
issuance of R.E. 1/18, these credits were also subject to a deposit
requirement under the same conditions. Disbursements in Colombian
legal currency of loans granted by nonresidents should take place
through the Colombian legal currency accounts of nonresidents with
EMIs used exclusively for external credits. Transfers of foreign
amounts into these accounts of nonresidents are subject to the deposit
requirement.

Guarantees, sureties, and financial backup facilities
By residents to nonresidents No. Residents may grant stipulated sureties and guarantees in foreign
currency or legal currency to nonresidents to back any obligation.
To residents from nonresidents No. Nonresidents may grant stipulated sureties and guarantees in foreign
currency or legal currency to residents and EMIs to back any
obligation.

Controls on direct investment Yes.
Outward direct investment Yes.
Inward direct investment Yes. Investment in the defense and national security sector and in the
handling of toxic, dangerous, or radioactive waste is not permitted.
The terms for the reimbursement of investment income and the legal
remittance of profits in effect on the date of registration of the
investment abroad may not be changed in such a way that they
adversely affect the investor, except temporarily when international
reserves fall below the equivalent of three months of imports.

Controls on liquidation of direct investment Yes.

Controls on real estate transactions No.
Purchase abroad by residents No.
Purchase locally by nonresidents No.
Sale locally by nonresidents No.

Controls on personal capital transactions Yes.
Loans Yes.
By residents to nonresidents No. Nonresidents may grant credits to resident, regardless of the currency
denomination, disbursement, or payment, as agreed by the parties.
Nonresident individuals may not grant foreign credits to residents,
with the following specific exceptions: leasing or finance leases
contracted with nonresidents; advance payment for goods for
immediate use and intermediate goods (applies to operations

channeled before November 1, 2010); financing of goods for immediate use and intermediate goods (applies to operations with shipping documents dated before September 1, 2010); financing of capital goods (applies to operations with shipping documents dated before September 1, 2010); financing of the purchase of capital goods – free zone (applies to operations with shipping documents dated before September 1, 2010); financing of the purchase of goods for immediate use – free zone (applies to operations with shipping documents dated before September 1, 2010); advance payment for exports of capital goods (applies to operations channeled before November 1, 2010); legal acts or proceedings other than international business reorganizations; advance payments for future capitalizations in those cases in which at the time of the disbursement of funds regulations for the issue and placement of shares have not been issued, or the capitalization has not been approved by the competent corporate body. As a requirement for the disbursement and channeling of foreign credits obtained by residents from nonresidents, a deposit must be made with the BR under the conditions, amount, and term indicated in general by the Board of Directors (currently 0%). Prior to the issuance of R.E. 1/18, these credits were also subject to a deposit requirement under the same conditions. Disbursements in Colombian legal currency of loans granted by nonresidents should take place through legal currency accounts of nonresidents with EMIs used exclusively for external credits. Transfers of foreign amounts into these accounts of nonresidents are subject to the deposit requirement.

Gifts, endowments, inheritances, and legacies

<table>
<thead>
<tr>
<th>Category</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Settlement of debts abroad by immigrants

<table>
<thead>
<tr>
<th>Category</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
</tbody>
</table>

Transfer of gambling and prize earnings

<table>
<thead>
<tr>
<th>Category</th>
<th>No.</th>
</tr>
</thead>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad | Yes. |

Borrowing from abroad by EMIs is governed by R.E. 1/2018. The EMIs specified in Article 8(1) of R.E. 1/2018 may obtain financing denominated in foreign currencies from nonresidents other than individuals, from EMIs, or through the placement of securities in international capital markets, to be used exclusively for the following activities: (1) lending operations denominated in the same currency as the financing, at equal or shorter terms than the financing; (2) lending operations denominated in Colombian legal currency at equal or shorter terms than the financing. The financing in foreign currency must be covered by a foreign currency derivative effective from the date the financing is disbursed until it reaches maturity, or
by a capital investment abroad in subsidiaries and affiliates
denominated in the same currency as the financing. As an alternative
to a derivative, effective March 26, 2019, the financing in foreign
currency may also be designated by the competent body of the EMI
as a hedging instrument for the investments controlled abroad, in
compliance with the hedge accounting requirements of the
International Financial Reporting Standards (IFRS). As long as the
resources are used for authorized operations in Colombian legal
currency, they may be held in foreign currency assets. (3) operations
carried out in their capacity as local suppliers of foreign currency
liquidity to foreign exchange clearing and settlement systems, in
accordance with system operating rules. These operations must have
a shorter term than the financing obtained. This financing is subject
to the deposit requirement indicated in Article 47 of R.E. 1/2018,
with some exceptions. The authorization to perform export leasing
operations was removed from R.E. 1/18 given that they are already
considered to be part of authorized lending operations. The EMI
specified in Article 8(1) and (2) of R.E. 1/2018 may obtain financing
denominated in legal currency from nonresidents other than
individuals or through the placement of securities on international
capital markets for the purpose of carrying out lending operations
denominated in legal currency. When this financing is disbursed in a
foreign currency, the EMI must make the deposit required pursuant
to Article 47 of R.E. 1/2018. As long as the resources are used in
authorized operations in legal currency, they may be held in foreign
currency assets.

<table>
<thead>
<tr>
<th>Maintenance of accounts abroad</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Abroad by banks  Yes.  Entities subject to SF inspection and supervision may make capital investments abroad in accordance with the Organic Law on the Financial System, as well as financial investments abroad. EMIs in general are authorized to make financial investments abroad. Financial institutions supervised by the SF that wish to directly make or increase their capital investments in financial institutions, the securities market, insurance and reinsurance companies, and branches and agencies domiciled abroad must obtain prior authorization from the SF. Such authorization is also required if they intend to make such investments indirectly through their affiliates and subsidiaries abroad, provided the investment is made through one or more transactions within a period of one year and in compliance with any of the materiality criteria indicated in the regulation, namely: (1) the initial investment is no less than 10% of the subscribed and paid-up capital of the entity making the investment and the increase in the investment is no less than 5% of the subscribed and paid-up capital of the entity making the investment. For purposes of calculating the initial investment, it will be understood that, in addition to the first operation, the initial investment will include the investment increases made within the 12 months following the first operation; and (2) the financial supervisor in the location where the investment is to be made does not have a memorandum of understanding (MoU) with the SF. Capital investments or increases that do not meet the above criteria must be reported to the SF before the operation is carried out.

In banks by nonresidents  Yes.  The acquisition of 10% or more of the subscribed shares of entities subject to SF inspection or an increase in that percentage requires prior approval by the SF.

Open foreign exchange position limits  Yes.  Effective March 26, 2019, the proprietary position in foreign currency excludes the value of investments controlled abroad and derivatives and other obligations designated by the EMI as hedging instruments for these investments. The three-business-day arithmetic mean of EMI’s own foreign currency position may not exceed the equivalent in foreign currency of 20% of the EMI’s capital, and the position may be negative, but the absolute value of the negative position may not exceed the equivalent in foreign currency of 5% of capital. Moreover, EMIs are required to meet the limits on the following consolidated indicators: (1) positive exchange risk indicator (IRC+) (sum in dollars of proprietary positions per currency that are greater than zero); the three-business day average of the IRC + may not be less than 40% of the EMI’s capital; (2) negative exchange risk indicator (IRC−) (sum in dollars of proprietary positions per currency that are less than zero); the three-business-day average of the IRC− may not be less than 40% of capital; and (3) short-term exposure indicators. The “Individual Short-Term Exposure Indicator” (the sum of (1) the EMI’s net surpluses per currency, adjusted by a foreign exchange haircut, and (2) the EMI’s net shortfalls per currency; net surpluses or shortfalls per currency are the difference between liquid assets per currency and net liquidity requirements per currency) will be calculated for periods of 7 and 30 calendar days and must be greater than zero. The “Consolidated Short-Term Exposure Indicator” (the sum of (1) the EMI’s “Individual Short-Term Exposure Indicator,” considering significant currencies at the consolidated level, and (2) the Individual Short-Term Exposure Indicators calculated by country, where their affiliates are established, provided they are less than zero) will be calculated for a period of 30 calendar days and must be greater than zero.

On resident assets and liabilities  No.
On nonresident assets and liabilities

Provisions specific to institutional investors
Insurance companies

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Pension funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:

Insurers and savings investment companies (sociedades de capitalización) may invest up to 40% of their technical reserves in securities or holdings of external issuers (indicated in numeral 2 of Article 2.31.3.1.2) and in demand deposits in banks abroad. The securities of issuers abroad that are part of the holdings in collective investment funds of authorized national issuers will be calculated for the purposes of that limit.

Insurers and savings investment companies may invest up to 40% of their technical reserves in securities or holdings of external issuers (indicated in numeral 2 of Article 2.31.3.1.2(2)) and in demand deposits in banks abroad.

Total unhedged foreign currency investments in the portfolio backing the technical reserves may not exceed 35% of the value of the portfolio.

The limits on investments in instruments, securities, or holdings of external issuers (indicated in Article 2.6.12.1.2(2)) and in demand deposits in banks abroad are 40%, 60%, and 70% for conservative, moderate, and higher-risk funds, respectively.

The limits on investments in instruments, securities, or holdings of external issuers (indicated in numeral 2 of Article 2.6.12.1.2(2)) and in demand deposits in banks abroad are 40%, 60%, and 70% for conservative, moderate, and higher-risk funds, respectively.

The maximum limits for the unhedged foreign currency position of pension funds are 15%, 35%, and 50% for conservative, moderate, and higher-risk funds, respectively.

Collective investment funds or families of collective investment funds must first define their investment policy in the prospectus and regulation, which must contain the investment plan, the parameters for the management of money market operations, the policy on deposits in current or savings accounts, the risk profile of the fund, the risk management policy, and other aspects determined by the SF.

Management companies may include in investment fund portfolios any economic asset or claim, including securities issued by banking institutions located abroad; securities issued by foreign companies in the real sector whose stocks are registered in internationally recognized stock markets; bonds issued by multilateral credit institutions or foreign governments; and shares in foreign investment funds or funds that mirror national or foreign indexes.
Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Inflation-targeting framework

Transparency

Publication of minutes

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/01/2019</td>
<td>The minutes are drafted as part of the agenda of the session of the Board of Directors and they are published on the next business day after meetings at which decisions on monetary policy are adopted (January, March, April, June, July, September, October, and December). They include elements of the discussion by members of the Board of Directors at the relevant session, the positions – not identified – of the members of the Board of Directors, and the decision regarding the benchmark interest rate, indicating whether the decision was adopted unanimously or by a majority, as well as the distribution of the votes (Internal Resolution No. 3 of August 30, 2019, which rescinded Internal Resolution No. 1 of 2007). Previously, they contained a summary of the economic information analyzed for the adoption of decisions on interest rates, an analysis of the economic outlook and price levels, an assessment of the risks to attaining the inflation target, and the decision on interest rate interventions. The minutes also indicated whether the decision was taken unanimously or by majority, as well as the distribution of the votes. The minutes were published five (5) working days after the meeting during which the decision was taken was held. (Internal Resolution No. 1 of 2007 as amended by Internal Resolution No. 2 of 2018 of the Banco de la República Board of Directors.)</td>
</tr>
</tbody>
</table>

Foreign exchange market

Spot exchange market

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/28/2020</td>
<td>In order to perform authorized exchange operations, the Colombian Institute of Educational Credit and Technical Studies Abroad also requires that the Office of the Financial Superintendence issue prudential rules that are applicable to exchange market intermediaries.</td>
</tr>
</tbody>
</table>

Operated by the central bank

Auction

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/31/2019</td>
<td>Stock brokerages whose capital equals the minimum amount required for the establishment of a financial corporation may also be counterparties.</td>
</tr>
<tr>
<td>10/31/2019</td>
<td>The Board of Directors decided to terminate the reserves accumulation program announced in September 2018 because it considered that the level of international reserves and the expected outcome of the renegotiation of the Flexible Line of Credit would be sufficient to cover Colombia’s potential external liquidity needs.</td>
</tr>
<tr>
<td>03/12/2020</td>
<td>The Board of Directors decided among other measures to establish a new foreign exchange hedging mechanism through Non-Delivery Forward contracts for the sale of dollars at a future date under the following conditions: a) Mechanism: uniform price auction; b) Amount: US$1 billion; c) Forward price: To be determined in the auction; d) Term: 30 days, which may be renewed; and e) Counterparties: Eligible intermediaries in the foreign exchange market and the national government – Ministry of Finance and Public Credit. This mechanism sought to facilitate trading in foreign currency by market participants in the context of the inflation-targeting scheme with a flexible exchange rate.</td>
</tr>
<tr>
<td>03/12/2020</td>
<td>The Banco de la República may conduct intervention operations</td>
</tr>
</tbody>
</table>
using forward dollar sales through forward contracts, by means of the auction mechanism (R.E. 4 of March 12, 2020).

03/18/2020 The Board of Directors decided to auction dollar swaps (foreign exchange swaps) in the amount of US$400 million, in which the Bank of the Republic would perform a spot sale of dollars and a forward purchase of dollars (in 60 days).

03/27/2020 The Board of Directors adopted the following measures to strengthen liquidity in dollars: (i) Hold an auction of dollar swaps (foreign exchange swaps) on March 30, 2020, in the amount of US$400 million, in which the Bank of the Republic would perform a spot sale of dollars and a forward purchase of dollars (in 60 days). The amounts not awarded at auction on one day would be auctioned on the next day until the quota is exhausted or until the remaining amount is less than US$25 million. This measure is intended to provide temporary liquidity in dollars to a broad group of financial institutions with the aim of easing possible restrictions on external financing and pressure in the foreign exchange market. (ii) Expand the foreign exchange hedging mechanism through a new auction on March 30, 2020, of Non-Delivery Forwards in the amount of US$1 billion for 30 days. The amounts not awarded at auction on one day would be auctioned on the next day until the quota is exhausted or until the remaining amount is less than US$25 million. In addition, the maturities of the non-delivery forwards that were offered before May 1, 2020, would be added to the daily quotas of the NDF auction. These measures expand the hedge against the risk of depreciation in an environment characterized by great uncertainty and high volatility of the exchange market.

04/30/2020 The Board of Directors decided: (i) To increase the amount of the foreign exchange hedge by holding a new dollar sale auction through non-delivery forward transactions in an amount of up to US$1 billion. (ii) To renew the NDFs those are maturing before May 30, 2020. (iii) To continue holding foreign exchange swap auctions up to US$400 million.

05/29/2020 The Board of Directors decided to renew through auctions the foreign exchange hedging instruments non-delivery forwards (NDFs) that would be maturing in the month of June. It also decided to continue auctioning the unawarded amount of the authorized operations (NDFs and swaps).

06/30/2020 The Board of Directors decided that the Bank of the Republic: (i) Would continue to offer in July non-delivery forward contracts through auctions in amounts equivalent to the maturities of contracts in force that are recorded each day; (ii) Would not continue the auctions of foreign exchange swaps given that the external liquidity has improved and that these auctions were not in demand. These contracts will be offered again when deemed necessary.

07/31/2020 The Board of Directors decided that the Bank of the Republic would renew in August the maturities of non-delivery forward contracts for the sale of dollars through the auction mechanism on the maturity dates.

08/14/2020 Performance of bilateral operations or operations through a Central Counterparty Risk Clearinghouse was established by an amendment to DOAM143.

Forward exchange market 01/01/2019 Entities supervised by the SF may enter into credit derivatives with authorized foreign agents exclusively in the form of credit default swaps (CDS). These instruments are no longer restricted to portfolio hedging, do not require the prior authorization of the SF, but must be issued by foreign issuers. Previously, entities supervised by the SF were permitted to conduct CDS only with authorized foreign agents with an investment grade credit rating and subject to regulatory restrictions, provided the operations are carried out solely for hedging...
its 2008 portfolio and have the prior authorization of the SF.

**Capital Transactions**

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>01/01/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>01/01/2019</td>
</tr>
<tr>
<td>Until December 31, 2018, entities supervised by the SF could engage in with authorized foreign agents with an investment grade credit rating and subject to regulatory restrictions, provided the operations are carried out solely for hedging purposes and have the prior authorization of the SF. These restrictions were eased.</td>
<td></td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | 03/26/2019 |
| Borrowing abroad | 03/26/2019 |
| The financing in foreign currency must be designated by the competent body of the exchange market intermediary as a hedging instrument for the investments controlled abroad, in compliance with the hedge accounting requirements of the International Financial Reporting Standards. |

| Open foreign exchange position limits | 03/26/2019 |
| Proprietary position in foreign currency excludes the value of investments controlled abroad and derivatives and other obligations designated by the EMI as hedging instruments for these investments. |
## COMOROS

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 21, 1976.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 1, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

- **Unitary** Yes. The exchange rate is based on fixed parity with the euro.
- **Dual**
- **Multiple**

#### Classification

- No separate legal tender
- Currency board
- Conventional peg Yes. The Comoros participates in the franc zone area. The Comorian franc is pegged to the euro at the fixed rate of CF 491.96775 per euro; the value of other currencies is based on this fixed rate and on the exchange rates of these currencies in the foreign exchange markets. The exchange rate arrangement is established by the following documents: (1) the monetary November 23, 1979, cooperation agreement between the Comorian and French governments; (2) the November 23, 1998, decision by the European Council of Ministers authorizing France to maintain its monetary arrangements with the CFA area countries and the Comoros; and (3) the January 14, 1999, order of the governor of the CBC on euro–Comorian franc parity. Decree No. 87-005/PR, Regulating Financial Relations between the Comoros and Other Countries and its regulations apply. The government of either the Comoros or France may change the...
The Comorian franc is officially pegged to the euro at the fixed rate of CF 491.96775 per euro. The official exchange rate is used for accounting and valuation. The government of either the Comoros or France may change the exchange rate arrangement after notification to the other party to the monetary cooperation agreement.

The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The terms of government borrowing directly from the CB are defined and framed in the CBC charter. The discount rate is indexed to the euro overnight index average (European interbank rate).
Target measure

*CPI*

*Core inflation*

Target horizon

*Operating target (policy rate)*

Policy rate

Target corridor band

Other

*Accountability*

Open letter

Parliamentary hearings

Other

*Transparency*

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** Yes.  Foreign exchange transactions are subject to the consumption tax.

**Exchange subsidy** No.

**Foreign exchange market** Yes.  Foreign exchange dealers authorized by the CBC may deal in any currency and freely set their spreads and commissions.

**Spot exchange market** Yes.  Licensed institutions must be designated authorized intermediaries by the CB to carry out foreign exchange transactions and money transfers. Nine licensed institutions have authorized intermediary status. Two other financial intermediaries are authorized to engage in OTC foreign exchange and money transfer operations. All authorized financial institutions may carry out foreign exchange transactions with the CB. Only credit institutions may maintain correspondent accounts abroad. Seven credit institutions are licensed: four commercial banks and three microfinance networks. There are also three authorized intermediaries: the financial services provided by the Postal Administration and two private money transfer and foreign exchange companies.

**Operated by the central bank** Yes.

**Foreign exchange standing facility** Yes.  The CBC exchanges Comorian francs against euros at the official rate, subject to a commission, after verification and economic justification of the transaction.

**Allocation** Yes.  The CBC exchanges Comorian francs against euros at the official rate, subject to a commission, after verification of the transaction.

**Auction** No.
Fixing

Interbank market

Yes. The interbank foreign exchange market is not active, but interbank foreign exchange dealing is permitted. At present, it is limited to deposits of cash surpluses of microfinance institutions at banks in the market. There are no limits on the bid-ask spread and the commissions set by market participants. All financial institutions (credit institutions and financial intermediaries) licensed by the CBC are authorized to participate in the interbank market.

Over the counter

Yes. OTC Comorian franc–euro exchange transactions are carried out between licensed institutions at the official rate plus a commission.

Brokerage

No.

Market making

No.

Forward exchange market

Yes. There is no forward foreign exchange market. However, forward cover transactions against exchange rate risk are authorized by the CBC and are provided to traders for up to three months by licensed commercial banks that are authorized to conduct this type of transaction.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes. The Comoros is linked to the French Treasury through an operations account, through which settlements with France, Monaco, and other operations account countries (franc zone area members) take place in euros or in the currency of any other operations account country. Settlements with other countries usually take place through correspondent banks in France in the currency of the countries or in euros through foreign accounts in Comorian francs.

Controls on the use of domestic currency

Yes. Settlements in domestic currency abroad require CBC approval.

For current transactions and payments

Yes. Settlements abroad in banknotes are not allowed.

For capital transactions

Yes.

Transactions in capital and money market instruments

Yes.

Transactions in derivatives and other instruments

Yes.

Credit operations

Yes.

Use of foreign exchange among residents

Yes. Any foreign currency acquired must be converted to domestic currency at a licensed financial institution.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

Yes. The Comoros is a member of COMESA and the Indian Ocean Commission.

Clearing agreements

Yes. The Comoros is preparing to join the COMESA transaction clearing system.

Barter agreements and open accounts

No.
<p>| Administration of control | Yes. | The CBC has sole authority in exchange control matters but has delegated certain exchange control powers to authorized banks and financial establishments. The MOF supervises borrowing and lending abroad, inward direct investment, and outward investment. Except for gold-related transactions, the country’s exchange control measures do not apply to (1) France (and its overseas departments and territories), (2) Monaco, or (3) other countries whose banks of issue are linked with the French Treasury by an operations account (franc zone area members). |
| Payments arrears | Yes. | Official | Yes. | There are external public debt service payments arrears. |
| | | Private | No. | Private arrears consist solely of outstanding amounts for services provided to government units and are evidenced by cash bonds (bons de caisse). |
| Controls on trade in gold (coins and/or bullion) | Yes. | On domestic ownership and/or trade | No. | There are no restrictions on domestic ownership of gold or trading domestically in gold. |
| | | On external trade | Yes. | Prior authorization for imports and exports of gold bullion or coins is not required and is exempt with the exception of the business license. Exports and imports of gold, precious metals, and precious and semiprecious stones must be declared to customs. |
| Controls on exports and imports of banknotes | Yes. | On exports | Yes. | A limit of CF 2,000,000 applies to exports of currency by travelers leaving the Union of the Comoros on presentation of supporting documentation. |
| | | Domestic currency | Yes. | Residents traveling to France, Monaco, and operations account countries may take out the equivalent of CF 2,000,000 banknotes a person a trip and any amount in other means of payment. Residents traveling to countries other than France, Monaco, and operations account countries may take out any means of payment up to the equivalent of CF 2,000,000 a person a trip. Larger amounts require CBC approval on submission of supporting documentation. Nonresident travelers may export the equivalent of CF 2,000,000 in banknotes a person a trip and any means of payment issued abroad in their name on presentation of supporting documentation. In other cases, authorization is granted in accordance with exchange regulations when supporting documents are produced. |
| | | Foreign currency | Yes. | No controls apply to imports of Comorian francs, euro banknotes, or banknotes of countries connected to the French Treasury through an operations account. |
| | | | Resident travelers must surrender all foreign exchange to an authorized intermediary within one month of return. Nonresidents bringing in foreign currency banknotes are required to declare them to customs on entry. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>. |</p>
<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Authorization is required.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Nonresidents may open accounts denominated in Comorian francs in authorized banks.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import transactions equivalent to CF 500,000 or more must be domiciled with an authorized bank.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses are not required. Importers are required to submit a foreign trade data sheet on imports.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>
## Comoros

| Import licenses and other nontariff measures | Yes. | The importation of most goods is subject to notification for statistical purposes. |
| Positive list | No. |
| Negative list | Yes. | The importation of certain goods from all countries is prohibited for health or security reasons. |
| Open general licenses | No. |
| Licenses with quotas | No. |
| Other nontariff measures | No. |
| **Import taxes and/or tariffs** | Yes. | Import taxes and tariffs are established in the budget law. The 2011 supplemental budget replaced the presumptive tax on less-than-container loads (conteneurs de groupage) with an ad valorem tax. |
| Taxes collected through the exchange system | No. |
| **State import monopoly** | Yes. | The government has a monopoly on imports of hydrocarbons and ordinary rice. An exemption to the rice monopoly has been granted to private sector economic operators. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Exports and Export Proceeds

| Repatriation requirements | Yes. | Proceeds from exports must be repatriated within 30 days of the execution of the commercial contract. |
| Surrender requirements | Yes. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | Yes. | Proceeds must be sold to an authorized bank immediately after repatriation. |
| Financing requirements | No. |
| Documentation requirements | Yes. | With a few exceptions, licenses are not required for exports, regardless of destination. |
| Letters of credit | Yes. |
| Guarantees | No. |
| Domiciliation | Yes. | Export proceeds must be domiciled with an authorized bank if the value is equivalent to CF 500,000 or more. |
| Preshipment inspection | Yes. | Preshipment inspection is required by customs regulations. |
| Other | No. |
| **Export licenses** | Yes. | Notification is required for statistical purposes. |
| Without quotas | Yes. |
| With quotas | No. |
| **Export taxes** | Yes. | Export taxes on vanilla, cloves, and ylang-ylang are set annually, with rates dependent on market conditions. The 5% export tax on cash crops (vanilla, cloves, ylang-ylang) was suspended to support this sector following depressed world prices for these commodities. |
| Collected through the exchange system | No. |
| Other export taxes | Yes. | Taxes are levied on specific services. |
### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for invisible transactions to France, Monaco, and operations account countries are permitted freely, as are those related to authorized imports. Other payments, except investment-related transfers, are subject to bona fide tests.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation of dividends and other earnings from nonresidents’ direct investments is authorized and guaranteed under the Investment Code.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents traveling to countries other than France, Monaco, and operations account countries may take out by any means of payment up to the equivalent of CF 2,000,000 a person a trip. Larger amounts require CBC approval on submission of supporting documentation.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>These transactions are authorized on presentation of supporting documentation.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments for invisible transactions to France, Monaco, and operations account countries are permitted freely. All other payments, except investment-related and import-related transfers, are subject to indicative limits or bona fide tests.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>The issuance of means of payment or payment instruments is subject to the approval of the CBC, which is responsible for the proper functioning of the payment and settlement systems (CBC charter). The CBC is currently working on draft regulatory text governing payment means, systems, and incidents. Credit institutions require</td>
<td></td>
</tr>
</tbody>
</table>
CBC approval to issue international payment cards.

**Quantitative limits**  Yes.  The CB sets limits by type of card based on international best practices.

**Indicative limits/bona fide test**  Yes.  Payments for invisible transactions to France, Monaco, and operations account countries are permitted freely. All other payments, except investment-related and import-related transfers, are subject to indicative limits or bona fide tests.

**Other payments**  Yes.

**Prior approval**  Yes.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  Yes.  Payments for invisible transactions to France, Monaco, and operations account countries are permitted freely. All other payments, except investment-related and import-related transfers, are subject to indicative limits or bona fide tests.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**  Yes.  Proceeds from transactions with France, Monaco, and operations account countries may be retained. Proceeds from residents of other countries with respect to services and income earned in those countries from foreign assets must be repatriated within one month of the due date or date of receipt.

**Surrender requirements**  Yes.

**Surrender to the central bank**  No.

**Surrender to authorized dealers**  Yes.  Export proceeds in foreign currency must be sold to an authorized bank.

**Restrictions on use of funds**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Repatriation requirements**  Yes.  Income earned on foreign assets in countries other than France, Monaco, and operations account countries must be repatriated within one month of the due date or date of receipt.

**Surrender requirements**  Yes.

**Surrender to the central bank**  No.

**Surrender to authorized dealers**  Yes.

**Controls on capital transactions**  Yes.

**Controls on capital and money market instruments**  Yes.  Capital transfers between the Comoros and France, Monaco, and operations account countries are, in principle, free of exchange control. Capital transfers to all other countries require exchange control approval, but capital receipts from these countries are permitted freely.

**On capital market securities**  Yes.  CBC authorization is required to effect these transactions.

**Shares or other securities of a participating nature**  Yes.

**Purchase locally by nonresidents**  No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Allowance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
<td>There is no money market in the Comoros.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>There is no money market in the Comoros.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
<td>There is no collective investment securities market in the Comoros.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>There is no collective investment securities market in the Comoros.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>n.r.</td>
<td>There is no derivatives market in the Comoros.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
<td>Credits must have a maximum maturity of 90 days.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
By residents to nonresidents: Yes.

The law requires the establishment of guarantees but does not specify their nature; however, Comoros is subject to Organization for the Harmonization of Business in Africa provisions governing collateral.

To residents from nonresidents: Yes.

Controls on direct investment: Yes.

Outward direct investment: Yes. Controls relate to the approval of the underlying transactions, not to payments or receipts.

Inward direct investment: No.

Controls on liquidation of direct investment: Yes.

Controls on real estate transactions: No.

Purchase abroad by residents: No.

Purchase locally by nonresidents: No.

Sale locally by nonresidents: No.

Controls on personal capital transactions: Yes.

Loans:

By residents to nonresidents: No.

To residents from nonresidents: Yes. Banking law and prudential regulation apply.

Gifts, endowments, inheritances, and legacies:

By residents to nonresidents: Yes.

To residents from nonresidents: Yes.

Settlement of debts abroad by immigrants: Yes. Settlement of debts abroad is permitted on presentation of supporting documentation.

Transfer of assets: Yes.

Transfer abroad by emigrants: Yes.

Transfer into the country by immigrants: No.

Transfer of gambling and prize earnings: Yes.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector:

Provisions specific to commercial banks and other credit institutions: Yes.

Borrowing abroad: Yes. Credit institutions must obtain the prior authorization of the CB, particularly based on the solvency of the borrowing institution.

Maintenance of accounts abroad: Yes. Prior authorization from the CB is required.

Lending to nonresidents (financial or commercial credits): Yes. Lending to nonresidents is permitted for economic activities in the Comoros.

Lending locally in foreign exchange: No. This type of lending does not take place.

Purchase of locally issued securities: No. There is no local market for these securities.
<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Yes/No</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts denominated in foreign exchange</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
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</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>n.a.</td>
<td>In principle, no limits are set on pension funds’ investments abroad.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>n.a.</td>
<td>In principle, no limits are set on investment firms’ and collective</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td>investment funds’ investments abroad.</td>
</tr>
</tbody>
</table>
**COMOROS**

| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
DEMOCRATIC REPUBLIC OF THE CONGO (DRC)  
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership          September 28, 1963.


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices  Yes.  The IMF staff report for the Staff-Monitored Program and Request for Disbursement Under the Rapid Credit Facility states that, as of December 5, 2019, the DRC maintained one exchange rate restriction subject to IMF approval arising from an outstanding net debt position against other contracting members under the inoperative regional payments’ agreement with the Economic Community of the Great Lakes Countries. (Country Report No. 19/388)

Exchange measures imposed for security reasons  No.

In accordance with IMF Executive Board Decision No. 144-(52/51)  No.

Other security restrictions  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency  Yes.  The currency of the DRC is the Congo franc (CDF).

Other legal tender  No.  In the DRC, the CDF is the only legal tender. However, the BCC publishes exchange rates daily for certain listed and admitted currencies.

Exchange rate structure

Unitary  Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement  Yes.  The de jure exchange rate arrangement is floating. The exchange rate of the Congo franc is determined by supply and demand in the
foreign exchange market. The BCC intervenes through an auction, which is the only operational framework for the BCC’s transactions with the market. From June 2019, the exchange rate has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to crawl-like from stabilized, effective June 7, 2019. Information on foreign exchange market interventions is published on the Internet in the BCC bulletin.

| Pegged exchange rate within horizontal bands |  |
| Other managed arrangement |  |
| Floating |  |
| Free floating |  |

**Official exchange rate** | Yes. | The BCC publishes the daily official (reference) exchange rate, which is based on the weighted average of the amounts and rates from market transactions, as reported by the commercial banks and foreign exchange bureaus. The official exchange rate is an indicative rather than an operational rate.

**Monetary policy framework**

**Exchange rate anchor**

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

**Monetary aggregate target** | Yes. | As part of its monetary program, the BCC sets the rate of growth in the monetary base and money supply as the operational and intermediate objectives, respectively.

**Inflation-targeting framework**

**Target setting body**

- Government
- Central Bank
- **Monetary Policy Committee**
- Central Bank Board
- **Other**
- Government and Central Bank

**Inflation target**

- **Target number**
- **Point target**
- **Target with tolerance band**
- **Band/Range**
Target measure

**CPI**

**Core inflation**

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

Other

**Accountability**

Open letter

Parliamentary hearings

Other

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** Yes. A charge of 0.02% is levied by the BCC on all payments entering or leaving the country, regardless of the nature of the originator or the beneficiary.

**Exchange subsidy** No.

**Foreign exchange market** Yes.

Spot exchange market Yes. The foreign exchange market is regulated by an agreement signed in 2003 between the BCC and the licensed banks. Participants in the exchange market are the BCC, the licensed banks, and all other licensed financial intermediaries (for example, exchange bureaus) that accede to the agreement. As of December 31, 2017, there were 17 active commercial banks. Market participants are free to determine their bid-ask spread and foreign exchange commission. There is also a parallel market with a fairly large number of participants for which the volume of transactions is difficult to estimate. The daily spread between the official rate and parallel rate averaged 0.8% in 2017.

Any Congolese legal entity wishing to engage in activity as an exchange bureau must be licensed by the BCC. There are currently 27 authorized foreign exchange bureaus. The exchange bureaus cannot execute foreign exchange transactions directly with the BCC. Exchange bureaus are authorized to buy and sell foreign currencies for local currency in cash and to buy and sell foreign currencies for other currencies in cash. Exchange bureaus may not (1) maintain accounts abroad. They are required to maintain accounts in domestic currency and/or foreign-currency-denominated accounts opened in the Congolese banking system; or (2) conduct foreign exchange
transactions in excess of US$10,000 or the equivalent in other foreign currencies a person a day. The exchange bureaus may not execute transfers with the rest of the world, import or export banknotes, or hold deposits for their customers.

Operated by the central bank  Yes.
Foreign exchange standing facility  No.
Allocation  No.
Auction  Yes. The CB organizes bilateral auctions. Only commercial banks and the CB are eligible to participate in the auctions, which are awarded at multiple rates. There are limits on the bids in terms of rates. A rate band determines the lower and upper limits within which banks may place bids to buy or sell, and the bid amounts may not exceed the equity of each bank.

The amount to be auctioned is not announced in advance. According to the schedule, the BCC organizes two auctions a month, but this schedule has not always been followed. There are no penalties in case of default by auction participants. The results of the auction are sent to commercial banks by email but are not disclosed to the public. The BCC announces its interventions on the day of the auction.

Fixing  No.
Interbank market  Yes. Operations in the interbank foreign exchange market take place over the counter or by auction. No charges or commissions are assessed. Only commercial banks and the BCC participate in this market.

There are currently 17 authorized commercial banks in the interbank market.

Market participants are free to determine their bid-ask spread and foreign exchange commission.

As of December 31, 2017, almost all banks participated in the interbank market.

The BCC purchases US dollars sporadically at the banks’ initiative. In 2017, the BCC was a net seller of US dollars.

Over the counter  Yes. Foreign currency transactions are executed over the counter at prices determined by supply and demand.

Brokerage  No.
Market making  No.
Forward exchange market  Yes. A forward exchange market exists and is regulated by the same institutional mechanism as the spot market.

Official cover of forward operations  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.

Controls on the use of domestic currency  Yes.
For current transactions and payments  Yes. Domestic transactions between residents and nonresidents may be expressed and carried out in domestic currency. Except as otherwise provided in the Exchange Regulations, transactions may also be denominated and settled in one of the foreign currencies quoted by the BCC, by agreement of the parties. International transactions are
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>For capital transactions</td>
<td>Yes</td>
</tr>
<tr>
<td>Domestic transactions between residents and nonresidents are expressed and settled in domestic currency. Except as otherwise provided in the Exchange Regulations, transactions may also be denominated and settled in one of the foreign currencies listed by the BCC, by agreement of the parties. International transactions are frequently expressed and settled in foreign currencies.</td>
<td></td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes</td>
</tr>
<tr>
<td>International and domestic capital transactions between residents and nonresidents are expressed in the currency agreed between the parties. Money market instruments are expressed and settled in national currency. However, the government may issue Treasury bills in foreign currency.</td>
<td></td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>Yes</td>
</tr>
<tr>
<td>Money market instruments are expressed and settled in national currency.</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes</td>
</tr>
<tr>
<td>Capital transactions between residents and nonresidents are expressed and settled in national currency or any other currency quoted by the BCC.</td>
<td></td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes</td>
</tr>
<tr>
<td>The domestic currency and foreign currencies are in circulation. However, residential rent, education, and health-related expenditures and the cost of domestic water and electricity consumption are set and paid for only in domestic currency when the transactions are between residents.</td>
<td></td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes</td>
</tr>
<tr>
<td>Foreign exchange transactions initiated in the context of international accords are settled in accordance with the provisions of the foreign exchange regulations in force.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes</td>
</tr>
<tr>
<td>Operative</td>
<td>No</td>
</tr>
<tr>
<td>Inoperative</td>
<td>Yes</td>
</tr>
<tr>
<td>There is an inoperative bilateral payments agreement with Zimbabwe.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes</td>
</tr>
<tr>
<td>The DRC is a member of COMESA, the SADC, the CEPGL, and the Economic Community of Central African States.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes</td>
</tr>
<tr>
<td>Within the CEPGL, the DRC has payments agreements that use the clearing mechanism. Payments are made through SDR-denominated accounts among the CBs of Burundi, the DRC, and Rwanda. These agreements are inoperative.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes</td>
</tr>
<tr>
<td>Foreign exchange transactions must take place through the BCC or authorized intermediaries. The BCC also supervises authorized banks and nonbank intermediaries and regulates the foreign exchange positions of banks. Supporting documentation is required for operations involving (1) revenue transfers for exports of goods and services, imports of services, and imports of goods exceeding the equivalent of US$2,500 and (2) current transfers, capital movements, and international payments exceeding US$10,000.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>Yes</td>
</tr>
<tr>
<td>Official</td>
<td>Yes</td>
</tr>
<tr>
<td>LAC-Air Zimbabwe Partnership; SNCC-NRZ Partnership.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes</td>
</tr>
<tr>
<td>Only Congolese may purchase, transport, sell, or hold gold in areas</td>
<td></td>
</tr>
</tbody>
</table>
not covered by exclusive mining concessions. Foreign individuals and legal entities may do so only on behalf of authorized marketing agencies.

On external trade Yes.

Gold from artisanal production may be exported only by authorized marketing agencies and does not require BCC authorization. However, they must comply with the Kimberley Process Certification Scheme and require, in addition to an export declaration made through a licensed bank, an appraisal certificate from the Centre for Evaluation, Expertise and Certification (CEEC) and a certificate of origin.

In addition to pre-financing, the repatriation of proceeds from exports of gold must be effected within 20 days of the date of shipment.

Controls on exports and imports of banknotes

On exports Yes.

Domestic currency No.

Foreign currency Yes.

There are no restrictions on the possession of foreign currency in the DRC. Travelers exiting the country may carry foreign exchange not exceeding US$10,000 or its equivalent in other currency, unless they are in transit internationally or on a service mission. Travelers must declare the amount of foreign exchange carried. Transfers of amounts exceeding US$10,000 must be made through a bank.

The transfer abroad of foreign banknotes representing part of the foreign exchange position of a licensed bank requires authorization by the BCC. The bank must apply to the BCC online, specifying in foreign currency the amounts to be exported and the name and address of the recipient correspondent bank abroad.

On imports Yes.

Domestic currency No.

Foreign currency Yes.

There are no restrictions on the possession of foreign currency in the DRC. The amount of foreign cash that may be held on entering or leaving the national territory must be less than US$10,000 or the equivalent in other foreign currencies. Larger amounts must be transferred via bank transfer. For their operations, licensed banks are authorized to physically export and import foreign-currency-denominated banknotes, which are, in their entirety, deemed to be part of the bank’s exchange position, based on BCC authorization requested online.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.

Held domestically Yes.

Licensed banks are authorized to open foreign-currency-denominated accounts for residents (RME accounts: “Résident en Monnaies Étrangères”) without prior authorization from the CB. These accounts may (1) be demand or time deposits; (2) bear interest; (3) be credited or debited without restriction; and (4) record domestic transfers between RME accounts, subject to the signature of exchange documents. Balances in foreign exchange accounts held domestically may be transferred abroad freely subject to the provision of a description and supporting documentation.

Approval required No.
Held abroad Yes. In accordance with the foreign exchange regulations, licensed banks are permitted to open bank accounts with foreign correspondents to execute transactions for their customers or themselves. Companies holding mining rights are permitted to hold foreign bank accounts with reputable international banks and report those accounts to the BCC. Accounts designated as “Principal Account” may be used to manage funds the company is permitted to hold outside the national territory, and other accounts to manage funds transferred from the principal account to service foreign debt, and for provisions and statutory, legal, and discretionary reserves.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes. Holdings in domestic currency are converted freely by agreement between the account holder and the commercial bank.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. Licensed banks are authorized to open foreign-currency-denominated accounts for nonresidents (NRME accounts: “Non-résident en Monnaies Etrangères”) without prior authorization from the CB. These accounts may (1) be demand or time deposits; (2) bear interest; (3) be credited or debited without restriction; and (4) record domestic transfers between NRME accounts, subject to the signature of exchange documents. Balances in foreign exchange accounts held domestically may be transferred abroad freely subject to the provision of a description and supporting documentation. |
| Approval required | No. |
| Domestic currency accounts | Yes. Licensed banks may open domestic currency accounts for nonresidents without BCC approval. These accounts may be demand or time deposit accounts. |
| Convertible into foreign currency | Yes. Balances in domestic currency accounts originating from legitimate international transactions may be converted and transferred. |
| Approval required | No. |
| Blocked accounts | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | Yes. Importer payments to nonresident suppliers must be accompanied by a declaration to which the goods and services contract, the invoice, and/or any other supporting documentation are attached. The importer is required to pay the invoice through an intervening bank. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | Yes. |
### Documentation requirements for release of foreign exchange for imports

#### Domiciliation requirements

Yes. With the exception of border trade, all transactions relating to the import of goods, irrespective of the form of financing, require the prior filing of a model IB declaration for imports of goods with a commercial bank.

#### Preshipment inspection

Yes. Imports are subject to preshipment inspection. The amount, invoice price, and quality of imports must be verified and approved by the foreign agent of the Office of Congolese Control. Verification certificates are not required for imports of up to the f.o.b. equivalent of US$2,500 a shipment.

#### Letters of credit

Yes. Regulations on import payments follow generally accepted international payment methods.

#### Import licenses used as exchange licenses

No. An import declaration validated by a licensed bank constitutes authorization to import and/or make payments to a foreign supplier and does not limit the amount of the transaction.

#### Other

Yes. Written authorization from the relevant government department is required for certain goods, such as coins, commemorative coins, banknotes, weapons, and ammunition.

### Import licenses and other nontariff measures

#### Import licenses and other nontariff measures

Yes. All products are authorized, except certain goods that require the consent of the relevant government department.

#### Positive list

Yes. The following may be imported without an exchange document, provided they are not intended for resale: (1) commercial samples without value; (2) newspapers, periodicals, and magazines for personal use and by subscription; (3) baggage and personal articles; (4) goods for the resupply of oil platforms carried from abroad aboard aircraft, ships, and other domestic means of transport; and (5) articles whose total value, including freight and insurance, does not exceed US$2,500 a shipment (cargo splitting is prohibited).

#### Negative list

No.

#### Open general licenses

Yes. The following may be imported without an exchange document, provided they are not intended for resale: (1) commercial samples without value; (2) newspapers, periodicals, and magazines for personal use and by subscription; (3) baggage and personal articles; (4) goods for the resupply of oil platforms carried from abroad aboard aircraft, ships, and other domestic means of transport; and (5) articles whose total value, including freight and insurance, does not exceed US$2,500 a shipment (cargo splitting is prohibited).

#### Licenses with quotas

No.

#### Other nontariff measures

No.

### Import taxes and/or tariffs

#### Import taxes and/or tariffs

Yes. The tax and customs services determine and collect import taxes and duties.

#### Taxes collected through the exchange system

Yes. The BCC charges an exchange control fee of 0.02% on payments made abroad by the banks to cover import expenses and on imports for which no foreign currency is purchased.

### State import monopoly

#### State import monopoly

Yes. Military materials are subject to a state import monopoly.

### References to legal instruments and hyperlinks

#### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Exports and Export Proceeds

#### Repatriation requirements

Yes. With the exception of gold and diamonds produced by artisanal miners, for which the amount must be received at the bank no later than 20 days from the date of exit, export or reexport receipts from all other products of any nature must be repatriated no later than 60 calendar days from the date (1) the goods exit the national territory for a final destination or (2) the goods are shipped from an African country to a final destination. The exporter is required to transmit the transport document for shipped goods to the intervening bank for certification of the shipment date. In the case of exports on consignment, the export proceeds must be repatriated as soon as the merchandise has been sold and not later than the end of the validity period of the EB
declaration form. As the sales progress, the exporter is required to receive a consignment accounting statement along with the relevant payment when the exporter must repatriate the proceeds. For companies holding mineral rights, export receipts from mining products must be received in the primary foreign account within 45 calendar days of the date the goods exited the national territory, for an African country, and from shipment from an African country, unless the sales contract includes special provisions governing the payment period.

Mineral rights holders are authorized to keep 40% of export receipts in the primary account. Only mineral rights holders that have provided the bank references and regularly report activity in the primary account to the BCC may keep a portion of export or pre-financing receipts abroad. The 60% of export receipts required to be repatriated must be deposited to an account opened with the intervening bank within 15 days of the deposit of funds in the primary foreign account. The repatriated portion of export receipts must be used to cover domestic expenses payable to residents and may not be used to finance imports or any other international payment.

Accounts opened with the national banking system must also be credited with pre-financing and miscellaneous resources and obligations related to the firm’s operations.

Every mineral rights holder is required to transmit to the CB, no later than the 15th day of each month, a declaration indicating the previous month’s activity in its principal foreign account together with the corresponding bank statement.

The BCC reserves the right to verify the propriety of the transaction recorded in the primary foreign accounting of a mineral rights holder, after providing written notice to the account holder in advance. To that end, the mineral rights holder must be required to acknowledge receipt and provide the BCC with a notarized letter to its banker authorizing verification of the transactions in its primary account within 30 days of receipt of the BCC correspondence.

For petroleum production companies, export receipts from petroleum products must be received in the primary foreign account within 45 calendar days of the date the goods exited the national territory, for an African country, and of shipment from an African country, unless the sales contract includes special provisions governing the payment. Every petroleum exploration and production company must be required to transmit to the CB, no later than the 15th day of each month, a declaration indicating the previous month’s activity in its principal foreign account together with the corresponding bank statement.

The BCC reserves the right to verify the propriety of the transaction recorded in the primary foreign accounting of a petroleum exploration and production company, after providing written notice to the account holder in advance. To that end, the petroleum exploration and production company must be required to acknowledge receipt and provide the BCC with a notarized letter to its banker authorizing verification of the transactions in its primary account within 30 days of receipt of the CB.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Exporters are not required to surrender their export proceeds to banks or to the BCC. If they do surrender them, the terms, conditions, and arrangements must be agreed to by the bank and its customers.
<table>
<thead>
<tr>
<th>Financing requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Except for border trade, any export of goods, regardless of the mode of financing, requires the advance signature of a model EB declaration for exports with a licensed bank or any other representative designated by the BCC for that purpose. A model EB declaration may cover the export of goods of different tariff positions, provided the applicable commercial contract is concluded with a single customer and the goods have the same destination. If that condition is not met, a declaration must be signed for each customer and for each destination. A duly validated model EB declaration evidences the signatory’s intent to export, and in case of export, the intervening bank is required to receive the full value of the export within the time period defined in the regulations.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export regulations respect generally accepted international modes of payment.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>Yes.</td>
</tr>
<tr>
<td>These are required in the case of temporary exports of goods for rental, maintenance, custom work, etc.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports of goods require inspection certificates ascertaining quality, quantity, and price. EB declaration forms must be submitted with the following documents: lot ready for export report, quality certificate (coffee), appraisal certificate (precious materials), and certificate of origin (precious materials).</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>Written authorization from the relevant government department is required for certain goods, such as coins, commemorative coins, banknotes, weapons, and ammunition.</td>
<td></td>
</tr>
<tr>
<td>Export licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Export declarations are required for statistical purposes only.</td>
<td></td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>Yes.</td>
</tr>
<tr>
<td>The BCC imposes an exchange control fee of 0.02% on export proceeds surrendered to banks and on exports for which no foreign currency proceeds have been repatriated.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
</tr>
<tr>
<td>The tax and customs services collect export taxes and duties.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<p>| Controls on these transfers | Yes. |
| Payments from abroad for invisible transactions (services) and outward transfers in connection with primary or secondary income are permitted on submission of an exchange document, depending on the case, the IS declaration for services of any amount and the income and capital (RC) declaration for primary and secondary income for any amount equal to or exceeding US$10,000 or its equivalent in other currencies listed by the BCC. Funds sent in connection with primary and secondary income must come from transactions with a lawful economic origin. |
| Trade-related payments | Yes. |
| Prior approval | No. |
| Quantitative limits | No. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td>Presentation of regulatory documents is required.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td>The payment of a transfer in an amount equal to or greater than US$10,000 requires the submission of a standard “RC” declaration to a commercial bank for statistical purposes. Profits, dividends, interest, rental income, and other such income earned in the DRC must be transferred through licensed banks according to contractual provisions.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td>Residents and nonresidents entering or leaving the country may bring foreign banknotes and coins of an amount less than US$10,000 or the equivalent in other foreign currencies. Amounts in excess of this ceiling at the time of entering or leaving the national territory must be transferred via bank transfer.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td>Any payment of the amount of US$10,000 or more requires the filing of a model RC declaration.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No</td>
<td>Foreign workers’ income and wages earned in the DRC may be transferred through licensed banks.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes</td>
<td>There are various limits.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td>The daily limit depends on the type of card.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**
**Repatriation requirements**  
Yes. Payments to and from other countries for invisible transactions and current transfers are permitted with an IS or RC exchange document from a licensed bank (for statistical purposes). Payment of a current transfer of less than US$10,000 does not require an RC. Licensed banks must produce a statement of receipts in foreign currency. Licensed banks must complete a statement of receipts in foreign currency for proceeds from exports of services. Exporters must obtain payment from foreign buyers of services based on an export of services declaration and repatriate payments through a licensed bank. A stamped export of services from a licensed bank authorizes exportation of services on payment of the amount invoiced. The proceeds of exports of services must be repatriated no later than 30 calendar days from the date the services were rendered.

**Surrender requirements**  
No.

**Surrender to the central bank**  
No.

**Surrender to authorized dealers**  
No.

**Restrictions on use of funds**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**  
Yes. Inward and outward capital transactions are permitted on submission of an RC declaration form. The capital involved must represent the proceeds of lawful transactions.

**Repatriation requirements**  
Yes.

**Surrender requirements**  
Yes.

**Surrender to the central bank**  
No.

**Surrender to authorized dealers**  
No.

**Controls on capital and money market instruments**  
Yes. Individuals and legal entities must inform the BCC in writing of their intention to raise funds through any of the following activities: (1) exports for sale; (2) offers for sale; (3) offers for subscription; (4) offers for swap or purchase; and (5) swaps and issuance of (a) shares, securities, and founders’ shares, directly or indirectly representing partners’ rights in companies; (b) savings or capitalization bonds; (c) bonds and other securities, regardless of the identity of the borrower; (d) certificates or shares in joint investment funds; (e) other financial claims and similar financial instruments; and (f) any documentation evidencing such assets.

**On capital market securities**  
Yes.

**Shares or other securities of a participating nature**  
Yes. Mandatory submission of an RC declaration form to a commercial bank via the BCC’s platform for any amount equal to or greater than US$10,000 is required.

**Purchase locally by nonresidents**  
Yes. Mandatory submission of an RC declaration form to a commercial bank via the BCC’s platform for any amount equal to or greater than US$10,000 is required.

**Sale or issue locally by nonresidents**  
Yes. Mandatory submission of an RC declaration form to a commercial bank via the BCC’s platform for any amount equal to or greater than US$10,000 is required.

**Purchase abroad by residents**  
Yes. Mandatory submission of an RC declaration form to a commercial bank via the BCC’s platform for any amount equal to or greater than
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Allowed</th>
<th>Exchange Document Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
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</tr>
<tr>
<td>On money market instruments</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
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<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
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<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
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<tr>
<td>Purchase abroad by residents</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>Yes.</td>
<td>An exchange document is required for amounts of US$10,000 or more.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Provisions Specific to the Financial Sector**

- **Provisions specific to commercial banks and other credit institutions**: Yes.
- **Borrowing abroad**: Yes. Licensed banks are permitted to negotiate and obtain lines of credit.
Maintenance of accounts abroad | Yes. | Licenses are permitted to hold accounts with foreign correspondents.

Lending to nonresidents (financial or commercial credits) | Yes. | Financing may be provided in foreign currency. However, short-term loans to resident households must be contracted and paid in national currency.

Lending locally in foreign exchange | Yes. | The CB may not purchase foreign currency deposited in residents’ or nonresidents’ accounts at its own initiative.

Purchase of locally issued securities denominated in foreign exchange | Yes. | Banks are required to hold reserves in national currency on their foreign currency deposits. The reserve ratios are 12% for term deposits and 13% for demand deposits.

Differential treatment of deposit accounts in foreign exchange | Yes. | On the other hand, the ratios applied to demand and term deposits in national currency are 0.

Reserve requirements | Yes. | A liquidity ratio of 100% must be observed.

Interest rate controls | No. | The borrowing and lending rates charged by banks are liberalized.

Credit controls | No. | The treatment is the same as for residents.

Differential treatment of deposit accounts held by nonresidents | No. | Instruction No. 18 establishes the terms and conditions for licensing of banks and bank officers and their employment status.

Reserve requirements | No. | Authorization must be obtained from the BCC.

Liquid asset requirements | No. | Authorization must be obtained from the BCC.

Interest rate controls | No. | No.

Credit controls | No. | No.

Investment regulations | Yes. | No.

Abroad by banks | Yes. | No.

In banks by nonresidents | Yes. | Yes.

Open foreign exchange position limits | Yes. | The limits on the open foreign exchange positions of each bank are determined by the BCC. Banks must observe the following: (1) a maximum ratio of 5% between their long or short positions in each foreign currency and their capital and (2) a maximum ratio of 15% between their short positions in all foreign currencies and the capital.

On resident assets and liabilities | Yes. | The limits on the open foreign exchange positions of each bank are determined by the BCC. Banks must observe the following: (1) a maximum ratio of 5% between their long or short positions in each foreign currency and their capital and (2) a maximum ratio of 15% between their short positions in all foreign currencies and their capital.

On nonresident assets and liabilities | Yes. | No.

Provisions specific to institutional investors | No. | No.

Insurance companies | No. | No.

Limits (max.) on securities issued by | No. | No.
<table>
<thead>
<tr>
<th>Category</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
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<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Arrangement**

**Classification**

Crawl-like arrangement 06/07/2019

From June 2019, the exchange rate has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to crawl-like from stabilized.
**REPUBLIC OF CONGO (CONGO)**
*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 10, 1963.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 1, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
<th>No restrictions as reported in the latest IMF staff report as of December 31, 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
<td>For security reasons, the CEMAC member countries support UNSC Resolution No. 1373 to combat money laundering and terrorism financing (Regulation No. 01/03/CEMAC/UMAC/CM of April 4, 2003).</td>
</tr>
</tbody>
</table>

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
<th>The currency issued within the CEMAC, which is legal tender in the Republic of Congo and the other member countries, is the CFA franc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

### Classification

| No separate legal tender | |
|--------------------------| |
| Currency board | |

<table>
<thead>
<tr>
<th>Conventional peg</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Stabilized arrangement
Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**

Yes. The CFA franc is officially pegged to the euro, the intervention currency, at a fixed rate of CFAF 655.957 per euro. The exchange rate is fixed by Article 12 of the MCA of November 23, 1972, between the BEAC and France, which states that the par value may be modified following consultation among the signatory countries (BEAC members and France), taking into account the demands of the economic and financial situation of the member countries. Exchange transactions in euros between the BEAC and commercial banks are made at this rate. Buying and selling rates for certain other foreign currencies are also listed officially based on the fixed rate for the euro and the rates for these foreign currencies prevailing in the Paris foreign exchange market. The official rate is used for accounting and valuation.

**Monetary policy framework**

Exchange rate anchor

Yes.

*U.S. dollar*

*Euro*

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number

Point target
**Target with tolerance band**

**Band/Range**

**Target measure**

**CPI**

**Core inflation**

**Target horizon**

**Operating target (policy rate)**

**Policy rate**

**Target corridor band**

**Other**

**Accountability**

**Open letter**

**Parliamentary hearings**

**Other**

**Transparency**

**Publication of votes**

**Publication of minutes**

**Publication of inflation forecasts**

**Other monetary framework**

**Exchange tax**

Yes. Transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1%, excluding the turnover tax (VAT) and any other special tax. Licensed intermediaries may effect transfers with the rest of the world through the BEAC. Within the CEMAC, transfers of funds are subject to transfer fees determined freely by the market but not exceeding 0.25%, excluding the VAT and any other special tax.

**Exchange subsidy**

No.

**Foreign exchange market**

Yes.

**Spot exchange market**

Yes. Licensing of exchange bureaus is the responsibility of the MOFs of the CEMAC member countries. Their operations are limited to OTC transactions. Licensed intermediaries, who set their own exchange rates with their customers for currencies other than the euro, may freely conduct foreign exchange transactions with their customers. The BEAC’s OTC foreign exchange transactions are conducted exclusively with national public accountants and treasuries.

**Operated by the central bank**

Yes. The BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.

**Foreign exchange standing facility**

Yes. Within the limits of available stocks, the BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.
There are no restrictions on interbank foreign exchange transactions within the CEMAC. Exchange transactions are OTC transactions. The BEAC does not intervene in exchange transactions within the CEMAC. These transactions are freely conducted by operators licensed by the MOF with the approval of the Central African Banking Commission (COBAC).

Effective June 10, 2019, a fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks. This fee covers all charges on OTC transactions and the intermediation margin.

Foreign exchange transactions are conducted on an OTC basis. There is no forward foreign exchange market in the CEMAC. Licensed intermediaries may enter into forward exchange contracts up to a limit of CFAF 100 million on presentation of supporting documentation (invoices, debt repayment schedules, or other foreign-currency-denominated debt instruments) and must report such activities to the BEAC. For amounts over CFAF 100 million, requests for forward exchange contracts must be made to the BEAC so that their purpose may be verified.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Within the CEMAC, the CFA franc is used freely for payments and receipts relating to current and capital transactions and payments. Settlements with all countries other than CEMAC members must be made through correspondent banks in one of the currencies of the two parties or in any other currency agreed on by the two parties to the transaction.

The monetary unit is the CFA franc, which is the sole official currency and legal tender in all CEMAC member countries. Consequently, transactions among residents must be settled in domestic currency.
**Payments arrangements** Yes.

**Bilateral payments arrangements** No.

**Operative** No.

**Inoperative** No.

**Regional arrangements** Yes. An operations account links all the countries with the French Treasury. All purchases and sales of foreign currencies and euros in exchange for CFA francs are ultimately settled by a debit or credit to the operations account. Governments may maintain foreign currency deposits related to oil reserves at commercial banks and use them to meet their external debt service obligations. Exchange regulations in the CEMAC member countries are harmonized.

**Clearing agreements** No.

**Barter agreements and open accounts** Yes. In the Republic of Congo, under production-sharing and investment contracts, clearing accounts used to make import payments from export receipts are held abroad under the control of MOF and BEAC departments.

**Administration of control** Yes. Administration of the foreign exchange regulations is the responsibility of the MOFs of the CEMAC countries, which may delegate all or a portion of their authority to the BEAC, the COBAC, and licensed intermediaries. For example, authority is delegated to licensed intermediaries to carry out transactions with the rest of the world. They must verify the validity of transactions, collect statistics, and report these activities to the monetary authorities. However, certain types of transactions may not be delegated. The BEAC supervises the exchange regulations; evaluates foreign exchange hedging operations; reviews requests for approval of opening of foreign exchange accounts by some resident legal entities; and monitors the repatriation of export proceeds. The COBAC ensures that licensed intermediaries comply with certain provisions of these regulations, especially to prevent weakening of the CEMAC banking system.

**Payments arrears** No. Licensed intermediaries may freely execute their customers’ payment orders. The related transfers may, at their request, be made through the BEAC. In this context, the MCA with France serves to guarantee the convertibility of the CFA franc. No payment arrears are allowed on the grounds that insufficient foreign exchange is available.

**Official** No.

**Private** No.

**Controls on trade in gold (coins and/or bullion)** Yes.

- **On domestic ownership and/or trade** Yes. CEMAC residents are free to hold, purchase, and sell gold in any form within the CEMAC.

- **On external trade** Yes. Except in the case of manufactured articles containing small quantities of gold, CEMAC gold imports and exports are subject to approval by the appropriate authorities. The national treasuries and the BEAC are exempt from this requirement.

**Controls on exports and imports of banknotes** Yes. Residents and nonresidents traveling from one country to another within the CEMAC may take with them an unlimited amount of CEMAC banknotes and coins.

**On exports** Yes.

**Domestic currency** Yes. CFA francs issued by the BEAC may not be exported to countries.
outside the CEMAC. However, effective March 1, 2019, departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000). During their trips outside the CEMAC, travelers must use payment instruments other than BEAC banknotes (foreign currency, traveler’s checks, bank drafts, transfers, etc.).

**Foreign currency**

| Yes. | Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities. Nonresident travelers leaving the CEMAC may take with them foreign currency valued at up to the amount they declared on entering the CEMAC. If they made no declaration on entry or if they are carrying sums exceeding those they brought into the CEMAC, they must explain the source of the amount in excess of CFAF 1 million. Supporting documents include pay slips and work permits (wage income), student cards (parental assistance for students and trainees), and notarized instruments (donations), among others. |

On imports

| Yes. |

**Domestic currency**

| Yes. | CFA francs issued by the BEAC may not be imported from countries outside the CEMAC. However, effective March 1, 2019, arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000). |

**Foreign currency**

| No. | Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities. |

References to legal instruments and hyperlinks

| This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Resident Accounts

**Foreign exchange accounts permitted**

| Yes. |

Held domestically

| Yes. | Residents may not open foreign exchange accounts in local banks. However, the BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts. |

Approval required

| Yes. | The BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts. Effective March 1, 2019, the authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC. |

Held abroad

| Yes. | Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CAMAC/UMAC/CM effective March 1, 2019. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June [2019]. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law. |

Approval required

| Yes. | The BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. |

Accounts in domestic currency held

| Yes. | Effective March 1, 2019, accounts in domestic currency held abroad... |
### Republic of Congo

**Nonresident Accounts**

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Allowed</th>
<th>Approval Required</th>
<th>References to legal instruments and hyperlinks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts</td>
<td>Yes</td>
<td>No</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Allowed</th>
<th>References to legal instruments and hyperlinks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes</td>
<td>For import payments of less than CFA 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license. Payments of more than CFA 100 million must be settled through a licensed intermediary, which must check the supporting documents. Legally registered legal entities and declared or certified professionals may be exempt from the requirement to produce supporting documents, provided they submit an annual estimate of imports corroborated by a business forecast.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes</td>
<td>Imports valued at more than CFA 5 million must be domiciled with a resident licensed intermediary.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes</td>
<td>There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard. In the Republic of Congo, imports valued at CFA 3 million or more are subject to inspection by the trade inspection company.</td>
</tr>
</tbody>
</table>
Letters of credit

No. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Import licenses used as exchange licenses

No. Import licenses are not used in the CEMAC countries to restrict the availability of foreign exchange for legitimate trade. When such licenses exist, they are used for trade policy purposes.

Other

Yes. For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license (registration number, professional ID card, extract from the commercial registry, or tax clearance). Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents. Effective March 1, 2019, legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

Import licenses and other nontariff measures

Yes. In general, CEMAC countries no longer use quantitative restrictions as a means of protecting local production. Merchandise originating from all countries may be freely imported, with the exception of gold, to which special regulations apply. In the Republic of Congo, an import program is established each year for five separate zones: (1) CEMAC member countries, (2) France, (3) other operations accounts countries, (4) EU countries other than France, and (5) all other countries. Under this program, imports of nine products require licenses and all others are subject to ex post declaration.

Positive list

No.

Negative list

Yes. Imports of some products may be prohibited, restricted, or require national authorization for humanitarian, security, or health reasons.

Open general licenses

Yes. There is no system of OGLs at the CEMAC level. However, in the Republic of Congo, imports of cement, forest products, oil products, and some staples require a license. In addition, imports are subject to declaration.

Licenses with quotas

Yes. In the Republic of Congo, licenses with quotas apply to imports of cement, wheat flour, and sugar.

Other nontariff measures

Yes. In the Republic of Congo, imports of commercial goods must be insured through licensed insurance companies.

Import taxes and/or tariffs

Yes. The CEMAC CET applies to imports from non-CEMAC countries, at four rates: 5% for staple goods, 10% for raw materials and capital goods, 20% for intermediate goods, and 30% for consumer goods. The taxes are imposed by the national customs administration in CFA francs at the merchandise point of entry. In the Republic of Congo, a surcharge of 30% applies to imports of goods previously subject to quantitative restrictions. This surcharge is to be eliminated in three to six years, with the longer period applying to certain agricultural products and textiles.

Taxes collected through the exchange system

Yes. Licensed intermediaries are responsible for withholding all taxes and related fees established by law and surrendering them to the monetary authority.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Yes. Export-related transactions must be reported to the appropriate administrative authorities, and all those exceeding CFAF 5 million
must be domiciled at a licensed CEMAC bank. Effective March 1, 2019, export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Surrender requirements Yes.

**Surrender to the central bank** Yes. Effective March 1, 2019, export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

**Surrender to authorized dealers** No.

**Financing requirements** No. Economic agents and their partners abroad may enter freely into commercial contracts, which are executed through the banking system, subject to compliance with the exchange regulations. There are no financing requirements.

**Documentation requirements** Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank. Each domiciliation file must contain an export contract, a foreign exchange declaration under which the exporter agrees to repatriate all export earnings within a month of the payment due date, and a customs export certificate duly signed by a customs officer.

Letters of credit No. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Guarantees n.r.

Domiciliation Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank.

Preshipment inspection Yes. There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard. In the Republic of Congo, the Société Générale de Surveillance (SGS) and COTECNA handle preshipment inspections.

Other No.

Export licenses No.

Without quotas No.

With quotas No.

Export taxes Yes. Export taxes established by the budget laws are levied by the Customs Directorate or via licensed intermediaries.

Collected through the exchange system Yes. Licensed intermediaries are responsible for withholding all taxes and fees established in the law and surrendering them to the monetary authority.

Other export taxes Yes. In the Republic of Congo, export taxes of up to 13% apply to certain products.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

Controls on these transfers Yes.

Trade-related payments Yes. There are no exchange restrictions on service-related transactions. Payments for such transactions are subject to the same requirements.
### Trade-related payments

<table>
<thead>
<tr>
<th>Type</th>
<th>Approval Required</th>
<th>Limits</th>
<th>Test</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>Yes.</td>
<td>All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
<td>In the Republic of Congo, payments for depreciation of direct investments require authorization from the General Directorate of Money and Credit.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td></td>
<td></td>
<td>There are no restrictions on transfers of capital income outside the CEMAC in the form of profits, dividends, interest, royalties, etc., payable to nonresidents, provided the underlying transaction was authorized or is not subject to authorization. Supporting documents on the decision to distribute income (profits and dividends), the repayment schedule, and the debt security involved (loans contracted and granted) must be provided.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
<td>Indicative limits are established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Effective March 1, 2019, a single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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<td>Yes.</td>
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</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
<td>Transfers are unrestricted, on submission of supporting documentation.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>Yes.</td>
<td>Effective March 1, 2019, a single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.</td>
</tr>
</tbody>
</table>
applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Foreign workers’ wages  Yes.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes. There are no restrictions on transfers by residents and nonresidents of income from wages, subject to a declaration for statistical purposes. On presentation of a pay slip, resident foreign wage earners may transfer a portion of their net remuneration.

Credit card use abroad  Yes.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes. The use of credit cards is considered equivalent to a transfer and is not subject to specific regulations in the context of invisible transactions and current transfers. Residents may use credit cards within the CEMAC and abroad.

Other payments  Yes. These are treated the same as trade-related payments.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  Yes. Effective March 1, 2019, amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements  Yes.

Surrender to the central bank  Yes. Effective March 1, 2019, amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Surrender to authorized dealers  No.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes. The exchange regulations, including the section on capital flows within the CEMAC, do not apply to transactions between CEMAC.
member countries.
There are no restrictions on most capital flows between CEMAC and non-CEMAC countries, provided they comply with the laws and regulations prohibiting drug financing and trafficking. Certain loans, direct investments, and the issuance, advertisement, and sale of foreign securities within the CEMAC are subject to administrative controls and require approval from the appropriate authorities. Controls on these transactions are applied indiscriminately to countries in the CFA franc area, other than CEMAC member countries, and all non-CFA franc area countries.

Moreover, Article 61 of the General Regulations of the Central African Financial Market Supervisory Commission (COSUMAF), which went into effect January 15, 2009, specifies that “when a nonresident legal entity plans a public offering on the Central African regional financial market, it must prepare a disclosure document and submit it to COSUMAF for approval prior to dissemination. The prior approval of the exchange control authority in the various countries concerned must also be obtained.” The article also states that “the issuer must appoint a correspondent (securities dealer) established in a CEMAC member state, where it elects domicile. This correspondent must be responsible for: (1) receiving correspondence from COSUMAF and (2) forwarding to COSUMAF all documents and information required under the laws and regulations or requested by COSUMAF.”

Repatiation requirements
Yes.
In the context of the centralization of foreign exchange reserves, effective March 1, 2019, foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

Surrender requirements
Yes.
Surrender to the central bank
Yes. Effective March 1, 2019, amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
Yes.
On capital market securities
Yes. The issuance, advertisement, and sale of foreign securities (shares and bonds issued by foreign enterprises) whose value exceeds CFAF 10 million are subject to MOF approval. Under CEMAC exchange regulations, transactions in capital market securities are treated in the same way as simple borrowing and lending operations, as opposed to direct investments, when the shares or equity held by the individual or legal entity represent less than 10% of the enterprise’s total equity. Borrowing and lending are not regulated by type of instrument or maturity.

Shares or other securities of a participating nature
Yes.
Purchase locally by nonresidents
Yes. Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

Sale or issue locally by nonresidents
Yes. Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10
<table>
<thead>
<tr>
<th>Activity</th>
<th>Approval Required</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
<td>Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. Effective March 1, 2019, prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.</td>
</tr>
<tr>
<td><strong>Bonds or other debt securities</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td>Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>Banks may verify and make payment for purchases of securities by residents. Effective March 1, 2019, transactions must be declared 30 days before when the transaction is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
<td>Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td>Effective March 1, 2019, the issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.</td>
</tr>
</tbody>
</table>
| **Purchase abroad by residents**             | Yes.              | Banks may verify and make payment abroad for purchases of money market instruments by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is
Sale or issue abroad by residents: Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

On collective investment securities: Yes. The regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.

Purchase locally by nonresidents: Yes. Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.

Sale or issue locally by nonresidents: Yes. Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.

Purchase abroad by residents: Yes. Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Sale or issue abroad by residents: Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Controls on credit operations: Yes. There are no specific regulations on borrowing and lending by instrument type or by maturity.

Controls on derivatives and other instruments: n.r. These instruments are not regulated.

Purchase locally by nonresidents: n.r. There is no derivatives market in the CEMAC.

Sale or issue locally by nonresidents: n.r. There is no derivatives market in the CEMAC.

Purchase abroad by residents: No. Licensed banks are free to deal in derivatives, subject to compliance with the prudential rules issued by the Banking Commission, which is responsible for supervision of the banking system.

Sale or issue abroad by residents: n.r. There is no derivatives market in the CEMAC.

Commercial credits: Yes. Borrowing directly related to the financing of commercial transactions and borrowing and lending contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each
transaction.

By residents to nonresidents  Yes.  Banks may verify and then execute commercial credits granted to nonresidents, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case such credits must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

To residents from nonresidents  No.  Only banks are authorized to verify and then execute commercial credits received by residents, which they must declare to the appropriate MOF and BEAC departments within 30 days of each transaction.

Financial credits  Yes.  Loans contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Banks may verify and execute borrowing and lending transactions for their customers, as well as their repayment, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case they must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

By residents to nonresidents  Yes.

To residents from nonresidents  Yes.

Guarantees, sureties, and financial backup facilities  n.r.

By residents to nonresidents  n.r.

To residents from nonresidents  n.r.

Controls on direct investment  Yes.

Outward direct investment  Yes.  Effective March 1, 2019, outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance. Only licensed banks may verify and execute such transactions. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Inward direct investment  Yes.  Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment
Controls on liquidation of direct investment: Yes. The total or partial liquidation of CEMAC countries’ outward (and inward) direct investment in amounts exceeding CFAF 100 million must be reported to the MOF 30 days before execution.

Controls on real estate transactions: Yes. This category of transaction is not subject to specific regulations. It is implicitly subject to the same regulations as FDI.

**Purchase abroad by residents:** Yes. Outward direct investment by CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Purchase locally by nonresidents:** Yes. Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Sale locally by nonresidents:** n.r.

**Controls on personal capital transactions:** Yes.

**Loans:** Yes.

- **By residents to nonresidents:** Yes. Residents may grant loans to nonresidents, as long as the total outstanding amount does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

- **To residents from nonresidents:** Yes. Residents may contract loans from nonresidents, provided a single borrower’s total outstanding debt does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

**Gifts, endowments, inheritances, and legacies:** Yes. Receipts from abroad related to gifts must be reported to the appropriate administrative authorities, and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

- **By residents to nonresidents:** n.r.

- **To residents from nonresidents:** Yes. Receipts from abroad related to gifts must be reported to the appropriate administrative authorities, and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

**Settlement of debts abroad by immigrants:** Yes. Residents’ settlement of debts abroad of up to CFAF 100 million must be reported to the MOF and the BEAC departments within 30
days of the transaction. Transactions exceeding CFA 100 million are subject to MOF approval.

Transfer of assets  n.r.
Transfer abroad by emigrants  n.r.
Transfer into the country by immigrants  n.r.
Transfer of gambling and prize earnings  n.r.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Banks’ capital transactions must be reported after their execution.</td>
<td></td>
</tr>
<tr>
<td>The business and accounting regulations applicable in the banking sector are based on the application of the COBAC regulations and instructions.</td>
<td></td>
</tr>
<tr>
<td><strong>Borrowing abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Borrowing by resident licensed banks from nonresidents and repayment of such loans are not subject to prior approval, but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.</td>
<td></td>
</tr>
<tr>
<td><strong>Maintenance of accounts abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Licensed banks may, without prior approval, open accounts with their correspondent banks abroad for their business purposes. Such accounts are monitored by the COBAC in the context of its supervision of the banking system.</td>
<td></td>
</tr>
<tr>
<td><strong>Lending to nonresidents (financial or commercial credits)</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Lending by resident licensed banks to nonresidents and repayment of such loans are not subject to approval but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.</td>
<td></td>
</tr>
<tr>
<td><strong>Lending locally in foreign exchange</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transactions between residents must be effected in domestic currency. Residents may purchase foreign currency for the settlement of their transactions with nonresidents. Securities issued within the CEMAC are denominated in domestic currency.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase of locally issued securities denominated in foreign exchange</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Securities issued within the CEMAC are denominated in domestic currency.</td>
<td></td>
</tr>
<tr>
<td><strong>Differential treatment of deposit accounts in foreign exchange</strong></td>
<td>No.</td>
</tr>
<tr>
<td>The books of licensed banks are maintained in CFA francs. No specific requirements apply to foreign currency deposit accounts.</td>
<td></td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Differential treatment of deposit accounts held by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>No specific requirements apply to these accounts. Investment operations of licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days.</td>
<td></td>
</tr>
</tbody>
</table>
days of each transaction. Moreover, these transactions must be executed in compliance with the COBAC prudential rules. Investment operations of licensed banks are unrestricted and must be reported to the appropriate Ministry of Economy, Finance and Budget (MEFB) and BEAC departments within 30 days of each transaction. Moreover, these transactions must be executed in compliance with the COBAC prudential rules.

Abroad by banks

In banks by nonresidents

Open foreign exchange position limits

On resident assets and liabilities

On nonresident assets and liabilities

Provisions specific to institutional investors

Insurance companies

In the exchange regulations, the applicable provisions are the same as those for borrowing and lending by the private sector. Insurance companies’ capital transactions must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for the insurance sector are based on the Code of the Inter-African Conference on Insurance Markets (CIMA Code) of the CFA franc area member countries.

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Pension funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Investment firms and collective investment funds

The capital transactions of investment firms and collective investment funds must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for this sector are based on the regulations and instructions of the COSUMAF.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market
Spot exchange market
  Interbank market 06/10/2019 A fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks.

Arrangements for Payments and Receipts

Controls on exports and imports of banknotes
On exports
  Domestic currency 03/01/2019 Departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000).
  Foreign currency 03/01/2019 Resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

On imports
  Domestic currency 03/01/2019 Arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).
  Foreign currency 03/01/2019 Resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, and instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

Resident Accounts

Foreign exchange accounts permitted
  Held domestically
    Approval required 03/01/2019 The authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.
  Held abroad 03/01/2019 Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

  Accounts in domestic currency held abroad 03/01/2019 Accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

Imports and Import Payments
for release of foreign exchange for imports
Other

03/01/2019

Legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

Exports and Export Proceeds

Repatriation requirements

03/01/2019

Export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Surrender requirements

03/01/2019

Export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Payments for travel

03/01/2019

A single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission).

Personal payments

03/01/2019

A single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission).

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

03/01/2019

Amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements

03/01/2019

Amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Capital Transactions

Controls on capital transactions

Repatriation requirements

03/01/2019

Foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

Surrender requirements

03/01/2019

Amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

Controls on capital and money market instruments

On capital market securities

03/01/2019

Transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the
Sale or issue locally by nonresidents 03/01/2019  The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

Purchase abroad by residents 03/01/2019  Transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

Sale or issue abroad by residents 03/01/2019  Prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

Bonds or other debt securities

Sale or issue locally by nonresidents 03/01/2019  The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

Purchase abroad by residents 03/01/2019  Transactions must be declared 30 days before the transaction when the amount is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF approval.

On money market instruments

Purchase locally by nonresidents 03/01/2019  Transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

Sale or issue locally by nonresidents 03/01/2019  The issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

Purchase abroad by residents 03/01/2019  Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval.

Sale or issue abroad by residents 03/01/2019  Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

On collective investment securities

Sale or issue locally by nonresidents 03/01/2019  The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

Purchase abroad by residents 03/01/2019  Transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval.

Controls on direct investment
Outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance.
### COSTA RICA

*(Position as of August 31, 2020)*

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: February 1, 1965.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

#### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary</td>
</tr>
<tr>
<td>Dual</td>
</tr>
<tr>
<td>Multiple</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>No separate legal tender</td>
</tr>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
<tr>
<td>Stabilized arrangement</td>
</tr>
<tr>
<td>Crawling peg</td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
</tr>
</tbody>
</table>

The de jure exchange rate arrangement is managed floating, on February 2, 2015, under Article 5 of the legal act adopted during session 5677-2015 of the Board of Directors of the BCCR held January 30, 2015. Under this arrangement: (1) the BCCR allows the exchange rate to be freely determined by foreign currency supply and demand, but it may participate in the market to meet its own foreign

*References to legal instruments and hyperlinks*  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
currency requirements and those of the nonbank public sector (NBPS) and, at its discretion, to prevent drastic fluctuations in the exchange rate, in such a way that these actions will not interrupt the trend determined by the macroeconomic variables of that price (sterilization interventions); (2) the BCCR may carry out direct operations or use foreign currency trading instruments that it deems appropriate, in accordance with current regulations.

Contrary to what was observed in the second half of 2018, there were no stress events in the exchange market in the first half of 2019. During this period, foreign exchange dealers’ operations with the public (“windows”) posted a cumulative surplus of US$812 million that, while lower than that which was posted at the same time the year before (US$928 million), enabled the CB to meet the SPNB foreign exchange requirements and partially replenish the currency sold to that end in previous periods. That surplus was particularly high for the second quarter (higher than that recorded during the same period in previous years), enabling authorized foreign exchange dealers to increase their foreign exchange position (FXP) by US$180.2 million in the second quarter and US$256 million in the first half of the year.

The increased availability of foreign currency was reflected in greater exchange rate stability (in relation to the second half of 2018), tending downward. The average exchange rate in the foreign currency market (MONEX) exhibited a cumulative change of −6.48% and a year-on-year change of 0.33% at July 31, while for the same period in 2018, these benchmarks were −1.07% and −0.35%, respectively.

The surplus from operations carried out by foreign exchange dealers with the public totaled US$2,158.1 million (concentrated in the second part of the year, particularly in the final two months), a figure that far exceeds not just the 2018 result, but the 2015–2018 average as well.

The increased availability of foreign currency was reflected in a downward trend in the exchange rate in MONEX. By the end of the year, this indicator posted a cumulative change of −6.0%, which brought the exchange rate back to the levels observed before the strong depreciation of the colón between September and November 2018. Therefore, a comparison of the exchange rate at end-2019 with that at end-2017 or end-June 2018 reveals a slight depreciation of the colón.

In 2019, the BCCR conducted US$75.9 million in sales for stabilization in the foreign exchange market (compared to US$452.8 million in 2018). Between January 2 and July 31, 2020, the surplus from “window” foreign exchange operations was US$1,036.6 million, which enabled the BCCR to buy dollars in the market to replenish the US$1,408.4 million in foreign currency sold to the NBPS.

During this period, only sales for stabilization were carried out, amounting to US$6.8 million, and the exchange rate posted a year-on-year change of 3.4%.

As of April 2020, forces have been acting on the depreciation of the colón, consistent with the seasonality of the foreign exchange market, in connection with the health measures to contain the spread...
of COVID-19, which resulted in reduced income from goods and services exports (especially tourism) and lower direct investment flows in Q2.

However, monetary aggregates show no financial pressures on this smaller surplus, and movements in the FXP of foreign exchange dealers partly mitigated this effect of “window” operations.

From February 2019 to August 2019, the exchange rate followed an appreciating trend within a 2% band against the US dollar; then, the colon changed direction and has followed a depreciating trend also within a 2% band against the US dollar since August 2019, with one realignment in December 2019. Therefore, the de facto exchange rate arrangement was reclassified to “crawl-like” from “floating,” effective February 11, 2019.

The BCCR publishes its intervention data on a daily basis right after the MONEX trading session closes.

<table>
<thead>
<tr>
<th>Pegged exchange rate within horizontal bands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other managed arrangement</td>
</tr>
<tr>
<td>Floating</td>
</tr>
<tr>
<td>Free floating</td>
</tr>
</tbody>
</table>

**Official exchange rate**  Yes.  Costa Rica does not have an official exchange rate; however, for the liquidation of instruments, contracts, and obligations denominated in foreign currency, Article 48 of the Organic Law of the BCCR provides that, at the debtor’s option, the latter may be paid in colones at an amount equivalent to the actual market value.

The actual market value is determined by using the buying and selling benchmark exchange rate, which is calculated daily by the BCCR pursuant to Article 9 of the Regulation on Spot Exchange Operations (ROCC). Benchmark exchange rates will be used, as applicable, for all purposes set forth by the various laws, regulations, rules, and general provisions.

The buying and selling benchmark exchange rates for each day will be calculated by the BCCR based on online information submitted to the CB by each entity authorized to participate in the foreign exchange market.

The benchmark exchange rates are calculated as follows pursuant to Article 9 of the ROCC: The benchmark exchange rates (buying and selling) for day \( t \) are the average (weighted by amount) of the exchange rates of the foreign currency (buying and selling) transactions between foreign exchange dealers and the public on day \( t_1 \), during the period defined by agreement of the Board of Directors of the BCCR.

The exchange rate is a reference for the market; its use is not mandatory.

**Monetary policy framework**

*Exchange rate anchor*

- *U.S. dollar*
- *Euro*
The Board of Directors of the BCCR, under Article 5 of the legal act adopted, during session 5813-2018 of January 31, 2018, an inflation-targeting framework.

In the context of the 2020–2021 Macroeconomic Program, and its July 2020 revision, the BCCR upheld the institutional commitment to the domestic stability of the colón embodied in an inflation target of 3%, with a tolerance range of ±1 percentage point (pp).

The long-term inflation target is 3%, with a tolerance band of ±1 pp.

It is measured as the year-on-year change.

It is approximated as the simple average of the year-on-year change in the fixed exclusion indicators for volatility (IEV), truncated mean (IMT), reweighting for volatility (IRV), reweighting for persistence (IRP), and fixed exclusion of agricultural products and fuels (IEF).

It is biannual, associated with macroeconomic programming with a benchmark value of 3% (long-term inflation of key trading partners).

The policy rate is defined as the BCCR target interest rate used as a benchmark to bring the cost of overnight operations in the integrated liquidity market within a band consisting of interest rates for its standing deposit and credit facilities. It is determined by the Board of Directors of BCCR.

As at December 31, 2019, the rate was 2.75%.

As of June 18, 2020, this rate is 0.75%.

At the beginning of March, when the first case of COVID-19 was
detected in Costa Rica, the CB reduced its policy rate by 150 basis points, bringing it down to its all-time low of 0.75%. This enabled a significant reduction in average borrowing and lending interest rates. This not only improves the conditions for new credit, but also provides some relief to debtors with variable rate loans.

Target corridor band
Yes.
This band is determined by the Board of Directors. The upper value of the band is the standing credit facility interest rate and the lower value the standing deposit facility interest rate. As of June 18, 2020, the standing deposit facility interest rate was 0.01% and the standing credit facility interest rate, 1.5%.

Other
No.

Accountability
Yes.

Open letter
No.

Parliamentary hearings
Yes.
Under Article 29 of the Organic Law of the Central Bank of Costa Rica (LOBCCR), the CB’s president is required to submit a report in March of every year and appear before the Legislative Assembly. The document includes an outline of the main policy measures adopted by the CB the year before, the outcomes of their implementation, and the challenges the CB faced in the year during which it submits the report.

Other
No.

Transparency
Yes.

Publication of votes
No.

Publication of minutes
No.

Publication of inflation forecasts
Yes.
Presents a fan chart for the forecast horizon in macroeconomic programs and in the monetary policy report. Recent references are included.

Other monetary framework

Exchange tax
Yes.
In accordance with Article 97 of the LOBCCR and Article 5 of the ROCC, foreign exchange dealers are charged a participation fee equivalent to 25% of the foreign exchange dealing spread on all their foreign exchange operations.

Exchange subsidy
No.

Foreign exchange market
Yes.
Article 2 of the ROCC authorizes the BCCR, financial institutions supervised by the General Superintendency of Financial Entities (SUGEF), stock brokers, and exchange houses to participate in the exchange market on their own account and at their own risk. Foreign exchange dealers may set the buying and selling exchange rate for their operations with the public, and as a result, the effective foreign exchange margin is determined by the operations they carry out in the market.

Spot exchange market
Yes.
For the purchase and sale of currencies, the foreign exchange market has: platforms for the trading of foreign exchange by dealers with the general public (including both physical and electronic “windows,” automated teller machines (ATMs), and Internet banking), the MONEX, and operations between foreign exchange dealers outside MONEX.
MONEX is a foreign exchange market organized and operated through an electronic platform of the BCCR. Participants in the market include foreign exchange dealers, the BCCR, and nondealers (individuals and legal entities).
Outside MONEX, foreign exchange dealers may engage in foreign exchange transactions among themselves by means of transfers. As of December 31, 2020, foreign exchange dealers authorized to engage in foreign exchange operations with the public (pursuant to Article 2 of the ROCC) consisted of 14 commercial banks, 2 exchange bureaus, 7 credit and savings unions, 4 financial enterprises, 2 mutual savings and loan associations, and 5 brokerage firms.

For exchange houses, Chapter VI of the ROCC (Article 15) states that: “Exchange houses may make spot foreign exchange purchases and sales in notes, bank drafts, checks, transfers to and from other countries, and other payment instruments, on their own behalf and at their own risk.” Currently, their only operations in Costa Rica are foreign exchange swaps.

According to the foreign currency management strategy for the NBPS, the BCCR has the ability to: (1) directly meet the net daily foreign currency requirements by drawing on the sale of its international reserves and (2) replenish the foreign currency used to meet the net requirements of the NBPS through participation in MONEX on the basis of the prevailing conditions in the foreign exchange market.

Currently, the CB does not have a foreign exchange allocation mechanism; there is no foreign exchange auction or any exchange rate fixing mechanism.

The BCCR operates in the foreign exchange market as any market participant, in response to three reasons:
(1) Purchasing foreign exchange either to increase reserves it has previously sold to the SPNB or for future demands.
(2) Stabilization operations and own operations, associated with financial shielding.

Pursuant to Article 2 of the ROCC, the Board of Directors of the BCCR is the body entrusted with authorizing entities to act as intermediaries in the foreign exchange market. Financial intermediaries supervised by the SUGEF are authorized to carry out foreign exchange intermediation operations and, by extension, to participate in MONEX.

Foreign exchange dealers may set the buying and selling exchange rate for their operations with the public, and as a result, the effective foreign exchange margin is determined by the market. The BCCR does not establish limits on fees for foreign exchange dealing charged by foreign exchange dealers, or on the effective margin.

As of December 31, 2020, foreign exchange dealers authorized to engage in foreign exchange operations with the public (pursuant to Article 2 of the ROCC) consisted of 14 commercial banks, 2 exchange bureaus, 7 credit and savings unions, 4 financial enterprises, 2 mutual savings and loan associations, and 5 brokerage firms.
firms.

In MONEX, foreign exchange dealers may freely publish the exchange rates at which they buy and sell dollars. Exchange dealers must pay a fee of 0.02% on the amount traded.

The BCCR trades in foreign currency in MONEX directly like any other participant, but does not do so in the form of market makers. It does so to prevent undue fluctuations in the exchange rate and to meet its own needs (Article 87 of the Organic Law of the BCCR) as well as to meet the foreign currency requirements of the NBPS (Article 89 of the Organic Law of the BCCR).

Over the counter: Yes. In addition to MONEX, foreign exchange dealers may engage in foreign exchange transactions among themselves (outside of MONEX) by means of transfers.

Brokerage: No.

Market making: No. Foreign exchange dealers may offer buying and selling rates to other participants in the MONEX. The role of market makers is not taken into consideration in the Costa Rican exchange regulations.

Forward exchange market: Yes. The regulations governing foreign exchange derivatives make it possible to engage in hedging transactions by means of forwards, futures, and swaps. As of December 31, 2019, five banking entities undertake operations with foreign exchange derivatives. The derivative instruments used are delivery forwards and financial forwards, in addition to “contracts for difference.” The settlement periods for such operations are in the range of 2 to 180 days at present (the Regulation governing Operations in Foreign Exchange Derivatives permits a maximum on one year). The BCCR does not participate in the foreign exchange derivatives market; however, to ensure compliance with the limit established for the daily change in the foreign currency position of foreign exchange dealers, it receives information from these institutions regarding their foreign exchange derivative transactions.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** No. Pursuant to Law No. 7558, Article 42, the colón is the national currency and legal tender. Pursuant to Article 48 of the same law, acts, contracts, and obligations in foreign currency are valid, effective, and executable but may be paid, at the debtor’s election, in colones, based on the actual exchange value of the currency in question on the date of payment. There are no international treaties or conventions that limit or restrict the use of domestic or foreign currency in making or receiving payments.

The National Electronic Payments System (SINPE) was created on the basis of Law No. 7558 of the BCCR to offer a secure and efficient payment system. Services for administering and managing funds and securities were implemented on the platform. Funds are moved to customers through collection services, such as direct debits and real-time debits, and through payment services, such as
Immediate transfers, direct credits, and SINPE Mobile. Services are offered through the SINPE platform via financial entities, which offer them to their customers, in accordance with the rules and standards established by the BCCR.

Transactions exceeding US$10,000 (or the equivalent in domestic currency) must be reported pursuant to Law No. 8204 for the purpose of monitoring drug trafficking, related activities, money laundering, terrorism financing, and organized crime.

<table>
<thead>
<tr>
<th>Controls on the use of domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
</tbody>
</table>

The Treaty on Payments and Securities Settlement Systems in Central America and the Dominican Republic, Law No. 8876, was approved November 1, 2010, and published in the official gazette, La Gaceta No. 8 of January 12, 2011. This treaty aims to promote legal certainty, the development and strengthening of payments and securities settlement systems of systemic importance in Central America and the Dominican Republic, and stronger CB control over payment systems.

In addition, the new version of the Payments System Regulation, in effect since May 14, 2018, makes it possible to include regional partners, which will enable them to access funds mobilization services for third parties using the same SINPE platform.

Outward payments (PEX): The SINPE service was used to establish an interconnection with the payments system for Central America and the Dominican Republic (SIP) to offer customers the possibility of sending and receiving funds within the region.

The exchange market regulations are the responsibility of the BCCR. The SUGEFS is responsible for supervising foreign exchange bureaus and financial intermediaries authorized to participate as foreign exchange brokers. The General Superintendency of Securities (SUGEVAL) supervises brokerage firms acting as foreign exchange brokers.
<table>
<thead>
<tr>
<th>Private</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are controls only on the gold trade for national archeological treasures.

The country has controls regarding the ownership of the so-called archaeological assets made of gold.

The National Archaeological Heritage Law No.6703, Article 1, establishes that furniture or real estate produced by indigenous cultures previous or contemporary to the establishment of the Hispanic culture in national territory, among which figures, coins, and gold tokens may be considered as national archaeological heritage.

According to Law 7 of 1938 and 6703 of 1982, the only possessor of archaeological objects is the State. However, individuals who already had this type of objects were given the possibility to become custodians, by registering in the Heritage Registry Archaeological of the National Museum.

Regarding the commercialization of gold within the country, Article 15 bis, of Law No. 7786, states that individuals or legal entities whose activity consists of being merchants of metals and precious stones must (1) register with the SUGEF, (2) be subject to supervision by the Suget regarding prevention of money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction, and (3) be subject to the prudential regulations established by the National Financial System Supervision Council, as well as to the sanctioning regime established in Article 81 of the aforementioned law.

On external trade | Yes. |

The Mining Code 6797 of October 4, 1982, and Executive Decree No. 29300-Minae of February 8, 2001, provide the procedures for the extraction and export of metals. This activity requires authorization from the Directorate of Geology and Mines, which issues the technical export note required for its commercialization abroad.

Additionally, the Ministry of Foreign Trade and the Foreign Trade Promoter created by Law No. 7638 of October 30, 1996, dictates policies and establishes and coordinates plans, strategies, and official programs related to procedures for exports.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Resident Accounts**

| Foreign exchange accounts permitted | Yes. |
| Held domestically | Yes. | There are no quantitative limits on transfers abroad from foreign currency accounts owned by residents. However, each financial institution is responsible for compliance with the Law on Narcotics, Psychotropic Substances, Unauthorized Drugs, Related Activities, Money Laundering, and the Financing of Terrorism (Law No. 8204), of the General Regulations Governing the Law on Drug Trafficking, Related Activities, Money Laundering, Terrorism Financing, and Organized Crime, and with SUGEF Agreement 1210, Implementing Regulations for Law No. 8204. SINPE has controls on the movement of funds; both the origin and destination of the funds must be identified for each transaction in the system. A service was designed to help compliance officers access transactions processed through SINPE by identification number. |
| Approval required | No. |
| Held abroad | Yes. | The management and transfer of funds from such accounts are subject to the law of the land and to the regulations of the entity in which they are opened. A service was designed in SINPE for requesting and moving funds to and from abroad through an automatic interface between SINPE and SWIFT. |
| Approval required | No. |
| Accounts in domestic currency held abroad | Yes. | Resident agents may freely hold accounts in colones in nonresident financial institutions. |
| Accounts in domestic currency convertible into foreign currency | Yes. | Domestically, financial institutions may convert collections or payments received. However, this is not a regulation imposed by the BCCR, and it is an added benefit. When payment is received from a source in a particular currency, it may be converted to an open currency of the recipient. If the institution does not offer this service, the transaction is returned to the originator. |
| References to legal instruments and hyperlinks |  |
| Nonresident Accounts | |
| Foreign exchange accounts permitted | Yes. | |
| Approval required | Yes. | A valid identity document is required. Foreign nonresident individuals located in the national territory may only use a valid passport and up-to-date authorization to be in the country. Foreign persons are not authorized to open any financial services or products unless they meet all the required immigration requirements authorizing their regular stay in the country. Financial institutions may limit the type or quantity of services they provide taking into account customer risk classifications. |
| Domestic currency accounts | Yes. | |
| Convertible into foreign currency | Yes. | Each financial institution is responsible for compliance with the Law on Narcotics, Psychotropic Substances, Unauthorized Drugs, Related Activities, Money Laundering, and the Financing of Terrorism (Law No. 8204 of the General Regulations Governing the Law on Drug Trafficking, Related Activities, Money Laundering, the Financing of Terrorism, and Organized Crime and SUGEF Agreement 12-10 Implementing Regulations for Law No. 8204). |
| Approval required | No. | |
| Blocked accounts | No. | |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |
The Information Technology Customs Control system (TICA system) of the Directorate General of Customs specifies, for each import product, the requirements (technical notes) established by the Ministries of Health, Agriculture and Livestock, Public Security, and Environment, Energy, and Technology, and the National Seeds Office, among others. These permits are required for both the importation and transit of goods.

There is a list of prohibited imports (including, among other things, ozone-depleting substances, used tires, and weapons of war).

There are import quotas for dairy and poultry products (WTO); pork, refined sugar (Canada); chicken thighs, dairy products, potatoes, onions, hulled or unhulled rice (United States); pork, sausages, palm oil, tomato sauce (Panama); pork, black beans (China); beef (Peru); bacon and ham, cheese, powdered milk, prepared pork (EU); fish food (Colombia).

The Ministry of Agriculture and Livestock may impose nontariff measures of a phytosanitary nature, and the Ministry of Economy, Industry and Trade establishes technical regulations.

There is no uniform rate; customs tariffs on most goods vary: up to 15% in the manufacturing sector and up to 151% for certain agricultural products. The following taxes are also levied on imports: (1) Effective July 1, 2019, a VAT of between 1% and 13% was applied to a list of goods and services, from which certain essential items are exempt (previously, there was a 13% tax on sales), and (2) selective consumption taxes at rates ranging from 0% to 95%.

Trade defense measures: a 3.67% antidumping duty is applied to imports of refined sugar from Brazil. This measure will take effect until February 2022.
Effective August 19, 2020, an additional tariff was implemented for a safeguard measure on imports of refined sugar (tariff paragraph 170199.00.00) of 27.68%. This measure will be in effect for 3 years.

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>State import monopoly</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of fuel are handled by the Costa Rican Petroleum Refinery (RECOPE).</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>There is no surrender requirement. However, in Section V Temporary Instruments of the LOBCCR, Article 83 states that “when, in the opinion of the Board of Directors of the BCCR, there is a balance of payments disequilibrium which cannot be dealt with using the instruments specified in this Law, the Board of Directors may establish that any individual or legal entity that has obtained foreign exchange proceeds from exports of goods and services, must sell all or part of such foreign exchange to institutions authorized to operate on that market, within such periods of time as the Board may specify. This measure may not be established for a period of longer than 1 year.”</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Section V of the Organic Law of the Central Bank (Articles 77 through 84) addresses the use of temporary policy instruments and the conditions governing their use. In particular, Article 83 indicates that, in the event that the Board of Directors of the BCCR determines that there is an imbalance in the balance of payments that cannot be redressed using the instruments designated by law, it may, as a temporary measure, oblige any individual or legal entity to sell, in part or in full, the foreign currency it has obtained through exports of goods and services. This measure may be enforced for a maximum period of one year. Because the LOBCCR was enacted in 1995, the temporary instrument established under Article 83 has not been used by the BCCR.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>An export declaration must be filed with the Foreign Trade Promotion Agency (PROCOMER).</td>
<td></td>
</tr>
</tbody>
</table>

**Export licenses**

| Without quotas | Yes. |
| The TICA system at the General Directorate of Customs specifies for each export product the requirements (technical notes) established by the Ministries of Health, Agriculture and Livestock, Public Security, the Ministry of Environment, Energy, and Technology, and the |
With quotas
No.

Export taxes
Yes.

Collected through the exchange system
No.

Other export taxes
Yes.

Taxes are levied on bananas, coffee, and cattle. There are no taxes on exports of nontraditional products to countries outside Central America.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
No.

Trade-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Investment-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Payments for travel
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Personal payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Foreign workers' wages
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Credit card use abroad
No.

Prior approval
No.

Quantitative limits
No.
### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are laws to prevent money laundering and terrorism financing. These include Law No. 8204 concerning narcotics, psychotropic substances, unauthorized drugs, related activities, money laundering, and the financing of terrorism.

### Capital Transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

There is no surrender requirement in place. However, Article 83 indicates that if the Board of Directors of the BCCR determines that there are imbalances in the balance of payments that cannot be redressed using the instruments designated by law, it may, as a temporary measure, oblige any individual or legal entity to sell, in part or in full, the foreign currency it has obtained through exports of goods and services. This measure may be enforced for a maximum period of one year. The BCCR has not used the temporary instrument established under Article 83.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
</tr>
</tbody>
</table>

External debt transactions by the executive branch or guaranteed by the government must be authorized by the Legislative Assembly, in particular for the issuance of bonds in international markets. Further, pursuant to Law No. 7558 (Article 106) and Law No. 7010 (Article 7), external and internal debt transactions by the public sector (except state-owned banks, the Costa Rican Electricity Institute (ICE), public universities, and municipalities, in accordance with Law No. 8131) require prior authorization from the Ministry of National Planning and Economic Policy (MIDEPLAN), the Directorate for Public Credit, and the BCCR. In the latter case, a binding opinion is issued.

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>On money market instruments</td>
<td>No</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>No</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Commercial credits
- By residents to nonresidents: No
- To residents from nonresidents: No

Financial credits
- By residents to nonresidents: Yes

Commercial banks and financial institutions supervised by the SUGEF must inform the BCCR in advance when contracting credit.
To residents from nonresidents  Yes.

Commercial banks and financial institutions supervised by the SUGEF must inform the BCCR in advance when contracting credit abroad (Article 72 of the LOBCCR). Cooperative savings and loan banks (credit unions) must obtain BCCR approval for these operations (Article 14 of the Law Regulating Financial Intermediation Activities by Cooperative Organizations).

Effective June 16, 2019, the external debt operations of commercial banks and financial institutions supervised by the SUGEF are subject to a 15% reserve requirement in foreign currency and a 12% reserve requirement in domestic currency. Previously, the reserve requirement was 15% for both foreign and domestic currency. Only the balance of long-term operations initiated prior to July 1, 2015, is exempt from the reserve requirement.

Guarantees, sureties, and financial backup facilities  No.

By residents to nonresidents  No.

To residents from nonresidents  No.

Controls on direct investment  No.

Outward direct investment  No.

Inward direct investment  No.

Controls on liquidation of direct investment  No.

Controls on real estate transactions  No.

Purchase abroad by residents  No.

Purchase locally by nonresidents  No.

Sale locally by nonresidents  No.

Controls on personal capital transactions  Yes.

Loans  No.

By residents to nonresidents  No.

To residents from nonresidents  No.

Gifts, endowments, inheritances, and legacies  No.

By residents to nonresidents  No.

To residents from nonresidents  No.

Settlement of debts abroad by immigrants  No.

Transfer of assets  Yes.

Transfer abroad by emigrants  Yes.  These operations must meet the reporting requirements specified in the Law on Narcotics, Psychotropic Substances, Unauthorized Drugs, Related Activities, Money Laundering, and the Financing of Terrorism (Law No. 8204). It consists of a declaration requirement.
for the entry or exit of transactions, in foreign currency, in amounts equal to or greater than ten thousand dollars (US$10,000.00).

These operations must meet the reporting requirements specified in the Law on Narcotics, Psychotropic Substances, Unauthorized Drugs, Related Activities, Money Laundering, and the Financing of Terrorism (Law No. 8204). It consists of a declaration requirement for the entry or exit of transactions, in foreign currency, in amounts equal to or greater than ten thousand dollars (US$10,000.00).

Transfer into the country by immigrants
Yes.

Transfer of gambling and prize earnings
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Yes.

Paragraphs (h), (i), and (j) of Article 49 of the Organic Law of the Central Bank state that debt instruments or securities, foreign currency deposits, and loans disbursed in foreign currency may be agreed to and must be paid in foreign currency, all corresponding to entities subject to oversight by SUGEF.

The Organic Law of the Central Bank, Article 86, states that only the CB, institutions supervised by SUGEF, and other institutions authorized by the CB may deal in foreign exchange. The latter two categories must meet a series of requirements established in the article.

The Organic Law of the Central Bank, Article 88, authorizes the CB to regulate the limits on own-account operations by supervised institutions, with respect to their transactions in foreign currencies.

The Organic Law of the Central Bank, Article 90, authorizes the CB to regulate forward or futures transactions and other similar transactions in foreign currencies.

The ROCC regulates foreign exchange dealing by authorized institutions as provided under the Organic Law of the Central Bank.

The regulations governing operations in foreign exchange derivatives regulate operations in foreign exchange derivatives by institutions supervised by SUGEF, SUFEVAL, and SUPEN.

The LOSBN, in Article 3(1), establishes collaboration in the execution of monetary, exchange, credit, and bank policy as a core banking function.

Article 75 of the LOSBN stipulates that “All operations carried out in foreign currency by commercial banks, as well assets and liabilities held abroad in foreign currency, are subject to the provisions of the LOBCCR and to the attendant resolutions and recommendations approved by the Board of Directors of the Central Bank.”

There is a limit on the direct and indirect lending operations that financial intermediaries may engage in with a given individual or legal entity, amounting to 20% of the subscribed and paid-in capital plus non-redeemable reserves, as provided for in Article 135 of the Organic Law of the Central Bank. This limit applies regardless of the currency of the operations.

Borrowing abroad
Yes.

Commercial banks and financial institutions supervised by the SUGEF must inform the BCCR in advance when contracting credit
<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowance</th>
<th>Reason/Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of accounts abroad outside the country</td>
<td>No.</td>
<td>Article 75 of the LOSBN stipulates that “All operations carried out in foreign currency by commercial banks, as well as assets and liabilities held abroad in foreign currency, are subject to the provisions of the LOBCCR and to the attendant resolutions and recommendations approved by the Board of Directors of the Central Bank.” This Article allows the CB to establish controls on the maintenance of accounts abroad; however, in practice, this authority has never been exercised and commercial banks may maintain accounts abroad without any type of controls.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td>Article 74 of the LOSBN stipulates that “Commercial banks may carry out all operations in foreign currency that, in accordance with relevant bank practices and technical principles.” Law No. 8204 on Narcotics, Psychotropic Substances, Unauthorized Drugs, Related Activities, Money Laundering, and the Financing of Terrorism and SUGEF Agreement 12-10 “Implementing Regulations for Law 8204” state that financial entities must maintain detailed information on their customers (know-your-customer policy), including those to whom they have extended credit. In practice, there are no specific requirements for lending to nonresidents.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
<td>Articles 74 and 75 of the LOSBN state that financial intermediaries may issue loans in foreign currency. Law No. 8204 on Narcotics, Psychotropic Substances, Unauthorized Drugs, Related Activities, Money Laundering, and the Financing of Terrorism and SUGEF Agreement 12-10 “Implementing Regulations for Law No. 8204” state that financial entities must maintain detailed information on their customers (know-your-customer policy), including those to whom they have extended credit. However, the Borrower Rating Regulation (SUGEF Agreement 105) requires financial entities that extend credit in foreign currency to borrowers who do not generate foreign exchange to perform an additional generic estimate. There are no specific requirements for entities’ credit operations with nonresidents. Chapter III of the Macropreudential Policy Database document contains further details.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
<td>In 1992, the Board of Directors of the Central Bank stipulated the following during its sessions 4554 and 4555 in Gazette 48 of March 9, 1992: “State-owned banks may, on their own account and risk, receive current account, savings, and term deposits...denominated in foreign currency. All banks in the National Banking System, except those classified in category C and followed by the BCCR, and other financial entities regulated by the Office of the Auditor General of Financial Entities, which must be authorized in advance by the BCCR, may, also on their own account and risk, issue investment certificates denominated and payable in foreign currencies and may freely sell them in the national territory or abroad. The Office of the Auditor General of Financial Entities subsequently became the SUGEF. Paragraph (i) of Article 49 of the LOBCCR establishes, from November 3, 1995, that “...the following may be agreed to in foreign currency and, in such cases, shall be paid in the said currency: (i) foreign currency deposits with entities subject to oversight by the General Superintendency of Financial Entities.”</td>
</tr>
</tbody>
</table>
Article 75 of the LOSBN states that: “Commercial banks may carry out all operations involving foreign exchange, which, in accordance with the applicable banking practices and technical principles, are usually carried out by such institutions, provided they were authorized in accordance with the Organic Law of the Central Bank to act as agents and for the account of the Central Bank in the corresponding operations and business activities.”

<table>
<thead>
<tr>
<th>Differential treatment of deposit accounts in foreign exchange</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

According to the laws on money laundering, terrorism financing, and organized crime, financial institutions may limit the type or amount of services they offer to nonresident foreign individuals, taking into account customer risk classifications. Pursuant to Article 16 of Law No. 8204, financial institutions must require the following:

- Maintenance of registered accounts – they may not maintain anonymous accounts, encrypted accounts, or accounts under fictitious or imprecise names.
- In the case of legal entities classified as risky according to the parameters established by the National Council of Supervision of the Financial System, financial institutions must require that the legal and nonlegal representatives of a company be notarized. This must be verified especially when commercial relationships are established, in particular the opening of new accounts, the issuance of deposit passbooks, the creation of trust transactions, the rental of safe deposit boxes, or the execution of transactions, including inward or outward transfers in domestic or foreign currency, in amounts equal to or greater than US$10,000 or its equivalent in other currencies.
- The purpose of these regulations is to prevent money laundering and the financing of terrorism, which is why they do not relate to exchange rate controls.

<table>
<thead>
<tr>
<th>Reserve requirements</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Effective June 16, 2019, paragraph (C) of Title III of the Monetary Policy Regulations established a minimum reserve requirement differentiated for deposits and liabilities according to currency. The minimum reserve requirement for deposits and liabilities denominated in domestic currency is 12%, while the minimum reserve for deposits and liabilities denominated in foreign currency is 15%. Previously, the reserve requirement was 15% for both foreign and domestic currency. Minimum reserve requirements differentiated by nature of deposit-taking instruments are not considered. Reserve requirement rates in both national and foreign currency apply uniformly to deposit accounts regardless of whether their owners are residents or nonresidents.

Financial intermediaries do not receive any remuneration for deposits in the CB in consideration of the minimum legal reserve.

<table>
<thead>
<tr>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>
Investment regulations

**Abroad by banks** Yes. There is a limit to the active, direct and indirect operations that financial intermediaries can carry out with individuals or legal entities, of 20% of the subscribed and paid capital plus non-redeemable equity reserves. This is established by provision of the Organic Law of the Central Bank, Article 135; but this limit applies regardless of the currency of the operations, so it is not a differentiated treatment for banks abroad or with nonresidents.

**In banks by nonresidents** Yes. There is a limit to the active, direct and indirect operations that financial intermediaries can carry out with individuals or legal entities, of 20% of the subscribed and paid capital plus non-redeemable equity reserves. This is established by provision of the Organic Law of the Central Bank, Article 135; but this limit applies regardless of the currency of the operations, so it is not a differentiated treatment for banks abroad or with nonresidents.

Open foreign exchange position limits Yes. The FXP as a proportion of core capital must be within the range of ±100%.

The average monthly ratio of the FXP to core capital expressed in dollars must be equal to the value defined by the institution as desirable, with no objection by the BCCR management. The tolerance range for compliance with the monthly average of this indicator is between −3 pp and +1 pp of the ratio.

The daily change in the FXP ratio to core capital for foreign exchange operations may not exceed ±2% of the value of core capital expressed in US dollars.

The National Financial System Supervision Council, pursuant to Article 10 of the legal act adopted during session 1340-2017 of June 13, 2017, approved specific rules for financial intermediaries to improve their management of market, interest rate, and exchange rate risk in a manner that is consistent with their risk profile, systemic importance, and macroeconomic conditions.

The agreement is based on the fact that a neutral FXP protects the financial intermediary’s income statement from fluctuations in the exchange rate, but not necessarily its capital adequacy ratio; therefore, it was requested that: quantitative restrictions be determined for the FXP for “trading” and “nontrading” transactions.

The formula for calculating the capital adequacy indicator was changed, in particular the capital requirement component associated with exchange risk, such that greater exposure to exchange risk results in higher capital requirements.

**On resident assets and liabilities** Yes. There are no absolute limits on open positions in foreign exchange. However, changes in these positions are subject to the conditions indicated in Article 4 of the Regulations for Exchange Operations. There are limits on changes in the foreign currency positions of foreign exchange dealers; however, no distinction is made between resident and nonresident positions.

**On nonresident assets and liabilities** Yes. There are no absolute limits on open positions in foreign exchange. However, there are limits on the FXP with respect to capital, average monthly capital levels, and daily changes in capital, subject to the provisions of Article 4 of the ROCC.

Provisions specific to institutional investors Yes. On February 7, 2014, amendments were made to Agreement SGV-A-61 requiring entities to communicate relevant information to the markets and to Agreement SGV-A-75 relating to periodic reporting of information.

Insurance companies No. Article 25 of the Regulations on the Solvency of Insurers and Reinsurers only sets forth general principles regarding investment policies.
Specific provisions for the investments backing the technical reserves of insurance companies are set out in Article 23 of the Regulations on the Solvency of Insurers and Reinsurers. Although at least 40% of these securities must be instruments meeting the requirements of Article 27 of this chapter, for example, having at least one investment grade rating, investment in other types of instruments is not restricted. For derivative instruments (Articles 28 and 32 of the Regulations), entities can carry out only interest rate, price, and foreign exchange risk hedging operations.

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Pension funds | Yes. |

On November 2, 2018, the Regulation Governing the Management of Assets, a comprehensive overhaul of the Regulations Governing Investments by Authorized Entities, was published in the Official Gazette.

Limits (max.) on securities issued by nonresidents

Authorised entities may invest in securities issued in the foreign market up to 25% of the asset administered by the fund, which proportion may be increased up to 50%, provided it can be demonstrated, in accordance with the provisions set forth in “Title II. Governance of Investments” of the Regulation Governing the Management of Assets, that the limit increase complies with Article 62 of the Law on Worker Protection.

Limits (max.) on investment portfolio held abroad

Article 67 of General limits:
Funds must comply with the following maximum limits:

Securities issued by the same issuer or its subsidiaries and affiliates, up to 10%.
Up to 10% for each external investment manager.

Article 68 of the Regulation Governing the Management of Assets established limits by type of instrument.
Funds must comply with the following maximum limits:
(1) Debt securities.
(a) Up to 5% in each of the following instruments: repos, securities lending, structured notes with protected capital, and level III standardized debt.
(2) Securities representative of ownership:
(a) Up to 25% in level I instruments.
(b) Up to 10% in level II instruments.
(c) Up to 5% in level III instruments.

Article 17 of the Regulation Governing the Management of Assets defines the types of instruments by level:
Level III standardized debt: the risk ratings corresponding to these instruments must be within the top two ratings of the scale below investment grade.
Level I securities representative of ownership: Shares, ADRs, and units in funds or special-purpose vehicles (financial, debt, equity, mixed, or index funds as well as ETFs that replicate financial indexes. Funds that in their investment strategies use derivative instruments whose purpose is different from the efficient portfolio handling criterion, defined by the UCITS, are exempt).
Level II securities representative of ownership: Units in funds or
special-purpose vehicles that must meet all fund participation requirements established for Level I; however, these funds can venture into investment vehicles related to property management, real estate investment, real estate, and project development (past the feasibility stage).

Level III securities representative of ownership: Units in funds or special-purpose vehicles that must meet all fund participation requirements established for Level I; however, these funds can venture into funds that invest in private equity.

Article 69 of Limits by issuer: Funds must comply with a maximum investment limit of up to 10% from a single issuer of any type of securities, except the Ministry of Finance of Costa Rica, the BCCR, and issuers of international sovereign debt of countries with risk ratings within investment grade.

The requirements are not differentiated by investment destinations.

The Asset Management Regulations do not establish minimum limits. However, the Worker Protection Law (7983) in its article 61 provides that “pension operators must invest, at least, 15% of the Compulsory Regime of Complementary Pensions (ROP) in securities with mortgage guarantee or product of mortgage securitization processes, as long as their yield generates, at the operators' discretion, an adequate return according to the risk that these instruments present. Investment in securities issued by entities that are, at the time of making the investment, in a situation of financial irregularity, are prohibited in accordance with the provisions of the SUGEF.

The risks stemming from the above must be reported by the Management Body, in accordance with paragraph (f) of Article 5 of this Regulation. Previously, funds' investments in foreign currency-denominated assets were limited to those denominated in US dollars, yen, euros, and pound sterling.

There are no specific limits, unless a limit is set in the investment fund’s prospectus. There are no upper limits on the investment portfolio held abroad, unless a limit is set in the investment fund’s prospectus. There are no lower limits on the investment portfolio held locally, unless a limit is set in the investment fund’s prospectus. The investment fund indicates the currency in which shares (assets) are subscribed in its prospectus.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement
From February 2019 to August 2019, the exchange rate followed an appreciating trend within a 2% band against the US dollar; then, the colon changed direction and has followed a depreciating trend also within a 2% band against the US dollar since August 2019, with one realignment in December 2019. Therefore, the de facto exchange rate arrangement was reclassified to “crawl-like” from “floating.”

**Imports and Import Payments**

**Import taxes and/or tariffs**

- **07/01/2019** A VAT of between 1% and 13% was applied to a list of goods and services, from which certain essential items are exempt. (Previously, there was a 13% tax on sales.)
- **08/19/2020** An additional tariff was implemented for a safeguard measure on imports of refined sugar (tariff paragraph 170199.00.00) of 27.68%. This measure will be in effect for 3 years.

**Capital Transactions**

**Controls on capital transactions**

**Financial credits**

**To residents from nonresidents**

- **06/16/2019** The external debt operations of commercial banks and financial institutions supervised by the General Superintendency of Financial Entities are subject to a 15% reserve requirement in foreign currency and a 12% reserve requirement in domestic currency. Previously, the reserve requirement was 15% for both foreign and domestic currency.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

**Differential treatment of deposit accounts held by nonresidents**

- **06/16/2019** Paragraph (C) of Title III of the Monetary Policy Regulations established a minimum reserve requirement differentiated for deposits and liabilities according to currency. The minimum reserve requirement for deposits and liabilities denominated in domestic currency is 12%, while the minimum reserve for deposits and liabilities denominated in foreign currency is 15%. Previously, the reserve requirement was 15% for both foreign and domestic currency.
CÔTE D’IVOIRE
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
March 11, 1963.

Article VIII
Yes.  Date of acceptance: June 1, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes.

A regional framework to combat money laundering (AML) and the financing of terrorism (AFT) through two WAEMU Directives, respectively, in 2002 (AML) and 2007 (AFT). This also framework facilitates the implementation of decisions taken by the UNSC on the basis of a list of persons and entities drawn up by the Committee. The WAEMU’ AML regulations were first incorporated into Côte d’Ivoire’s legal corpus through a law of December 2, 2005. A National Financial Information Processing Unit (CENTIF) was created in 2006, to combat clandestine financial channels, money laundering, and the financing of terrorism. The WAEMU AFT mechanism was first incorporated into Côte d’Ivoire legal corpus through an Ordinance of November 12, 2009. The WAEMU AML/FT framework was updated through regional Directive 02/2015/CM/UEMOA of July 2, 2015, of the WAEMU’s Council of Ministers on combating money laundering and the financing of terrorism in the WAEMU. This current regional Directive as incorporated into Côte d’Ivoire’s Law in November 2016.

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Exchange Arrangement

Currency
Yes.  The currency of Côte d’Ivoire is the CFA franc (XOF).

Other legal tender
No.

Exchange rate structure
Unitary
Yes.

Dual

Multiple

Classification
No separate legal tender

Currency board
Conventional peg

Yes.
The exchange rate arrangement of the WAEMU is a conventional peg. Côte d’Ivoire participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The Monetary Cooperation Agreement between the WAEMU member countries and France was concluded December 4, 1973. It was maintained after the French franc was replaced by the euro by the Council of the European Union decision of November 23, 1998. The Monetary Cooperation Agreement is based on three pillars: (1) a common issuing institution, (2) fixed parity with the euro, and (3) a guarantee of unlimited convertibility. In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings to the operations account with the French Treasury in accordance with the Amendment to the Operations Account Convention signed by France and the BCEAO September 20, 2005.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Official exchange rate

Yes.
The CFA franc is officially pegged to the euro at the fixed exchange rate of CAF 655.957 per euro. The exchange rates between the CFA franc and other currencies are automatically inferred based on the rates between those currencies and the euro. The Conference of Heads of State and Government may vote to modify the monetary cooperation accord between the WAMU member countries and France. Legally, the permanence of monetary cooperation accords is guaranteed by the November 23, 1998, decision of the Council of the European Union concerning exchange matters relating to the CFA franc and the Comorian franc (Decision No. 98/683/CE).

Monetary policy framework

Exchange rate anchor

Yes.

_U.S. dollar_

_Euro_

Yes.
The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized Consumer Price Index (HCPI) is the benchmark rate to measure inflation.

_Composite_

_Other_

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government
Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Authorized intermediaries may freely set their exchange rates in transactions with their clients, except for the euro, which must be traded against the CFA franc at the official fixed rate of CFAF 655.957 per euro. However, they can charge a commission of up to 2% of the transaction amount.

Instruction No. 013-11-2015 on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU went into force.

Exchange tax

Yes. The commission rate charged on transfers to all countries that are not members of the WAEMU area is 0.6%. This commission must be
surrendered to the National Treasury and is a portion of its tax revenue.

Exchange subsidy No.

Foreign exchange market Yes.

Spot exchange market Yes. The entities authorized to conduct nonelectronic foreign currency transactions are authorized intermediary banks and individuals or companies authorized to conduct nonelectronic transactions by decision of the minister of finance, with the consent of the BCEAO. Authorized intermediaries must comply with the provisions in effect concerning the financial conditions for engaging in nonelectronic exchange operations with euro banknotes and issue a transaction receipt for any operation with a customer. In addition, to ensure that customers have satisfactory information, authorized intermediaries must (1) post at their windows, at all times, the rates effectively applied for the various currencies and (2) post a notification that a transaction slip must be issued for all foreign exchange transactions based on the requestor’s identity document.

As of December 31, 2019, there were 29 banks and 99 exchange bureaus in Côte d’Ivoire. Exchange bureaus are dealers authorized, on the approval of the Minister of Economy and Finance (MEF), to transact in foreign exchange with the public. Exchange bureaus may conduct transactions in foreign currencies (except euros) with the CB. Registered banknote exchange houses may not make transfers or payments in foreign currencies with other countries or maintain accounts abroad.

In their transactions with customers, these authorized intermediaries (licensed intermediary banks and licensed exchange dealers) freely set the buying and selling rates for foreign currencies, with the exception of the euro, which is traded at the official fixed parity of CFAF 655.957 and may give rise to a commission of a maximum of 2.0%.

Operated by the central bank Yes.

Foreign exchange standing facility Yes. The BCEAO exchanges foreign currency for CFA francs at the rates published on the international markets, with the exception of the euro, which is traded at the official fixed rate of 655.957 per euro. The nonelectronic currency exchange windows are open to owners of accounts on the BCEAO books and to the general public. A commission of 0.5% is charged on all transactions with the public (purchases and sales) and all withdrawals by banks and financial institutions (including euro withdrawals).

However, no commission is charged for the following operations: (1) OTC foreign banknote exchanges conducted by state entities, government employees of WAEMU members on mission abroad, and officials of the CB and their beneficiaries; and (2) payments made by banks and financial institutions.

Allocation No.

Auction No.

Fixing No.

Interbank market Yes. Transactions in CFA francs between authorized intermediaries are permitted. There is no foreign currency interbank market in the WAEMU. As of December 31, 2019, 15 banks participated in the interbank market in domestic currency.

Over the counter Yes.
Residents of the WAEMU zone are permitted to conduct the following transactions on the foreign exchange derivatives market with authorized intermediary banks established in the WAMU or with foreign banks: outright forward foreign exchange contracts (over the counter), foreign exchange options, foreign exchange swaps, and cross-currency swaps. Transactions in foreign exchange options are limited to the following two types of transactions: options to purchase foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign bank, or options to sell foreign currency purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign credit institution. Authorized intermediary banks are required to simultaneously cover the exchange risk they incur with respect to derivative instruments traded with their customers. The underlying commercial and financial operations must relate to imports and exports of goods and services by a resident, foreign borrowing operations by a resident (drawings and repayments), or direct foreign investment in a resident company. All legitimate foreign currency needs are ultimately met by the BCEAO.

Official cover of forward operations No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Côte d’Ivoire is linked to the French Treasury via the BCEAO through an operations account, through which settlement of transactions with France, Monaco, and other operations account countries (WAEMU and CEMAC members and the Comoros) is made mainly in euros. Payments with countries outside the WAEMU are made in foreign currencies. Trade with other WAEMU countries is settled in CFA francs.

Controls on the use of domestic currency Yes. CFA francs may not be used for settlement of international transactions (both current and capital transactions) outside the WAEMU.

For current transactions and payments Yes. CFA francs may not be used for settlement of international transactions outside the WAEMU. However, the CFA franc is guaranteed unlimited convertibility to euros through an operating account opened with the French Treasury.

For capital transactions Yes. The CFA franc may not be used for capital transactions with countries outside the WAEMU. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

Transactions in capital and money market instruments Yes. The CFA franc may not be used for capital transactions with countries outside the WAEMU. Foreign investment by residents of the WAEMU zone is subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members
Transactions in derivatives and other instruments | Yes.  
--- | ---  
Residents of WAEMU member countries may engage in the following derivatives operations with accredited banks established in the WAEMU or foreign banks: (1) forward foreign exchange contract and (2) foreign exchange swaps and options. Authorized transactions in foreign exchange derivatives can be carried out between two foreign currencies or between the CFA franc and a foreign currency with the exception of the euro or a currency whose issuing body has a transaction account with the French Treasury.

Credit operations | Yes.  
--- | ---  
Loans of any kind, CFA franc overdrafts, and, in general, any advances granted by authorized intermediaries to nonresidents of the WAEMU zone are subject to prior authorization by the Directorate of External Financial Relations of the MOF, after BCEAO approval.

Use of foreign exchange among residents | Yes.  
The CFA franc is the only legal tender, and residents of the WAEMU zone are not permitted to use foreign exchange for domestic transactions.

### Payments arrangements

**Yes.**

**Bilateral payments arrangements**

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**Operative**  
No.

**Inoperative**  
No.

**Regional arrangements**

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**Yes.**  
An operations account is maintained with the French Treasury that links operations account countries. All purchases or sales of foreign currencies or euros against CFA francs are ultimately settled through a debit or credit to the operations account.

**Clearing agreements**

---

**Yes.**  
There is a multilateral netting agreement between the WAEMU countries and the other ECOWAS member countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone) as part of the WAMA. All payments for current transactions between countries whose CBs are WAMA members may be made under the netting agreement. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.

**Barter agreements and open accounts**

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**No.**

**Administration of control**

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**Yes.**  
The institutional reform of the WAMU and the BCEAO went into effect April 1, 2010, with the adoption of the following new basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. All WAEMU residents are treated as residents of Côte d’Ivoire for the purposes of preparing the external position of banks, domiciliation and repatriation of export revenue, issuance and sales of securities, gold imports and exports, investment and lending transactions, and physical exportation of means of payment and securities by postal package or ordinary mail. However, for statistical purposes with regard to the balance of payments, all countries other than Côte d’Ivoire are considered foreign countries. Moreover, all transfers with other countries must be made through registered intermediary banks, the postal service, or the BCEAO.

**Payments arrears**

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**No.**

**Official**

---

**No.**
Controls on trade in gold (coins and/or bullion)

- On domestic ownership and/or trade: No.
- On external trade: Yes. Gold imports and exports require MOF authorization, except (1) imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.

Controls on exports and imports of banknotes

- On exports:
  - Domestic currency: Yes. Domestic currency (CFA franc (XOF) banknotes may be exported freely by travelers from one WAEMU member country to another. Shipments of banknotes issued by the BCEAO between any WAEMU resident individual or legal entity other than the BCEAO and its banking or commercial correspondents located outside WAEMU member countries are prohibited.
  - Foreign currency: Yes. The reexportation of foreign banknotes by nonresident travelers is permitted up to the equivalent of CFAF 500,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposit accounts in local banks. Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess the equivalent of CFAF 1 million. They may carry up to the equivalent of CFAF 2 million a person in banknotes not issued by the BCEAO. Larger amounts may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, or other means of payment. Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFAF 2 million a person. The issuance of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

- On imports:
  - Domestic currency: Yes. Residents of the WAEMU zone and nonresidents of the WAEMU zone travelers may freely import domestic currency. However, resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from receiving banknotes in domestic currency.
  - Foreign currency: No. Resident travelers may freely import CFA franc area banknotes or foreign-currency-denominated means of payment. Means of payment must be declared if the amount exceeds CFAF 1 million. Resident travelers are required to surrender foreign banknotes or other foreign-currency-denominated means of payment exceeding the equivalent of CFAF 5,000,000 to an authorized intermediary within eight days of their arrival in the national territory. Nonresident travelers may freely import CFA franc area banknotes or foreign-currency-denominated means of payment. Nonresident travelers must declare in writing all means of payment exceeding the equivalent of CFAF 1 million on arriving in and exiting the national territory.
Resident Accounts

Foreign exchange accounts permitted
Yes.

Held domestically
Yes.

Approval required
Yes.

Foreign exchange accounts in currencies other than the euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such an account. These accounts are valid for a renewable term of up to one year. They cannot be credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

Held abroad
Yes.

Approval required
Yes.

Individual who are residents of the WAEMU and temporarily staying or traveling outside of the WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF authorization after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts valid for up to one year. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any balance be repatriated to a WAEMU member country within eight days.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
Yes.

Nonresident accounts denominated in euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

Domestic currency accounts
Yes.

Convertible into foreign currency
Yes.

Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the
status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

| Import licenses and other nontariff measures | Yes. |
| Positive list | Yes. | Imports are classified into three categories: (1) goods requiring authorization of ministries, (2) goods whose import is subject to quantitative or other restrictions and requires a license issued by the Foreign Trade Promotion Directorate, and (3) freely importable goods. |
| Negative list | Yes. | Imports of certain goods, such as narcotics, are prohibited regardless of origin. |
| Open general licenses | No. | Import licenses for a short list of controlled products are issued by the Directorate of External Trade Promotions in the Ministry of Commerce. |
| Licenses with quotas | No. |
| Other nontariff measures | Yes. | Quantitative restrictions may be applied to products for public health and security reasons. |
| Import taxes and/or tariffs | Yes. | The WAEMU CET consists of four tariff rates (0%, 5%, 10%, 20%). Imports are also subject to a statistical fee of 1%. A community solidarity levy of 0.8% is applied to the c.i.f. value of non-WAEMU imports. In addition, a 1% ECOWAS levy is applied to the c.i.f. |
value of non-ECOWAS imports.
A cyclical import tax (taxe conjoncturelle à l’importation) and a regressive protection tax (taxe dégressive de protection) may be charged on some products during a given period. Only the former of these two taxes had been applied as at end-2018. Imports from countries that are not ECOWAS members are subject to a 0.5% community levy (CL/ECOWAS).
A 0.2% levy is applied to the c.i.f. value of non-WAEMU imports and (with same import tax base) was introduced to help finance the African Union’s budget.

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

**Repatriation requirements**
Yes. Resident economic operators are required to collect and repatriate within one month of the payment due date the entire amount of sales of goods abroad in the country of origin with the bank with which the transaction is domiciled. The payment due date is specified in the trade agreement and normally falls within a period of 120 days after the goods are dispatched.

**Surrender requirements**
Yes.

**Surrender to the central bank**
Yes. The domiciling bank is responsible for the repatriation via the accounts of foreign correspondents of the BCEAO of at least 80% of the export proceeds received. For purposes of coverage of its current foreign currency needs, the domiciling bank may hold up to 20% of its export proceeds as owned foreign exchange resources. However, it must ensure that the sum of the foreign exchange resources it has to cover its requirements does not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.

The authorized intermediary bank surrenders foreign currencies to the CB immediately.

**Surrender to authorized dealers**
Yes. Exporters must collect and surrender to an authorized intermediary bank total earnings from sales of goods abroad within 30 days following the payment due date as stipulated in the sales contract, which in principle should be within a maximum of 120 days after the shipment of goods. Authorized intermediaries must then surrender the foreign exchange to the BCEAO by transfer through the issuing bank. Sales of foreign exchange by exporters to ADs other than the domiciling bank are authorized, provided the domiciling bank provides the necessary supporting documents to verify domiciliation.

**Financing requirements**
No.

**Documentation requirements**
Yes. Export transactions require a customs declaration.

**Letters of credit**
No.

**Guarantees**
No.

**Domiciliation**
Yes. Export transactions of more than CFAF 10 million, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

**Preshipment inspection**
Yes.
Other

Export licenses Yes.
Without quotas Yes. Exports are permitted on the basis of a simple authorization from the Directorate of Foreign Trade, which issues certificates of origin, as needed. Exports of diamonds, gold, and precious metals, however, require MEF authorization, with the exception of articles with a small gold content, traveler’s personal effects weighing less than 500 grams, and coins (fewer than 10 pieces, irrespective of their face value or denomination).
With quotas Yes. Exports of lumber are subject to quantitative quotas allocated through an auction.

Export taxes Yes.
Collected through the exchange system No.
Other export taxes Yes. Exports of cocoa and coffee are subject to export tax and may be effected only by exporters authorized by the Authority for the Regulation of Coffee and Cocoa.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes. Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 500,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.

Trade-related payments Yes.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. Payments abroad relating to freight and insurance (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees are permitted in general, subject to the presentation of supporting documentation to the authorized intermediary.

Investment-related payments Yes.
Prior approval Yes. Payments for depreciation of direct investments require MEF authorization, because this type of depreciation is not specifically mentioned in the regulations.
Quantitative limits No.
Indicative limits/bona fide test Yes. Outward transfers of proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.

Payments for travel Yes.
Prior approval No.
Quantitative limits Yes. Residents of the WAEMU zone traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a
person a trip; amounts in excess of this limit may be taken out in the form of traveler’s checks, certified checks, or other means of payment.

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>Yes.</th>
<th>Resident travelers must present a travel document and a valid passport or a national identity card to an authorized intermediary bank or exchange bureau before foreign exchange will be issued.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>Approval is required for payment of family maintenance expenses abroad.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>All personal payments may be made through an authorized bank, subject to presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Payments abroad related to wages, salaries, and honoraria; contributions and benefits; pensions and work-related activities; and service contracts are generally authorized on presentation of the appropriate documentation.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
<td>The use of credit cards is allowed when issued by specialized institutions which, where applicable, must report such transactions on a quarterly basis to the BCEAO.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>For travelers, allocations of foreign currency in the form of debit and payment card must be justified by requirements related to travel and personal expenses if they exceed the equivalent of CFAF 2 million.</td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>As a general rule, payments abroad in amounts greater than CFAF 500,000 are subject to the presentation of supporting documentation.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
<th>Proceeds from invisible transactions with non-WAEMU countries must be repatriated. Residents of the WAEMU zone are required to surrender to an authorized intermediary all revenues and income in foreign currency collected abroad or received from a nonresident within one month after the payment due date.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
<td>Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

### Capital Transactions

<table>
<thead>
<tr>
<th>Allowance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Controls on capital transactions</td>
</tr>
<tr>
<td>Yes</td>
<td>Repatriation requirements</td>
</tr>
<tr>
<td>Yes</td>
<td>Surrender requirements</td>
</tr>
<tr>
<td>Yes</td>
<td>Controls on capital and money market instruments</td>
</tr>
</tbody>
</table>
The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Purchase Locally by Nonresidents</th>
<th>Sale or Issue Locally by Nonresidents</th>
<th>Purchase Abroad by Residents</th>
<th>Sale or Issue Abroad by Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Capital Market Securities</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Shares or Other Securities of a Participating Nature</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Locally by Nonresidents</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale or Issue Locally by Nonresidents</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Abroad by Residents</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale or Issue Abroad by Residents</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds or Other Debt Securities</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Locally by Nonresidents</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale or Issue Locally by Nonresidents</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Residents of the WAEMU zone may sell local corporate securities abroad. If these transactions result in foreign control over resident entities, the foreign investors are required to make a declaration to the MEF. The sale of securities to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, unless the securities constitute a loan.

The regulations governing shares or other securities of a participating nature apply.

These purchases are subject to declaration to the MOF for statistical purposes. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.

The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MEF for approval, accompanied by supporting documentation.

The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MEF authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

Residents of the WAEMU zone may sell local corporate securities abroad. If these transactions result in foreign control over resident entities, the foreign investors are required to make a declaration to the MEF. The sale of securities to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, unless the securities constitute a loan.

The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires an exchange authorization to be submitted to the MEF for approval, accompanied by supporting documentation.

The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MEF authorization and must be at least 75% financed with foreign.
## CÔTE D’IVOIRE

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in a Côte d’Ivoire institution, the foreign investors are required to make a declaration to the MEF. The sale of securities to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Issuance of securities to nonresidents of the WAEMU zone constituting a loan must be made through an authorized bank and must be reported to the MEF for statistical purposes.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
<td>The regulations governing shares or other securities of a participating nature apply.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td>Purchases by nonresidents of the WAEMU zone are unrestricted. However, a declaration for statistical purposes must be filed for such purchases.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td>The issuance and sale of money market instruments by nonresidents of the WAEMU zone are subject to authorization by the RCPSFM, with the authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of money market instruments resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of money market instruments by transfer abroad or by credit to a nonresident account requires an exchange authorization to be submitted to the MEF for approval, accompanied by supporting documentation (Article 7 of Regulation No. 09/10/CM/UEMOA).</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>The purchase of foreign money market instruments by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MEF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign money market instruments whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell local money market instruments abroad. The sale of money market instruments to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue money market instruments abroad, unless they constitute a loan.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
<td>The regulations governing shares or other securities of a participating nature apply.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td>These purchases are subject to declaration to the MEF for statistical purposes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td>The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires an exchange authorization to be submitted to the MEF for approval, accompanied by supporting documentation.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MEF authorization.</td>
</tr>
</tbody>
</table>
Residents of the WAEMU zone may sell local corporate securities abroad. If these transactions result in foreign control over Ivoirian establishments, the foreign investors are required to make a declaration to the MEF. The sale of securities to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, unless the securities constitute a loan.

**Sale or issue abroad by residents**

No.

Residents of the WAEMU zone may sell local corporate securities abroad. If these transactions result in foreign control over Ivoirian establishments, the foreign investors are required to make a declaration to the MEF. The sale of securities to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, unless the securities constitute a loan.

**Controls on derivatives and other instruments**

Yes.

Residents of the WAEMU zone may hedge exchange risk using foreign exchange derivatives for the following commercial or financial operations: (1) imports and exports of goods and services by a resident; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Residents of the WAEMU zone are not authorized to purchase raw materials or commodities on foreign markets for delivery within the framework of a derivatives transaction in raw materials or commodities. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

**Purchase locally by nonresidents**

Yes.

Residents of the WAEMU zone may hedge exchange risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

**Sale or issue locally by nonresidents**

Yes.

Residents of the WAEMU zone may hedge exchange risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

**Purchase abroad by residents**

Yes.

These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone call or put options on primary commodities or securities transactions. Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign credit institution.

**Sale or issue abroad by residents**

Yes.

Residents of the WAEMU zone are permitted to purchase foreign currency sell options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (that is, non-WAEMU resident) credit institution.

**Controls on credit operations**

Yes.

Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the MEF.

**Commercial credits**

Yes.
By residents to nonresidents

Yes. There are no controls on credits related to exports of goods. The date on which payment falls due is specified in the contract (in principle not later than 120 days after the date of shipment).

To residents from nonresidents

No. There are no controls, and repayments of commercial credits are generally conducted without prior authorization, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date, to the licensed intermediary bank responsible for handling the repayment.

Financial credits

Yes. These credits require MEF approval. Outward transfers necessary to service such facilities require an exchange authorization, subject to the approval of the MEF and substantiated by documentation. However, authorized intermediaries are permitted to grant the following credits to their foreign correspondents: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance.

Guarantees, sureties, and financial backup facilities

Yes. The granting of guarantees and sureties requires the authorization of the minister of finance. Transfers abroad of funds to service these facilities require the issuance of an exchange authorization, subject to MEF approval and the submission of supporting documents.

Outward direct investment

Yes. All investment abroad by residents of the WAEMU zone, including...
investment through foreign companies under the direct or indirect control of residents of Côte d’Ivoire and investment by foreign branches or subsidiaries of companies established in Côte d’Ivoire, requires MEF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU member countries has been authorized by the RCPSFM.

<table>
<thead>
<tr>
<th>Inward direct investment</th>
<th>Yes.</th>
<th>FDI, including by resident companies that are directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the MEF for statistical purposes. A share is not considered a direct investment unless it exceeds 10% of the capital of a company.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td>The liquidation of investments abroad must be reported to the MEF and the CB for statistical purposes. Reinvestment of liquidation proceeds is subject to MEF authorization. If reinvestment is not authorized, the liquidation proceeds must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents of the WAEMU zone is unrestricted but must be reported to the MEF and the CB for statistical purposes.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These purchases require MEF authorization.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>Purchases for purposes other than direct investment in a business, branch, or company are allowed. They require declaration to the MEF for statistical purposes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
<td>Sales by nonresidents of the WAEMU zone to residents of the WAEMU zone require the submission of supporting documentation to the authorized intermediary that handles the settlement and must be declared to the MEF and the BCEAO for statistical purposes.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td>Personal capital transactions between residents of the WAEMU zone and nonresidents of the WAEMU zone must be made through the BCEAO, the postal service, or an authorized intermediary bank, unless authorization is obtained from the MEF.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
<td>The regulations governing securities and investments apply.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>These transactions require MEF authorization. The individuals concerned may not engage in such operations as a professional occupation without first being licensed and included on the list of approved financial institutions.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>These transactions may be made freely, but are subject to declaration to the MEF and the BCEAO for statistical purposes when disbursed and when repaid.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
<td>Inheritances and dowries are generally allowed. Gifts and endowments, however, are subject to MEF and BCEAO authorization. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>These transactions do not require authorization but are subject to declaration to the minister of finance and the BCEAO for statistical purposes.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes.</td>
<td>Immigrants with resident status must obtain MEF authorization to settle debts contracted abroad while they were nonresidents of the WAEMU zone.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
Transfer abroad by emigrants: Yes. These operations require authorization by the minister of finance if the value exceeds CFAF 500,000 a person. There are no restrictions on transfers of amounts below this threshold.

Transfer into the country by immigrants: Yes. Foreign accounts (in foreign currencies or CFA francs) of nonresidents of the WAEMU zone who become residents of the WAEMU zone must be closed. However, they may maintain abroad bank accounts opened and financial assets acquired while they were nonresidents of the WAEMU zone. New transfers to these accounts require MEF approval.

Transfer of gambling and prize earnings: No. These transfers are conducted freely via an authorized intermediary subject to presentation of supporting documentation, as long as Anti-Money Laundering/Combating the Financing of Terrorism provisions are complied with.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
<th>The Uniform Law on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU by the Council of Ministers of the Union took effect September 28, 2012. Decision No. CM/UMOA/023/2012 sets the deadline (December 31, 2013) for including this law in the domestic legislation of the WAMU member countries. It was integrated into Côte d’Ivoire’s domestic legal framework in March, 2014 (Law No. 2014-135 of March 24, 2014).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
<td>Loans from abroad are unrestricted. For statistical purposes, these transactions must be declared to the minister responsible for finance and the BCEAO when granted and when repaid.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
<td>Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions for their own account or the accounts of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td>Commercial lending is allowed. Financial loans of any kind, CFA franc overdrafts, and, in general, any advances granted to nonresidents of the WAEMU zone are subject to MEF authorization, after BCEAO approval. These claims are included in the external position of banks and financial institutions, which are subject to special monitoring.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
<td>There are no explicit regulations regarding these transactions, but MEF authorization is required with BCEAO approval.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
<td>These purchases require authorization by the MEF if their issuance has not been authorized by the RCPSFM.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
<td>The rate of reserve requirement on domestic currency accounts and foreign currency accounts is the same. A reserve requirement of 3% applies to WAEMU banks. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes customer foreign currency deposits.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td>According to the prudential framework applicable to WAEMU banks and financial institutions that perform banking operations, the minimum standard liquid asset requirement is 75%.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Status</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>--------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
<td>Financial loans of any kind, CFA franc overdrafts, and, in general, advances to nonresidents of the WAEMU zone are subject to authorization by the minister responsible for finance, after BCEAO approval. These claims are included in the external position of banks and financial institutions, which is subject to special monitoring.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>Yes.</td>
<td>Banking regulations make no distinction among resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
<td>Overdrafts and advances granted to nonresidents of the WAEMU zone require MEF authorization and BCEAO approval.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td>The regulations governing direct investment apply.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
<td>All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCP SFM.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
<td>These transactions may, depending on their volume, be subject to authorization by the minister of finance. The banking law stipulates that the investment by any person in a bank that would have the effect of changing the minority and/or majority voting rights requires authorization by the minister of finance.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
<td>No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments, up to the equivalent of 5% of total customer demand deposits. To cover their foreign currency requirements, banks are authorized to hold the following in banking institutions located in non-WAEMU countries: (1) demand deposits that do not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days and (2) demand deposits that do not exceed the balance of their open foreign accounts denominated in foreign currencies other than euros and their open resident accounts in foreign currency.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
<td>No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold the following in banking institutions located in non-WAEMU countries: (1) demand deposits that do not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days and (2) demand deposits that do not exceed the balance of their open foreign accounts denominated in foreign currencies other than euros and their open resident accounts in foreign currency.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
<td>No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold the following in banking institutions located in non-WAEMU countries:</td>
</tr>
</tbody>
</table>

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(1) demand deposits that do not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days and (2) demand deposits that do not exceed the balance of their open foreign accounts denominated in foreign currencies other than euros and their open resident accounts in foreign currency.

<table>
<thead>
<tr>
<th>Provisions specific to institutional investors</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The Code of the Inter-African Conference on Insurance Markets (CIMA Code) allows insurance companies of each CIMA member country to invest up to 50% of resources collected locally in other CIMA member countries.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The Code of the Inter-African Conference on Insurance Markets (CIMA Code) allows insurance companies of each CIMA member country to invest up to 50% of resources collected locally in other CIMA member countries.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>According to the CIMA Code, a minimum of 50% of resources collected in a CIMA member country by insurance companies must be invested locally.</td>
<td></td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The issuance, presentation, and floating of securities of any kind from foreign governments, local authorities, foreign companies, or international institutions are subject to authorization by RCPSFM.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>With the exception of foreign securities issued or sold in WAEMU member countries with RCPSFM authorization, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
CROATIA
(\textit{Position as of July 31, 2020})

\textbf{Status under IMF Articles of Agreement}

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 14, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: May 29, 1995.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

\textbf{Exchange Measures}

- \textbf{Restrictions and/or multiple currency practices}: No.
- \textbf{Exchange measures imposed for security reasons}: Yes.
- \textbf{In accordance with IMF Executive Board Decision No. 144-(52/51)}: Yes.

Croatia imposes certain restrictive measures (freezing of funds and other economic resources and prohibition against making them available), in accordance with relevant UNSC resolutions and decisions of the Council of the EU solely for the preservation of national and international security.

- \textbf{Other security restrictions}: Yes.

In accordance with the relevant UNSC resolutions, there are restrictions on financial transactions relating to persons or entities on the consolidated lists of the relevant sanction committees of the UNSC.

\textbf{References to legal instruments and hyperlinks}

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

\textbf{Exchange Arrangement}

- \textbf{Currency}: Yes. The currency of Croatia is the Croatian kuna.
- \textbf{Other legal tender}: No.

- \textbf{Exchange rate structure}
  - \textbf{Unitary}: Yes.
  - \textbf{Dual}
  - \textbf{Multiple}

\textbf{Classification}

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement: Yes.

The de jure exchange rate arrangement is managed floating without a predetermined path. The Croatian National Bank (CNB) may set intervention exchange rates, which it applies in transactions with banks to limit exchange rate volatility. The CNB conducts foreign exchange auctions on a discretionary basis to ensure the stability of the kuna and provide liquidity for payments domestically and abroad (described under Section H.1.a.3. Auction).
Effective July 10, 2020, Croatia joined the ERM II with the central rate of the Croatian kuna at 1 euro = 7.53450 kuna and the standard fluctuation band of ±15% of the central rate.

Since April 2016, the kuna has stabilized within a 2% band against the euro. Accordingly, the de facto exchange rate arrangement is classified as a stabilized arrangement. While the exchange rate has increased its flexibility since March 2020, more observations are necessary to determine its new trend. Until then, the de facto exchange rate arrangement remains classified as a stabilized.

干预数据（价格和交易量）在CNB网站上公布。

Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate** Yes.
The reference exchange rate published daily by the CNB is based on the stipulated turnover and foreign currency exchange rates in the foreign exchange market. The kuna–euro midpoint exchange rate is the arithmetic mean of the weighted buying and selling exchange rates of banks. The reference exchange rate is used by market participants for accounting and statistical purposes and for banks’ transactions with consumers that include currency clause.

**Monetary policy framework**
Exchange rate anchor Yes.

*U.S. dollar*

*Euro* Yes.
The monetary policy framework is based on exchange rate anchor vis-à-vis the euro. Effective July 10, 2020, Croatia joined the ERM II with the central rate of the Croatian kuna at 1 euro = 7.53450 kuna and the standard fluctuation band of ±15% of the central rate. The CNB intervenes in the foreign exchange market to limit or reduce exchange rate volatility. Previously, there was no predetermined target level or range or fluctuation margin, and the CNB intervened on a discretionary basis to limit or ease exchange rate volatility.

*Composite*

*Other*

Monetary aggregate target
Inflation-targeting framework

**Target setting body**
Government
Central Bank

*Monetary Policy Committee*
Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. ADs are allowed to determine freely their bid-ask spreads and foreign exchange commissions with their clients.

Spot exchange market Yes. At end-2019, all 20 banks, one branch of a foreign bank, and 3 housing savings banks are licensed by the CNB to deal in foreign exchange with the public.

In addition to banks, as of December 31, 2019, 1,229 foreign exchange bureaus were licensed by the CNB to deal in foreign exchange. Foreign exchange bureaus may be legal persons, sole
traders, or craftspeople and may only buy foreign cash and checks
denominated in foreign currency and sell foreign cash in exchange
for kuna cash and may not engage in foreign exchange transactions
with the CNB. They may buy and sell foreign cash only to natural
persons – that is, they may not enter into foreign exchange
transactions with legal persons, sole traders, or craftspeople. Foreign
exchange bureaus must sell foreign cash surpluses (difference
between foreign cash bought and sold) to the credit institution with
which it entered into agreement on currency exchange operations.
Foreign exchange bureaus may not maintain accounts abroad for the
purpose of foreign exchange activity and may not make foreign
currency payments and transfers on behalf of their clients.

Operated by the central bank Yes.
Foreign exchange standing facility No.
Allocation No.
Auction Yes. Effective July 10, 2020, the CNB can conduct ERM II interventions
intra-marginal and at the margin to maintain the exchange rate within
the standard fluctuation band of ±15% of the central rate of 1 euro =
7.53450 kuna. Previously, there was no predetermined target level or
range or fluctuation band, and the CNB occasionally intervened at its
discretion to ensure the stability of the kuna and to provide liquidity
for payments domestically and abroad. Access to foreign exchange
auctions is granted only to banks. Three auction models are in use:
(1) a differentiated exchange rate model (multiple price auction) –
the amount to be distributed is allocated to bidders from lowest to
highest for purchases and from highest to lowest for sales; (2) a
uniform exchange rate set by the CNB based on the bidders’ rates;
and (3) a fixed exchange rate set by the CNB in advance. The auction
is announced to the banks by the Reuters Dealing System,
Bloomberg, and telephone. Banks are informed of the success or
failure of their bids immediately and aggregate results are published
on the CNB website the day of the auction. The minimum bid is
€300,000/US$300,000.

Fixing No.
Interbank market Yes. Banks are free to set their bid-ask rates on the interbank market. All
banks may participate in the interbank market. Banks quote buying
and selling prices continuously, but there is no official market-
making agreement. An auctioning process is described under Section
H.1.a.3.

Over the counter Yes. There is an OTC foreign exchange market whose participants are
monetary financial institutions and other legal entities.
Brokerage No.
Market making No. Banks quote buying and selling prices continuously, but there is no
official market-making agreement.
Forward exchange market Yes. The CNB does not participate in the foreign exchange derivatives
market.
Official cover of forward operations Yes. The CNB has provided, on occasion, swap facilities at par for banks
in a limited forward market.

References to legal instruments and
hyperlinks This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td><em>For current transactions and payments</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>For capital transactions</em></td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>The use of foreign exchange is limited to cases prescribed under the</td>
<td></td>
</tr>
<tr>
<td>Decision on Payments and Collections in Foreign Means of Payment</td>
<td></td>
</tr>
<tr>
<td>in the Country (Decision).</td>
<td></td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Operative</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Inoperative</em></td>
<td>Yes.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>The CNB formulates and administers exchange rate policy and may issue</td>
<td></td>
</tr>
<tr>
<td>foreign exchange regulations. Companies wishing to engage in foreign</td>
<td></td>
</tr>
<tr>
<td>trade must register with the commercial courts.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The Croatian Customs Administration must notify the Anti-Money-Laundering</td>
<td></td>
</tr>
<tr>
<td>Office (AMLO) within three days of cash – declared or not – denominated</td>
<td></td>
</tr>
<tr>
<td>in kunas or foreign currency, equal to €10,000 or more, entering or</td>
<td></td>
</tr>
<tr>
<td>leaving the country. The Act on Amendments to the Foreign Exchange Act</td>
<td></td>
</tr>
<tr>
<td>(Official Gazette No. 76/2013) requires natural persons entering or</td>
<td></td>
</tr>
<tr>
<td>leaving the EU through Croatia to declare cash worth €10,000 or more.</td>
<td></td>
</tr>
<tr>
<td>Under Article 3, paragraph (1), of Regulation (EC) No. 1889/2005, they</td>
<td></td>
</tr>
<tr>
<td>must declare in writing to the MOF–Customs Administration the information</td>
<td></td>
</tr>
<tr>
<td>referred to in Article 3, paragraph (2). The declaration form is</td>
<td></td>
</tr>
<tr>
<td>available in customs offices at the border and on the websites of the</td>
<td></td>
</tr>
<tr>
<td>MOF–Customs Administration and Financial Inspectorate. In case of</td>
<td></td>
</tr>
<tr>
<td>entering or leaving or attempted entering or leaving cash in domestic</td>
<td></td>
</tr>
<tr>
<td>or foreign currency across the State border, regardless of the amount,</td>
<td></td>
</tr>
<tr>
<td>if there are grounds for suspicion on ML or TF related to cash, the</td>
<td></td>
</tr>
<tr>
<td>Customs Administration is obliged to notify the AMLO the person</td>
<td></td>
</tr>
<tr>
<td>transferring cash, the method of transfer or other circumstances of the</td>
<td></td>
</tr>
<tr>
<td>transfer, no</td>
<td></td>
</tr>
</tbody>
</table>
later than the first following working day from the day of cash transfer across the State border.

Submission of data to AMLO by the Customs Administration is prescribed in more detail in the Rulebook on the means and extent of reporting cash transport across the State border to the AMLO by Customs Administration.

Pursuant to the aforementioned Rulebook, the Customs Administration submits to AMLO the data on cash transfers across the State border by electronic data transfer using the AMLO’s IT system, and thus, the Customs Administration’s data are directly available in the AMLO’s database.

On exports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

On imports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Transactions related to foreign exchange accounts or foreign exchange savings deposit accounts include deposits and withdrawals of cash, as well as payments and transfers, in accordance with foreign exchange regulations. Transfers of foreign exchange from one resident natural person’s foreign exchange account to the account of another resident natural person who is the legitimate representative of the holder of the account or the custodian of the account are permitted. Residents may freely transfer abroad balances on these accounts.

Approval required

No.

Held abroad

Yes.

In accordance with the Decision Promulgating the Act on Amendments to the Foreign Exchange Act, deposits and transactions (under certain circumstances) must be reported to the CNB for statistical purposes. Balances may be freely transferred to Croatia.

Approval required

No.

Accounts in domestic currency held abroad

Yes.

In accordance with the Decision Promulgating the Act on Amendments to the Foreign Exchange Act, deposits and transactions (under certain circumstances) must be reported to the CNB for statistical purposes.

Accounts in domestic currency convertible into foreign currency

Yes.

Residents may convert domestic to foreign currency without limitation.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes. Nonresidents may open foreign exchange accounts with fully
licensed banks in Croatia. Transactions related to foreign exchange accounts and foreign exchange savings deposit accounts include deposits and withdrawals of cash and payments and transfers in accordance with the Payment System Act.

<table>
<thead>
<tr>
<th>Field</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
<td>Nonresidents may open kuna accounts and kuna savings accounts with fully licensed banks in Croatia. Transactions related to kuna accounts and kuna savings deposit accounts include deposits and withdrawals of cash and payments and transfers in accordance with the Payment System Act.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>No.</td>
<td>Nonresidents may convert domestic to foreign currency without limitation.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Field</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
<td>Only certain imports require licenses (for example, arms, narcotics, chemicals, goods that could be used for capital punishment). There are no limits on the basis of quantity or value. Licenses, where required, are issued on a case-by-case basis.</td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
<td>In accordance with international commitments, Croatia applies import restrictions and arms embargoes. Restrictive measures are imposed by UNSC resolutions and EU embargoes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
<td>As a member of the EU, Croatia applies the Common Customs Tariff of the EU.</td>
</tr>
</tbody>
</table>
Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Financing requirements No.

Documentation requirements Yes.

Letters of credit No.

Guarantees Yes.

Domiciliation No.

Preshipment inspection No.

Other No.

Export licenses Yes. Exports are free of licensing requirements, except certain products (for example, weapons, narcotics, dual-use items) for which permits must be obtained.

Without quotas No.

With quotas No.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

Trade-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments No.

Prior approval No.
**Quantitative limits**
No.

**Indicative limits/bona fide test**
No.

**Payments for travel**
No.

**Prior approval**
No.

**Quantitative limits**
No.

**Indicative limits/bona fide test**
No.

**Personal payments**
No.

**Prior approval**
No.

**Quantitative limits**
No.

**Indicative limits/bona fide test**
No.

**Foreign workers' wages**
No.

**Prior approval**
No.

**Quantitative limits**
No.

**Indicative limits/bona fide test**
No.

**Credit card use abroad**
No.

**Prior approval**
No.

**Quantitative limits**
No.

**Indicative limits/bona fide test**
No.

**Other payments**
No.

**Prior approval**
No.

**Quantitative limits**
No.

**Indicative limits/bona fide test**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Capital Transactions**

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>
Controls on capital transactions  Yes.  Capital transactions must be reported to the CNB for statistical purposes and are regulated by the Foreign Exchange Act and CMA. Under the Foreign Exchange Act, capital transactions are not restricted. Nevertheless, payments and collections in the Republic of Croatia in foreign exchange between residents and nonresidents are not allowed in the case of purchase and sale of real estate in the Republic of Croatia, stakes in companies headquartered in the Republic of Croatia, and securities listed or issued in the Republic of Croatia, irrespective of their denomination in kuna or in foreign exchange, except securities issued in the Republic of Croatia which are listed in another country. In other words, according to the Foreign Exchange Act and CMA, nonresidents are not allowed to pay directly in foreign exchange but are allowed to convert foreign exchange to kuna freely for purchases of real estate, company stakes, and securities. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents for shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments. The CMA was amended in 2015 with the Act on Amendments to CMA (Official Gazette No.18/15) with a view to harmonization with provisions of the Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, Directive 2014/51/EU in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority (ESMA)) and to facilitate implementation of the Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties, and trade repositories concerning definition of legal basis for services that provides central counterparties, opening of an insolvency procedure of one or more clearing members and risk control mechanisms enabling measuring and management of exposure. The new CMA, which came into force on July 27, 2018, has beside abovementioned regulations implemented Directive 2014/65/EU, Regulation (EU) No. 600/2014, and Regulation (EU) No. 596/2014.  


<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>
Surrender to the central bank: No.
Surrender to authorized dealers: No.
Controls on capital and money market instruments: Yes.

Investments in capital and money market securities must be reported to the CNB for statistical purposes. Limits apply to investments by pension funds, insurance companies, and investment funds. A valid prospectus must be published before offering a security to the public or admission to a regulated market, except as prescribed by the CMA. The CMA was amended in 2015 with the Act on Amendments to CMA (Official Gazette No. 110/15) with a view to harmonization with provisions of the Directive 2013/50/EU amending Directive 2004/109/EC on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading, and Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC concerning financial reporting of an issuer of securities admitted to trading on the regulated market, administrative sanctions and measures. These regulations are also implemented in Capital Market Law No. 65/18. When it comes to prospectus obligation in cases of issuance and/or admission of securities to trading on a regulated market in the Republic of Croatia, major changes were represented by the Act on Amendments to the CMA in 2020 that fully implemented Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

On capital market securities: Yes.
Shares or other securities of a participating nature: Yes.

Pursuant to approval from the Croatian Financial Services Supervisory Agency (Hanfa), the Zagreb Stock Exchange is the market operator of the regulated market and multilateral trading facility. Trading of shares or other securities is prescribed by the CMA and rules of the stock exchange. The stock exchange manages the regulated market, which consists of the regular market, the official market, and the prime market, according to its rules. Securities may be admitted to the regular and official markets in accordance with the provisions of the CMA and Regulation (EU) No. 600/2014. Delegated Regulation (EU) No. 2017/568 and the rules of the stock exchange concerning the number of shares available to the public or the number of shares available in the near future that the stock exchange considers sufficient. Securities may be admitted to the prime market, the highest segment of the regulated market, in accordance with the rules of the stock exchange. Admission to trading must be approved by the stock exchange. When it comes to prospectus obligation in cases of issuance and/or admission of securities to trading on a regulated market in the Republic of Croatia, major changes were represented by the Act on Amendments to the CMA in 2020 that fully implemented Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Purchase locally by nonresidents: No.
Sale or issue locally by nonresidents: Yes.

Under the CMA, issuers from another EU member and third-country issuers based in an EU member may make a public offering or apply...
for admission of securities to a regulated market in Croatia, using a prospectus previously granted by the relevant authority of the issuer’s home member country. The prospectus and its supplements approved by the relevant authority of the issuer’s home EU country are considered valid under the CMA, provided Hanfa, as the relevant authority of the issuer’s host member, and the ESMA were notified. Third-country issuers for which Croatia is the host member may make a public offering or list securities in Croatia only through an authorized investment firm or credit institution. Shares of issuers whose registered office is in a third country that are not listed in either that country or in the country where the majority of the shares are held may be traded on the official market only with the approval of the stock exchange. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents for shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments.

Effective February 22, 2020, Act on Amendments to the CMA raises the current threshold for the obligation to publish a prospectus for public offerings of securities from the existing EUR 5,000,000 to EUR 8,000,000 in kuna equivalent, with the obligation to prepare an information document on the offer for all offers of securities between EUR 4,000,000 and EUR 8,000,000 in kuna equivalent.

This change represents an administrative relief for issuers (the approval of the prospectus by Hanfa is now required only for offers of securities which exceed the total consideration of EUR 8,000,000 in kuna equivalent calculated over a period of 12 months) and makes it cheaper to issue securities, and at the same time, investors receive through the information document uniform and relevant information on the basis of which they can make an investment decision.

Purchase abroad by residents  No. Residents may freely purchase securities abroad.

Sale or issue abroad by residents  Yes. If Croatia is the issuer’s home country, Hanfa, at the issuer’s request or at the request of the person drawing up the prospectus, must notify the relevant EU host member authority and provide (1) a certificate of approval, confirming that the prospectus conforms to the provisions of Directive 2003/71/EC; (2) a copy of the approved prospectus; and (3) a translation of the summary of the prospectus, if required by the CMA, produced by the issuer or the person responsible for drawing up the prospectus. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. CMA provisions that have been changed concern regulated sales and issues of securities locally by nonresidents and sales and issues abroad by residents for shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments.

When it comes to “resident foreign issuance,” the requirement for
publication of prospectus depends on the EU member state in which issuer intends to offer securities: If it has a prospectus approved in the Republic of Croatia and wants to passport it out it can do so under Article 25 of the Prospectus Regulation (EU) No. 2017/1129. If there is no prospectus previously approved in the Republic of Croatia and an issuer (Croatian resident) wants to offer securities in other Member State(s), outside Croatia, it can do so under the rules of Prospectus Regulation in relation to cross-border offerings and the national rules of that other Member State.

**Bonds or other debt securities**

Yes. Bonds may be admitted to both segments (regular and official) of the regulated market in accordance with the provisions of the CMA, Regulation No. 600/2014, and the rules of the stock exchange. The following conditions apply to debt securities: Admission to particular segments of the regulated market for bonds is prescribed by the CMA. The form and content of debt securities submitted for admission to trading on the official market, which is a higher segment of the regulated market, must conform to the appropriate regulations, and the securities must be freely negotiable. However, a stock exchange may treat debt securities that are not fully paid up as freely negotiable as long as there are mechanisms to ensure that their negotiability is not restricted and the trading is transparent, thanks to publication of the appropriate data. If admission to trading on the official market is preceded by a public issue, the first admission to trading on the official market may be made only after the end of the period of subscription and payment in a public issue. This does not apply to continuous and repeated issues of debt securities whose closing date for subscription is not fixed. Application for official listing must be made equally for all debt securities. Admission to trading is approved by the stock exchange. When it comes to prospectus obligation in cases of issuance and/or admission of securities to trading on a regulated market in the Republic of Croatia, major changes were represented by the Act on Amendments to the CMA in 2020 that fully implemented Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

**Purchase locally by nonresidents**

No.

**Sale or issue locally by nonresidents**

Yes. Under the CMA, issuers from other EU members and third-country issuers based in an EU member may make a public offering or apply for admission of securities to a regulated market in Croatia using a prospectus previously granted by the relevant authority of the issuer’s home member country. The prospectus and its supplements approved by the relevant authority of the issuer’s home EU member country – if Croatia is not the home member – are considered valid under the provisions of the CMA, provided Hanfa, as the relevant authority of the issuer’s host member country, and ESMA were notified. A third-country issuer for which Croatia is the host member may offer securities in a public offering or list securities in Croatia only through an investment firm or a credit institution commissioned for that purpose. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents for shares or other securities of a participating nature, bonds and other debt securities, money market...
instruments with maturity of more than 12 months, collective
investment securities, and derivatives and other instruments.
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the current threshold for the obligation to publish a prospectus for
public offerings of securities from the existing EUR 5,000,000 to
EUR 8,000,000 in kuna equivalent, with the obligation to prepare an
information document on the offer for all offers of securities between
EUR 4,000,000 and EUR 8,000,000 in kuna equivalent.

This change represents an administrative relief for issuers (the
approval of the prospectus by Hanfa is now required only for offers
of securities which exceed the total consideration of EUR 8,000,000
in kuna equivalent calculated over a period of 12 months) and makes
it cheaper to issue securities, and at the same time, investors receive
through the information document uniform and relevant information
on the basis of which they can make an investment decision.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents may freely purchase securities abroad.

If Croatia is the issuer’s home country, Hanfa must, at the issuer’s
request or at the request of the person drawing up the prospectus,
notify the relevant authority of the host EU member country and
provide (1) a certificate of approval of the prospectus, confirming
that it conforms to the provisions of Directive 2003/71/EC; (2) a
copy of the approved prospectus; and (3) a translation of the
summary of the prospectus, if required by the CMA, produced by the
issuer or the person responsible for drawing up the prospectus.

Following Croatia’s entry into the EU in 2013, Articles 380, 381,
382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA,
regarding cross-border transactions, went into effect, and the
provisions of Article 384, subparagraphs 1 and 4, and Articles 391,
392, 393, and 394 of the CMA were repealed. Provisions of the CMA
that have been changed relate to regulated sales or issues of
securities locally by nonresidents and sales or issues abroad by
residents of shares or other securities of a participating nature, bonds
and other debt securities, money market instruments with maturity of
more than 12 months, collective investment securities, and
derivatives and other instruments. When it comes to “resident foreign
issuance,” the requirement for publication of prospectus depends on
the EU member state in which issuer intends to offer securities: if it
has a prospectus approved in the Republic of Croatia and wants to
passport it out it can do so under Article 25 of the Prospectus
Regulation (EU) No. 2017/1129. If there is no prospectus previously
approved in the Republic of Croatia and an issuer (Croatian resident)
wants to offer securities in other Member State(s), outside Croatia, it
can do so under the rules of Prospectus Regulation in relation to
cross-border offerings and the national rules of that other Member
State.

<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Issuers of money market instruments with maturity of more than 12
months (deemed transferable securities by the CMA) may use a
prospectus previously granted by the relevant authority of the
issuer’s home member country for issuance and admission of those
securities to a regulated market in Croatia. The CMA considers
money market instrument transactions with maturity of less than 12
months outside its scope and not controlled by Hanfa. Following
Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384,
subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-
border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents of shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments.

Effective February 22, 2020, Act on Amendments to the CMA raises the current threshold for the obligation to publish a prospectus for public offerings of money market instruments having maturity greater than 12 months from the existing EUR 5,000,000 to EUR 8,000,000 in kuna equivalent, with the obligation to prepare an information document on the offer for all offers of money market instruments having maturity greater than 12 months between EUR 4,000,000 and EUR 8,000,000 in kuna equivalent.

This change represents an administrative relief for issuers (the approval of the prospectus by Hanfa is now required only for offers of securities which exceed the total consideration of EUR 8,000,000 in kuna equivalent calculated over a period of 12 months) and makes it cheaper to issue securities, and at the same time, investors receive through the information document uniform and relevant information on the basis of which they can make an investment decision.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
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</table>

For money market instruments with maturity of more than 12 months, if Croatia is the issuer’s home country, Hanfa must, at the issuer’s request or at the request of the person drawing up the prospectus, notify the relevant authority of the host EU member country and provide (1) a certificate of approval of the prospectus, confirming that it conforms to the provisions of Directive 2003/71/EC; (2) a copy of the approved prospectus; and (3) a translation of the summary of the prospectus, if required by the CMA, produced by the issuer or the person responsible for drawing up the prospectus. For money market instruments with maturity of less than 12 months, the CMA deems these transactions outside its scope and not controlled by Hanfa. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA regarding cross-border transactions went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents of shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments.

When it comes to “resident foreign issuance,” the requirement for publication of prospectus depends on the EU member state in which issuer intends to offer securities: If it has a prospectus approved in the Republic of Croatia and wants to passport it out it can do so under Article 25 of the Prospectus Regulation (EU) No. 2017/1129. If there is no prospectus previously approved in the Republic of Croatia and an issuer (Croatian resident) wants to offer securities in other Member State(s), outside Croatia, it can do so under the rules of Prospectus Regulation in relation to cross-border offerings and the national rules of that other Member State.
| **On collective investment securities** | Yes. | Nonresidents may freely purchase securities locally. |
| Purchase locally by nonresidents | No. | Under the CMA, issuers from another EU member country and third-country issuers based in an EU member may make a public offering or may apply for admission of securities to a regulated market in Croatia using a prospectus previously granted by the relevant authority of the issuer’s home member country. The prospectus and its supplements approved by the relevant authority of the issuer’s home EU member, if Croatia is not the home member, are considered valid pursuant to the provisions of the CMA, provided Hanfa, as the relevant authority of the issuer’s host member state, and ESMA were notified. A third-country issuer for which Croatia is the host member state may offer securities in a public offering or list securities in Croatia only through an investment firm or a credit institution commissioned for that purpose. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents for shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments. Effective February 22, 2020, Act on Amendments to the CMA raises the current threshold for the obligation to publish a prospectus for public offerings of securities from the existing EUR 5,000,000 to EUR 8,000,000 in kuna equivalent, with the obligation to prepare an information document on the offer for all offers of securities between EUR 4,000,000 and EUR 8,000,000 in kuna equivalent. This change represents an administrative relief for issuers (the approval of the prospectus by Hanfa is now required only for offers of securities which exceed the total consideration of EUR 8,000,000 in kuna equivalent calculated over a period of 12 months) and makes it cheaper to issue securities, and at the same time, investors receive through the information document uniform and relevant information on the basis of which they can make an investment decision. |
| Sale or issue locally by nonresidents | Yes. | |
| Purchase abroad by residents | No. | Residents may freely purchase securities abroad. |
| Sale or issue abroad by residents | Yes. | If Croatia is the issuer’s home country, Hanfa must, at the issuer’s request or at the request of the person drawing up the prospectus, notify the relevant authority of the host EU member country and provide (1) a certificate of approval of the prospectus, confirming that it conforms to the provisions of Directive 2003/71/EC; (2) a copy of the approved prospectus; and (3) a translation of the summary of the prospectus, if required by the CMA, produced by the issuer or the person responsible for drawing up the prospectus. Management companies may operate in the EU through branches or directly, in accordance with the regulations of the respective EU member. Designated authorities supervise business operations of management company branches in EU members and direct business of the management company in member countries. Management companies may also manage funds outside the EU through branches, which require approval from the supervisory authority. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-
border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents for shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments.

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| Controls on derivatives and other instruments | Yes. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | Yes. |

Under the CMA, issuers of structured products, such as certificates, warrants, covered warrants, etc. (which are considered transferable securities within the meaning of Article 343, Point 2c, of the CMA) from another EU member country and third-country issuers based in an EU member country, may make a public offering or may apply for admission of securities to a regulated market in Croatia using a prospectus previously granted by the relevant authority of the issuer’s home member country. The prospectus and its supplements approved by the relevant authority of the issuer’s home EU member, if Croatia is not the home member, are considered valid pursuant to the provisions of the CMA, provided Hanfa, as the relevant authority, and ESMA were notified. A third-country issuer for which Croatia is the host member state may offer securities in a public offering or list securities in Croatia only through an investment firm or a credit institution commissioned for that purpose. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents of shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments.

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This change represents an administrative relief for issuers (the approval of the prospectus by Hanfa is now required only for offers of securities which exceed the total consideration of EUR 8,000,000 in kuna equivalent calculated over a period of 12 months) and makes it cheaper to issue securities, and at the same time, investors receive
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If Croatia is the issuer’s home country, Hanfa must, at the issuer’s request or at the request of the person drawing up the prospectus, notify the relevant authority of the host EU member state and provide (1) a certificate of approval of the prospectus, confirming that it conforms to the provisions of Directive 2003/71/EC; (2) a copy of the approved prospectus; and (3) a translation of the summary of the prospectus, if required by the CMA, produced by the issuer or the person responsible for drawing up the prospectus. Following Croatia’s entry into the EU in 2013, Articles 380, 381, 382, 383, 384, subparagraphs 2, 3, and 4, and 385 of the CMA, regarding cross-border transactions, went into effect, and the provisions of Article 384, subparagraphs 1 and 4, and Articles 391, 392, 393, and 394 of the CMA were repealed. Provisions of the CMA that have been changed relate to regulated sales or issues of securities locally by nonresidents and sales or issues abroad by residents for shares or other securities of a participating nature, bonds and other debt securities, money market instruments with maturity of more than 12 months, collective investment securities, and derivatives and other instruments.

When it comes to “resident foreign issuance,” the requirement for publication of prospectus depends on the EU member state in which issuer intends to offer securities: if it has a prospectus approved in the Republic of Croatia and wants to passport it out it can do so under Article 25 of the Prospectus Regulation (EU) No. 2017/1129. If there is no prospectus previously approved in the Republic of Croatia and an issuer (Croatian resident) wants to offer securities in other Member State(s), outside Croatia, it can do so under the rules of Prospectus Regulation in relation to cross-border offerings and the national rules of that other Member State.

<table>
<thead>
<tr>
<th><strong>Controls on credit operations</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Investments must be reported to the CNB for statistical purposes.

<table>
<thead>
<tr>
<th><strong>Controls on direct investment</strong></th>
<th>No.</th>
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<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
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<td>No.</td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct investment</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

Proceeds may be transferred after settlement of legal obligations, including tax.
Controls on real estate transactions | Yes.
---|---
*Purchase abroad by residents* | No. Residents may purchase real estate abroad, provided all legally prescribed obligations have been settled.
*Purchase locally by nonresidents* | Yes. EU citizens may acquire real estate in Croatia without the reciprocity condition and without permission from the minister of justice, except for agricultural land and protected natural areas as prescribed by law.
*Sale locally by nonresidents* | No.

Controls on personal capital transactions | No.

*Loans* | No. Financial loans must be reported to the CNB for statistical purposes.
---|---
By residents to nonresidents | No.
To residents from nonresidents | No.
*Gifts, endowments, inheritances, and legacies* | No.
---|---
By residents to nonresidents | No.
To residents from nonresidents | No.
*Settlement of debts abroad by immigrants* | No.
*Transfer of assets* | No.
---|---
Transfer abroad by emigrants | No.
Transfer into the country by immigrants | No.
*Transfer of gambling and prize earnings* | No.

References to legal instruments and hyperlinks | This information can be found at the AREAESER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

*Provisions specific to commercial banks and other credit institutions* | Yes. CNB regulations apply.
---|---
Borrowing abroad | No.
Maintenance of accounts abroad | No.
Lending to nonresidents (financial or commercial credits) | No.
Lending locally in foreign exchange | No. There are no restrictions imposed to credit institutions on lending locally in foreign exchange. However, banks are required to inform natural persons about the risks of borrowing in foreign exchange without having an income stream in these currencies.
Purchase of locally issued securities denominated in foreign exchange | No.
Differential treatment of deposit accounts in foreign exchange | Yes.
*Reserve requirements* | Yes. Deposits in domestic and foreign currency are subject to a reserve requirement of 12%. The calculation period follows the calendar month. The maintenance period covers the second Wednesday of the month to the day preceding the second Wednesday of the following month. Kuna and foreign exchange components are calculated separately. Seventy-five percent of the calculated foreign exchange
component of reserve requirement is included in the calculated kuna
component of reserve requirement and allocated in kunas. Banks
must allocate a certain percentage of reserve requirements to
accounts at the CNB. The percentage for allocating the kuna
component of reserve requirements is 70, while that for allocating the
foreign exchange component of reserve requirement is 0. At least 2%
of the foreign exchange component of the reserve requirement is to
be maintained by the average daily balance of funds in bank’s own
foreign exchange (euro) settlement accounts in Croatian component
of TARGET2 (Payments module (PM) accounts). The remaining
portion of the reserve requirement may be met with the average daily
balances of liquid claims. The CNB does not remunerate reserve
requirement funds.

Liquid asset requirements Yes. Seventeen percent of foreign exchange liabilities (minimum required
amount of foreign currency claims) must be covered by short-term
foreign exchange assets with maturity of less than three months. In
addition to foreign-exchange-denominated instruments, liabilities
include foreign-exchange-indexed instruments (liabilities in kunas
with a one- or two-way currency clause).

Interest rate controls No.
Credit controls No.
Differential treatment of deposit accounts
held by nonresidents No.
Reserve requirements No.
Liquid asset requirements No.
Interest rate controls No.
Credit controls No.
Investment regulations No.
Abroad by banks No.
In banks by nonresidents No.
Open foreign exchange position limits Yes. Banks must report daily open positions in foreign exchange relative
to the bank’s regulatory capital. A prudential capital requirement of
8% of a bank’s own funds is imposed by Article 351 of the CRR.

On resident assets and liabilities Yes.
On nonresident assets and liabilities Yes.

Provisions specific to institutional
investors Yes. Along with the Insurance Act, the following laws apply to
institutional investors: (1) the Act on Mandatory Pension Funds and
Act on Voluntary Pension Funds and (2) the Act on Open-End
Investment Funds with a Public Offering and Alternative Investment
Funds Act.

Insurance companies No. In accordance with the Insurance Act, the insurance supervisor was
granted powers over the following: approval of ancillary own funds,
classification of own funds items, undertaking specific parameters, a
full or partial internal model, ancillary own funds of an intermediate
insurance holding company, a group internal model, the use of the
duration-based equity risk sub-module, the use of the matching
adjustment to the relevant risk-free interest rate term structure, the
use of the volatility adjustment to the relevant risk-free interest rate
term structure, the use of the transitional measure on the risk-free
interest rates, and the use of the transitional measure on technical provisions, to determine the level and scope of group supervision, to identify the group supervisor, and to establish a college of supervisors. In accordance with the Insurance Act the insurance supervisor was granted powers over the following: to decide to deduct any participation, to determine the choice of method to calculate group solvency, to make the determination on equivalence, to permit insurance and reinsurance companies to be subject of determination of the solvency capital requirement of the subsidiary, and to make determination of the equivalence in a third country and the application of transitional measures.

The Insurance Act, which came into force in 2016, transposed provisions of the solvency regime, including rules of capital requirement, technical provisions, quantitative and qualitative requirements, reporting and public disclosure, transparency and system of governance of Directive 2009/138/EC (Solvency II). According to the Croatian Insurance Act, investment in particular categories of assets is not required and therefore provisions on limits are not required any longer. The assets held to cover the technical provisions related to those risks are not required to be localized within the Community or in any particular Member States. Insurance and reinsurance companies are obliged to all their assets in accordance with the Insurance Act, Commission Delegated Regulation (EU) No. 2015/35, and other regulations of the European Commission which determine qualitative requirements for identification, measurement, monitoring, and control and management of the investment risks, especially taking into account the prudent person principle. Insurance and reinsurance companies are obliged to invest only in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole and maintain the localization of those assets such as to ensure their availability. Insurance company should invest in derivative instruments insofar as they contribute to a reduction of risks or facilitate efficient portfolio management. Investment and assets, which are not admitted to trading on a regulated financial market, should be kept to prudent levels. Assets should be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of companies, or geographical area and excessive accumulation of risk in the portfolio as a whole. Investments in assets issued by the same issuer, or by issuers belonging to the same group, may not expose the insurance companies to excessive risk concentration. Assets held to cover the technical provisions should also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets should be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. In the case of a conflict of interest, insurance companies, or the entity which manages their asset portfolio, should ensure that the investment is made in the best interest of policyholders and beneficiaries.
According to the Croatian Insurance Act investment in particular categories of assets is not required and therefore provisions on limits are not required any longer. The assets held to cover the technical provisions related to those risks are not required to be localized within the Community or in any particular Member States. Insurance and reinsurance companies are obliged to invest all their assets in accordance with the Insurance Act, Commission Delegated Regulation (EC) No. 2015/35, and other regulations of the European Commission which determine qualitative requirements for identification, measurement, monitoring, and control, and management of the investment risks especially taking into account the prudent person principle. Insurance and reinsurance companies are obliged to invest only in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, should be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole and maintain the localization of those assets such as to ensure their availability. Insurance company should only invest in derivative instruments insofar as they contribute to a reduction of risks or facilitate efficient portfolio management. Investment and assets, which are not admitted to trading on a regulated financial market, should be kept to prudent levels. Assets should be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of companies, or geographical area and excessive accumulation of risk in the portfolio as a whole. Investments in assets issued by the same issuer, or by issuers belonging to the same group, may not expose the insurance companies to excessive risk concentration. Assets held to cover the technical provisions should be also invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets should be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. In the case of a conflict of interest, insurance companies, or the entity which manages their asset portfolio, should ensure that the investment is made in the best interest of policyholders and beneficiaries.

The Insurance Act, which came into force in 2016 transposed provisions of the solvency regime, including rules of capital requirement, technical provisions, quantitative and qualitative requirements, reporting and public disclosure, transparency and system of governance of Directive 2009/138/EC (Solvency II). According to the Croatian Insurance Act investment in particular categories of assets is not required and therefore provisions on limits are not required any longer. The assets held to cover the technical provisions related to those risks are not required to be localized within the Community or in any particular Member States. Insurance and reinsurance companies are obliged to invest all their assets in accordance with the Insurance Act, Commission Delegated Regulation (EC) No. 2015/35, and other regulations of the European Commission which determine qualitative requirements for identification, measurement, monitoring, and control and management of the investment risks especially taking into account the prudent person principle. Insurance and reinsurance companies are obliged to invest only in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. All assets, in particular
those covering the Minimum Capital Requirement and the Solvency Capital Requirement, should be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole and maintain the localization of those assets such as to ensure their availability. Insurance company should invest in derivative instruments insofar as they contribute to a reduction of risks or facilitate efficient portfolio management. Investment and assets, which are not admitted to trading on a regulated financial market, must be kept to prudent levels. Assets should be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of companies, or geographical area and excessive accumulation of risk in the portfolio as a whole. Investments in assets issued by the same issuer, or by issuers belonging to the same group, may not expose the insurance companies to excessive risk concentration. Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets should be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. In the case of a conflict of interest, insurance companies, or the entity which manages their asset portfolio, should ensure that the investment is made in the best interest of policy holders and beneficiaries.

**Currency-matching regulations on assets/liabilities composition**

No. According to the Croatian Insurance Act assets should be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of companies, or geographical area and excessive accumulation of risk in the portfolio as a whole. Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities.

**Pension funds**

Yes. Mandatory pension funds are regulated by the Act on Mandatory Pension Funds; voluntary pension funds are regulated by the Act on Voluntary Pension Funds.

**Limits (max.) on securities issued by nonresidents**

Yes. The Act on Mandatory Pension Funds specifies three categories of mandatory pension funds (A, B, and C) and establishes limits on investments for each category. Mandatory pension fund assets may be invested as follows: (1) At least 30% A, 50% B, and 70% C of the fund’s net asset value (NAV) must be invested in debt securities and money market instruments issued by Croatia, other EU member state or OECD member; the CNB or CBs of EU or OECD members; and public international entities with one or more EU or OECD members. (2) Up to 30% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities and money market instruments guaranteed by Croatia or an EU or OECD member; the CNB or CBs of EU or OECD members; and public international entities with one or more EU or OECD members. (3) Up to 30% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities traded on the organized securities market issued by units of local and regional self-government of Croatia or another EU or OECD member. (4) Up to 50% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities and money market instruments traded on the regulated market whose issuer is headquartered in Croatia or another EU or OECD member. (5) Effective January 1, 2019, up to 65% A and 40% B of the fund’s NAV (previously 55% A, 35% B, and 10% C) may be invested in equity securities traded on the regulated market whose issuer is a joint-stock company headquartered in Croatia or another EU or OECD member according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). By the amendments to the law fund assets can be invested in infrastructure.
projects and startups. (6) Up to 30% A, 30% B and 10% C of the fund’s NAV may be invested in units of UCITS funds registered in Croatia or in an EU or OECD member. (7) Up to 15% A and 10% B of the fund’s NAV may be invested in units or shares of open-end alternative investment funds or shares of closed-end alternative funds registered in Croatia or in an EU or OECD member. (8) Up to 20% A, 20% B, and 20% C of the fund’s NAV may be invested in deposits with a bank headquartered in Croatia or in an EU or OECD member. (9) Up to 10% A, 5% B, and 10% C of the fund’s NAV may be invested in the cash held on the business account of the pension fund. (10) Effective January 1, 2019, up to 55% A, 35% B of the fund’s NAV may be invested in transferable equity and/or debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia. Up to 10% C of the fund’s NAV may be invested in transferable debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). (11) Effective January 1, 2019, up to 0.2% A and 0.1% B of the fund’s NAV may be invested in transferable equity securities and/or shares offered through regulated capital raising systems accepted by the Croatian Financial Services Supervisory Agency according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18).

Voluntary pension fund’s assets may be invested as follows: (1) No more than 10% of fund’s NAV may be invested in transferable securities and money market instruments of a single issuing entity. If the value of transferable securities or money market instruments of a single issuer in which the fund is invested exceeds 5% of the fund’s NAV, the sum of the value of these investments for all such issuers may not exceed 40% of the fund’s NAV, but with following exceptions: (a) Investments in transferable securities and money market instruments issued or guaranteed by Croatia or units of local and regional self-government of Croatia, another EU member, units of local and regional self-government of an EU member, OECD member, or public international entities with one or more EU or OECD country members may be without limitations, provided the fund’s prospectus and promotional materials clearly indicate country members, units of local and regional self-government or public international entities with one or more EU or OECD country members in whose securities and money market instruments a fund may invest more than 35% of the fund’s NAV; (b) no more than 25% of the fund’s NAV may be invested in covered bonds issued by credit institutions headquartered in Croatia or another EU member; (c) no more than 10% of the fund’s NAV may be invested in securities or money market instruments of issuers of related companies; (2) up to 5% of the fund’s NAV may be deposited with a single credit institution whose head office is in Croatia or in an EU or OECD member; (3) the total value of investment in transferable securities or money market instruments of a single issuer, the value of deposits placed with that person, and exposures to OTC financial derivatives arranged with that person may not exceed 15% of the fund’s NAV; (4) effective January 1, 2019, up to 30% of the fund’s NAV (previously 10%) may be invested in units or shares of UCITS funds authorized in Croatia or another EU or OECD member according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18); and (5) effective January 1, 2019, up to 15% of the fund’s NAV (previously 5%) may be invested in units or shares of an alternative investment fund according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18).

The Act on Mandatory Pension Funds specifies three categories of

| Limits (max.) on investment portfolio | Yes. |
mandatory pension funds (A, B, and C) and establishes limits on investments for each category. Mandatory pension fund assets may be invested as follows: (1) At least 30% A, 50% B, and 70% C of the fund’s NAV must be invested in debt securities and money market instruments issued by Croatia, other EU member state or OECD member; the CNB or CBs of EU or OECD members; and public international entities with one or more EU or OECD members. (2) Up to 30% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities and money market instruments guaranteed by Croatia or an EU or OECD member; the CNB or CBs of EU or OECD members; and public international entities with one or more EU or OECD members. (3) Up to 30% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities traded on the regulated market issued by units of local and regional self-government of Croatia or another EU or OECD member. (4) Up to 50% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities and money market instruments traded on the regulated market whose issuer is headquartered in Croatia or another EU or OECD member. (5) Effective January 1, 2019, up to 65% A and 40% B of the fund’s NAV (previously 55% A and 35% B) may be invested in equity securities traded on the regulated market whose issuer is a joint-stock company headquartered in Croatia or another EU or OECD member according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). By the amendments to the law fund assets can be invested in infrastructure projects and startups. (6) Up to 30% A, 30% B, and 10% C of the fund’s NAV may be invested in units of UCITS funds registered in Croatia or in an EU or OECD member. (7) Up to 15% A and 10% B of the fund’s NAV may be invested in units or shares of open-end alternative investment funds or shares of closed-end alternative funds registered in Croatia or in an EU or OECD member. (8) Up to 20% A, 20% B, and 20% C of the fund’s NAV may be invested in deposits with a bank headquartered in Croatia or in an EU or OECD member. (9) Up to 10% A, 5% B, and 10% C of the fund’s NAV may be invested in the cash held on the business account of the pension fund. (10) Effective January 1, 2019, up to 55% A, 35% B of the fund’s NAV may be invested in transferable equity and/or debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia. Up to 10% C of the fund’s NAV may be invested in transferable debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). (11) Effective January 1, 2019, up to 0.2% A and 0.1% B of the fund’s NAV may be invested in transferable equity securities and/or shares offered through regulated capital raising systems accepted by the Croatian Financial Services Supervisory Agency according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). Voluntary pension fund’s assets may be invested as follows: (1) No more than 10% of fund’s NAV may be invested in transferable securities and money market instruments of a single issuing entity. If the value of transferable securities or money market instruments of a single issuer in which the fund is invested exceeds 5% of the fund’s NAV, the sum of the value of these investments for all such issuers may not exceed 40% of the fund’s NAV, but with following exceptions: (a) Investments in transferable securities and money market instruments issued or guaranteed by Croatia or units of local and regional self-government of Croatia, another EU member, units of local and regional self-government of an EU member, OECD member, or public international entities with one or more EU or
OECD country members may be without limitations, provided the fund’s prospectus and promotional materials clearly indicate country members, units of local and regional self-government or public international entities with one or more EU or OECD country members in whose securities and money market instruments a fund may invest more than 35% of the fund’s NAV; (b) no more than 25% of the fund’s NAV may be invested in covered bonds issued by credit institutions headquartered in Croatia or another EU member; (c) no more than 10% of the fund’s NAV may be invested in securities or money market instruments of issuers of related companies; (2) up to 5% of the fund’s NAV may be deposited with a single credit institution whose head office is in Croatia or in an EU or OECD member; (3) the total value of investment in transferable securities or money market instruments of a single issuer, the value of deposits placed with that person, and exposures to OTC financial derivatives arranged with that person may not exceed 15% of the fund’s NAV; (4) effective January 1, 2019, up to 30% of the fund’s NAV (previously 10%) may be invested in units or shares of UCITS funds authorized in Croatia or another EU or OECD member according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18); and (5) effective January 1, 2019, up to 15% of the fund’s NAV (previously 5%) may be invested in units or shares of an alternative investment fund according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No.115/18).

| Limits (min.) on investment portfolio held locally | Yes. |

The Act on Mandatory Pension Funds specifies three categories of mandatory pension funds (A, B, and C) and establishes limits on investments for each category. Mandatory pension fund assets may be invested as follows: (1) At least 30% A, 50% B, and 70% C of the fund’s NAV must be invested in debt securities and money market instruments issued by Croatia, other EU member state or OECD member; the CNB or CBs of EU or OECD members; and public international entities with one or more EU or OECD members. (2) Up to 30% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities and money market instruments guaranteed by Croatia or an EU or OECD member; the CNB or CBs of EU or OECD members; and public international entities with one or more EU or OECD members. (3) Up to 30% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities traded on the regulated market issued by units of local and regional self-government of Croatia or another EU or OECD member. (4) Up to 50% A, 30% B, and 10% C of the fund’s NAV may be invested in debt securities and money market instruments traded on the regulated market whose issuer is headquartered in Croatia or another EU or OECD member. (5) Effective January 1, 2019, up to 65% A and 40% B of the fund’s NAV (previously 55% A and 35% B) may be invested in equity securities traded on the regulated market whose issuer is a joint-stock company headquartered in Croatia or another EU or OECD member according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). By the amendments to the law fund assets can be invested in infrastructure projects and startups. (6) Up to 30% A, 30% B and 10% C of the fund’s NAV may be invested in units of UCITS funds registered in Croatia or in an EU or OECD member. (7) Up to 15% A and 10% B of the fund’s NAV may be invested in units or shares of open-end alternative investment funds or shares of closed-end alternative funds registered in Croatia or in an EU or OECD member. (8) Up to 20% A, 20% B, and 20% C of the fund’s NAV may be invested in deposits with a bank headquartered in Croatia or in an EU or OECD member. (9) Up to 10% A, 5% B, and 10% C of the fund’s NAV may be invested in the cash held on the business account of the pension fund.
(10) Effective January 1, 2019, up to 55% A, 35% B of the fund’s NAV may be invested in transferable equity and/or debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia. Up to 10% C of the fund’s NAV may be invested in transferable debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). (11) Effective January 1, 2019, up to 0.2% A and 0.1% B of the fund’s NAV may be invested in transferable equity securities and/or shares offered through regulated capital raising systems accepted by the Croatian Financial Services Supervisory Agency according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18).

Voluntary pension fund’s assets may be invested as follows: (1) No more than 10% of fund’s NAV may be invested in transferable securities and money market instruments of a single issuing entity. If the value of transferable securities or money market instruments of a single issuer in which the fund is invested exceeds 5% of the fund’s NAV, the sum of the value of these investments for all such issuers may not exceed 40% of the fund’s NAV, but with following exceptions: (a) Investments in transferable securities and money market instruments issued or guaranteed by Croatia or units of local and regional self-government of Croatia, another EU member, units of local and regional self-government of an EU member, OECD member, or public international entities with one or more EU or OECD country members may be without limitations, provided the fund’s prospectus and promotional materials clearly indicate country members, units of local and regional self-government or public international entities with one or more EU or OECD country members may be without limitations, provided the fund’s prospectus and promotional materials clearly indicate country members, units of local and regional self-government or public international entities with one or more EU or OECD country members in whose securities and money market instruments a fund may invest more than 35% of the fund’s NAV; (b) no more than 25% of the fund’s NAV may be invested in covered bonds issued by credit institutions headquartered in Croatia or another EU member; (c) no more than 10% of the fund’s NAV may be invested in securities or money market instruments of issuers of related companies; (2) up to 5% of the fund’s NAV may be deposited with a single credit institution whose head office is in Croatia or in an EU or OECD member; (3) the total value of investment in transferable securities or money market instruments of a single issuer, the value of deposits placed with that person, and exposures to OTC financial derivatives arranged with that person may not exceed 15% of the fund’s NAV; (4) effective January 1, 2019, up to 30% of the fund’s NAV (previously 10%) may be invested in units or shares of UCITS funds authorized in Croatia or another EU or OECD member according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18); and (5) effective January 1, 2019, up to 15% of the fund’s NAV may be invested in units or shares of an alternative investment fund according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18).

Currency-matching regulations on assets/liabilities composition
Yes.

Investment of a pension fund’s assets must take into account the liability maturity of the fund. Invested assets must be adjusted for valuation changes resulting from risks and possible losses caused by changes in interest or exchange rates or by other capital risks. A pension fund’s assets must be invested in a way that is aligned with the currency of liabilities of the fund (40% A, 60% B, and 90% C of the mandatory pension fund’s NAV and 70% of the voluntary pension fund’s NAV – applicable only to IORP).

Investment firms and collective investment funds
Yes.

Open-end investment funds with a public offering are regulated by the Act on Open-End Investment Funds with a Public Offering; alternative investment funds are regulated by the Alternative...
Investment Funds Act. Investment firms’ investments are not restricted in the context of providing investment services to clients in accordance with the applicable regulations. Investment firms do have additional capital requirements for trade exposures if the total investment exceeds 25% of its eligible capital and limits to large exposures, which may not exceed 25% of its eligible capital to a client or group of connected clients according to Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on Prudential Requirements for Credit Institutions and Investment Firms.

| Limits (max.) on securities issued by nonresidents | Yes. |

Article 254 (1) An UCITS fund’s assets are subject to the following limits:

1. Up to 10% of fund’s NAV may be invested in transferable securities and money market instruments of a single issuer, on the condition that if the value of value of transferable securities or money market instruments of a single issuer exceeds 5% of the fund’s NAV, the sum of the value of these investments for all such issuers may not exceed 40% of the fund’s NAV;

2. up to 20% of the fund’s NAV may be deposited with a single credit institution headquartered in Croatia, another EU member or in a third country, whereby the money in the accounts is also taken into account;

3. exposures to the counterparty in transactions with OTC financial derivatives may not exceed: (a) 10% of fund’s NAV if the counterparty is a credit institution headquartered in Croatia, another EU member or in a third country or (b) 5% of fund’s NAV if the counterparty is other legal person (subject to prudential supervision and belongs to the categories prescribed by Hanfa);

4. limits of 40% of the fund’s NAV from paragraph (1) do not apply on (a) deposits and (b) transactions with OTC financial derivatives made with other counterparties (subject to prudential supervision and belongs to the categories prescribed by Hanfa);

5. notwithstanding the individual limits laid down in Points (1) to (4), a UCITS may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following: (a) investments in transferable securities or money market instruments issued by that body; (b) deposits made with that body; or (c) exposures arising from OTC derivative transactions undertaken with that body; (d) exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of the fund’s NAV may be invested in securities or money market instruments issued or guaranteed by the Republic of Croatia or units of local and regional self-government of the Republic of Croatia, another Member State, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members; (e) exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of the fund’s NAV may be invested in covered bonds issued by credit institutions with a registered office in the Republic of Croatia or in another Member State, which are, pursuant to a separate law, subject to a special public oversight for the purpose of protection of investors in these bonds. Funds raised by the issue of such bonds must be invested, pursuant to the separate law, in assets which will, until the time of bonds’ maturity, allow for settling of liabilities arising from the bonds and which will, in the case of the issuer’s default, primarily be used for redeeming the principal and accrued interest attaching to these bonds. If more than 5% of the fund’s NAV is invested in such bonds of any single issuer, total value of such investments, accounting for more than 5% of the fund’s NAV, may not exceed 80% of the fund’s NAV; (f) the transferable securities and money market instruments referred to in Points (6) and (7) may not be taken into account for the purpose of applying the limit of 40%
referred to in Point (1); (9) the limits provided for in Points (1) to (7) may not be combined, and therefore, when the UCITS fund’s assets must invest in the assets specified in Points (1) to (7), a maximum of 35% of fund’s NAV may be invested in: (a) investments in transferable securities or money market instruments issued by that body, (b) deposits made with that body, and (c) exposures arising from OTC derivative transactions undertaken with that body; (10) up to 20% of fund’s NAV may be invested in transferable securities and money market instruments the issuers of which are persons constituting related companies, in accordance with the provisions of the legislation governing the establishment and operation of companies, in accordance with the provisions regulations governing accounting of entrepreneurs and the application of financial reporting standards, and persons who are in a close connection. These persons are considered as one person in terms of calculating the limits from Points (5) and (9) of this paragraph. Article 255 (1) Without prejudice to the limits laid down in Article 254 (1) 1 and Article 258, up to 20% of fund’s NAV may be invested in shares or debt securities issued by the same body when, according to the fund rules or instruments of incorporation, the aim of the UCITS’ investment policy is to replicate the composition of a certain stock or debt securities index which is recognized by Hanfa. Index replication means replication of the underlying assets of the index, and for this purpose the use of financial derivatives is allowed. The index referred to in paragraph (1) of this Article must meet the following conditions: (a) its composition is sufficiently diversified in such a way that the components of the index are in line with the principles risk allocations referred to in paragraphs (1) and (3) of this Article; (b) the index represents an adequate benchmark for the market to which it refers; and (c) it is published in an appropriate manner, paragraph (3); exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of fund’s NAV may be invested in shares or debt securities issued by the same body when it is absolutely necessary for replication of the index and justified by exceptional market conditions, especially in regulated markets on for which a particular transferable security or money market instrument is highly dominant. Investment up to 35% of the NAV of the fund in shares or debt securities of one issuer only allowed for one issuer. Article 256 Exceptionally out of limitation laid down in Article 254, paragraph (1), Hanfa may approve an investment up to 100% of fund’s NAV in transferable securities or money market instruments issued or guaranteed by the Republic of Croatia or units of local and regional self-government of the Republic of Croatia, another Member State, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members, under the following conditions: (a) the protection of investors in such UCITS fund is equal to that of investors in a UCITS fund whose assets are invested in accordance with the restrictions referred to in Article 254, paragraph (1); (b) the fund’s assets consists of at least six different securities or money market instruments, but the value of any single security or money market instrument does not exceed 30% of fund’s NAV; and (c) the fund prospectus and any promotional material must clearly have the statement from which it is that the UCITS fund has been approved in accordance with this Article, with clearly indicated Member States, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members, in whose securities and money market instruments is intended to invest more than 35% of the NAV of the fund. Article 257 (1) A maximum of 20% of the
UCITS fund’s NAV may be invested in units or shares of any single UCITS, on the condition that no more than 30% of the fund’s NAV is invested in funds other than open-ended investment funds with a public offering. (2) The assets of the investment fund in which the UCITS fund is invested are not included in the calculations of the limit referred to in Article 254, paragraph (1). (3) UCITS may acquire a maximum of: (a) 10% of voting shares of any single issuer, (b) 10% of non-voting shares of any single issuer, (c) 10% of debt securities issued by any single issuer, (d) 25% of units in individual investment fund, and (e) 10% of money market instruments of any single issuer. The limitations laid down in Points (c), (d), and (e) may be disregarded at the time of acquisition if it is not possible at that time to calculate the total number or value of instruments in circulation. (2) Limitations from paragraph (1) in this Article may not apply to transferable securities and money market instruments issued or guaranteed by the Republic of Croatia, units of local and regional self-government of the Republic of Croatia, by other Member States, units of local and regional self-government of a Member State, a third country or by a public international body of which one or more Member States are members.

Article 254 (1) An UCITS fund’s assets are subject to the following limits:
(1) Up to 10% of fund’s NAV may be invested in transferable securities and money market instruments of a single issuer, on the condition that if the value of value of transferable securities or money market instruments of a single issuer exceeds 5% of the fund’s NAV, the sum of the value of these investments for all such issuers may not exceed 40% of the fund’s NAV; (2) up to 20% of the fund’s NAV may be deposited with a single credit institution headquartered in Croatia, another EU member or in a third country, whereby the money in the accounts is also taken into account; (3) exposures to the counterparty in transactions with OTC financial derivatives may not exceed: (a) 10% of fund’s NAV if the counterparty is a credit institution headquartered in Croatia, another EU member or in a third country or (b) 5% of fund’s NAV if the counterparty is other legal person (subject to prudential supervision and belongs to the categories prescribed by Hanfa); (4) limits of 40% of the fund’s NAV from paragraph (1) do not apply on (a) deposits and (b) transactions with OTC financial derivatives made with other counterparties (subject to prudential supervision and belongs to the categories prescribed by Hanfa); (5) notwithstanding the individual limits laid down in Points (1) to (4), a UCITS may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following: (a) investments in transferable securities or money market instruments issued by that body; (b) deposits made with that body; or (c) exposures arising from OTC derivative transactions undertaken with that body; (6) exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of the fund’s NAV may be invested in securities or money market instruments issued or guaranteed by the Republic of Croatia or units of local and regional self-government of the Republic of Croatia, another Member State, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members; (7) exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of the fund’s NAV may be invested in covered bonds issued by credit institutions with a registered office in the Republic of Croatia or in another Member State, which are, pursuant to a separate law, subject to a special public oversight for the purpose of protection of investors in these bonds. Funds raised by the issue of such bonds
must be invested, pursuant to the separate law, in assets which will, until the time of bonds’ maturity, allow for settling of liabilities arising from the bonds and which will, in the case of the issuer’s default, primarily be used for redeeming the principal and accrued interest attaching to these bonds. If more than 5% of the fund’s NAV is invested in such bonds of any single issuer, total value of such investments, accounting for more than 5% of the fund’s NAV, may not exceed 80% of the fund’s NAV; (8) the transferable securities and money market instruments referred to in Points (6) and (7) may not be taken into account for the purpose of applying the limit of 40% referred to in Point (1); (9) the limits provided for in Points (1) to (7) may not be combined, and therefore, when the UCITS fund’s assets must invest in the assets specified in Points (1) to (7), a maximum of 35% of fund’s NAV may be invested in: (a) investments in transferable securities or money market instruments issued by that body, (b) deposits made with that body, and (c) exposures arising from OTC derivative transactions undertaken with that body; (10) up to 20% of fund’s NAV may be invested in transferable securities and money market instruments the issuers of which are persons constituting related companies, in accordance with the provisions of the legislation governing the establishment and operation of companies, in accordance with the provisions regulations governing accounting of entrepreneurs and the application of financial reporting standards, and persons who are in a close connection. These persons are considered as one person in terms of calculating the limits from Points (5) and (9) of this paragraph. Article 255 (1) Without prejudice to the limits laid down in Article 254 (1) 1 and Article 258, up to 20% of fund’s NAV may be invested in shares or debt securities issued by the same body when, according to the fund rules or instruments of incorporation, the aim of the UCITS’ investment policy is to replicate the composition of a certain stock or debt securities index which is recognized by Hanfa. Index replication means replication of the underlying assets of the index, and for this purpose the use of financial derivatives is allowed. The index referred to in paragraph (1) of this Article must meet the following conditions: (a) its composition is sufficiently diversified in such a way that the components of the index are in line with the principles risk allocations referred to in paragraphs (1) and (3) of this Article; (b) the index represents an adequate benchmark for the market to which it refers; and (c) it is published in an appropriate manner, paragraph (3); exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of fund’s NAV may be invested in shares or debt securities issued by the same body when it is absolutely necessary for replication of the index and justified by exceptional market conditions, especially in regulated markets on for which a particular transferable security or money market instrument is highly dominant. Investment up to 35% of the NAV of the fund in shares or debt securities of one issuer only allowed for one issuer. Article 256 Exceptionally out of limitation laid down in Article 254, paragraph (1), Hanfa may approve an investment up to 100% of fund’s NAV in transferable securities or money market instruments issued or guaranteed by the Republic of Croatia or units of local and regional self-government of the Republic of Croatia, another Member State, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members, under the following conditions: (a) the protection of investors in such UCITS fund is equal to that of investors in a UCITS fund whose assets are invested in accordance with the restrictions referred to in Article 254, paragraph (1); (b) the fund’s assets consists of at least six different
securities or money market instruments, but the value of any single security or money market instrument does not exceed 30% of fund’s NAV; and (c) the fund prospectus and any promotional material must clearly have the statement from which it is that the UCITS fund has been approved in accordance with this Article, with clearly indicated Member States, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members, in whose securities and money market instruments are intended to invest more than 35% of the NAV of the fund. Article 257 (1) A maximum of 20% of the UCITS fund’s NAV may be invested in units or shares of any single UCITS, on the condition that no more than 30% of the fund’s NAV is invested in funds other than open-ended investment funds with a public offering. (2) The assets of the investment fund in which the UCITS fund is invested are not included in the calculations of the limit referred to in Article 254, paragraph (1). (3) UCITS may acquire a maximum of: (a) 10% of voting shares of any single issuer, (b) 10% of non-voting shares of any single issuer, (c) 10% of debt securities issued by any single issuer, (d) 25% of units in individual investment fund, and (e) 10% of money market instruments of any single issuer. The limitations laid down in Points (c), (d), and (e) may be disregarded at the time of acquisition if it is not possible at that time to calculate the total number or value of instruments in circulation. (2) Limitations from paragraph (1) in this Article may not apply to transferable securities and money market instruments issued or guaranteed by the Republic of Croatia, units of local and regional self-government of the Republic of Croatia, by other Member States, units of local and regional self-government of a Member State, a third country or by a public international body of which one or more Member States are members.

Limits (min.) on investment portfolio held locally

Yes.

Article 254 (1) An UCITS fund’s assets are subject to the following limits:

(1) Up to 10% of fund’s NAV may be invested in transferable securities and money market instruments of a single issuer, on the condition that if the value of value of transferable securities or money market instruments of a single issuer exceeds 5% of the fund’s NAV, the sum of the value of these investments for all such issuers may not exceed 40% of the fund’s NAV; (2) up to 20% of the fund’s NAV may be deposited with a single credit institution headquartered in Croatia, another EU member or in a third country, whereby the money in the accounts is also taken into account; (3) exposures to the counterparty in transactions with OTC financial derivatives may not exceed: (a) 10% of fund’s NAV if the counterparty is a credit institution headquartered in Croatia, another EU member or in a third country or (b) 5% of fund’s NAV if the counterparty is other legal person (subject to prudential supervision and belongs to the categories prescribed by Hanfa); (4) limits of 40% of the fund’s NAV from paragraph (1) do not apply on (a) deposits and (b) transactions with OTC financial derivatives made with other counterparties (subject to prudential supervision and belongs to the categories prescribed by Hanfa); (5) notwithstanding the individual limits laid down in Points (1) to (4), a UCITS may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following: (a) investments in transferable securities or money market instruments issued by that body; (b) deposits made with that body; or (c) exposures arising from OTC derivative transactions undertaken with that body; (6) exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of the fund’s NAV may be invested in securities or money market instruments issued or guaranteed by the Republic of Croatia or units
of local and regional self-government of the Republic of Croatia, another Member State, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members; (7) exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of the fund’s NAV may be invested in covered bonds issued by credit institutions with a registered office in the Republic of Croatia or in another Member State, which are, pursuant to a separate law, subject to a special public oversight for the purpose of protection of investors in these bonds. Funds raised by the issue of such bonds must be invested, pursuant to the separate law, in assets which will, until the time of bonds’ maturity, allow for settling of liabilities arising from the bonds and which will, in the case of the issuer’s default, primarily be used for redeeming the principal and accrued interest attaching to these bonds. If more than 5% of the fund’s NAV is invested in such bonds of any single issuer, total value of such investments, accounting for more than 5% of the fund's NAV, may not exceed 80% of the fund’s NAV; (8) the transferable securities and money market instruments referred to in Points (6) and (7) may not be taken into account for the purpose of applying the limit of 40% referred to in Point (1); (9) the limits provided for in Points (1) to (7) may not be combined, and therefore, when the UCITS fund’s assets must invest in the assets specified in Points (1) to (7), a maximum of 35% of fund’s NAV may be invested in: (a) investments in transferable securities or money market instruments issued by that body, (b) deposits made with that body, and (c) exposures arising from OTC derivative transactions undertaken with that body; (10) up to 20% of fund’s NAV may be invested in transferable securities and money market instruments the issuers of which are persons constituting related companies, in accordance with the provisions of the legislation governing the establishment and operation of companies, in accordance with the provisions regulations governing accounting of entrepreneurs and the application of financial reporting standards, and persons who are in a close connection. These persons are considered as one person in terms of calculating the limits from Points (5) and (9) of this paragraph. Article 255 (1) Without prejudice to the limits laid down in Article 254 (1) l. and Article 258, up to 20% of fund’s NAV may be invested in shares or debt securities issued by the same body when, according to the fund rules or instruments of incorporation, the aim of the UCITS’ investment policy is to replicate the composition of a certain stock or debt securities index which is recognized by Hanfa. Index replication means replication of the underlying assets of the index, and for this purpose the use of financial derivatives is allowed. The index referred to in paragraph (1) of this Article must meet the following conditions: (a) its composition is sufficiently diversified in such a way that the components of the index are in line with the principles risk allocations referred to in paragraphs (1) and (3) of this Article; (b) the index represents an adequate benchmark for the market to which it refers; and (c) it is published in an appropriate manner, paragraph (3); exceptionally out of limitation laid down in paragraph (1) in this Article, up to 35% of fund’s NAV may be invested in shares or debt securities issued by the same body when it is absolutely necessary for replication of the index and justified by exceptional market conditions, especially in regulated markets on for which a particular transferable security or money market instrument is highly dominant. Investment up to 35% of the NAV of the fund in shares or debt securities of one issuer only allowed for one issuer. Article 256 Exceptionally out of limitation laid down in Article 254, paragraph (1), Hanfa may approve an investment up to 100% of
fund’s NAV in transferable securities or money market instruments issued or guaranteed by the Republic of Croatia or units of local and regional self-government of the Republic of Croatia, another Member State, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members, under the following conditions: (a) the protection of investors in such UCITS fund is equal to that of investors in a UCITS fund whose assets are invested in accordance with the restrictions referred to in Article 254, paragraph (1); (b) the fund’s assets consists of at least six different securities or money market instruments, but the value of any single security or money market instrument does not exceed 30% of fund’s NAV; and (c) the fund prospectus and any promotional material must clearly have the statement from which it is that the UCITS fund has been approved in accordance with this Article, with clearly indicated Member States, or units of local and regional self-government of a Member State, a third-country, or public international bodies of which one or more Member States are members, in whose securities and money market instruments are intended to invest more than 35% of the NAV of the fund. Article 257 (1) A maximum of 20% of the UCITS fund’s NAV may be invested in units or shares of any single UCITS, on the condition that no more than 30% of the fund’s NAV is invested in funds other than open-ended investment funds with a public offering. (2) The assets of the investment fund in which the UCITS fund are invested is not included in the calculations of the limit referred to in Article 254, paragraph (1). (3) UCUTS may acquire a maximum of: (a) 10% of voting shares of any single issuer, (b) 10% of non-voting shares of any single issuer, (c) 10% of debt securities issued by any single issuer, (d) 25% of units in individual investment fund, (e) 10% of money market instruments of any single issuer. The limitations laid down in Points (c), (d), and (e) may be disregarded at the time of acquisition if it is not possible at that time to calculate the total number or value of instruments in circulation. (2) Limitations from paragraph (1) in this Article may not apply to transferable securities and money market instruments issued or guaranteed by the Republic of Croatia, units of local and regional self-government of the Republic of Croatia, by other Member States, units of local and regional self-government of a Member State, a third country or by a public international body of which one or more Member States are members.

Currency-matching regulations on assets/liabilities composition

Yes. Investment of a fund’s assets must take into account the liability maturity of the fund. Invested assets must be adjusted for valuation changes resulting from possible losses caused by changes in exchange rates or by other risks. If the sum of an investment firm’s overall net foreign exchange position exceeds 2% of its total own funds, the investment firm must calculate an own funds requirement for foreign exchange risk according to Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on Prudential Requirements for Credit Institutions and Investment Firms.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification

Stabilized arrangement 07/20/2020 Croatia joined the ERM II with the central rate of the Croatian kuna
Monetary policy framework

Exchange rate anchor

Euro 07/10/2020

Croatia joined the ERM II with the central rate of the Croatian kuna at 1 euro = 7.53450 kuna and the standard fluctuation band of ±15% of the central rate. The CNB intervenes in the foreign exchange market to limit or reduce exchange rate volatility. Previously, there was no predetermined target level or range or fluctuation margin, and the CNB intervened on a discretionary basis to limit or ease exchange rate volatility.

Foreign exchange market

Spot exchange market

Operated by the central bank

Auction 07/10/2020

The Croatian National Bank (CNB) can conduct ERM II interventions intra-marginal and at the margin to maintain the exchange rate within the standard fluctuation band of ±15% of the central rate of 1 euro = 7.53450 kuna. Previously, there was no predetermined target level or range or fluctuation band, and the CNB occasionally intervened at its discretion to ensure the stability of the kuna and to provide liquidity for payments domestically and abroad.

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Sale or issue locally by nonresidents 02/22/2020

Act on Amendments to the Capital Market Act raises the current threshold for the obligation to publish a prospectus for public offerings of securities from the existing EUR 5,000,000 to EUR 8,000,000 in kuna equivalent, with the obligation to prepare an information document on the offer for all offers of securities between EUR 4,000,000 and EUR 8,000,000 in kuna equivalent.

Bonds or other debt securities

Sale or issue locally by nonresidents 02/22/2020

Act on Amendments to the Capital Market Act raises the current threshold for the obligation to publish a prospectus for public offerings of securities from the existing EUR 5,000,000 to EUR 8,000,000 in kuna equivalent, with the obligation to prepare an information document on the offer for all offers of securities between EUR 4,000,000 and EUR 8,000,000 in kuna equivalent.

On money market instruments

Sale or issue locally by nonresidents 02/22/2020

Act on Amendments to the Capital Market Act raises the current threshold for the obligation to publish a prospectus for public offerings of money market instruments having maturity greater than 12 months from the existing EUR 5,000,000 to EUR 8,000,000 in kuna equivalent, with the obligation to prepare an information document on the offer for all offers of money market instruments having maturity greater than 12 months between EUR 4,000,000 and EUR 8,000,000 in kuna equivalent.

On collective investment securities

Sale or issue locally by nonresidents 02/22/2020

Act on Amendments to the Capital Market Act raises the current
threshold for the obligation to publish a prospectus for public offerings of securities from the existing EUR 5,000,000 to EUR 8,000,000 in kuna equivalent, with the obligation to prepare an information document on the offer for all offers of securities between EUR 4,000,000 and EUR 8,000,000 in kuna equivalent.

**Provisions Specific to the Financial Sector**

**Provisions specific to institutional investors**

**Pension funds**

| Limits (max.) on securities issued by nonresidents | 01/01/2019 | Up to 15% of the voluntary pension fund’s net asset value (previously 5%) may be invested in units or shares of an alternative investment fund according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18). |
| Limits (max.) on securities issued by nonresidents | 01/01/2019 | Up to 30% of the voluntary pension fund’s net asset value (previously 10%) may be invested in units or shares of UCITS funds authorized in Croatia or another EU or OECD member according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18). |
| Limits (max.) on securities issued by nonresidents | 01/01/2019 | Up to 55% A, 35% B of the mandatory pension fund’s net asset value (NAV) may be invested in transferable equity and/or debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia. Up to 10% C of the fund’s NAV may be invested in transferable debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). |
| Limits (max.) on securities issued by nonresidents | 01/01/2019 | Up to 65% A and 40% B of the mandatory pension fund’s net asset value (NAV) may be invested in transferable equity and/or debt securities used for financing and securitization of infrastructure projects of the Republic of Croatia. According to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). By the amendments to the law fund assets can be invested in infrastructure projects and startups. |
| Limits (max.) on securities issued by nonresidents | 01/01/2019 | Up to 0.2% A, 0.1% B of the mandatory pension fund’s net asset value may be invested in transferable equity securities and/or shares offered through regulated capital raising systems accepted by the Croatian Financial Services Supervisory Agency according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). |

| Limits (max.) on investment portfolio held abroad | 01/01/2019 | Up to 15% of the voluntary pension fund’s net asset value (previously 5%) may be invested in units or shares of an alternative investment fund according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18). |
| Limits (max.) on investment portfolio held abroad | 01/01/2019 | Up to 30% of the voluntary pension fund’s net asset value (previously 10%) may be invested in units or shares of UCITS funds authorized in Croatia or another EU or OECD member according to Act on Amendments to the Voluntary Pension Funds Act (Official Gazette No. 115/18). |
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value may be invested in transferable equity securities and/or shares offered through regulated capital raising systems accepted by the Croatian Financial Services Supervisory Agency according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18).

01/01/2019
Up to 55% A and 35% B of the mandatory pension fund's net asset value (NAV) may be invested in transferable equity and/or debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia. Up to 10% C of the fund’s NAV may be invested in transferable debt securities used for financing and securitization of infrastructure projects in the Republic of Croatia according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18).

01/01/2019
Up to 65% A and 40% B of the mandatory pension fund's net asset value (previously 55% A and 35% B) may be invested in equity securities traded on the regulated market whose issuer is a joint-stock company headquartered in Croatia or another EU or OECD member according to Act on Amendments to the Mandatory Pension Funds Act (Official Gazette No. 115/18). By the amendments to the law fund assets can be invested in infrastructure projects and startups.

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CURAÇAO AND SINT MAARTEN

(Position as of June 30, 2020)

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

**Exchange Measures**

- Restrictions and/or multiple currency practices: No.
  - No restrictions as reported in the latest IMF staff report as of December 31, 2019.
- Exchange measures imposed for security reasons: Yes.
  - In accordance with IMF Executive Board Decision No. 144-(52/51)
- Other security restrictions: Yes.
  - The consolidated list of persons, groups, and entities subject to EU financial sanctions is applicable in Curacao and Sint Maarten. The EU implements all sanctions adopted by the UNSC. Hence, aforementioned list includes among others the (financial) sanctions pursuant to UNSC resolutions.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

- Exchange rate structure: Unitary Yes.
- Dual
- Multiple

**Classification**

- No separate legal tender
- Currency board
- Conventional peg Yes.
  - The exchange rate arrangement is a conventional pegged arrangement. Official buying and selling rates for certain other currencies are set daily on the basis of rates of the US dollar abroad. The current peg was established in a national decree on December 24, 1971.
The guilder is pegged to the US dollar, the intervention currency, at NA f. 1.79 per US dollar. The official selling rate is NA f. 1.82 per US dollar. This rate includes a 1% license fee on purchases of foreign exchange. Customs applies a rate of 1.82, and a rate of 1.79 is used for valuation. The council of ministers is authorized to make changes to the exchange rate arrangement.

The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar. Official reserves (excluding gold) must be sufficient to cover three months of goods and services imports.
Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No. There is no exchange tax, but a license fee of 1% applies to all transfers to nonresidents.

Exchange subsidy No.

Foreign exchange market Yes. Ten local banks and three money transfer companies have been licensed by the Central Bank of Curaçao and Sint Maarten (CBCS) to deal in foreign exchange with the public. For transactions exceeding NA f. 25,000, the banks may determine the buying and selling rates themselves and for transactions up to NA f. 25,000, the official rates published by the CBCS have to be used. The banks can freely determine their foreign exchange commissions with their clients.

Spot exchange market Yes. Foreign exchange bureaus are permitted to operate in Curaçao and Sint Maarten, conditioned on the terms of the license. However, no foreign exchange bureau is active yet. Foreign exchange bureaus cannot make foreign exchange transactions directly with the CB; they are required to have a local or foreign bank account. Foreign bank accounts must be established in a jurisdiction with membership of the FATF or CFATF and sufficiently comply with their recommendations. The types of transactions they can affect are limited to currency exchange services. Foreign currency payments and transfers are done by banks and money transfer companies. Foreign exchange bureaus are not allowed to determine freely their bid/ask spread. In accordance with Article 9 sub 8 of the National Ordinance on the Central Bank, the CBCS fixes the exchange rates for foreign exchange transactions.

Operated by the central bank Yes.

Foreign exchange standing facility Yes. The CBCS buys and sells US dollars and other officially published currencies from/to foreign exchange banks, the government, and other parties. Other parties are institutions with accounts at the CBCS (for example, the public pension fund and the Social Security Bank). The buying and selling rates of US dollars are NA f. 1.7895/1.7905 for foreign exchange banks, NA f. 1.78/1.8018 for the...
government, and NA f. 1.78/1.82 for other parties.

<table>
<thead>
<tr>
<th>Allocation</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Interbank market** Yes. There is an interbank foreign exchange market in which 10 licensed foreign exchange banks may trade among themselves at freely determined rates. Trading takes place through Reuters and sometimes through OTC transactions. The CBCS sets foreign exchange rates for amounts up to NA f. 25,000. Larger transactions take place directly in the foreign exchange market via Reuters or Bloomberg platforms or over the counter. The CBCS does not intervene.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Forward exchange market</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** No.

**Controls on the use of domestic currency** No.

**For current transactions and payments** No.

**For capital transactions** No.

<table>
<thead>
<tr>
<th>Transactions in capital and money market instruments</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Use of foreign exchange among residents** No.

**Payments arrangements** No.

**Bilateral payments arrangements** No.

**Operative** No.

**Inoperative** No.

**Regional arrangements** No.

**Clearing agreements** No.

**Barter agreements and open accounts** No.

**Administration of control** Yes. The CBCS issues foreign exchange licenses, and the MOF issues import licenses. Authorized banks may provide foreign exchange for
all current transactions without approval of the CBCS.

### Payments arrears

- **Official**: No.
- **Private**: No.

### Controls on trade in gold (coins and/or bullion)

- **On domestic ownership and/or trade**: No.
- **On external trade**: No.

### Controls on exports and imports of banknotes

- **On exports**: Yes. Exports and imports of banknotes equal to or exceeding the equivalent of NA f. 20,000 must be declared to customs. Control is exercised on the basis of suspicious behavior of travelers and on a random basis.
- **Domestic currency**: Yes. Exports of domestic currency are prohibited, except for travel purposes.
- **Foreign currency**: Yes. Nonresidents may take with them on departure any foreign currency they brought in, although amounts exceeding the equivalent of NA f. 20,000 must be declared to customs.

### Controls on imports of banknotes

- **Domestic currency**: Yes. Travelers must declare imports of currency exceeding NA f. 20,000 to customs.
- **Foreign currency**: Yes. Travelers must declare imports of currency exceeding the equivalent of NA f. 20,000 to customs.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

- **Foreign exchange accounts permitted**: Yes. Resident individuals may open foreign exchange accounts without a special license. Resident companies need a license from the CBCS to open these accounts abroad.
- **Held domestically**: Yes. Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice. Previously, there were no restrictions on these accounts.
- **Approval required**: No.
- **Held abroad**: Yes. Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice.
  - **Approval required**: Yes. Approval is required only for resident companies.
- **Accounts in domestic currency held**: No.
abroad
Accounts in domestic currency convertible into foreign currency
Yes.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
No.

Domestic currency accounts
Yes. Domestic currency accounts are permitted, but approval is required for balances exceeding NA f. 250,000.

Convertible into foreign currency
Yes.

Approval required
Yes.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.

Other
No.

Import licenses and other nontariff measures
No.

Positive list
No.

Negative list
No.

Open general licenses
No.

Licenses with quotas
No.

Other nontariff measures
No.

Import taxes and/or tariffs
Yes. Imported goods are subject to tariffs and levies. Goods for which locally produced substitutes are not available are not subject to import surcharges.
Taxes collected through the exchange system

State import monopoly

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Financing requirements
No.

Documentation requirements
No.

Letters of credit
No.

Guarantees
No.

Domiciliation
No.

Preshipment inspection
No.

Other
No.

Export licenses
No.

Without quotas
No.

With quotas
No.

Export taxes
No.

Collected through the exchange system
No.

Other export taxes
No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
Yes. Most types of current invisible payments and remittances may be made freely.

Trade-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Investment-related payments
Yes. These transactions are subject to certain conditions.

Prior approval
Yes. Companies must submit their financial statements to the CBCS for verification of the actual profits and dividends recorded before they may remit them. The distribution of profits and dividends does not
require a license if the transaction amount is less than NA f. 150,000. Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice, including for distribution of dividends and profits to nonresidents. No license is required for amounts lower than NA.f. 150,000.

Effective March 20, 2020, the indicative limit was replaced with a quantitative limit. Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice, including for distribution of dividends and profits to nonresidents. No license is required for amounts lower than NA.f. 150,000. Previously, a license from the CBCS was required for amounts of NA f. 150,000 or more.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Repatriation requirements  No.  
Surrender requirements  No.  
Surrender to the central bank  No.  
Surrender to authorized dealers  No.  
Restrictions on use of funds  No.  
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.  
Repatriation requirements  No.  
Surrender requirements  No.  
Surrender to the central bank  No.  
Surrender to authorized dealers  No.  
Controls on capital and money market instruments  Yes.  

Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice. Foreign exchange licenses for inward transaction amounts of NA f. 150,000 or higher continue to be granted.

On capital market securities  Yes.  

There are licensing requirements for most capital market transactions. Licenses are granted by the CBCS.

Shares or other securities of a participating nature  Yes.  

Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

Purchase locally by nonresidents  Yes.  

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On collective investment securities

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Controls on derivatives and other instruments

Yes.

There are licensing requirements for most capital market transactions. Licenses are granted by the CBCS.

Purchase locally by nonresidents

Yes.

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### Controls on credit operations
Yes. Credit operations require licenses, which are normally granted.

### Commercial credits
Yes.

<table>
<thead>
<tr>
<th>Type</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td></td>
</tr>
</tbody>
</table>

### Financial credits
Yes.

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<tbody>
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### Guarantees, sureties, and financial backup facilities
Yes.

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<tbody>
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To residents from nonresidents
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Controls on direct investment
Yes.

Investments require licenses, which are normally granted. Capital transactions between parent companies and subsidiaries do not require a license if the transaction amount is less than NA f. 150,000.

Outward direct investment
Yes.

Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Previously, the resident could request a license per transaction with a nonresident if the amount was NA f. 150,000 or more.

Inward direct investment
Yes.

The resident must request a license per transaction with a nonresident if the amount is NA f. 150,000 or more.

Controls on liquidation of direct investment
Yes.

Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Previously, the resident could request a license per transaction with a nonresident if the amount was NA f. 150,000 or more.

Controls on real estate transactions
Yes.


Purchase abroad by residents
Yes.

Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice.

Purchase locally by nonresidents
No.

Sale locally by nonresidents
Yes.

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Controls on personal capital transactions
Yes.

There are licensing requirements for most capital market transactions. Licenses are granted by the CBCS.

Loans
Yes.

By residents to nonresidents
Yes.

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To residents from nonresidents
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Gifts, endowments, inheritances, and legacies

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
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</table>

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Settlement of debts abroad by immigrants

| Yes. |

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Transfer of assets

| Yes. |

Transfer abroad by emigrants

| Yes. |

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Transfer into the country by immigrants

| Yes. |

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Transfer of gambling and prize earnings

| Yes. |

Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice.

References to legal instruments and hyperlinks

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Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
</tbody>
</table>

Commercial banks need a license only if these transactions involve local currency. Loans do not require a license if the transaction amount is less than NA f. 150,000.

Credit institutions other than commercial banks need a license from the CBCS to open and maintain these accounts. Transactions through these accounts must be reported on a quarterly basis.

Commercial banks need a license if these transactions involve local currency. Effective March 20, 2020, because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the CBCS suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Loans do not require a license if the transaction amount is less than NA f. 150,000.
Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Nonresidents</th>
<th>Resident banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Investment regulations

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Nonresidents</th>
<th>Resident banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abroad by banks</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes</td>
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Limits (min.) on investment portfolio held locally

Yes.
The limits are 40% of the first NA f. 10 million, 50% of the next NA f. 10 million, and 60% of additional amounts of the total provisions and liabilities. Deviations from these limits are allowed but carry a penalty.

Currency-matching regulations on assets/liabilities composition

Yes.
There must be sufficient assets in a particular currency to cover the liabilities in that currency. (Currency exposure is not allowed.)

Pension funds

Yes.
Pension funds, under certain conditions, may invest with nonresidents amounts equal to the amount invested in qualifying local investments (50%:50%). Deviations from these limits are allowed but carry a penalty.

Limits (max.) on securities issued by nonresidents

Yes.
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Limits (max.) on investment portfolio held abroad

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Currency-matching regulations on assets/liabilities composition

No.

Investment firms and collective investment funds

No.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

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Changes during 2019 and 2020

Resident Accounts
Foreign exchange accounts permitted

Held domestically 03/20/2020
Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curacao and Sint Maarten introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice. Previously, there were no restrictions on these accounts.

Held abroad 03/20/2020
Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curacao and Sint Maarten introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Investment-related payments

Quantitative limits 03/20/2020
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Indicative limits/bona fide test 03/20/2020
The indicative limit was replaced with a quantitative limit. Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curacao and Sint Maarten (CBCS) introduced a capital restriction on March 20, 2020, implying that no foreign exchange license will be granted for outward transaction amounts of NA f. 150,000 or higher until further notice, including for distribution of dividends and profits to nonresidents. No license is required for amounts lower than NA.f. 150,000. Previously, a license from the CBCS was required for amounts of NA f. 150,000 or more.

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 03/20/2020
Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curacao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

Sale or issue locally by nonresidents 03/20/2020
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Purchase abroad by residents 03/20/2020
Because of the potential negative impact of the COVID-19 crisis on
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>03/20/2020</td>
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<tr>
<td>Bonds or other debt securities</td>
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<tr>
<td>On money market instruments</td>
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<td>Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.</td>
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On collective investment securities

Purchase locally by nonresidents

03/20/2020

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Sale or issue locally by nonresidents

03/20/2020

Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license to residents for outward capital transaction including to purchase securities issued by nonresidents for NA f. 150,000 or higher amounts until further notice. Previously, the resident could request a license per transaction with a nonresident if the amount was NA f. 150,000 or more.

Purchase abroad by residents

03/20/2020

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03/20/2020

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Controls on derivatives and other instruments

Purchase locally by nonresidents

03/20/2020

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Sale or issue locally by nonresidents

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Sale or issue abroad by residents

03/20/2020

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Controls on credit operations
Commercial credits

By residents to nonresidents 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

To residents from nonresidents 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

Financial credits

By residents to nonresidents 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

To residents from nonresidents 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

Guarantees, sureties, and financial backup facilities

By residents to nonresidents 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

To residents from nonresidents 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Foreign exchange licenses for inward transaction of NA f. 150,000 or higher amounts continue to be granted.

Controls on direct investment

Outward direct investment 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Previously, the resident could request a license per transaction with a nonresident if the amount was NA f. 150,000 or more.

Controls on liquidation of direct investment 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. Previously, the resident could request a license per transaction with a nonresident if the amount was NA f. 150,000 or more.

Controls on real estate transactions

Purchase abroad by residents 03/20/2020 Because of the potential negative impact of the COVID-19 crisis on...
Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice.

**Sale locally by nonresidents**
03/20/2020

**Controls on personal capital transactions**

**Loans**

**By residents to nonresidents**
03/20/2020

**To residents from nonresidents**
03/20/2020

**Gifts, endowments, inheritances, and legacies**

**By residents to nonresidents**
03/20/2020

**Settlement of debts abroad by immigrants**
03/20/2020

**Transfer of assets**

**Transfer abroad by emigrants**
03/20/2020

**Transfer into the country by immigrants**
03/20/2020

**Transfer of gambling and prize earnings**
03/20/2020
until further notice.

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>03/20/2020</th>
<th>Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>03/20/2020</td>
<td>Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice.</td>
</tr>
</tbody>
</table>

**Provisions specific to institutional investors**

| Insurance companies | 03/20/2020 | Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. |
| Limits (max.) on securities issued by nonresidents | 03/20/2020 | Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. |
| Limits (max.) on investment portfolio held abroad | 03/20/2020 | Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. |

| Pension funds | 03/20/2020 | Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. |
| Limits (max.) on securities issued by nonresidents | 03/20/2020 | Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. |
| Limits (max.) on investment portfolio held abroad | 03/20/2020 | Because of the potential negative impact of the COVID-19 crisis on foreign exchange reserves, the Central Bank of Curaçao and Sint Maarten suspended the granting of foreign exchange license for outward capital transactions for NA f. 150,000 or higher amounts until further notice. |
CYPRUS

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 21, 1961.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange Measures

Restrictions and/or multiple currency practices | No. |
--- | --- |
Exchange measures imposed for security reasons | Yes. |
In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |

In accordance with the relevant regulations of the Council of the EU and solely for the preservation of national or international security, Cyprus maintains restrictive measures (sanctions) related to Afghanistan, Belarus, Bosnia and Herzegovina, Burundi, Central African Republic, Democratic Republic of the Congo, Egypt, Guinea (Conakry), Guinea-Bissau, Haiti, the Islamic Republic of Iran (as amended), Iraq, Democratic People’s Republic of Korea (as amended), Lebanon, Libya, Mali, Myanmar, Russia, Somalia, South Sudan, Sudan, Syria, terrorist groups (foreign terrorist organizations, including Al-Qaida and ISIL (Da’esh)), Tunisia, Ukraine, Venezuela, Yemen, Yugoslavia (Serbia and Montenegro), and Zimbabwe.

Other security restrictions | Yes. |

On July 17, 2018, restrictions on Maldives entered into force. Effective June 18, 2019, these restrictions were repealed by Council Regulation (EU) 2019/985, which repealed Council Regulation (EU) 2018/1001 of July 16, 2018. Note: Regulation (EU) 2018/1001 provided for the imposition of measures (including freezing of funds and economic resources) against persons, entities, or bodies that were to be listed in Annex I of the same Regulation; however, no persons, entities, or bodies were included in Annex I.

On 16 October 2018, restrictive measures against the proliferation and use of chemical weapons entered into force, pursuant to Regulation (EU) 2018/1542. These measures are in line with UNSC Resolutions 1540(2004) 2118 (2013), 2209 (2015), 2235 (2015), and 2325 (2016). The measures include freezing of financial assets and economic resources of persons, entities or bodies that are listed in Annex I of Regulation (EU) 2018/1542 after having been identified by the Council of the EU as being responsible for, providing support for, or being otherwise involved in the manufacturing, acquiring, possessing, developing, transporting, stockpiling, transferring, using or preparing for the use of chemical weapons. Effective January 21, 2019, nine natural persons and one legal person, entity, or body were listed in Annex I.

On May 18, 2019, Regulation (EU) 2019/796 entered into force, introducing EU sanctions to deter and respond to cyberattacks constituting an external threat to the EU or to EU countries, including cyberattacks against non-EU countries or international organizations where action is deemed necessary to achieve EU’s common foreign and security policy objectives. Sanctions include freezing of financial assets and economic resources of persons, entities or bodies that are responsible for cyberattacks or attempted
cyberattacks, or provide support for such attacks, or are otherwise involved, as identified by the Council of the EU and listed in Annex I of Regulation (EU) 2019/796. Effective July 30, 2020, six natural persons and three legal persons, entities, or bodies were listed in Annex I.

On October 16, 2019, restrictions concerning the situation in Nicaragua entered into force, pursuant to Council Regulation (EU) 2019/1716: freezing of financial assets and economic resources of persons, entities or bodies listed in Annex I after having been identified by the Council of the EU as being responsible for serious human rights violations or repression of civil society or democratic opposition; or undermining democracy and the rule of law in Nicaragua. Effective May 4, 2020, six natural persons were listed in Annex I.

On November 13, 2019, restrictions concerning Turkey’s unauthorized drilling activities in the Eastern Mediterranean entered into force, pursuant to Council Regulation (EU) 2019/1890 in view of Turkey’s unauthorized drilling activities: freezing of financial assets and economic resources of persons, entities or bodies listed in Annex I after having been identified by the Council of the EU as being responsible for, involved in, or supporting drilling activities that have not been authorized by the Republic of Cyprus, within its territorial sea or in its exclusive economic zone or on its continental shelf. Effective February 27, 2020, two natural persons were listed in Annex I.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

**Currency**

Yes. The currency of Cyprus is the euro.

**Other legal tender**

No.

**Exchange rate structure**

- Unitary: Yes.
- Dual
- Multiple

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement
- Floating
Free floating Yes. The exchange rate arrangement of the euro area is free floating. Cyprus participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 14:15 Central European Time. The publication time of the euro foreign exchange reference rates is around 16:00 Central European Time. The reference rates against the euro are the averages of the buying and selling rates.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon
To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty of the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union.” These include “sustainable development,” and “full employment,” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term.

Authorized credit institutions may freely determine their exchange rates and foreign exchange commissions in transactions with their clients. Institutions that have been authorized by the CBC to carry on the business of a credit institution may engage in foreign exchange dealing with the public, and no separate license is required for this activity. As of December 31, 2019, 30 credit institutions were authorized to operate in Cyprus. Foreign exchange bureaus are allowed to operate in Cyprus subject to prior CBC approval, in accordance with the provisions of the CBC Bureaux de Change Directive of 2014. As of December 31, 2019, four foreign exchange bureaus were authorized to operate in Cyprus. Other institutions making currency payments and transfers on behalf of their clients are subject to licensing by the CBC on the basis of the Provision and Use of Payment Services and Access to Payment Systems Laws, 2018–2019.
Fixing No.

*Interbank market* Yes. Institutions that have been authorized by the CBC to carry on the business of a credit institution may participate in the foreign exchange market.

There are no limits on the bid-ask spreads and commissions of market participants.

Over the counter Yes. The foreign exchange market operates over the counter.

Brokerage No.

Market making No.

Forward exchange market Yes. Authorized credit institutions may trade in the forward market at rates freely negotiated with their customers. The CBC participates in the forward exchange market when managing its foreign exchange reserves and when acting as a fiscal agent of the government. These operations are mainly conducted with the CBC’s international counterparties.

*Official cover of forward operations* No.

*References to legal instruments and hyperlinks* This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** No.

Controls on the use of domestic currency No.

*For current transactions and payments* No.

*For capital transactions* No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents No.

**Payments arrangements** No.

Bilateral payments arrangements No.

*Operative* No.

*Inoperative* No.

Regional arrangements No.

Clearing agreements No.

Barter agreements and open accounts No.

**Administration of control** No.

**Payments arrears** No.

Official No.
<table>
<thead>
<tr>
<th>Private</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong>&lt;br&gt;On domestic ownership and/or trade</td>
<td>Yes. Natural and legal persons, whether residents or nonresidents, are free to purchase and sell gold (coins and/or bullion) for commercial or industrial purposes. If gold is not to be used for commercial or industrial purposes, one of the transacting parties (purchaser or seller) must be a credit institution or a subsidiary of a credit institution.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>No. In accordance with the EU Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be detained by administrative order. The EU regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EU regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EU regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EU regulation; the EU regulation only harmonizes the system for the EU’s external borders. Under national law, individuals traveling within the EU who enter or leave Cyprus must also declare banknotes and gold equal to or in excess of €10,000 or its equivalent. Failure to declare the banknotes and/or gold is punishable by a fine.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong>&lt;br&gt;This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>
### Foreign exchange accounts permitted

| Held domestically | Yes. | All balances may be freely transferred abroad. |
| Approval required | No. |
| Held abroad | Yes. | Cyprus imposes no restrictions on the holding of accounts abroad by residents. |
| Approval required | No. |
| Accounts in domestic currency held abroad | Yes. |
| Accounts in domestic currency convertible into foreign currency | Yes. |

#### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. | Euro accounts are freely convertible to non-euro accounts. |
| Approval required | No. |
| Blocked accounts | No. | Accounts may be frozen for security reasons in accordance with EU Regulations. |

#### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Imports and Import Payments

<p>| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange licenses | No. |
| Other | No. |
| Import licenses and other nontariff measures | Yes. | Imports are governed by EU regulations, according to which most imports are free of licensing requirements and quantitative restrictions. A license is required for certain goods, such as textiles and steel, from certain non-EU countries. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports are governed by EU regulations. Imports of certain goods, such as textiles and steel, from certain non-EU countries are subject to import licenses.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>The EU phytosanitary measures are applied.</td>
<td></td>
</tr>
<tr>
<td>As an EU member state, Cyprus participates in the Kimberley Process Certification Scheme for the international trade in rough diamonds.</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>The EU Common Customs Tariff applies.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with EU regulations and national legislation, exports of arms and military equipment, dual-use goods (that may be used for chemical, biological, or nuclear weapons, as well as certain goods which could be used for capital punishment, torture or other cruel, inhuman, or degrading treatment or punishment, are subject to licensing, in the interest of preserving international peace and security. Exports of antiquities are prohibited except with a license that may be granted only for certain purposes specified in national legislation.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
</tbody>
</table>
Other export taxes: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: No.

Trade-related payments: No.
  Prior approval: No.
  Quantitative limits: No.
  Indicative limits/bona fide test: No.

Investment-related payments: No.
  Prior approval: No.
  Quantitative limits: No.
  Indicative limits/bona fide test: No.

Payments for travel: No.
  Prior approval: No.
  Quantitative limits: No.
  Indicative limits/bona fide test: No.

Personal payments: No.
  Prior approval: No.
  Quantitative limits: No.
  Indicative limits/bona fide test: No.

Foreign workers' wages: No.
  Prior approval: No.
  Quantitative limits: No.
  Indicative limits/bona fide test: No.

Credit card use abroad: No.
  Prior approval: No.
  Quantitative limits: No.
  Indicative limits/bona fide test: No.

Other payments: No.
  Prior approval: No.
  Quantitative limits: No.
Proceeds from Invisible Transactions and Current Transfers

Indicative limits/bona fide test
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Restrictions on use of funds
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
No.

On capital market securities
No.

Shares or other securities of a participating nature
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

Bonds or other debt securities
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On money market instruments
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.
Sale or issue abroad by residents No.

On collective investment securities No.

Purchase locally by nonresidents No.

Sale or issue locally by nonresidents No.

Purchase abroad by residents No.

Sale or issue abroad by residents No.

Controls on derivatives and other instruments No.

Purchase locally by nonresidents No.

Sale or issue locally by nonresidents No.

Purchase abroad by residents No.

Sale or issue abroad by residents No.

Controls on credit operations Yes.

Commercial credits No.

By residents to nonresidents No.

To residents from nonresidents No.

Financial credits Yes.

By residents to nonresidents Yes.

To residents from nonresidents No.

Guarantees, sureties, and financial backup facilities No.

By residents to nonresidents No.

To residents from nonresidents No.

Controls on direct investment Yes.

Outward direct investment Yes.

Inward direct investment Yes.

Bank loans in euro and foreign currency are subject to the prudential liquidity requirements prescribed by the CBC, Regulation (EU) No. 2015/61 with regard to liquidity coverage requirement, or the ECB in the context of the Single Supervisory Mechanism (SSM). No other controls apply.

Inward direct investment from EU member countries is unrestricted. Direct investment from non-EU countries is also free from restrictions in most economic sectors. However, there are restrictions (ceilings and/or discriminatory licensing requirements) in the participation of non-EU natural or legal persons in enterprises engaged in the following activities: radio and television broadcasting, tertiary education institutions other than universities, construction, travel agencies, issue or distribution of newspapers and magazines, and ownership of merchant ships and fishing vessels, as well as on the acquisition of real estate associated with direct investment. The acquisition of 10% or more of a bank’s share capital by any
resident or nonresident natural or legal entity, either alone or with associates, is subject to approval in accordance with the Business of Credit Institutions Laws and EU Regulation No. 1024/2013. Moreover, approval is required for additional acquisitions that increase control up to or exceeding 20%, 30%, and 50% or to the extent that the bank would become the acquirer’s subsidiary.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |
| Purchase locally by nonresidents | Yes. |
| Sale locally by nonresidents | No. |
| Controls on personal capital transactions | No. |
| Loans | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Gifts, endowments, inheritances, and legacies | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Settlement of debts abroad by immigrants | No. |
| Transfer of assets | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| Transfer of gambling and prize earnings | No. |

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Yes.

Borrowing abroad
No.  Credit institutions may freely borrow from abroad.

Maintenance of accounts abroad
Yes.  Credit institutions may maintain accounts abroad, subject to their net open positions in foreign exchange.

Lending to nonresidents (financial or domestic)
Yes.  Credit institutions may grant loans in euro and foreign currency to
<table>
<thead>
<tr>
<th>Activity</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents in foreign exchange</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Credit institutions may grant loans to residents in foreign currency, subject to the prudential liquidity requirements. These are subject to liquid asset and capital requirements prescribed for prudential reasons.

In accordance with ECB regulations, the minimum reserve ratio on deposit liabilities of credit institutions is 1% for deposits in both domestic and foreign currency.

There is a 100% liquidity coverage requirement.

Effective March 12, 2020, the ECB Banking Supervision allowed banks under its direct supervision (significant institutions) to operate temporarily (until further notice) below the 100% liquidity coverage ratio. Similarly, the CBC allowed banks under its supervision (less significant institutions) to operate temporarily below the 100% liquidity coverage ratio, effective March 18, 2020.

Credit institutions may invest directly abroad (for example, establishment of a subsidiary or branch abroad), subject to approval by the CBC, or the ECB in the context of the SSM. Investments over certain thresholds are subject to capital requirements according to EU Regulation No. 575/2013.

The acquisition of 10% or more of a credit institution’s share capital by any resident or nonresident natural or legal person, either alone or with associates, is subject to approval in accordance with the Business of Credit Institutions Law and EU Regulation No. 1024/2013. Moreover, approval is required for additional acquisitions that increase control up to or exceeding 20%, 30%, and 50% or to the extent that the credit institutions would become the acquirer’s subsidiary.

The overall net open/uncovered overnight (intraday) position in all foreign currency may not exceed 6% of a credit institution’s capital base, and its overall net foreign exchange intraday exposure may not exceed 8% of its capital base. The net open/uncovered overnight (intraday) position in any one foreign currency may not exceed 3% (5% for intraday) of the credit institution’s capital base. These limits do not distinguish between resident and nonresident assets and liabilities. Open foreign exchange positions are also subject to prudential own funds requirements in accordance with EU Regulation No. 575/2013.
On resident assets and liabilities
Yes.

On nonresident assets and liabilities
Yes.

Provisions specific to institutional investors
Yes. Institutional investors are subject to prudential rules.

Insurance companies
Yes. Insurance companies are subject to the provisions of the Insurance and Reinsurance Services and Other Related Matters Laws, 2016–2020 (Law 38(I)/2016 as amended), which incorporate the provisions of relevant EU Directives. The EU Solvency II Directive was implemented, on January 1, 2016.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No. Capital transactions of insurance companies are generally free of restrictions, in accordance with EU rules.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
Yes.

Pension funds
Yes. Pension funds are subject to prudential rules and supervision in accordance with national legislation, which incorporates the provisions of relevant EU Directives. Pension funds are required to invest in accordance with the “prudent person” rule which, among other, includes the requirements to invest primarily in regulated markets and in properly diversified assets in such a way as to avoid excessive reliance on any particular asset, issuer, or group of undertakings and accumulations of risk in the portfolio as a whole.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No. Capital transactions of pension funds are generally free of restrictions, in accordance with EU rules.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
Yes. Pension funds may invest up to 30% of their assets covering technical reserves in assets denominated in currencies other than those in which their liabilities are expressed.

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No. Capital transactions of investment firms and collective investment funds are generally free of restrictions, in accordance with EU rules.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
Yes. Open foreign exchange positions of investment firms are subject to prudential own funds requirements in accordance with EU Regulation No. 575/2013 (Articles 351-354).

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/21/2019</td>
<td>Nine natural persons and one legal person, entity, or body were listed in Annex I of Regulation European Union 2018/1542 on restrictive measures against the proliferation and use of chemical weapons.</td>
</tr>
<tr>
<td>06/18/2019</td>
<td>Restrictions on Maldives were repealed.</td>
</tr>
<tr>
<td>02/27/2020</td>
<td>Two natural persons were listed in Annex I of Council Regulation European Union 2019/1890 on restrictions concerning Turkey’s unauthorized drilling activities in the Eastern Mediterranean.</td>
</tr>
<tr>
<td>05/04/2020</td>
<td>Six natural persons were listed in Annex I of Council Regulation European Union 2019/1716 on restrictions concerning the situation in Nicaragua.</td>
</tr>
<tr>
<td>07/30/2020</td>
<td>Six natural persons and three legal persons, entities or bodies were listed in Annex I of Regulation European Union 2019/796 on EU sanctions to deter and respond to cyberattacks constituting an external threat to the EU or to EU countries.</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**
- **Differential treatment of deposit accounts in foreign exchange**
- **Liquid asset requirements**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/12/2020</td>
<td>the ECB Banking Supervision allowed banks under its direct supervision (significant institutions) to operate temporarily (until further notice) below the 100% liquidity coverage ratio.</td>
</tr>
<tr>
<td>03/18/2020</td>
<td>The CBC allowed banks under its supervision (less significant institutions) to operate temporarily below the 100% liquidity coverage ratio.</td>
</tr>
</tbody>
</table>
CZECH REPUBLIC

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

September 20, 1990.

Article VIII

Yes. Date of acceptance: October 1, 1995.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons

Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Yes. All restrictive measures (international sanctions) are executed according to EU legislation, available on the Internet, and according to Czech Law No. 69/2006 Coll. on the Carrying out of International Sanctions. In accordance with EU Council regulation, certain restrictions were imposed on the making of payments and transfers for current international transactions, freezing of funds, and economic resources of certain persons, entities, and bodies in Ukraine and in Russia.

Other security restrictions

Yes. All restrictive measures (international sanctions) are executed according to EU legislation, available on the Internet, and according to Czech Law No. 69/2006 Coll. on the Carrying out of International Sanctions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of the Czech Republic is the Czech koruna (CZK).

Other legal tender

No.

Exchange rate structure

Unitary Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg
The de jure exchange rate arrangement is free floating. The exchange rate of koruna is solely determined by supply and demand in the interbank foreign exchange market, in which the Czech National Bank (CNB) might participate. Data on CNB’s foreign exchange operations are published on the CNB’s web page with a monthly frequency. However, the CNB is legally allowed to conduct foreign exchange interventions to influence the koruna exchange rate and moderate excessive exchange rate volatility in exceptional situations. Also, the CNB might in the future renew its program of sales of a part of the CNB’s investment income on international reserves. Because the CNB has not intervened since April 2017, the de facto exchange rate arrangement was reclassified retroactively to free floating from floating, effective April 3, 2017.

The CNB declares foreign exchange market rates on the basis of its monitoring the movement of currencies in the interbank foreign exchange market. The CNB publishes daily rates for 33 currencies against the koruna for customs and accounting purposes. The published exchange rates correspond to rates for individual currencies on the foreign exchange market at 2:15 p.m. local time. Under the Act on Accounting and other legal norms, the exchange rates are used for nontrading purposes (that is, for valuing assets and liabilities, tax and customs proceedings, etc.).

The CNB conducts its monetary policy within inflation-targeting framework as from 1998.

The target is set by the CNB’s Board, which can adjust all features of the target (targeted index, targeted level of inflation, tolerance band). All Board decisions are taken by majority vote.
<table>
<thead>
<tr>
<th><strong>Inflation target</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target number</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Point target</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Target with tolerance band</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Band/Range</strong></td>
<td>The headline inflation was 2% (±1 p.p.).</td>
</tr>
<tr>
<td><strong>Target measure</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>CPI</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Core inflation</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Target horizon</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operating target (policy rate)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Policy rate</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Target corridor band</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Open letter</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Parliamentary hearings</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Publication of votes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Publication of minutes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Publication of inflation forecasts</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Other monetary framework</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Exchange tax</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Commercial banks and bureaux de change set their own exchange rates.

There are two types of nonbank foreign exchange institutions in the Czech Republic: (1) foreign exchange institutions authorized only for cash transactions (bureau-de-change activity—952 registration holders as of December 31, 2019) and (2) noncash foreign exchange institutions—135 as of December 31, 2019. Under the national legislation (Act No. 370/2017 Coll. on Payments) implementing the Payment Services Directive 2 (No. 2015/2366/EC, PSD 2), noncash spot currency exchange transactions are permitted only within the framework of payment transactions, and a payment institution license or a small payment institution registration (as defined in Article 32 of the PSD) is required. Therefore, all noncash foreign exchange institutions must have a new payment institution license or a small payment institution registration. There were 100 small payment institutions and 24 payment institutions as of December 31, 2019 (not all of them necessarily engaged in the spot exchange market, though). Under Directive No. 2009/110/EC on the taking up, pursuit, and prudential supervision of the business of electronic money institutions (EMD), electronic money institutions and small electronic money institutions may carry out this activity, provided they are authorized to provide payment services. There were 11 such small electronic money institutions as of December 31, 2019. (Not all of them necessarily engaged in the spot exchange market, though.) The CNB issues these licenses. Foreign cash foreign exchange bureaus must be licensed. The licensing requirements for foreign entities are similar to those for Czech entities. Payment institutions in an EU member state may operate in the Czech Republic under the European passport regime under Article 28 of the PSD 2. The operation of cash foreign exchange bureaus is governed by Act No. 277/2013 Coll. on Foreign Exchange Activities. This law sets out the reporting requirements to the CNB, registration of business premises, and information for customers about exchange rates and fees and requirements. Cash foreign exchange bureaus may maintain accounts abroad and may purchase and sell only banknotes, coins, and checks. They may not make payments on behalf of their clients. Noncash foreign exchange operations are governed by the Payments Act implementing the PSD 2 and the EMD, EC delegated, and implementing regulations and decrees of the CNB. Foreign exchange services within the scope of Article 18(1)a of the PSD 2, which also apply to electronic money institutions under Article 3 of the EMD, may be provided in addition to the payment services listed in the annex to the PSD 2, including transfers on behalf of clients. Under Article 10 of the PSD 2 and Article 22 of the Payments Act, noncash foreign exchange institutions may have accounts in credit institutions in an EU member country or a third country with banking supervision similar to that of the CNB. The same rules apply to electronic money institutions under Article 80 of the Payments Act. All institutions must comply with measures for the prevention of money laundering and terrorism financing under the Anti-Money-Laundering Directive (No. 2015/849) and implementing Czech legislation (Act No. 253/2008 Coll.). Under Act No. 136/2011 Coll., on the circulation of banknotes and coins, as amended, employees handling foreign currency of cash and noncash foreign exchange institutions must complete a CNB course on the identification of counterfeit banknotes and coins.
<table>
<thead>
<tr>
<th>Facility/Market</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>All banks and other institutions with valid licenses may operate in the local interbank market, but not all are active market makers. For example, according to the results of the Bank for International Settlements Triennial Survey, in 2019 only three banks represented 75% of the total turnover of the local market. There are no limits on the bid-ask spreads, which depend only on the current liquidity conditions in the market. There are no special commissions; only a brokerage fee is paid to brokers.</td>
<td></td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>The majority of foreign exchange transactions are made over the counter. Koruna futures contracts are traded on stock exchanges abroad, but these transactions are negligible.</td>
<td></td>
</tr>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>The majority of transactions take place via electronic or voice brokers, although bilateral direct trades are also conducted.</td>
<td></td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market makers provide prices continuously based on supply and demand without CNB or any other interference.</td>
<td></td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currently, the CNB is not active on the local derivatives market but uses derivatives in other major currencies mainly for reserve management purposes.</td>
<td></td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>No.</td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Arrangement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Czech Republic is a member of the EU.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
</tbody>
</table>
CZECH REPUBLIC

Barter agreements and open accounts
No.

Administration of control
Yes.
On October 18, 2016, the Foreign Exchange Act No. 219/1995 Coll. was repealed by Act No 323/2016 Coll. Act No. 323/2016 Coll. does not replace the Foreign Exchange Act as most foreign exchange activities have been already regulated by Foreign Exchange Activities Act No. 277/2013 Coll. and the remaining provisions by the Crisis Management Act No. 240/2000 Coll. The Czech government is authorized to apply restrictions during the state of emergency only. To resolve the state of crisis, the Czech government must discuss with the CNB measures that are within the scope of the activity of the above bank. Certain measures are in effect to prevent money laundering and the financing of terrorism.

Payments arrears
No.

Official
No.

Private
No.

Controls on trade in gold (coins and/or bullion)
No.

On domestic ownership and/or trade
No.

On external trade
No.

Controls on exports and imports of banknotes
No.

In accordance with Regulation (EC) No. 1889/2005 of the European Parliament and the Council of October 26, 2005, on controls of cash entering or leaving the EU, cash controls have been implemented by National Act No. 253/2008 Coll. on Selected Measures against Legitimization of Proceeds of Crime and Financing of Terrorism in the Czech Republic. Cash controls are based on a mandatory declaration system. Natural persons must declare to the customs authorities in writing imports and exports of currency of the Czech Republic or another country in the amount of €10,000 or more on entry into the Czech Republic from a non-EU third country and on exit to any such territory. The customs authorities must keep a record of such information and report it to the financial intelligence unit. The obligation to declare is not fulfilled if the traveler does not make a declaration or if the information provided is incorrect or incomplete. To check compliance with the national law, the customs authorities have the right to check natural persons, their baggage, and their means of transportation. Cash may be confiscated in the event of failure to comply with the declaration obligation. The national law allows penalties up to CZK 10 million or a forfeiture of the items for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, the customs authorities may exchange information with the appropriate authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EU regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. Because the Czech Republic has no external borders with third countries, cash controls are applied only at international airports and in respect to the international post. The Czech Republic does not apply cash controls to cross-border movements of cash within the EU. Such transportation is not considered “cross-border” for the purposes of the EU regulation; the EU regulation harmonizes the system only for the EU’s external borders.

On exports
No.
**Domestic currency** No.

**Foreign currency** No.

**On imports** No.

**Domestic currency** No.

**Foreign currency** No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted** Yes.

**Held domestically** Yes.

**Approval required** No.

**Held abroad** Yes.

At the request of the CNB, legal entities with branches in the Czech Republic and natural persons with permanent residence in the Czech Republic must report accounts and balances on accounts or other forms of deposit abroad, including money entrusted for deposit. Foreign legal entities and natural persons may be asked to fulfill this requirement for their business in the Czech Republic. Prudential limits apply to pension companies (that administer third pillar transformed and participation funds) and other institutions. Controls apply to transformed fund deposits in nonresident institutions by the pension companies unless the nonresident institution is a bank with a registered office in the Czech Republic, a branch of a foreign bank in the Czech Republic, or a bank with a registered office in an OECD member. Pension companies may invest assets in pension/participation funds (third pillar) in deposits that are freely redeemable or time deposits whose maturity does not exceed two years of a bank headquartered in the Czech Republic, a foreign bank headquartered in another EU member, or a bank headquartered in another foreign country whose prudential rules the CNB considers equivalent to those of the EU. The Solvency II regulatory regime was introduced September 23, 2016, and second pillar pension funds were abolished January 1, 2016, and liquidated by December 31, 2017.

**Approval required** No.

**Accounts in domestic currency held abroad** Yes.

At the request of the CNB, legal entities with branches in the Czech Republic and natural persons with permanent residence in the Czech Republic must report accounts and balances on accounts or other forms of deposit abroad, including money entrusted for deposit. Foreign legal entities and natural persons may be asked to fulfill this requirement for their business in the Czech Republic.

**Accounts in domestic currency convertible into foreign currency** Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Approval required** No.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic currency accounts</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
</tr>
<tr>
<td><strong>Blocked accounts</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>All measures related to the freezing of assets in accordance with relevant EU legislation apply.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No</td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>EU regulations on common trade and agricultural policies apply.</td>
<td></td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>EU import regulations on the common commercial policy apply.</td>
<td></td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>EU regulations on the CAP and the common commercial policy apply, including surveillance of certain steel products.</td>
<td></td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>In accordance with EU import regulations, restrictions apply to certain wood products originating in Russia and to agricultural products, in accordance with the CAP.</td>
<td></td>
</tr>
<tr>
<td><strong>Other nontariff measures</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>The EU Common Customs Tariff applies.</td>
<td></td>
</tr>
<tr>
<td><strong>Taxes collected through the exchange system</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No</td>
</tr>
</tbody>
</table>

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Surrender requirements

- Surrender to the central bank: No.
- Surrender to authorized dealers: No.

Financing requirements

- No.

Documentation requirements

- No.

Letters of credit

- No.

Guarantees

- No.

Domiciliation

- No.

Preshipment inspection

- No.

Other

- No.

Export licenses

- Yes.

Without quotas

- Yes. EU regulations on the CAP apply. For some armaments, a security license is required.

With quotas

- No. EU regulations on the CAP apply.

Export taxes

- Yes.

Collected through the exchange system

- No.

Other export taxes

- Yes. Export refunds are based on the CAP and are related to commitments in the WTO.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

- No.

Trade-related payments

- No.

Prior approval

- No.

Quantitative limits

- No.

Indicative limits/bona fide test

- No.

Investment-related payments

- No.

Prior approval

- No.

Quantitative limits

- No.

Indicative limits/bona fide test

- No.

Payments for travel

- No.

Prior approval

- No.

Quantitative limits

- No.

Indicative limits/bona fide test

- No.
CZECH REPUBLIC

Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Controls on capital and money market instruments Yes.
### On capital market securities

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Purchase abroad by residents**: Yes. Controls apply to (1) purchases by pension companies when investing assets in the transformed fund (third pillar) of shares and securities not traded on a regulated market of an OECD member (maximum 5%; maximum 70% of shares or other securities traded on a regulated market of an OECD member country) and (2) purchases by pension companies when investing assets in participation funds (third pillar; excluding the conservative program, which does not permit such investments) of shares and securities not traded on a regulated market or multilateral trading facility (MTF) verified by the CNB—maximum 5%.

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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Purchase abroad by residents**: Yes. Controls apply to (1) purchases by pension companies, when investing assets in the transformed fund (third pillar), of bonds other than those issued by governments and CBs of OECD members, by the EIB, EBRD, and IBRD on a foreign market, and guaranteed by an OECD member and (2) purchases by pension companies, when investing assets in participation funds (third pillar), of bonds other than (a) those issued by members of the EU or OECD with a qualified rating from an international rating institution to which the Czech Republic belongs or other bonds with a qualified rating in a conservative plan (portfolio limit 35%–100%, concentration limit 5%–35%) and (b) those traded on an EU regulated market or EU MTF verified by the CNB for other plans.

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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
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</tbody>
</table>

### On money market instruments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Purchase abroad by residents**: Yes. Controls apply to (1) the purchase by pension companies, when investing assets in the transformed fund (third pillar), of manufacturers mutual insurance unless issued by governments and CBs of OECD members, bonds issued by the EIB, EBRD, and IBRD on a foreign market and bonds guaranteed by an OECD member and (2) the purchase by pension companies, when investing assets in participation funds (third pillar), of manufacturers mutual insurance with a qualified rating in a conservative plan (portfolio limit 35%–100%, concentration limit 5%–35%).

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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
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</table>

### On collective investment securities

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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Act No. 240/2013 Coll. on Investment Companies and Investment Funds replaced Act No. 189/2004 Coll. on Collective Investments.</td>
<td></td>
</tr>
</tbody>
</table>
Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: No.

Trading with (issuing, selling) collective investment securities on a commercial basis is reserved for regulated financial institutions (management companies, regulated funds).

Purchase abroad by residents: Yes.

Controls apply to (1) purchases by pension companies, when investing assets in the transformed funds (third pillar), of securities other than those traded on an OECD regulated market and (2) purchases by pension companies, when investing assets in participation funds (third pillar), of securities other than (a) money market funds with a qualified rating (portfolio limit 30%, concentration limit 10%) for the conservative plan and (b) UCITS and non-UCITS funds authorized to be publicly offered in the Czech Republic (portfolio limit 35%, 5% for non-UCITS, concentration limit 10%) for other plans.

Sale or issue abroad by residents: No.

UCITS (65/2009/EU Directive) may be commercially sold or issued abroad with prior notification according to the UCITS directive.

Controls on derivatives and other instruments: Yes.

Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: No.

Commercial trading in derivatives and other instruments is reserved for regulated financial institutions (brokers, banks).

Purchase abroad by residents: Yes.

Controls apply to (1) purchases by pension companies, when investing assets in the transformed fund (third pillar), of derivatives; only safety derivatives are permitted—on markets that are not EU regulated or equivalent foreign markets derivatives must be valued daily, and the pension company must be able to realize them at any time; (2) purchases by pension companies, when investing assets in participation funds (third pillar), except in the conservative plan, of derivatives not traded on a regulated market or MTF verified by the CNB or of derivatives not traded on a regulated market or MTF verified by CNB but that meet prudential requirements under Czech law; and (3) purchases by insurance companies of derivatives only if the derivative contract reduces the risk or eases the portfolio management of the assets.

Sale or issue abroad by residents: No.

Commercial trading in derivatives and other instruments is reserved for regulated financial institutions (brokers, banks). Commercial sale or issuance abroad requires notification under the 2004/39/EC Markets in the Financial Instruments Directive (MiFID).

Controls on credit operations: Yes.

Commercial credits: No.

By residents to nonresidents: No.

To residents from nonresidents: No.

Financial credits: Yes.

By residents to nonresidents: Yes.

Controls apply to credits and loans to nonresident borrowers (1) other than governments and CBs of OECD members by a private pension fund.

To residents from nonresidents: No.

Guarantees, sureties, and financial backup facilities: No.

By residents to nonresidents: No.
To residents from nonresidents
No.

Controls on direct investment
Yes.

Outward direct investment
No.

Inward direct investment
Yes. Controls apply to (1) airlines that must be majority owned and effectively controlled by EU countries and/or their citizens, unless otherwise provided for through an international agreement to which the EU is a signatory; (2) lotteries and similar games, except (a) casino games, which may be authorized for legal persons established in the Czech Republic, and (b) consumer lotteries, whose prizes must be in-kind fulfillment, services, goods, or products, etc., valued in one calendar year no more than CZK 0.2 million; no single prize may exceed CZK 20,000; (3) the operation of a branch as a “mortgage bank” to the extent that a mortgage bank is authorized to issue mortgage securities in the domestic market, which is reserved for financial institutions incorporated and authorized under domestic law, Act. No. 190/2004 Coll. on Bonds; and (4) the extent that under EU Directive No. 85/611/EEC, a depository of a UCITS must either have its registered office in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country.

Controls on liquidation of direct investment
No.

Controls on real estate transactions
Yes.

Purchase abroad by residents
Yes. Controls apply to the acquisition of real estate abroad by pension companies, investing assets in the transformed fund, exceeding 10% of total assets. Pension companies may not invest in real estate in participation funds (third pillar).

Purchase locally by nonresidents
Yes.

Sale locally by nonresidents
No.

Controls on personal capital transactions
No.

Loans
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Gifts, endowments, inheritances, and legacies
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Settlement of debts abroad by immigrants
No.

Transfer of assets
No.

Transfer abroad by emigrants
No.

Transfer into the country by immigrants
No.

Transfer of gambling and prize earnings
No. The operation of out-of-country or domestic lotteries and similar games whose proceeds are paid abroad is prohibited, unless an exception is granted.

References to legal instruments and

This information can be found at the AREAER ONLINE database:
Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Act No. 21/1992 Coll. on Banking was amended to implement Basel III prudential requirements, including those of the capital requirements regulation (CRR; Regulation (EU) No. 575/2013) and the capital requirements directive (CRD IV; Directive No. 2013/36/EU). Decree No. 163/2014 Coll. on the activity of banks, credit unions, and investment firms fully implements CRR and CRD IV regulatory requirements. Credit institutions are not subject to foreign exchange position limits. However, if the absolute value of a credit institution’s net foreign exchange position in any foreign currency or in CZK, as per Article 352 of the CRR, exceeds 15% of its capital on an individual basis or its total net foreign exchange position, as per Article 352 of the CRR, exceeds 20% of its capital on an individual basis, the CNB must be notified immediately.

Borrowing abroad

No.

Maintenance of accounts abroad

No.

Lending to nonresidents (financial or commercial credits)

No.

Lending locally in foreign exchange

No.

Purchase of locally issued securities denominated in foreign exchange

No.

Differential treatment of deposit accounts in foreign exchange

No.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents

No.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

No.

Abroad by banks

No.

In banks by nonresidents

No.

Open foreign exchange position limits

Yes.

Credit institutions are not subject to foreign exchange position limits. According to Decree No. 163/2014 Coll., however, if the absolute value of a credit institution’s net foreign exchange position in any foreign currency or in CZK, as per Article 352 of the CRR, exceeds 15% of its capital on an individual basis or its total net foreign exchange position, as per Article 352 of the CRR, exceeds 20% of its capital on an individual basis, the CNB must be notified immediately.

On resident assets and liabilities

Yes.
On nonresident assets and liabilities: Yes.

Provisions specific to institutional investors: Yes.

Insurance companies: No.

In the Czech Republic, investments of insurance and reinsurance companies are regulated by the Insurance Act (Act No. 277/2009 Coll.). The Solvency II Directive was transposed into the Insurance Act September 23, 2016. Since then, rules for investments of insurers and reinsurers have not changed. The rules are based on the prudent person principle. There are no legal quantitative limits; nevertheless, insurance and reinsurance companies must follow stipulated principles, for example:

(1) Investments are only possible in assets whose risks the company concerned can properly identify, measure, monitor, manage, control and report, and take them into account appropriately in the assessment of its overall needs. All assets must be invested in such a manner as to ensure the security, liquidity, and profitability of the portfolio as a whole.

(2) The assets intended to settle liabilities must be invested in a manner adequate to the nature and duration of insurance/reinsurance obligations and in the best interests of all policyholders and beneficiaries.

(3) Investments must be diversified in such a way as to avoid excessive dependence on a particular asset, issuer, or group of persons or geographical area and to avoid excessive accumulation of risk in the portfolio as a whole.

Moreover, the relevant insurance/reinsurance company has to set the rules for its investments according to above-mentioned principles.

Limits (max.) on securities issued by nonresidents: No.

No legal quantitative limits on securities issued by nonresidents are stipulated. Generally, the rules for investments are based on the prudent person principle. See the description in XII.B.1.

Limits (max.) on investment portfolio held abroad: No.

No legal quantitative limits on investment portfolio held abroad are stipulated. Generally, the rules for investments are based on the prudent person principle. See the description in XII.B.1.

Limits (min.) on investment portfolio held locally: No.

No legal quantitative limits on investment portfolio held locally are stipulated. Generally, the rules for investments are based on the prudent person principle. See the description in XII.B.1.

Currency-matching regulations on assets/liabilities composition: No.

In terms of currency matching, no legal quantitative rules on assets/liabilities composition are stipulated. Generally, the rules for investments are based on the prudent person principle. See the description in XII.B.1.

Pension funds: Yes.

In the Czech Republic, the pension companies and pension funds are regulated by the Supplementary Pension Savings Act No. 427/2011 Coll., also known as third pillars of the National Pension Scheme. Pension funds and pension companies are supervised by the CNB, and the law prescribes their prudential rules on eligible assets, including investment limits. These limits vary, depending on the kind of fund and its strategy. There is only a limited prescribed strategy for third pillar funds, except for the conservative plan, which must comply with the portfolio composition and investment limits. Transformed pension funds (third pillar): In 2013, pension funds were changed from self-management to transformed pension plans managed by pension companies, and clients’ and shareholders’ assets are now separate. There is now a guarantee of zero plus yields for which the pension company must hold sufficient funds (or decrease its own funds). General robust prudential rules apply to the management of pension funds. The law prescribes eligible assets and investment limits—for example, 10% in instruments issued by the same entity, except government bonds; 10% in real estate; and 50%...
in assets in the currency of liabilities to beneficiaries and use of derivatives only for hedging. Pension funds and pension companies are authorized and supervised by the CNB under Act No. 42/1994 Coll. on State-Contributory Supplementary Pension Insurance Act. Supplementary pension savings (third pillar): In 2013, the law adopted in 2011 established a new third pillar based on UCITS principles. Pension funds are managed by a pension company authorized and supervised by the CNB under UCITS-like prudential rules. Pension savings are in individual pension plans that allow investment in a broader array of participation funds (type of common fund). Employers are encouraged by tax law to contribute. Savings are supported by a direct government contribution. The conservative fund for the participation pension funds (third pillar) is the only mandatory fund. Similarly to the UCITS rules, the law prescribes eligible assets. The investments may consist only of transferable securities; risk management is required, and techniques and instruments for efficient portfolio management are allowed. The conservative plan (third pillar) may invest only in bonds, money market instruments, money market funds, and deposits. Investment limits are 30% for private bonds and money market instruments. Limits for a single issuer are 5%–100% for public bonds with a qualified rating. Other plans must invest in UCITS-like transferable securities. Limits for collective investment schemes are 5%–35%. IORP—second pillar: Domestic IORP are prohibited. EU-IORP are permitted if the contributing employer is in the Czech Republic.

**Limits (max.) on securities issued by nonresidents**
Yes.

**Limits (max.) on investment portfolio held abroad**
No.

**Limits (min.) on investment portfolio held locally**
No.

**Currency-matching regulations on assets/liabilities composition**
Yes.

At least 50% of assets must be denominating in the currency of pension fund liabilities to beneficiaries for plans in the transitional-transformed pension fund. Only assets in the conservative fund for supplementary pension savings (third pillar) must be fully hedged against currency risk.

**Investment firms and collective investment funds**
Yes.

**Limits (max.) on securities issued by nonresidents**
Yes.

**Limits (max.) on investment portfolio held abroad**
No.

For transitional-transformed pension funds, bonds and other debt securities are not allowed unless they are issued by governments and CBs of OECD members; guaranteed by such governments; or issued by the EIB, EBRD, or IBRD (Article 33 of the Act on Pension Funds). For supplementary pension savings (third pillar), up to 100% may be in bonds and money market instruments issued by governments and CBs of OECD members with a qualified rating. Limits for other single issuers are 5%–20%. The limit for other financial instruments is 30% (conservative fund).

Safekeeping of assets is provided by depository banks located in the Czech Republic; deposits abroad are allowed only under an agreement with the depository bank.

General limits according to the UCITS IV Directive are applicable—some qualitative and quantitative limits on non-EU instruments.
### Limits (min.) on investment portfolio held locally

<table>
<thead>
<tr>
<th>No.</th>
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</table>

### Currency-matching regulations on assets/liabilities composition

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

### References to legal instruments and hyperlinks

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## Changes during 2019 and 2020

### Exchange Arrangement

#### Classification

<table>
<thead>
<tr>
<th>Free floating</th>
<th>01/01/2019</th>
</tr>
</thead>
</table>

Because the Czech National Bank has not intervened since April 2017, the de facto exchange rate arrangement was reclassified retroactively to free floating from floating, effective April 3, 2017. The change is reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s Annual Report on Exchange Arrangements and Exchange Restrictions.
DENMARK

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

| Article VIII | Yes. | Date of acceptance: May 1, 1967. |
| Article XIV | | |

Exchange Measures

| Restrictions and/or multiple currency practices | No. | No restrictions as reported in the latest IMF staff report as of December 31, 2019. |
Other security restrictions | Yes.
---|---
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

**Currency** | Yes. The currency of Denmark is the Danish krone.
---|---
Other legal tender | No.
Exchange rate structure

| Unitary | Yes.
| Dual | No.
| Multiple | No.

**Classification**

| No separate legal tender | Yes.
| Currency board | Yes.

Conventional peg | Yes.

The exchange rate arrangement is a conventional peg. The formal framework for the Danish fixed exchange rate policy is the ERM II. Denmark participates in the ERM II with a central rate of DKr 746.038 per €100. The central rate is a conversion of the central rate vis-à-vis the deutsche mark before the third stage of the EMU and was last adjusted in January 1987. Denmark has entered into an agreement with the ECB and the euro area member countries on a narrower fluctuation band of ±2.25%. In recent years, the Danmarks Nationalbank (DN) has consistently maintained a stable krone within less than 1% of the central rate. The DN’s net purchase or sale of foreign currency during a month is published at 4:00 p.m. on the second working day of the following month in the Foreign Exchange and Liquidity press release. The agreement on Denmark’s fixed...
exchange rate policy vis-à-vis the euro within a narrow fluctuation band of ±2.25% around the central rate in ERM II was concluded at an informal meeting of the Economic and Financial Affairs Council (ECOFIN Council) of September 25–27, 1998, in Vienna, between the ministers of economy and finance and the CB governors of the EU member countries.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**

Yes. The DN is responsible for monetary policy; exchange rate policy is set by the Danish government in consultation with the DN. Section 2 (3) of the Danish Act on Foreign Exchange (Consolidated Act No. 279, April 11, 1988) states, “Guidelines for the foreign-exchange policy to be conducted while the Act is in force shall be laid down after negotiation between DN and the Royal Bank Commissioner.” The Royal Bank commissioner is the formal link between the government and the DN. The minister for business and growth is the Royal Bank commissioner. The DN publishes reference exchange rates (fixed by the DN against kroner).

**Monetary policy framework**

Exchange rate anchor

Yes.

*U.S. dollar*

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The formal framework for the Danish fixed exchange rate policy is the ERM II. Denmark participates in the ERM II with a central rate of DKr 746.038 per €100.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank
Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. ADs may freely set their exchange rates in transactions with their clients.

Spot exchange market

Yes.

Operated by the central bank

Yes.

Foreign exchange standing facility

Yes.

Allocation

No.

Auction

No.

Fixing

No.

Interbank market

Yes. The krone foreign exchange market operates according to a
brokerage system and electronic trading. The CB intervenes directly with banks by proposing its own quotes to market participants by electronic trading and by voice brokers. The CB may trade with all banks, but currently engages primarily in euro–krone trading with six Danish banks. There are no limits on the bid-ask spread and commissions of market participants.

The theoretical number of participating banks was 82 – the actual number of participating banks was probably lower.

Over the counter: Yes.
Brokage: Yes.
Market making: No.
Forward exchange market: Yes. There is a well-functioning forward exchange market. The DN also trades foreign exchange swaps and forwards (other than in kroner).

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: No.
Controls on the use of domestic currency: No.
For current transactions and payments: No.
For capital transactions: No.
Transactions in capital and money market instruments: No.
Transactions in derivatives and other instruments: No.
Credit operations: No.
Use of foreign exchange among residents: No.

Payments arrangements: Yes.
Bilateral payments arrangements: No.
Operative: No.
Inoperative: No.
Regional arrangements: Yes. Denmark is a member of the EU.

Clearing agreements: No.
Barter agreements and open accounts: No.
Administration of control: No.

Payments arrears: No.
Official: No.
Private: No.

Controls on trade in gold (coins and/or: No.
In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Natural persons entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the competent authorities of the member state through which they enter or leave the EU. This measure is included in the Danish Customs Act, Section 10a(2) which also applies to cross-border transportation from Denmark to another EU member state and from another EU member state to Denmark and to legal and natural persons sending or receiving amounts of cash with a value of more than €10,000. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the person makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EU regulation requires member states to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member state may exchange information with authorities in other member states. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EU regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EU regulation does not apply to physical cross-border transportation from one EU member state to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purpose of the regulation; the regulation only harmonizes the system for the EU’s external borders.
than €10,000 are required to make a declaration to the Danish customs and tax administration.

Natural persons entering or leaving Denmark and carrying amounts of cash with a value of more than €10,000 and legal and natural persons receiving or sending amounts of cash with a value of more than €10,000 are required to make a declaration to the Danish customs and tax administration.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required                  | No.  |
| Domestic currency accounts         | Yes. |
| Convertible into foreign currency  | Yes. |
| Approval required                  | No.  |
| Blocked accounts                   | No.  |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

<p>| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |</p>
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>No. Import licenses are required for some goods (for example, certain agricultural products from countries outside the EU) and for surveillance and safety. For surveillance purposes—import licenses are required for certain iron, steel and aluminum products from countries outside the EU (except products originating in Iceland, Liechtenstein, and Norway) in accordance with Commission Implementing Regulation (EU) No. 670/2016 and No. 1092/2017 and No. 2018/640, having regard to Council Regulation No. 478/2015 and No. 755/2015 as amended. However, requirement for import licenses for certain iron, steel, and aluminum products expired in May 2020, cf. Art. 6 in both Regulation Nos. 670/2016 and 2018/640.</td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>Yes. Licenses are required for imports of certain agricultural products, including rice, sugar, milk products, beef, fruits, and vegetables. Licenses are required for (1) textile imports from DPRK. However, textile imports from DPRK has been suspended due to the prohibition against import of textile in Regulation No. 2017/1509 on EU’s restrictive measures against DPRK, cf. Art. 16h.; (2) steel and aluminum import from non-EU countries, and (3) certain wood products from Russia. The temporary suspension of imports of betel from Bangladesh is now extended to June 30, 2020, and is extended to India. Previously, the suspension was to expire June 30, 2018. The previous requirement for licenses concerning certain iron and steel.</td>
</tr>
</tbody>
</table>
imports from Kazakhstan has been lifted (Commission Implementing Decision (EU) No. 2016/884 amending Implementing Decision No. 2014/88).

Other nontariff measures No.

Import taxes and/or tariffs No.

Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Financing requirements No.

Documentation requirements No.

Letters of credit No.

Guarantees No.

Domiciliation No.

Preshipment inspection No.

Other No.

Export licenses Yes.

Without quotas Yes. Except for certain items subject to strategic controls, licenses are required only for exports of certain metals in waste or scrap form. Special rules apply to exports of waste in general. Exports of dual-use products to countries outside the EU require an export license from the Danish Business Authority.

With quotas No. Exports of certain agricultural products to countries outside the EU require export licenses.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

Trade-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Investment-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Payments for travel No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers’ wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
DENMARK

Surrender to the central bank  
No.

Surrender to authorized dealers  
No.

Restrictions on use of funds  
No.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  
Yes.

Repatriation requirements  
No.

Surrender requirements  
No.

Surrender to the central bank  
No.

Surrender to authorized dealers  
No.

Controls on capital and money market instruments  
No.

On capital market securities  
No.

Shares or other securities of a participating nature  
No.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
No.

Sale or issue abroad by residents  
No.

Bonds or other debt securities  
No.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
No.

Sale or issue abroad by residents  
No.

On money market instruments  
No.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
No.

Sale or issue abroad by residents  
No.

On collective investment securities  
No.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
No.
<table>
<thead>
<tr>
<th>Control Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to (1) registration under the Danish flag of vessels owned by foreign entities. Foreign owners (EU/EEA and non-EU/EEA) of commercial vessels need to maintain and prove that economic activity in relation to the vessel is carried out in or from Denmark and appoint a contact for control and similar purposes that may be sued on behalf of the owner or the ship owner. Foreign owners (EU/EEA and non-EU/EEA) of fishing vessels and pleasure crafts: The vessel must be effectively administered, controlled, and directed from Denmark and owners fulfill an establishment requirement. For non-EU/EEA entities, the establishment requirement may be fulfilled by setting up a subsidiary, branch, or agency in Denmark. For EU/EEA entities, the requirement may also be fulfilled merely by appointing an entity in Denmark that may be contacted for control and similar purposes that may be sued on behalf of the owner or the ship owner; (2) ownership by non-EU residents of one-third or more of a business engaged in commercial fishing; (3) airlines established in the country that must be majority owned and effectively controlled by EU countries and/or nationals of EU countries, unless otherwise provided for through an international agreement; (4) investment in accounting services by non-EU residents through indirect control—see the approval procedure in the Danish Act on Approved Auditors and Audit Firms, Section 13(2)—and in legal services by nonresidents; and (5) the extent that under EU Directive 2009/65/EF, a depository of a UCITS must either have its registered office in the...
same EU country as that of the UCITS or be established (have a branch) in the same EU country as the UCITS if its registered office is in another EU country.

Controls on liquidation of direct investment No.

Controls on real estate transactions Yes.

Purchase abroad by residents No.

Purchase locally by nonresidents Yes. Purchases require approval from the Ministry of Justice, except in case of acquisition by (1) persons who were formerly residents of Denmark for at least five years; (2) EU nationals and EEA nationals working in Denmark, or who have a valid residence permit, and EU-based or EEA-based companies operating in Denmark, for residential or business purposes; and (3) EU nationals who either have a valid residence permit or are authorized to stay in Denmark without such a permit, for residential or active business purposes. Approval from the Ministry of Justice is not required if real estate is (1) passed by inheritance to another person, (2) retained as undivided property by a surviving spouse, (3) acquired by a spouse when common property is divided equally between spouses, or (4) acquired from a close family member as a gift.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. Commercial banks and other credit institutions are subject to prudential regulations in the Capital Requirements Regulation (CRR) and the Danish Financial Business Act.

Borrowing abroad No.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or No.)
<table>
<thead>
<tr>
<th>Commercial Credits</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>If an institution’s overall net foreign exchange position exceeds 2% of its total own funds, the institution must calculate an own funds requirement in accordance with CRR Articles 351, 352, and 354.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on</td>
<td>No.</td>
</tr>
</tbody>
</table>

Solvency II implies a principle of prudent person instead of the former quantitative regulation. Insurance companies and pension funds must invest all their assets in accordance with the prudent person principle but there are no specific quantitative limits. Institutions for occupational retirement provision are now subject to the principle of prudent person (from the Institutions for Occupational Retirement Provision (IORP) II directive). One quantitative restriction still exists in relation to maximum exposure toward the company, which has set up the institution (sponsor). Institutions for occupational retirement provision are not included as insurance companies nor as pension funds.
assets/liabilities composition

companies and pension funds must invest all their assets in accordance with the prudent person principle but there are no specific quantitative limits.

Pension funds

No.

Limits (max.) on securities issued by nonresidents

No.

Solvency II implies a principle of prudent person. Insurance companies and pension funds must invest all their assets in accordance with the prudent person principle but there are no specific quantitative limits.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

Investment firms and collective investment funds

Danish investment firms are subject to prudential regulations in the CRR and the Danish Financial Business Act. Danish UCITS and Alternative Investment Funds Managers are subject to prudential regulations in the Investment Associations etc. Act, and the Alternative Investment Fund Managers etc. Act. These regulations do not constitute an exchange restriction.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

Exchange measures imposed for security reasons

In accordance with IMF Executive Board Decision No. 144-(52/51) 06/17/2019

DJIBOUTI

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: December 29, 1978.

Article VIII

Yes. Date of acceptance: September 19, 1980.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons

Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Djibouti is the Djibouti franc.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Yes. Djibouti’s monetary system is based on a currency board. The Djibouti franc has been pegged to the US dollar since 1949, but the legislation establishing the currency board and determining the fixed exchange rate is Law No. 118/AN/11/6ème L of January 22, 2011. The Central Bank of Djibouti (BCD) guarantees and provides for unlimited conversion to US dollars of banknotes and coins used as legal tender in Djibouti. The full issuance of Djibouti francs is covered by foreign exchange reserves. The National Assembly of Djibouti has the authority to make decisions regarding changes in the exchange rate arrangement.

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
The Djibouti franc is pegged to the US dollar, the intervention currency, at DF 177.721 per US dollar. The official exchange rate is used for accounting and valuation purposes.

The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.
Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** No.

**Exchange subsidy** No.

**Foreign exchange market** Yes. The official buying and selling rates for currencies other than the US dollar are set by local banks and money changers, based on cross-rates for the US dollar in international markets. Banks may freely set quotes and commissions in transactions with their clients.

**Spot exchange market** Yes. Institutions that deal in foreign exchange with the public are authorized by the BCD. As of December 31, 2019, 12 credit institutions and 20 foreign exchange bureaus operating in Djibouti were authorized.

Foreign exchange bureaus may not engage in foreign exchange transactions directly with the BCD but may maintain accounts abroad. The operations of licensed foreign exchange bureaus are limited to the purchase and sale of banknotes.

Transfer bureaus (hawalas) may engage in exchange operations and make foreign currency payments and transfers on behalf of their clients.

**Operated by the central bank** Yes.

**Foreign exchange standing facility** Yes. The BCD stands ready to exchange US dollars for Djibouti francs at the fixed exchange rate of DF 177.721 per US dollar without a margin or commission. The BCD exchanges unlimited amounts of US dollars with the treasury and banks at the fixed exchange rate through transfers between accounts held abroad. Foreign exchange bureaus handle the retail end of this business with large overseas transfers.

**Allocation** No.

**Auction** No.

**Fixing** No.

**Interbank market** Yes. ADs are allowed to trade foreign exchange with each other, but the interbank foreign exchange market is not active. Banks operating on the local market use the interbank market. Islamic banks use a number of liquidity management instruments, including the interbank market.
musharaka and the interbank mudarabah. However, banks primarily rely on international financing arrangements rather than the interbank market for their liquidity requirements.

Over the counter
Yes.

Brokerage
No.

Market making
No.

Forward exchange market
No.

Official cover of forward operations
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements
No.

Controls on the use of domestic currency
No.

For current transactions and payments
No.

For capital transactions
No.

Transactions in capital and money market instruments
No.

Transactions in derivatives and other instruments
No.

Credit operations
No.

Use of foreign exchange among residents
No.

Payments arrangements
No.

Bilateral payments arrangements
No.

Operative
No.

Inoperative
No.

Regional arrangements
No.

Clearing agreements
No.

Barter agreements and open accounts
No.

Administration of control
No.

Payments arrears
Yes.

Official
Yes.

A Paris Club agreement was reached in October 2008, and bilateral payments agreements have been signed with two creditors; one is pending signature. The authorities are requesting equivalent treatment of their arrears to Paris Club and non-Paris Club official creditors.

Djibouti had arrears to the Islamic Republic of Iran (US$4.7 million) and India (US$3.8 million). Said arrears are being renegotiated on a bilateral basis. There are also arrears to China (US$3.1 million), the Abu Dhabi Fund (US$3.9 million), and the Inter-American Development Bank amounting to US$0.9 million. The rest of the
stock of arrears (US$1.99 million) is related to unpaid past due amounts to the African Development Bank, the European Investment Bank, Turkey, the Arab Fund for Economic and Social Development, and the International Fund for Agricultural Development.

Status of direct external debt arrears
The stock of the government’s external debt arrears (not including Iran, Exim Bank India, the Saudi Fund for Development, and Exim Bank China) at June 30, 2020, amounted to DJF 1,127 million, comprised of unpaid maturities with Exim Bank China (drinking water supply), Organization of Petroleum Exporting Countries (OPEC), African Development Bank (AfDB), the EIB, and the IDB. A debt rescheduling arrangement is still pending for payments in arrears with Iran amounting to DJF 837 million. The stock of debt arrears with the Saudi Fund for Development and Exim Bank China amounts to 9,918 million and is subject to renegotiation with the relevant donors.

Exim Bank India debts, amounting to DJF 2,818 billion, are still pending settlement, awaiting the conclusion of an agreement for the sale of the cement plant.

Status of guaranteed external debt arrears
The stock of external debt arrears guaranteed by the State as of June 30, 2020, amounted to DF 3,857 billion. The arrears of the Société Immobilière de Djibouti (SID) and the Port of Djibouti are respectively DF 1,281 billion (33%) and FD 1,1160 billion (30%). The remaining stock of external debt arrears amounting to DF 1,415 billion is held by the FDED (a public financial institution) (21.4%), ONEAD (the water board of Djibouti) (7.02%), and EDD (the electricity board of Djibouti) (7.2%).

Private

Controls on trade in gold (coins and/or bullion)

On domestic ownership and/or trade

On external trade

Controls on exports and imports of banknotes

On exports

Domestic currency

Foreign currency

On imports

Domestic currency

Foreign currency

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Residents may have foreign exchange accounts with resident banks. The applicable legislation is Banking Law No. 119/AN/11/6ème L of January 22, 2011. Balances may be freely transferred abroad. There are no limitations on capital movements.
### Approval required

<table>
<thead>
<tr>
<th>Held abroad</th>
<th>No.</th>
</tr>
</thead>
</table>

### Regulations of the country where the bank is located apply.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
</table>

| Accounts in domestic currency held abroad | No. |
| Accounts in domestic currency convertible into foreign currency | Yes. |

### This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### References to legal instruments and hyperlinks

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
</table>

### The applicable legislation is Banking Law No. 119/AN/11/6ème L of January 22, 2011.

### Approval required

| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |
| Approval required | No. |

### Blocked accounts

| References to legal instruments and hyperlinks | No. |

### This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Foreign exchange budget

| Financing requirements for imports | Yes. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | Yes. |

### Advance import deposits are permitted up to 20% of the value of the imports.

### Documentation requirements for release of foreign exchange for imports

| Domiciliation requirements | No. |
| Preshipment inspection | Yes. |
| Letters of credit | Yes. |
| Import licenses used as exchange licenses | No. |
| Other | No. |

### Import licenses and other nontariff measures

| Import licenses and other nontariff measures | Yes. |
| Positive list | No. |
| Negative list | Yes. |
| Open general licenses | No. |
License with quotas: No.
Other nontariff measures: No.
Import taxes and/or tariffs: Yes. Formal customs duties are not imposed on imports, but, in practice, fiscal duties are levied by means of the general consumption tax on imports. However, this tax is being phased out through rate reductions as part of the indirect tax reform. A VAT was introduced January 1, 2009, and the general consumption tax on imports is expected to be phased out with the introduction of a CET in line with other countries in COMESA. Certain products, including alcoholic beverages, noncarbonated mineral water, petroleum products, khat, and tobacco, are subject to a surtax.
Taxes collected through the exchange system: No.
State import monopoly: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No.
Surrender requirements: No.
Surrender to the central bank: No.
Surrender to authorized dealers: No.
Financing requirements: Yes.
Documentation requirements: Yes.
Letters of credit: Yes.
Guarantees: Yes.
Domiciliation: Yes.
Preshipment inspection: Yes.
Other: No.
Export licenses: No.
Without quotas: No.
With quotas: No.
Export taxes: No.
Collected through the exchange system: No.
Other export taxes: No.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.</a></td>
</tr>
<tr>
<td>Proceeds from Invisible Transactions and Current Transfers</td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>
Surrender requirements

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
Yes.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
Yes.

Sale or issue abroad by residents
No.

Bonds or other debt securities
Yes.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
Yes.

Sale or issue abroad by residents
No.

On money market instruments
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On collective investment securities
Yes.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.
Yes.

No.

No.

No.

No.

Yes.

Yes.

Yes.

Yes.

Yes.

There are controls on all credit transactions between residents and nonresidents within the limits specified by the banking regulations for the purpose of compliance with the prudential standard on customer risk.

Yes.

Yes.

Yes.

Yes.

Yes.

There are controls on all transactions between residents and nonresidents, in the form of guarantees, sureties, and financial backup facilities within the limits specified in the banking regulations for the purpose of compliance with the prudential standard on customer risk.

Yes.

No.

Yes.

Apart from the Investment Code currently in effect in Djibouti (Law No. 58/94/3ème of October 16, 1994), there are no regulations concerning direct investment. However, it is amended by:

- Law No. 58/94 of October 16, 1994,
- The No. 143/AN/97 of December 3, 1997,
- Law No. 23/AN/08 of December 13, 2008 on the 2008 Supplementary Budget Law,
- The No. 41/AN/08 of December 28, 2008 on the 2009 Budget Law.
### Controls on personal capital transactions

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Provisions Specific to the Financial Sector

- **Provisions specific to commercial banks and other credit institutions**: Yes.
  - The minimal capital requirement applicable to banking institutions is DF 1 billion.
  - Borrowing abroad by domestic banking institutions is not restricted.

- **Lending to nonresidents (financial or commercial credits)**: Yes.
  - There are controls on all loans and commercial credit transactions between residents and nonresidents within the limits specified by the banking regulations for the purpose of compliance with the prudential standard on customer risk.

- **Lending locally in foreign exchange**: No.
  - There are no limitations or restrictions.

- **Purchase of locally issued securities denominated in foreign exchange**: No.
  - There is no financial market in Djibouti.

- **Differential treatment of deposit accounts in foreign exchange**: No.
- **Reserve requirements**: No.
- **Liquid asset requirements**: No.
  - Licensed banking institutions are required to maintain a certain “deposit coverage ratio” in francs. The numerator of this ratio corresponds to net assets in foreign exchange, all currencies combined (with the exception of operations in which the foreign exchange risk is borne by the government and structural foreign exchange positions). The denominator includes all foreign exchange deposits, broken down by type of currency, rate of return, and term of investment.

- **Interest rate controls**: No.
- **Credit controls**: No.
- **Differential treatment of deposit accounts held by nonresidents**: No.
Reserve requirements  
No.

Liquid asset requirements  
No.
The numerator of this ratio corresponds to total foreign exchange deposits of customers, broken down by type of currency, term of investment, and rate of return. The denominator includes all uses of foreign exchange, broken down as well by type of currency, rate obtained, and term of investment.

Interest rate controls  
No.

Credit controls  
No.

Investment regulations  
No.

Abroad by banks  
No.

In banks by nonresidents  
No.

Open foreign exchange position limits  
No.

On resident assets and liabilities  
No.

On nonresident assets and liabilities  
No.

Provisions specific to institutional investors  
Yes.

Insurance companies  
Yes.  
Insurance companies are governed by Law No. 40/AN/99/4ème of June 8, 1999.

Limits (max.) on securities issued by nonresidents  
No.

Limits (max.) on investment portfolio held abroad  
No.

Limits (min.) on investment portfolio held locally  
No.

Currency-matching regulations on assets/liabilities composition  
Yes.

There is a matching requirement with respect to both the amount of the transaction and the currency of denomination, as well as with respect to maturity and interest rate.

Pension funds  
No.

Limits (max.) on securities issued by nonresidents  
No.

Limits (max.) on investment portfolio held abroad  
No.

Limits (min.) on investment portfolio held locally  
No.

Currency-matching regulations on assets/liabilities composition  
No.

Investment firms and collective investment funds  
No.

Limits (max.) on securities issued by nonresidents  
No.

Limits (max.) on investment portfolio held abroad  
No.

Limits (min.) on investment portfolio held locally  
No.

Currency-matching regulations on assets/liabilities composition  
No.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
DOMINICA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
December 12, 1978.

Article VIII
Yes. Date of acceptance: December 13, 1979.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes. Trade with Iraq is prohibited.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Dominica is the Eastern Caribbean dollar, issued by the ECCB.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
Yes. The exchange rate arrangement is a currency board. Dominica participates in a currency union with seven other members of the ECCU and has no separate legal tender. The ECCB officially covers at least 60% of base money with its foreign reserves. The operational guideline is set at 80%, although in practice the coverage has been about 100%.

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate

Yes. The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at ECS2.70 per US dollar. The official exchange rate is used for accounting and valuation.

Monetary policy framework

Exchange rate anchor

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

U.S. dollar

Yes.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band
Other

**Accountability**

Open letter

Parliamentary hearings

Other

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** \(\text{No.}\)

**Exchange subsidy** \(\text{No.}\)

**Foreign exchange market** \(\text{Yes.}\)

The ECCB sets an indicative rate for commercial banks. This rate has been EC$2.6882–EC$2.7169 per US dollar for a long time. Commercial banks may set commissions freely in transactions with their clients.

**Spot exchange market** \(\text{Yes.}\)

Banks are allowed to purchase or sell foreign currency from each other as well as to and from the ECCB. The commercial banks are not required to report their daily foreign exchange activity to the ECCB. The commercial banks are viewed as the exchange bureaus. Foreign exchange transfer institutions, such as MoneyGram and Western Union, and foreign exchange bureaus do not do business with and are not licensed by the ECCB.

**Operated by the central bank** \(\text{Yes.}\)

**Foreign exchange standing facility** \(\text{Yes.}\)

The ECCB sells and buys US dollars at a fixed exchange rate of EC$2.7 per US dollar. Actual rates may differ slightly, so that the ECCB can cover its administrative expenses. There is no bid-ask spread.

**Allocation** \(\text{No.}\)

**Auction** \(\text{No.}\)

**Fixing** \(\text{No.}\)

**Interbank market** \(\text{No.}\)

There is no formal interbank foreign exchange market.

**Over the counter** \(\text{No.}\)

**Brokerage** \(\text{No.}\)

**Market making** \(\text{No.}\)

**Forward exchange market** \(\text{No.}\)

**Official cover of forward operations** \(\text{No.}\)

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Settlements with residents of the territories participating in</td>
<td></td>
</tr>
<tr>
<td>the ECCB Agreement must be made in Eastern Caribbean dollars;</td>
<td></td>
</tr>
<tr>
<td>those with the CARICOM members must be made in the currency of</td>
<td></td>
</tr>
<tr>
<td>the CARICOM country concerned. Settlements with residents of</td>
<td></td>
</tr>
<tr>
<td>other countries may be made in any foreign currency that is</td>
<td></td>
</tr>
<tr>
<td>acceptable to the country where the settlement is being made.</td>
<td></td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Dominica is a member of CARICOM and the OECS.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange control is inoperative. The Ministry of Trade</td>
<td></td>
</tr>
<tr>
<td>and Industry administers import and export arrangements and</td>
<td></td>
</tr>
<tr>
<td>controls.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>Yes.</td>
</tr>
<tr>
<td>Official</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments into an escrow account at the ECCB are made for</td>
<td></td>
</tr>
<tr>
<td>holdout creditors after debt restructuring.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents are permitted to acquire and hold gold coins for</td>
<td></td>
</tr>
<tr>
<td>numismatic purposes only.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Small quantities of gold may be imported for industrial</td>
<td></td>
</tr>
<tr>
<td>purposes with MOF approval.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>The exportation of Eastern Caribbean dollar notes and coins</td>
<td></td>
</tr>
<tr>
<td>outside the ECCB area is limited to EC$10,000, as prescribed by</td>
<td></td>
</tr>
<tr>
<td>the ECCB.</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>-------------------</td>
<td>--</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Resident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Nonresident Accounts**

| Foreign exchange accounts permitted | Yes. |
| Approval required | Yes. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | No. |
| Approval required | Yes. |
| Blocked accounts | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | Yes. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | Yes. |
Import licenses used as exchange licenses | No.
---|---
Other | No.

**Import licenses and other nontariff measures**

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes. Imports of specified goods from non-OECS countries, Belize, and the CARICOM countries require a license. Imports of certain goods from the more developed CARICOM countries (Barbados, Guyana, Jamaica, Trinidad and Tobago) also require a license.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes. Certain goods require a license for public health or safety reasons.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes. There are certain quantitative restrictions on imports of flour.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Import taxes and/or tariffs**

Yes. Most rates are ad valorem. Dominica applies the fourth phase of the CARICOM CET. The maximum tariffs on most CARICOM agricultural and nonagricultural products are 40% and 20%, respectively. Lower rates apply to machinery (0% to 15%) and some essential foodstuffs (0% to 15%), whereas higher rates apply to import-substituting domestic appliances (20%–35%) and motor vehicles (10%–40%). Specific taxes are applied to some goods. These include an excise tax levied on (1) motor vehicles, (2) alcohol, (3) petroleum products, and (4) tobacco and tobacco substitutes at the rates set out in the Excise Tax Regulations (SRO 5) of 2006. Certain imports are exempt. A VAT is levied, and legislation designates certain zero-rated items and exempt imports. Imports are subject to a 1.5% environmental surcharge in addition to the 3% customs service charge. An environmental surcharge of ECS$3,000 is payable on vehicles more than five years old. Vehicles less than five years old are subject to a rate of 1.5%, but a concessionary rate of 1% is extended to returning residents.

**Taxes collected through the exchange system**

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>State import monopoly</td>
<td>Yes. A state agency imports sugar and rice in bulk.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

**Repatriation requirements**

Yes.

**Surrender requirements**

Yes.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

Yes. Export proceeds must be converted to Eastern Caribbean dollars and deposited in an ECCB account, unless the exporter has a foreign exchange account to which the proceeds may be credited.

**Financing requirements**

n.a.

**Documentation requirements**

No.

**Letters of credit**

No.

**Guarantees**

No.
Domiciliation No.
Preshipment inspection No.
Other No.

Export licenses Yes.
Without quotas Yes. Exports to Iraq are prohibited, and specific licenses are required for the exportation of protected plant and animal species to all destinations.
With quotas No.

Export taxes Yes.
Collected through the exchange system No.
Other export taxes Yes. A stamp tax of ECS1.50 applies to exports. Export royalties are levied on sand and stone only.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.
Trade-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Investment-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Payments for travel No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Credit card use abroad  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Other payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.
The Securities Act allows non-OECS countries to trade on the OECS exchange.
Repatriation requirements  No.
Surrender requirements  No.
On capital market securities
Shares or other securities of a participating nature
Purchase locally by nonresidents  Yes. An alien landholding license is required for the purchase of equity shares.
Sale or issue locally by nonresidents  Yes. Investors must be registered with the Securities Commission to issue shares in Dominica.
Purchase abroad by residents  Yes. The regulations governing the sale or issuance of capital market securities by nonresidents apply. Under the Banking Act, investment...
of a licensed financial institution in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), may not exceed 25% of its capital base. As per Section 10 of the Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity).

| Sale or issue abroad by residents | No. |
| Bonds or other debt securities     | Yes. |
| Purchase locally by nonresidents  | No.  |
| Sale or issue locally by nonresidents | Yes. |
| Purchase abroad by residents      | No.  |
| Sale or issue abroad by residents  | No.  |
| On money market instruments       | No.  |
| Purchase locally by nonresidents  | No.  |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents      | No.  |
| Sale or issue abroad by residents  | No.  |
| On collective investment securities | Yes. |
| Purchase locally by nonresidents  | Yes. |
| Sale or issue locally by nonresidents | Yes. |
| Purchase abroad by residents      | No.  |
| Sale or issue abroad by residents  | Yes. |
| Controls on derivatives and other instruments | n.a. |
| Purchase locally by nonresidents  | n.a. |
| Sale or issue locally by nonresidents | n.a. |
| Purchase abroad by residents      | n.a. |
| Sale or issue abroad by residents  | n.a. |
| Controls on credit operations     | Yes. |
| Commercial credits                | Yes. |
| By residents to nonresidents      | Yes. |
| To residents from nonresidents    | No.  |
| Financial credits                 | Yes. |
| By residents to nonresidents      | Yes. |

Investors must be registered with the Securities Commission.

An alien landholding license is required for the purchase of collective investment securities.

Investors must be registered with the Securities Commission to issue securities in Dominica.

The seller of the instruments must be licensed under the Banking Act.

Credit to foreign companies does not require MOF approval.
Yes.

To residents from nonresidents

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

No.

To residents from nonresidents

n.a.

Controls on direct investment

Yes.

Outward direct investment

Yes.

Inward direct investment

Yes. Nonresidents are generally required to have an alien landholding license to hold shares in private and public companies and to hold property.

Controls on liquidation of direct investment

No. Proceeds may be remitted after related liabilities are discharged.

Controls on real estate transactions

Yes.

Purchase abroad by residents

Yes.

Purchase locally by nonresidents

Yes. An alien landholding license is required.

Sale locally by nonresidents

n.a.

Controls on personal capital transactions

Yes.

Loans

Yes.

By residents to nonresidents

Yes.

To residents from nonresidents

No.

Gifts, endowments, inheritances, and legacies

Yes.

By residents to nonresidents

Yes.

To residents from nonresidents

No.

Settlement of debts abroad by immigrants

Yes.

Transfer of assets

Yes.

Transfer abroad by emigrants

Yes.

Transfer into the country by immigrants

No.

Transfer of gambling and prize earnings

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

Borrowing abroad

No.

Maintenance of accounts abroad

No.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>MOF approval is not required for local currency financing.</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>These transactions generally are not permitted.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchases of locally issued securities denominated in foreign currency do not require MOF approval.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), may not exceed 25% of its capital base. As per Section 10 of the new Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity).</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>The Banking Act further specifies and strengthens the conditions dealing with fit and proper tests under which the CB can grant a license to nonresidents to operate in the ECCU (whether through a branch, subsidiary, or newly acquired bank).</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>
Pension funds | Yes. | The Social Security Board has limitations on its investments.

<table>
<thead>
<tr>
<th>Limitations</th>
<th>Description</th>
<th>Limitation Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For investment firms and collective investment funds:

<table>
<thead>
<tr>
<th>Limitations</th>
<th>Description</th>
<th>Limitation Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: 
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
DOMINICAN REPUBLIC

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
December 28, 1945.

Article VIII
Yes. Date of acceptance: August 1, 1953.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
No restrictions as reported in the latest IMF staff report as of December 31, 2019.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of the Dominican Republic is the Dominican peso.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
Yes. The de jure exchange rate arrangement is managed float. The Central Bank of the Dominican Republic (CBDR) aims to increase gradually the flexibility of the exchange rate alongside the implementation of the inflation-targeting framework formally adopted in 2012. The CBDR does not pursue a particular fixed exchange rate level, but rather seeks to manage a pathway around its long-term equilibrium value, consistent with the fundamentals of the Dominican Republic economy and its inflation target. The CBDR intervenes in the foreign exchange market to avoid instances of excessive exchange rate.
volatility that might affect the inflation target given that the exchange rate pass-through remains high. Since February 2010, the peso has followed a depreciating trend against the US dollar within a margin of less than 2%. Accordingly, the de facto exchange rate arrangement is classified as a crawl-like arrangement.

The CBDR publishes data on foreign exchange sales and purchases in the foreign exchange market by different institutional actors (financial intermediaries and remittance/foreign exchange agents). The data are published on a gross (all transactions) basis and a net basis (excluding interbank operations). The CBDR does not disclose data on its volume of foreign exchange transactions with financial intermediaries.

**Pegged exchange rate within horizontal bands**

**Other managed arrangement**

**Floating**

**Free floating**

**Official exchange rate** Yes. The reference exchange rate used by the CBDR for its operations is set as the weighted average of daily exchange rates reported by authorized exchange intermediaries. The reference rate is used for accounting, legal, and reporting purposes.

**Monetary policy framework**

**Exchange rate anchor**

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

**Monetary aggregate target**

**Inflation-targeting framework** Yes. In January 2012, the CBDR confirmed the adoption of the Inflation-Targeting Scheme (ITS) to implement monetary policy, under the authority of the Monetary Board (Junta Monetaria).

**Target setting body** Yes. The decisions of the Monetary Board must be by simple majority of the Members present. In the event of a tie, the Chair must have the deciding vote.

**Government**

**Central Bank** Yes.

**Monetary Policy Committee**

**Central Bank Board** Yes.

**Other**

Government and Central Bank

**Inflation target** Yes.

**Target number** Yes.

**Point target**
**Target with tolerance band**  Yes. The inflation target has been set as 4% ± 1% since 2015.

**Band/Range**

**Target measure**  Yes.

**CPI**  Yes. The target is set on the basis of the year-on-year (y-o-y) change in the CPI, and it is expressed in terms of the average annual rate of inflation.

**Core inflation**

**Target horizon**  Yes. The horizon over which the inflation target must be met is two years (24 months).

**Operating target (policy rate)**  Yes.

**Policy rate**  Yes. The CBDR holds a monthly Monetary Policy meeting to analyze internal and external risks in relation to meeting the inflation target. A Monetary Policy Communiqué is published after this meeting on the CBDR website containing the decision taken on the Policy Rate (PR), a summary of the reasons behind it, and a reference interest rate for daily expansion and contraction operations. As of August 2020, the rate was 3.5%.

**Target corridor band**  Yes. The target corridor band is set at ±1% for one-day standing expansion and contraction facilities.

**Other**  n.a.

**Accountability**  Yes.

**Open letter**  No.

**Parliamentary hearings**  No.

**Other**  Yes. Presentations are made during Governor’s press conference, including updates on macroeconomic conditions, such as activity, inflation, and growth in lending.

**Transparency**  Yes.

**Publication of votes**  No.

**Publication of minutes**  No.

**Publication of inflation forecasts**  Yes. The forecasts are published in the Monetary Policy Report, which is published on a half-yearly basis.

**Other monetary framework**

**Exchange tax**  No. Monetary Board Resolution No. 17 of January 24, 1991, established the collection of a foreign exchange commission fee. Between 1991 and 2006, the level was adjusted on several occasions, before the collection was abolished as of July 1, 2006, pursuant to Revenue Budget and Public Expenditure Law No. 17-06.

**Exchange subsidy**  No.

**Foreign exchange market**  Yes. Authorized foreign exchange intermediaries are free to set their exchange rates and foreign exchange commission in transactions with their clients.

**Spot exchange market**  Yes. The CBDR licenses financial institutions and exchange agents to operate in the foreign exchange market. As of December 31, 2020, the 83 authorized financial and foreign exchange entities comprise 17 full-service banks, 14 savings and loan banks, 10 savings and loan associations, and 42 foreign exchange agents and...
remittance/foreign exchange agents.
The CBDR buys and sells foreign exchange through authorized foreign exchange intermediaries.
Operating in the foreign exchange market is defined as “exchange intermediation”: this term comprises the act of buying and selling currencies regularly (currency notes and currencies of foreign countries, irrespective of their denominations or characteristics, and regardless of the means of payment used to make such purchases and sales), including but not limited to bills of exchange, checks, payment orders, promissory notes, bank drafts, and transfers.

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interbank market</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Banks trade foreign exchange freely with each other and their customers. Effective October 21, 2019, the CB implemented an electronic foreign exchange trading platform to be operated by the entity itself with the participation of various foreign exchange intermediation entities. The CBDR monitors the market closely and intervenes to limit excessive exchange rate volatility. The CBDR buys and sells foreign exchange through authorized foreign exchange intermediaries.

As of December 31, 2019, 17 full-service banks, 14 savings and loan banks, and 10 savings and loan associations actively participated in the interbank market.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Forward exchange market</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Official cover of forward operations</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes.

Controls on the use of domestic currency Yes.

Settlements within the LAIA (ALADI) framework must be made in US dollars. Transactions are carried out through the Federal Reserve and are settled in US dollars. Other transactions between residents and nonresidents may be made in any currency.

Sums owed will be paid in the agreed currency and, if no explicit agreement exists, in the domestic currency.

The foreign exchange regime will be based on the free convertibility of the domestic currency with other currencies. Economic agents will be able to perform transactions in foreign currencies based on terms entered into freely in compliance with general contract regulations.

Under no circumstances shall the CB require certain foreign currency operations to be carried out exclusively with the CB or according to terms that do not guarantee the free determination of prices on the
market.

For current transactions and payments Yes.

For capital transactions Yes.

Transactions in capital and money market instruments Yes.

Transactions in derivatives and other instruments Yes.

Credit operations Yes.

Use of foreign exchange among residents Yes. The second paragraph of Article 24 of the Monetary and Financial Law establishes that “cash debts must be paid in the currency agreed or, in the event there is no express agreement, in the domestic currency.”

Payments arrangements Yes.

Bilateral payments arrangements Yes. Agreements have been entered into with Argentina, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay, and Venezuela. On April 15, 2019, the Central Bank of Brazil withdrew from the ALADI Reciprocal Payments and Credit Agreement.

Operative Yes. The agreements with Argentina, Brazil, and Peru are operative. In accordance with Article 18 of the ALADI Reciprocal Payments and Credit Agreement: “The rights and obligations that ensue from their participation in the ‘Agreement’ must remain in effect until they are fully extinguished.”

Inoperative Yes. There are inoperative agreements with Chile, Colombia, Ecuador, Mexico, Uruguay, and Venezuela.

Regional arrangements Yes. The CBDR manages an interconnected payments system (SIP) for Central America and the Dominican Republic and an electronic payments system for electronic funds transfers to bank customers in Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

Clearing agreements Yes. Settlements with Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay, and Venezuela may be made through two accounts established under reciprocal credit agreements within the ALADI framework. Imports (debits) and exports (credits) are recorded in these accounts, and all payments must be invoiced in US dollars. Funds transfers in the form of remittances, import payments, invoice payments, etc. are settled through the Federal Reserve.

Barter agreements and open accounts Yes. Settlements take place under reciprocal credit agreements with Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay, and Venezuela. For SIP operations, participating CBs maintain accounts in the CBDR, with real-time gross settlement (RTGS) debits and credits via Society for Worldwide Interbank Financial Telecommunication (SWIFT) messages. Deposits and withdrawals take place through a correspondent bank account. The Dominican Republic is a signatory to the PetroCaribe Agreement with Venezuela, which includes barter arrangements as part of the overall credit framework.

Administration of control Yes. Exchange rate policy is determined by the Monetary Board and administered by the CBDR. The Exchange Regulation of the Monetary and Financial Law, adopted February 5, 2004, applies as amended.

Payments arrears No.

Official No.

Private No.
Controls on trade in gold (coins and/or bullion) No.

On domestic ownership and/or trade No.

On external trade No.

Controls on exports and imports of banknotes No.

Exports and imports of foreign currency are unrestricted, but amounts exceeding the equivalent of US$10,000 must be reported for anti-money-laundering purposes.

On exports No.

Domestic currency No.

Foreign currency No.

On imports No.

Domestic currency No.

Foreign currency No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.

Held domestically Yes. Resident corporations and individuals may maintain savings or time deposit accounts locally in US dollars or in any other freely convertible foreign currency at full-service banks.

Approval required No.

Held abroad Yes. The opening of foreign-currency-denominated accounts abroad is unrestricted.

Approval required No.

Accounts in domestic currency held abroad No.

Accounts in domestic currency convertible into foreign currency Yes. Peso accounts are convertible to other currencies. Economic agents may enter into transactions involving foreign currency on freely negotiated terms, in accordance with the general rules and regulations governing contracts.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Nonresident corporations and individuals may maintain savings or time deposit accounts locally in US dollars or in any other freely convertible foreign currency at full-service banks.

Approval required No.

Domestic currency accounts Yes.

Convertible into foreign currency Yes.

Approval required No.

Blocked accounts No.
<table>
<thead>
<tr>
<th><strong>References to legal instruments and hyperlinks</strong></th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Imports and Import Payments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of all animal and plant products are authorized, except for those indicated in the “list of unauthorized categories” (next section). It should be noted that imports of animal or plant products are conditional on the importer’s first obtaining a health and/or plant health import permit, as appropriate.</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of articles or living beings that could pose an environmental risk, such as live animals; seeds; plants; fruits; plant and animal products that are unhealthy, decomposing, or infected with germs or parasites; and substances harmful or injurious to human, plant, or animal health are prohibited. In addition, other prohibited products include: firearms, their parts and munitions; used domestic electrical appliances; pesticides and insecticides; cocoa plants, fruits, seeds, and any part thereof; musaceous plants (bananas) and any part thereof; used clothing; right-hand drive vehicles; damaged vehicles; light-weight vehicles that are over five years old, and heavy-weight vehicles that are over 15 years old.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Products included in the Technical Rectification to Schedule XXIII of Tariff Concessions of the Dominican Republic under the World Trade Organization rules are subject to tariff rate quotas (rice, garlic, refined sugar, brown sugar, chicken meat, onion, beans, milk, and corn). No imports of agricultural products are subject to quantitative restrictions (for example, quotas); tariff quotas are applied only to a specific list of products, within the framework of the WTO or trade agreements. Under the WTO, the Dominican Republic applies tariff quotas to imports of chicken, corn, beans, onions, powdered milk, rice, and sugar. Under the Central American-Dominican Republic Free Trade Agreement, no imports of agricultural products are subject to quantitative restrictions.</td>
<td></td>
</tr>
</tbody>
</table>

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Agreement (CAFTA-DR) tariff quotas are applied to imports from the US for the following products: beef, cuts of pork, lard, chicken thighs, turkey meat, powdered milk, mozzarella cheese, cheddar cheese, ice cream, yogurt, husked rice, semi-whitened or whitened rice, beans, and glucose. Quotas are applied to Nicaragua for the following products: chicken breasts, onions and shallots, beans. Quotas are applied to Costa Rica for chicken breasts and powdered milk.

Under the CARIFORUM-EU EPA, the Dominican Republic applies a tariff quota to powdered milk originating from the EU.

The import of radio transmitters/receivers and radio communications, radio broadcasting or television equipment or appliances listed under section 85.25 and section 85.26 are subject to the approval and issue of a trade license (Oficio de Autorización) by INDOTEL.

### Import taxes and/or tariffs

<table>
<thead>
<tr>
<th>Other nontariff measures</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In the Dominican Republic, there are five tariff rates: 0%, 3%, 8%, 14%, and 20%, which apply to the temporary duty- and tax-free import system for certain goods reexported within 18 months of being processed, prepared, or repaired. A zero rate applies to imports of raw materials, machinery, and equipment to be used in the textile, agriculture, and tourism (within poles under development) sectors. The Customs Duty of the Dominican Republic, Law No. 146-00 and amendments proclaimed on May 4, 2007, provide for a 100% exemption from import duties for inputs, fertilizers, equipment, and machinery to be used in the agricultural industry, as well as a 100% exemption from payment of the Tax on the Transfer of Industrialized Goods and Services (Impuesto sobre Transferencia de Bienes Industrializados y Servicios – ITBIS). In addition, Law No. 158-01 as amended promotes the execution of new projects intended to develop the country’s tourist destinations (polos turísticos).

The free trade agreement between the Dominican Republic, Central America, and the USA (CAFTA-DR) allows duty-free entry for goods from the USA in respect of 97.1% of customs duty; only 2.9% of the customs duty, limited to agricultural products characterized by high production sensitivity, will be subject to tariff relief phased in over the next nine years. Under the CARIFORUM (Caribbean Forum)-EU EPA, there are 19 tariff rates: 0%, 2%, 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10%, 11%, 12%, 14%, 15%, 17%, 18%, 20%, 36%, and 37%. Under the EPA-DR, duty-free entry of goods from EU signatories will be phased in over 17 years.

### Taxes collected through the exchange system

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are export quotas for sugar. Sugar export quotas are managed by the Dominican Sugar Institute (Instituto Azucarero Dominicano – INAZUCAR). Decrees are issued to establish production and export quotas for each sugar harvest.</td>
<td></td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Provision</td>
<td>Requirement</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
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</tr>
</tbody>
</table>

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### Proceeds from Invisible Transactions and Current Transfers

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</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

Restrictions on use of funds: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Operations in securities for public offering are regulated under Law No. 249-17 on the Securities Market of December 19, 2017, which repeals and replaces Law No. 19-00 of May 8, 2000, as well as the regulatory provisions issued by the National Securities Market Board and the Office of the Superintendent of the Securities Market within the scope of their authorities. Private investments are not governed by this law. Transactions related to FDI are regulated under Law No.
Only the Office of the Superintendent of the Securities Market has the authority to authorize public offerings of securities throughout the territory of the Dominican Republic, on submission of the documents required under this law and its regulations. Law No. 249-17 considers fixed and variable rate securities to be publicly offered securities.

In 2019, the Regulation to the Law on Public Offerings was approved, establishing the conditions and requirements for the issuance of securities by issuers entitled to differential treatment and companies in the Dominican securities market. The said regulation also provides for fixed-income exchange public offerings and public offerings for the acquisition of shares. On May 7, 2020, the Office of the Superintendent published instructions establishing the requirements for the authorization of a public offering and the preparation of the required documents.

In addition, the Regulation on Corporate Governance was approved in 2019, which sets out the voluntary regime for fixed-income securities issuers and mandatory provisions applicable to listed companies.

Also in 2019, the Regulation on Administrators and Investment Funds was approved and published, modernizing the regulatory framework and allowing for greater diversification of instruments as an investment alternative to funds. On February 19, 2020, an instruction containing guidelines for preparing the various documents provided for in the Regulation on Administrators and Investment Funds was published.

The Office of the Superintendent of the Securities Market is currently preparing the Regulation on Public Offering Trusts and Securitization Companies and the Securitization Process, as required by Law No. 249-17 (Transitional Provision Three of the Law on the Securities Market).

Traded in our securities market are fixed-income securities from issuers as well as fixed-income and equity securities (of a participating nature) from autonomous trusts (patrimonios autónomos), that is, investment funds and publicly offered trust securities.

Public offerings by foreign issuers are governed by the Law on the Securities Market and effective March 1, 2020, the Regulation on Public Offerings, which was published on October 29, 2019. In addition to the requirements applicable to domestic issuers, there is a requirement that documents be translated into Spanish and be duly authenticated by the competent authorities in the home country and by consular officials of the Dominican Republic in that country. As well, they must comply with the provisions of Article 8 of the General Law on Commercial Companies No. 479-08, as amended, requiring them to register their domicile in the entry that they make in the Commercial Registry of the jurisdiction of that domicile.

Under paragraph III of Article 30 of the Regulation on Public Offerings, if the issuer is not domiciled in the Dominican Republic, local representation will be required for receiving communications and for dialogue with the Office of the Superintendent regarding any matters affecting its supervision as the issuer of a public offering, particularly any requirement that the Office of the Superintendent or the representative of the body of bondholders may establish for fixed income.

It should be clarified that the Office of the Superintendent of the Securities Market regulates activities, operations, and transactions on
the securities market of the Dominican Republic, including publicly offered securities that are offered or traded in the national territory. Only publicly offered securities that are promoted by a securities intermediary registered in the Registry and that meet the requirements established in the regulations and in the internal bylaws of the securities markets and the centralized securities depositary may be listed in the foreign securities trading system. Foreign securities issued by issuers entitled to differential treatment may be registered and promoted by their issuer or by a securities intermediary. The regulations will establish the details for the registration and trading of foreign securities publicly offered within the country, for which the approval of the Monetary Board is required.

**Purchase abroad by residents**

No. Effective August 13, 2019, the Regulation for Securities Intermediaries creates the position of “intermediary/introducer,” defined as follows: “the securities intermediary making a referral and providing assistance to a client in order for the latter to establish a contractual relationship with another domestic or foreign securities intermediary and to assist with opening and maintaining securities brokerage accounts on the client’s behalf.”

**Sale or issue abroad by residents**

Yes. Residents who are participants in the securities market for the issue of publicly offered securities abroad must report, as market sensitive information, the authorization to carry out the public offering, pursuant to Article 12 regarding the classification of market sensitive information established in Resolution R-CNV-2015-33-MV. Under the latter resolution, securities issuers and participants subject to this regulation are required to inform the Office of the Superintendent of the Securities Market of authorizations for a public offering of securities on the domestic market or abroad. Notification of the Office of the Superintendent of the Securities Market regarding the aforementioned market sensitive information is not required for residents who are not participants in the securities market.

Residents who are not participants in the securities market are defined as legal persons not registered in the Securities Market Registry and therefore not subject to supervision by the Office of the Superintendent.

**Bonds or other debt securities**

Yes. The issuance of publicly offered securities in the Dominican Republic requires the prior authorization of the Office of the Superintendent of the Securities Market. Certain issuers, such as the CB, the government, and multilateral agencies, and the securities they issue, are governed by their own laws and are exempt from the authorization of the Office of the Superintendent for public offerings. They must submit the legal basis for each issuance and the description of the essential characteristics of the securities for purpose of entry in the Registry. The issuance of publicly offered securities in the Dominican territory is applicable to both residents and nonresidents. Participants in the securities market that issue abroad must comply with the provisions of Article 12 of the Regulation on Market Sensitive Information. If they are not participants in the securities markets, compliance with this provision is not required.

**Purchase locally by nonresidents**

No.

**Sale or issue locally by nonresidents**

Yes. Public offerings by foreigners are governed by the Law on the Securities Market and effective March 1, 2020, the Regulation on Public Offerings, which was published on October 29, 2019. In addition to the requirements applicable to domestic issuers, there is a requirement that documents be translated into Spanish and be duly...
authenticated by the competent authorities in the home country and by consular officials of the Dominican Republic in that country. As well, they must comply with the provisions of Article 8 of the General Law on Commercial Companies No. 479-08, as amended, requiring them to register their domicile in the entry that they make in the Commercial Registry of the jurisdiction of that domicile. Moreover, under paragraph III of Article 30 of the Regulation on Public Offerings, if the issuer is not domiciled in the Dominican Republic, local representation will be required for receiving communications and for dialogue with the Office of the Superintendent regarding any matters affecting its supervision as the issuer of a public offering, particularly any requirement that the Office of the Superintendent or the representative of the body of bondholders may establish for fixed income. The sale of publicly offered securities by nonresidents within the Dominican territory is regulated by the Law on the Securities Market. The Office of the Superintendent of the Securities Market regulates activities, operations, and transactions on the securities market of the Dominican Republic, including publicly offered securities that are offered or traded in the national territory. Only publicly offered securities that are promoted by a securities intermediary registered in the Registry and that meet the requirements established in the regulations and in the internal bylaws of the securities markets and the centralized securities depositary may be listed in the foreign securities trading system. Foreign securities issued by issuers entitled to differential treatment may be registered and promoted by their issuer or by a securities intermediary. The regulations will establish the details for the registration and trading of foreign securities publicly offered within the country, for which the approval of the Monetary Board is required. The Regulation on Public Offerings, which will regulate the sale of foreign securities, is currently being prepared.

**Purchase abroad by residents**

No.

Effective August 13, 2019, the Regulation for Securities Intermediaries creates the position of “intermediary/introducer,” defined as follows: “the securities intermediary making a referral and providing assistance to a client in order for the latter to establish a contractual relationship with another domestic or foreign securities intermediary and to assist with opening and maintaining securities brokerage accounts on the client’s behalf.”

**Sale or issue abroad by residents**

Yes.

Residents who are participants in the securities market for the sale or issue of publicly offered securities abroad must report, as market sensitive information, the authorization to carry out the public offering, pursuant to Article 12 regarding the classification of market sensitive information established in Resolution R-CNV-2015-33-MV. Under the latter resolution, securities issuers and participants subject to this regulation are required to inform the Office of the Superintendent of the Securities Market of authorizations for a public offering of securities on the domestic market or abroad. Residents who are not participants in the securities market are not required to comply with this provision.

**On money market instruments**

Yes.

**Purchase locally by nonresidents**

No.

**Sale or issue locally by nonresidents**

No.

Public offerings by foreigners are governed by the Law on the Securities Market and effective March 1, 2020, the Regulation on Public Offerings, which was published on October 29, 2019. In addition to the requirements applicable to domestic issuers, there is a requirement that documents be translated into Spanish and be duly
authenticated by the competent authorities in the home country and by consular officials of the Dominican Republic in that country. As well, they must comply with the provisions of Article 8 of the General Law on Commercial Companies No. 479-08, as amended, requiring them to register their domicile in the entry that they make in the Commercial Registry of the jurisdiction of that domicile. Moreover, under paragraph III of Article 30 of the Regulation on Public Offerings, if the issuer is not domiciled in the Dominican Republic, local representation will be required for receiving communications and for dialogue with the Office of the Superintendent regarding any matters affecting its supervision as the issuer of a public offering, particularly any requirement that the Office of the Superintendent or the representative of the body of bondholders may establish for fixed income.

The sale of publicly offered securities by nonresidents within the Dominican territory is regulated by the Law on the Securities Market. The Office of the Superintendent of the Securities Market regulates activities, operations, and transactions on the securities market of the Dominican Republic, including publicly offered securities that are offered or traded in the national territory. Only publicly offered securities that are promoted by a securities intermediary registered in the Registry and that meet the requirements established in the regulations and in the internal bylaws of the securities markets and the centralized securities depositary may be listed in the foreign securities trading system. Foreign securities issued by issuers entitled to differential treatment may be registered and promoted by their issuer or by a securities intermediary. The regulations will establish the details for the registration and trading of foreign securities publicly offered within the country, for which the approval of the Monetary Board is required.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents who are participants in the securities market for the sale or issue of publicly offered securities abroad must report, as market sensitive information, the authorization to carry out the public offering, pursuant to Article 12 regarding the classification of market sensitive information established in Resolution R-CNV-2015-33-MV. Under the latter resolution, securities issuers and participants subject to this regulation are required to inform the Office of the Superintendent of the Securities Market of authorizations for a public offering of securities on the domestic market or abroad. Residents who are not participants in the securities market are not required to comply with this provision.</td>
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</tr>
</tbody>
</table>

**On collective investment securities**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment funds are governed by the Law on the Securities Market and the Regulation on Administrators and Investment Funds. Pursuant to the Law and its applicable regulation, investment fund administrators must manage, in accordance with their purpose, the issuance of participatory units for each investment fund they administer as part of a public offering of securities.</td>
</tr>
</tbody>
</table>

| Purchase locally by nonresidents | No. |
|---|
| Sale or issue locally by nonresidents | Yes. |
| Investment fund administrators must be authorized by the Office of the Superintendent of the Securities Market to issue participatory units for each investment fund they administer as part of a public offering of securities. To that end, the administrator must be domiciled in the Dominican Republic and comply with the operational and functional requirements established in the Law and the Regulation on Administrators and Investment Funds. The sale of publicly offered securities by nonresidents within the... |
Dominican territory is regulated by the Law on the Securities Market. The Office of the Superintendent of the Securities Market regulates activities, operations, and transactions on the securities market of the Dominican Republic, including publicly offered securities that are offered or traded in the national territory. Only publicly offered securities that are promoted by a securities intermediary registered in the Registry and that meet the requirements established in the regulations and in the internal bylaws of the securities markets and the centralized securities depositary may be listed in the foreign securities trading system. Foreign securities issued by issuers entitled to differential treatment may be registered and promoted by their issuer or by a securities intermediary. The regulations will establish the details for the registration and trading of foreign securities publicly offered within the country, for which the approval of the Monetary Board is required.

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<tr>
<td>Sale or issue abroad by residents</td>
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</tr>
<tr>
<td>Residents who are participants in the securities market for the sale or issue of publicly offered securities abroad must report, as market sensitive information, the corresponding authorization, pursuant to Article 12 regarding the classification of market sensitive information established in Resolution R-CN V-2015-33-MV. Under the latter resolution, securities issuers and participants subject to this regulation are required to inform the Office of the Superintendent of the Securities Market of authorizations for a public offering of securities on the domestic market or abroad. Residents who are not participants in the securities market are not required to comply with this provision.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Law No. 249-17 on the Securities Market of December 19, 2017, which repeals and replaces Law No. 19-00 of May 8, 2000, and Implementing Regulation No. 664-12, Articles 159–175, apply. The derivatives currently in use are linear (forward, with and without delivery; swaps). For customers in the securities market, derivatives must be defined within their product offering, and they must have an operating manual deposited with the Office of the Superintendent of the Securities Market. Securities intermediaries have a risk policy and have requirements regarding the definition of limits. The Regulation for Securities Intermediaries was approved on August 13, 2019, and entered into force on September 17, 2019, at the same time as it was published. It establishes certain measures for transactions with derivatives, such as the following: 1) Securities intermediaries may not offer non-standardized derivative instruments to non-professional investors, unless contracting of the product is not speculative, but has a hedging purpose for the client. 2) Clients must be duly informed of the asset and investment valuation method, where applicable, such as in the case of derivative instruments and leveraged products. Valuation by the intermediary must meet objective and verifiable criteria, which must be established contractually.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
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<td>Public offerings by foreigners are governed by the Law on the Securities Market and effective March 1, 2020, the Regulation on Public Offerings, which was published on October 29, 2019. In addition to the requirements applicable to domestic issuers, there is a requirement that documents be translated into Spanish and be duly authenticated by the competent authorities in the home country and...</td>
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by consular officials of the Dominican Republic in that country. As well, they must comply with the provisions of Article 8 of the General Law on Commercial Companies No. 479-08, as amended, requiring them to register their domicile in the entry that they make in the Commercial Registry of the jurisdiction of that domicile. Moreover, under paragraph III of Article 30 of the Regulation on Public Offerings, if the issuer is not domiciled in the Dominican Republic, local representation will be required for receiving communications and for dialogue with the Office of the Superintendent regarding any matters affecting its supervision as the issuer of a public offering, particularly any requirement that the Office of the Superintendent or the representative of the body of bondholders may establish for fixed income.

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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents who are participants in the securities market for the sale or issue of publicly offered securities abroad must report, as market sensitive information, the corresponding authorization, pursuant to Article 12 regarding the classification of market sensitive information established in Resolution R-CNV-2015-33-MV. Under the latter resolution, securities issuers and participants subject to this regulation are required to inform the Office of the Superintendent of the Securities Market of authorizations for a public offering of securities on the domestic market or abroad. Residents who are not participants in the securities market are not required to comply with this provision.

<table>
<thead>
<tr>
<th>Controls on credit operations</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
backup facilities
By residents to nonresidents Yes. Full-service banks are only required to obtain CBDR authorization to issue foreign currency guarantees for transactions other than trade operations. External short-term financing by such banks is limited to 30% of paid-up capital and reserves.
To residents from nonresidents Yes. Full-service banks may obtain financing abroad on a short-term basis, subject to a limit of 30% of their paid-up capital and reserves.

Controls on direct investment Yes.

Outward direct investment Yes. Full-service banks may invest up to 20% of their paid-up capital in branches, agencies, and representative offices abroad and may make equity investments in foreign financial institutions. Full-service banks wishing to invest abroad or to open cross-border branches must fulfill certain minimum requirements, including (1) authorization from the Monetary Board, which requires approval by the Office of the Superintendent of Banks; (2) a solvency ratio equal to or greater than 10% and fulfillment of prudential requirements in the Monetary and Financial Law or in Monetary Board resolutions; (3) sufficient management capacity to perform offshore functions; (4) maintenance of a cooperation agreement between the Office of the Superintendent of Banks and the host-country supervisory authorities; (5) approval by the host-country authorities of the investment; (6) a favorable report from the host-country supervisory authorities regarding the rating and soundness of the financial intermediary in which investment is to be made; and (7) submission of necessary documentation to the Office of the Superintendent of Banks.

Inward direct investment Yes. Investments must be registered with the Dominican Republic Export and Investment Center. Investment in the following sectors is prohibited: (1) disposal of toxic waste and dangerous or radioactive substances not produced in the country, (2) activities that affect public health and the environment, and (3) production of materials and equipment that affect defense and national security.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Purchase abroad by residents No.

Purchase locally by nonresidents No.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans
By residents to nonresidents No.
To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies
By residents to nonresidents No.
To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No. No restrictions apply to asset transfers. However, cash transfers and
multiple cash transfers equal to or above the equivalent of US $15,000 must be reported for the purposes of combating money laundering and the financing of terrorism.

Transfer abroad by emigrants No.
Transfer into the country by immigrants No.
Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions** Yes. Intermediary financial institutions are not allowed to (1) obtain short-term foreign funds in an amount greater than 30% of their paid-up capital, (2) invest more than 20% of their paid-up capital in foreign financial institutions, and (3) open current accounts in foreign currency for their clients.

Full-service banks (bancos multiples) may grant loans in US dollars for up to 100% of their available resources obtained in foreign currency and held in the form of savings or time deposits. Eighty-five percent of these loans must be directed to individuals or legal entities that generate foreign exchange. The foreign-currency financing limit does not apply to financial resources in US dollars to be used for the importation, distribution, and promotion of the use of natural gas as an alternative fossil fuel for the power generation sector and public transportation.

The CBDR is authorized to phase out the amount of resources full-service banks are required to hold with the CBDR to meet the investment ratio, provided this authorization is stipulated under the legal reserve requirement policy set forth by the Monetary Board.

**Borrowing abroad** Yes. Intermediary financial institutions are not allowed to (1) obtain short-term foreign funds in an amount greater than 30% of their paid-up capital, (2) invest more than 20% of their paid-up capital in foreign financial institutions, and (3) open current accounts in foreign currency for their clients.

Full-service banks may obtain financing abroad on a short-term basis, subject to a limit of 30% of their paid-up capital and reserves.

**Maintenance of accounts abroad** Yes.

**Lending to nonresidents (financial or commercial credits)** Yes. The regulations do not discriminate in this regard. Full-service banks and credit institutions may extend direct or indirect loans and guarantees or securities to a single resident or nonresident individual, legal entity, or risk group for up to 10% of their paid-up capital and reserves, or up to 20% if such operations are secured with first-ranking mortgages or real guarantees.

**Lending locally in foreign exchange** Yes. Full-service banks may grant loans in US dollars for up to 100% of their available resources obtained in foreign currency and held in the form of savings or time deposits. Eighty-five percent of these loans must be directed to individuals or legal entities that generate foreign exchange. The foreign-currency financing limit does not apply to financial resources in US dollars to be used for the importation, distribution, and promotion of the use of natural gas as an alternative fossil fuel for the power generation sector and public transportation.

**Purchase of locally issued securities denominated in foreign exchange** Yes. The CBDR is authorized to phase out the amount of resources full-service banks are required to hold with the CBDR to meet the investment ratio, provided this authorization is stipulated under the legal reserve requirement policy set forth by the Monetary Board.

**Differential treatment of deposit accounts in foreign exchange** Yes. Foreign-currency-denominated current accounts are not allowed. The opening of current accounts in a foreign currency is not included in the list of operations or services that can be carried out or
Reserve requirements

Yes. Foreign currency reserve requirements, applicable to full-service banks and for the purpose of monitoring liquidity and imposing penalties, are calculated daily and weekly, respectively, at a ratio of 20% on liabilities subject to reserve requirements. Domestic currency reserve requirements of full-service banks are calculated daily, for the purposes of liquidity monitoring and penalty imposition.

Liquid asset requirements

Yes. Requirements to maintain liquid assets to mitigate liquidity risk apply equally to all currencies. Nevertheless, these requirements do differ based on reserves, which are determined by reserve requirements. Given that reserve requirements differ based on currency, this differentiation indirectly affects liquid asset requirements. Intermediary financial institutions must have liquid assets equal to or greater than 80% of their short-term liabilities at terms of up to 30 days and equal to or greater than 70% of their short-term liabilities at terms of up to 90 days.

Interest rate controls

No.

Credit controls

Yes. Full-service banks and credit institutions may extend direct or indirect loans and guarantees or endorsements to a resident or nonresident individual, legal entity, or risk group for up to 10% of their paid-up capital and reserves, and up to 20% of capital and reserves if such operations are secured with first-ranking mortgages or real guarantees. Restrictions apply to the extension of direct or indirect loans to related persons or institutions in excess of certain percentages of paid-up capital.

Abroad by banks

Yes. Full-service banks may invest up to 20% of their paid-up capital in branches, agencies, and representative offices abroad and they may make equity investments in foreign financial institutions. Full-service banks that invest abroad or open cross-border branches must fulfill certain minimum requirements, including (1) authorization by the Monetary Board, which requires approval of the Office of the Superintendent of Banks; (2) a solvency ratio equal to or greater than 10% and fulfillment of prudential requirements in the Monetary and Financial Law or in Monetary Board resolutions; (3) sufficient management capacity to perform offshore functions; (4) maintenance of a cooperation agreement between the Office of the Superintendent of Banks and the host-country supervisory authorities; (5) approval by the host-country authorities of the investment; (6) a favorable report from the host-country supervisory authorities regarding the rating and soundness of the financial intermediary in which investment is to be made; and (7) submission of necessary documentation to the Office of the Superintendent of Banks.

In banks by nonresidents

No.

Open foreign exchange position limits

Yes. The net short or long foreign currency positions of full-service banks...
are subject to limits as follows: (1) for the short or long position for all financial intermediaries, the equivalent of 20% of liabilities denominated in foreign currency plus contingent liabilities without foreign currency collateral or 100% of paid-up capital and legal reserves, whichever is larger; and (2) for the short position for financial intermediaries, the equivalent of 20% of their assets denominated in foreign currency or 100% of the paid-up capital and legal reserves, whichever is larger.

<table>
<thead>
<tr>
<th>On resident assets and liabilities</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Article 145 of Law No. 146-02 on Insurance and Bonds in the Dominican Republic sets forth the provisions governing investment of reserves for those securities. These provisions do not include investment in securities issued by nonresidents. However, the Office of the Superintendent of Insurance may authorize investments in goods or securities in any sector if it considers these investments to correspond to the aims for which the reserves indicated under this law were created, as in the case of businesses that contribute to the country’s economic development.

Article 145 also states that a national insurer with subsidiaries or branches abroad may invest reserves derived from business conducted through those subsidiaries or branches as provided under local laws pertaining to those entities.

| Limits (max.) on investment portfolio held abroad | Yes. |

Article 145 of Law No. 146-02 on Insurance and Bonds in the Dominican Republic sets forth the provisions governing investment of reserves for insurance companies. These provisions do not include investment in securities issued by nonresidents. However, the Office of the Superintendent of Insurance may authorize investments in non-specified categories, in goods or securities which in the Office of the Superintendent’s opinion correspond to the aims for which the reserves indicated under this law were created. Article 145 also states that a national insurer with subsidiaries or branches abroad may invest reserves derived from business conducted through those subsidiaries or branches as provided under local laws pertaining to those entities.

| Limits (min.) on investment portfolio held locally | Yes. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Pension funds | Yes. |
| Limits (max.) on securities issued by nonresidents | No. |

Pension fund investments in securities issued by nonresidents have not been regulated pursuant to the provisions of Law No. 87-01 creating the Dominican Social Security System. However, pursuant to its Resolution 223-02, as amended by Resolution 263-03, the National Social Security Council has approved the inclusion of debt instruments issued by the following multilateral organizations: International Bank for Reconstruction and Development; Inter-American Development Bank; International Finance Corporation; IMF; Central American Bank for Economic Integration; Andean Development Corporation; Asian Development Bank; Caribbean Development Bank; and EIB; of which the Dominican Republic is a member, when such instruments are traded...
on the local securities market to finance projects exclusively in the Dominican Republic, as an investment alternative to pension funds. Investment in such instruments is capped at 10%, in accordance with Resolution No. 147 of the Investment Limits and Risk Rating Commission of June 26, 2018.

<table>
<thead>
<tr>
<th>Limits (max.) on investment portfolio held abroad</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio investments abroad by pension funds have not been regulated pursuant to the provisions of Law No. 87-01 creating the Dominican Social Security System. However, pursuant to its Resolution No. 223-02, as amended by Resolution No. 263-03, the National Social Security Council has approved the inclusion of debt instruments issued by the following multilateral organizations: IBRD; Inter-American Development Bank; International Finance Corporation; IMF; Central American Bank for Economic Integration; Andean Development Corporation; Asian Development Bank; Caribbean Development Bank; and EIB; of which the Dominican Republic is a member, when such instruments are traded on the local securities market to finance projects exclusively in the Dominican Republic, as an investment alternative to pension funds. Investment in such instruments is capped at 10%, in accordance with Resolution No. 147 of the Investment Limits and Risk Rating Commission of June 26, 2018.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Article 99 of Law No. 87-01, the only limits permitted are ceilings on investment.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Currency-matching regulations on assets/liabilities composition</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pursuant to Article 22 of Resolution No. 395-17 issued by the Office of the Superintendent of Pensions, pension fund administrators may hold up to 30% of the investment portfolio of Type 1 Funds in foreign exchange and at least 70% of the investment portfolio of Type 2 Funds in foreign exchange.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment firms and collective investment funds</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment fund administrators and investment funds are regulated by the Office of the Superintendent of the Securities Market and its regulations.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are no limits on the securities issued or to be issued by nonresidents.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Limits (max.) on investment portfolio held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment fund administrators may only invest locally.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversification of the domestic investments of open funds. Administrators must indicate, in the internal bylaws for each fund, the diversification of domestic investments of open funds based on the following criteria and limits: (1) they may not purchase more than 30% of an issue of publicly offered debt securities, trust debt securities, and securitized debt securities; the purchase of securities under these conditions may not exceed 15% of the investment portfolio of each open fund administered; (2) they may not hold securities representative of publicly offered capital in a single company above the threshold of 15% of the subscribed and paid-up capital of that company; the purchase of securities representing the publicly offered capital of a single company may not exceed 10% of the investment portfolio of each open fund administered; (3) they may not hold participatory units in a closed fund above 20% of the investment portfolio of the open investment fund; (4) they may not hold publicly offered trust participatory securities and securitized participatory securities above 20% of the investment fund portfolio; (5) they may invest in open fund units as long as they are not administered by the same administrator; they may not hold participatory units in an open fund above 20% of the fund’s investment portfolio; (6) they may not hold more than 20% of the investment portfolio in securities issued by a single issuer, financial or economic group, whatever its nature; (7) they may hold up to 5%</td>
<td></td>
</tr>
</tbody>
</table>
of the investment portfolio in debt securities issued by persons linked to the administrator as long as said persons have a risk rating no less than investment grade; (8) they may not invest in debt securities or capital securities issued by persons linked to members of the investment committee; (9) they may not invest in capital securities of an investment fund administrator; (10) they may hold up to 5% of the investment portfolio in capital securities issued by persons linked to their administrator; (11) they may hold up to 100% of the investment or portfolio in publicly offered securities issued by the central government or the CBDR; and (12) in their internal bylaws, open funds must establish a minimum and maximum percentage of liquidity in accordance with their purpose, investment policy, and reimbursement policy based on the net capital of the fund. Open funds may hold up to 50% of their total liquidity in current accounts and savings accounts in a financial entity linked to their administrator.

Diversification of the domestic investments of closed funds. The administrator must establish the policy for the diversification of the domestic investments of closed funds in internal bylaws for each closed fund, based on the following criteria and limits: (1) they may not purchase more than 40% of an issue of publicly offered debt securities; (2) they may not purchase more than 30% of an issue of publicly offered trust debt securities and securitized debt securities; (3) they may not hold publicly offered trust participatory securities or securitized participatory securities above 20% of the investment fund portfolio; (4) they may not hold publicly offered capital securities in a single company above 20% of the subscribed and paid-up capital of said company; the purchase of publicly offered capital securities in a single company may not exceed 15% of the investment portfolio of each closed fund administered; (5) they may not hold participatory units in a closed fund above 20% of the investment fund portfolio; (6) they may not hold more than 20% of the investment portfolio in securities issued by a single issuer, financial or economic group, whatever its nature; (7) they may hold up to 5% of the investment portfolio in debt securities issued by persons linked to their administrator, as long as said persons have a risk rating of no less than investment grade; (8) they may invest up to 20% of the investment fund portfolio in open fund units, as long as they are not administered by the same administrator; (9) they may not invest in debt securities or capital securities issued by persons linked to members of the investment committee; (10) they may not invest in capital securities of an investment fund administrator; (11) they may hold up to 5% of the investment portfolio in capital securities issued by persons linked to their administrator; (12) they may hold up to 100% of the investment portfolio in publicly offered securities issued by the central government or the CBDR; and (13) in their internal bylaws, closed funds must establish a minimum and maximum liquidity percentage, in accordance with their purpose and investment policy, based on the net capital of the fund. Closed funds may hold up to 50% of their total liquidity in current accounts or savings accounts in a financial entity linked to their administrator.

Currency-matching regulations on assets/liabilities composition

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement
Foreign exchange market

Spot exchange market

Interbank market 10/21/2019 The Central Bank implemented an electronic foreign exchange trading platform to be operated by the entity itself with the participation of various foreign exchange intermediation entities.

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature Sale or issue locally by nonresidents 03/01/2020 Public offerings by foreign issuers are also governed by the Regulation on Public Offerings, which was published on October 29, 2019. Under paragraph III of Article 30 of the Regulation on Public Offerings, if the issuer is not domiciled in the Dominican Republic, local representation will be required for receiving communications and for dialogue with the Office of the Superintendent regarding any matters affecting its supervision as the issuer of a public offering, particularly any requirement that the Office of the Superintendent or the representative of the body of bondholders may establish for fixed income.

Purchase abroad by residents 08/13/2019 The Regulation for Securities Intermediaries creates the position of “intermediary/introducer,” defined as follows: “the securities intermediary making a referral and providing assistance to a client in order for the latter to establish a contractual relationship with another domestic or foreign securities intermediary and to assist with opening and maintaining securities brokerage accounts on the client’s behalf.”

On money market instruments

Sale or issue locally by nonresidents 03/01/2020 Public offerings by foreign issuers are also governed by the Regulation on Public Offerings, which was published on October 29, 2019. Under paragraph III of Article 30 of the Regulation on Public Offerings, if the issuer is not domiciled in the Dominican Republic, local representation will be required for receiving communications and for dialogue with the Office of the Superintendent regarding any matters affecting its supervision as the issuer of a public offering, particularly any requirement that the Office of the Superintendent or the representative of the body of bondholders may establish for fixed income.

Purchase abroad by residents 08/13/2019 The Regulation for Securities Intermediaries creates the position of “intermediary/introducer,” defined as follows: “the securities intermediary making a referral and providing assistance to a client in order for the latter to establish a contractual relationship with another domestic or foreign securities intermediary and to assist with opening and maintaining securities brokerage accounts on the client’s behalf.”
Investment fund administrators must be authorized by the Office of the Superintendent of the Securities Market to issue participatory units for each investment fund they administer as part of a public offering of securities. To that end, the administrator must be domiciled in the Dominican Republic and comply with the operational and functional requirements established in the Law and the Regulation on Administrators and Investment Funds.

Public offerings by foreign issuers are also governed by the Regulation on Public Offerings, which was published on October 29, 2019. Under paragraph III of Article 30 of the Regulation on Public Offerings, if the issuer is not domiciled in the Dominican Republic, local representation will be required for receiving communications and for dialogue with the Office of the Superintendent regarding any matters affecting its supervision as the issuer of a public offering, particularly any requirement that the Office of the Superintendent or the representative of the body of bondholders may establish for fixed income.
Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article VIII</th>
<th>Date of acceptance: August 31, 1970.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange Measures

- Restrictions and/or multiple currency practices: Yes.
- Exchange measures imposed for security reasons: No.
- In accordance with IMF Executive Board Decision No. 144-(52/51): No.
- Other security restrictions: No.

References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

- Currency: Yes.
  The currency of Ecuador is the US dollar.
- Other legal tender: Yes.
  In accordance with Article 94 “Currency in the Republic of Ecuador,” all transactions, monetary and financial operations, and the relevant accounting records executed in the Republic of Ecuador must be drawn up in US dollars in accordance with this Code. The circulation, exchange, withdrawal, and demonetization of US dollars, the currency of the Republic of Ecuador, must be exclusively incumbent on the Central Bank of Ecuador (CBE), as provided under this Code and the regulations issued by the Monetary and Financial Policy and Regulation Board. The CBE is the sole entity authorized to provide and manage national coins in the Republic of Ecuador, equivalent to and convertible to US dollars, as provided under this Code and subject to the regulation and authorization of the Monetary and Financial Policy and Regulation Board.
  The currency determined in this article is a means of payment. The currency is valid as legal tender in the Republic of Ecuador in the framework of the regulations issued by the Monetary and Financial Policy and Regulation Board. The state may not in any case require any individual or legal entity under private law to accept currency.
other than the US dollar.

**Exchange rate structure**

- **Unitary** Yes.
- **Dual**
- **Multiple**

**Classification**

- **No separate legal tender** Yes.

The exchange rate arrangement is an arrangement with no separate legal tender. All transactions, monetary and financial operations, and the relevant accounting records executed in the Republic of Ecuador must be denominated in US dollars in accordance with Articles 43 and 94 of the Monetary and Financial Organic Code.

The circulation, exchange, withdrawal, and destruction of US dollars, which is legal tender in Ecuador, must be the exclusive power of the CBE, in accordance with the provisions established in this Code and the regulations prepared by the Monetary and Financial Policy and Regulation Board.

The CBE is the sole entity authorized to supply and manage currency in the Republic of Ecuador, equivalent and convertible to US dollars, in accordance with the provisions of this Code and the regulations and authorization of the Monetary and Financial Policy and Regulation Board.

The currency specified in this article is the means of payment. The currency is legal tender in the Republic of Ecuador pursuant to the regulations issued by the Monetary and Financial Policy and Regulation Board. Under no circumstances can the government force a natural or legal person established under private law to receive currency other than US dollars.

**Currency board**

- **Conventional peg**
- **Stabilized arrangement**
- **Crawling peg**
- **Crawl-like arrangement**
- **Pegged exchange rate within horizontal bands**
- **Other managed arrangement**

**Floating**

**Free floating**

**Official exchange rate**

- **No.** There is no official exchange rate in Ecuador.

**Monetary policy framework**

- **Exchange rate anchor** Yes.
- **U.S. dollar** Yes.

The US dollar is legal tender and circulates freely in Ecuador. In addition, a limited number of domestic coins of small value, fully
backed by US dollars, remain in circulation to facilitate small transactions.

_Euro_
_Composite_
_Other_

Monetary aggregate target
Inflation-targeting framework

_Target setting body_
Government
Central Bank

_Monetary Policy Committee_
_Central Bank Board_
_Other_

Government and Central Bank

_Inflation target_
Target number
_POINT target_
Target with tolerance band

_Band/Range_
Target measure
_CPI_
_Core inflation_

Target horizon

Operating target (policy rate)
Policy rate
Target corridor band
Other

Accountability
Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

**Exchange tax** Yes. Ecuador has no tax on foreign exchange operations. However, all transfers abroad are subject to the 5% ISD tax, barring certain exemptions. Outflows in connection with bank loans exceeding one year are exempt for specific sectors indicated in the Productivity code (such as housing and microfinance).

**Exchange subsidy** No.

**Foreign exchange market** Yes.

*Spot exchange market* Yes. Exchange bureaus that engage in transactions in the country may obtain a license from the Banking Superintendency (SB) and may only engage in the following transactions in accordance with Section II: Constitution, Functioning, and Operation of Exchange Bureaus; Chapter XXXVI: Financial Service Institutions; Title II: National Financial System, Book I: Monetary and Financial System, Codification of Monetary, Financial, Securities, and Insurance Resolutions.

1. Buy, sell, and exchange foreign banknotes or coins.
2. Buy and sell traveler’s checks denominated in foreign exchange.
4. Buy payment orders in foreign exchange.
5. Arrange draws or transfers in foreign exchange charged to accounts that the company holds with banks in the country or abroad in connection with their business activities.

According to the SB register, there are two active exchange bureaus.

The SB must indicate which entities are authorized to engage in foreign exchange operations (not only exchange bureaus). Purchase and sale or currency swap operations carried out in the usual manner on a permanent basis in the free currency market, as well as the purchase and sale of checks, draws or transfers in foreign exchange, made against accounts in domestic or foreign banks, must be carried out solely by banks or exchange bureaus duly authorized by the SB.

Effective August 14, 2019, the CBE publishes the price table (reference exchange rates) on its website. This information is a reference for operations carried out in the public and private sectors.

**Operated by the central bank** No.

**Foreign exchange standing facility** No. Because the Ecuadorian economy is dollarized and the law does not provide for the use of currencies other than the US dollar for making domestic transactions, there are no exchange markets, except of a marginal nature in financial institutions and on an informal level. Thus, the CBE does not intervene or engage in any type of activity in the national financial system in any currency other than the US dollar.

**Allocation** No.

**Auction** No.

**Fixing** No.

**Interbank market** Yes. As of August 5, 2020, 24 institutions (23 national banks) hold licenses granted by the SB. In accordance with Article 312 of the
Constitution, financial institutions may not engage in any activity that is unrelated to the financial system. Article 194, Indent d, Numeral 5, of the COMF states that, with regard to services, financial entities may “on their own behalf or on behalf of third parties, carry out foreign exchange transactions, repo transactions, and issue and negotiate traveler’s checks.” Article 43 of the COMF regarding information on trading in foreign currencies other than the US dollar states that entities in the national financial system authorized to trade in foreign currencies other than the US dollar are required to report to the CBE, following the form and periodicity specified by the Board, on the amounts and exchange rates of their transactions and to provide information needed by the Bank concerning movements in their foreign currency accounts. Failure to comply with this provision will be punishable as a serious infraction in accordance with the said Code.

| Over the counter | Yes. |
|Brokerage         | No.  |
|Market making     | No.  |
|Forward exchange market | Yes. |

The economy of Ecuador is dollarized, and therefore, there are no foreign exchange markets other than the dollar, except on a marginal basis. Accordingly, the CBE does not engage in any operations or practices with currencies other than the US dollar with the national financial system.

The functions of the CBE include the administration of resources abroad, for which it has the Policy for the Investment of International Investment Assets and which entail the authorization to conduct swap operations solely with the gold portfolio.

At present, there are no portfolios in other foreign currencies for “Contingent State.” There are only minimum balances in euro and yen, which are the currencies with the highest movement. To keep accounts abroad active, cash management acquires other foreign currencies to fulfill specific obligations, as required by the Payments System.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Transactions with all countries must be carried out in convertible currencies, except for those that are channeled through the Single Regional Payments Clearing System (SUCRE), which must be recorded using the “sucre” unit of account, with clearance every six months in convertible currencies. Whenever possible, import and export payments and collections must be made in the currency stipulated in the customs documents.

Controls on the use of domestic currency No. Because the US dollar is the legal tender in Ecuador, it can also be generally used worldwide for all types of international transactions.

For current transactions and payments No. Because the US dollar is the legal tender in Ecuador, it can also be generally used worldwide for all types of international transactions.

For capital transactions No. Because the US dollar is the legal tender in Ecuador, it can also be generally used worldwide for all types of international transactions.

Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents Yes. Because the US dollar is the currency that has been adopted by Ecuador, its use is not only authorized by law but it also the legal tender within the country. No other currency is allowed to be used by residents.

Payments arrangements Yes.
Bilateral payments arrangements Yes.
Operative No.
Inoperative Yes. Payment arrangements exist with Cuba and Hungary but are currently inactive.
Regional arrangements Yes. Ecuador is a member of the LAIA and of the SUCRE, which are now in operation.
Clearing agreements Yes. The LAIA Reciprocal Payments and Credits Agreement is a multilateral payment clearing mechanism. The SUCRE is based on direct payments in virtual currency (the sucre, in lowercase) between CBs, in which the surplus and deficit balances will be cleared during a semiannual clearing period. In the case of Ecuador, US dollars are received.
Barter agreements and open accounts No.
Administration of control No.
Payments arrears No.
Official No.
Private No.
Controls on trade in gold (coins and/or bullion) No.
On domestic ownership and/or trade No.
On external trade No.
Controls on exports and imports of banknotes Yes.
On exports Yes. Ecuadorean citizens and travelers abroad may leave the country with cash amounting to up to three times the base wage an adult (US $1,182) and one base salary a minor (US$394). In addition, the tax on outward transfers (ISD) of 5% must be paid.
Foreign currency Yes. Ecuadorean citizens and travelers abroad may leave the country with cash amounting to up to three times the base wage an adult (US $1,182) and one base salary a minor (US$394). In addition, the tax on outward transfers (ISD) of 5% must be paid.
On imports Yes. The CBE is authorized to import funds in cash from its accounts in the rest of the world. According to the Law on Economic Reactivation, Article 96 of the Organic Code states that: “When the demand for currency, which entities of the national financial system make to the CBE, exceeds the limits established by the Monetary and Financial Policy and Regulation Board, remittances to Ecuador will
be made via liquid external assets that financial institutions have abroad.”

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically Yes.
Approval required Yes.
Residents may open and maintain foreign exchange accounts abroad. Public and private financial institutions require approval for accounts denominated in currencies other than US dollars. The CBE may open accounts in currencies other than US dollars on behalf of public sector entities for funds received as grants or loans. There are no restrictions on transferring funds from these accounts abroad. Approval is not required for private sector entities. However, the Monetary and Financial Policy and Regulation Board approves the opening and maintenance of accounts abroad for use by public sector entities, subject to prior favorable reports from the regulator of government finances and the CBE.

Accounts in domestic currency held abroad Yes.
Approval required Yes.
Accounts in domestic currency convertible into foreign currency No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes.
Approval required No.
Domestic currency accounts Yes.
Convertible into foreign currency No.
Approval required No.
Blocked accounts No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.
Financing requirements for imports No.
Minimum financing requirements No.
Advance payment requirements: No.
Advance import deposits: No.
Documentation requirements for release of foreign exchange for imports: No.
Domiciliation requirements: No.
Preshipment inspection: No.
Letters of credit: No.
Import licenses used as exchange licenses: No.
Other: No.
Import licenses and other nontariff measures: Yes.

Inspection documents are required for agricultural, medical, arms, and psychotropic imports. In addition, EP Petroecuador (the government-owned oil company) may, without a license, import supplies, materials, and equipment during emergencies. Consideration is being given to introducing import license requirements on a range of goods. COMEX is responsible for issuing rules on import procedures, other than customs procedures, such as registrations, authorizations, prior control documents, and licenses. It also determines what goods are prohibited. The reshipment of goods whose importation is prohibited is mandatory, except for clothing, perishable goods, and educational material, which will be donated to the Secretary of State in charge of social policy (COPCI Regulation). Most of the import prohibitions are maintained for sanitary, plant protection, and environmental reasons and to comply with international agreements.

Positive list: No.

Negative list: Yes.
Ecuador prohibits imports of certain products (221 tariff lines at the 10-digit level of the Harmonized System (HS)), regardless of origin. The bans mostly affect organic chemicals (71 tariff lines at the 10-digit level of Chapter 29 of the HS) and the other products of the chemical industry (56 tariff lines at the 10-digit level of Chapter 38 of the HS), followed by nuclear reactors (35 tariff lines at the 10-digit level of Chapter 84 of the HS), and fish and crustaceans, mollusks, and more aquatic invertebrates (34 tariff lines at the 10-digit level of Chapter 3 of the HS). In addition, Ecuador prohibits the importation of other products (692 tariff lines at the 10-digit level of the HS) according to the origin of the products for phyto-zoosanitary reasons and to implement, among others, the resolutions of the UNSC, and other international agreements in which Ecuador is a party.

Open general licenses: No.
Licenses with quotas: Yes.
Five percent of the import quotas for “cotton not carded or combed” with a zero tariff is distributed to textile manufacturers not affiliated with the Association of Textile Industries of Ecuador. There are also import quotas for vehicles, parts for vehicle assembly, and for cell phones.

Other nontariff measures: Yes.
Measures include safeguards, quotas, and contingencies. Plant protection and animal health care certificates are required, as are quality certificates for imports of certain products. A set of technical standards applies to imports of certain goods for consumer, health, and environmental protection.
Import taxes and/or tariffs

Yes.

The MFN tariff of Ecuador consists of 42 rates ranging from 0% to 85.5%, including tariffs resulting from the application of the price band, but excluding estimates of ad valorem equivalents. In 2018, 98.5% (99.3% in 2011) of the tariff lines were subject to tariff rates lower than 30%; 37.3% applied a tariff equal to 0% (46.7% in 2011); and only 1.6% of the total tariff lines had a tariff higher than 30%. Imports are also subject to other charges that include: the customs tax (until 2018), foreign currency transfers abroad (ISD), the VAT, the special consumption tax (ICE), and the contribution to the Development Fund for Children (FODINFA).

Taxes collected through the exchange system

Yes.

All transfers abroad are subject to the 5% ISD tax, barring certain exemptions. The Law for Productive Development, Investment Attraction, and Employment Generation and its Regulation exempts the payment of the ISD tax for new productive investments that sign investment contracts for the import of capital goods and raw materials necessary for the development of the project, up to the amounts and terms established in the aforementioned contract.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Financing requirements

No.

Documentation requirements

Yes.

Letters of credit

No.

Guarantees

No.

Domiciliation

Yes.

Exporters must register with the Internal Revenue Service, after having obtained a digital certificate for their electronic signature and authentication from the CBE or from Security Data, and after having registered on the ECUAPASS portal.

The National Council for Foreign Trade (COMEX) requires that exporters also register with the Ministry of Production, Trade, Investment, and Fishing for:


Preshipment inspection

Yes.

Prior to shipment, the National Customs Service of Ecuador (SENAE) authorizes exporters to begin the export process, with no charge from customs. The export customs declaration (DAE) is required, along with a pro forma invoice, previous authorizations, and an electronic preshipment certificate of origin.

Other

Yes.

The International Coffee Organization Certificate of Origin, issued by the National Coffee Board (COFENAC), has been added to customs documentation requirements for coffee exporters.
### Export licenses
Yes. Exports of some products require licenses.

### Without quotas
Yes. The export prices of bananas, cocoa and finished products, coffee, and fish are subject to minimum f.o.b. reference prices.

### With quotas
No.

### Export taxes
Yes.

### Collected through the exchange system
No.

### Other export taxes
No.

#### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers
No.

#### Trade-related payments
No. Transfers abroad are subject to a 5% tax. The tax is applicable to all financial transfers abroad. Certain import payments are exempt or generate a tax credit for importers. Imports of capital goods and raw materials necessary for the development of the project are exempt from the payment of the ISD, up to the amounts and terms established in the investment contract.

#### Prior approval
No.

#### Quantitative limits
No.

#### Indicative limits/bona fide test
No.

#### Investment-related payments
No. Payments abroad are subject to the 5% tax (ISD). The tax is applicable to all financial transfers abroad, including interest payments. Dividend payments are exempt. The 5% tax on transfers abroad is waived for the outflows relating to bank loans of over one year for specific sectors identified in the Productive Code (for example, housing and microfinance).

The Law for Productive Development, Investment Attraction, and Employment Generation and its Regulation establishes the following exemptions to the payment of the foreign currency transfers abroad tax (ISD) in the case of investments:

1. Dividends distributed by national or foreign companies domiciled in Ecuador, after payment of income tax, when applicable, in favor of effective beneficiaries who are natural persons domiciled or resident in Ecuador or abroad, shareholders of the company that distributes them, up to the term established in the aforementioned investment contract, as long as the resources of the investment come from abroad and the investor demonstrates the income of the foreign currency to the country.

2. Companies that reinvest in the country from at least 50% of the profits, in new productive assets, will be exempt from payment of the ISD Tax for payments abroad, for distribution of dividends to resident beneficial owners in Ecuador, of the corresponding fiscal year.

For the application of this exemption, the corresponding capital increase must be made, which must be completed until December 31 of the fiscal year following that in which the profits were generated, subject to reinvestment.

3. Payments made abroad, for the amortization of capital and interest generated on loans granted by international financial institutions or specialized non-financial entities qualified by the...
corresponding control entities in Ecuador, which grant financing with a term of 360 calendar days or more; payments made abroad, for dividends distributed by national or foreign companies domiciled in Ecuador, after payment of Income Tax (IR).

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>Prior approval</th>
<th>No.</th>
<th>Quantitative limits</th>
<th>No.</th>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
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</thead>
<tbody>
<tr>
<td>Personal payments</td>
<td>Prior approval</td>
<td>No.</td>
<td>Quantitative limits</td>
<td>No.</td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<tr>
<td>Foreign workers' wages</td>
<td>Prior approval</td>
<td>No.</td>
<td>Quantitative limits</td>
<td>No.</td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Prior approval</td>
<td>No.</td>
<td>Quantitative limits</td>
<td>No.</td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

The use of credit cards abroad is subject to the 5% tax (ISD) for purchases exceeding US$5,000 a year.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
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<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
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<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
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<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
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</tbody>
</table>
Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes. All transfers abroad are subject to the 5% ISD tax, barring certain exemptions.

Repatriation requirements
No.

Surrender requirements
Yes. Article 141—Purchase and sale of foreign exchange. The Monetary and Financial Policy and Regulation Board regulates the purchase and sale of foreign exchange and determines when foreign exchange must be sold to the CBE. Other foreign exchange transactions can be carried out in the free market. The public finance governing body provides the CBE with the schedule of transfers outside the State General Budget.

Surrender to the central bank
Yes.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
Yes.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
Yes. All transfers abroad are subject to the 5% ISD tax, barring certain exemptions. ISD exemption applies to payments made abroad for the financial returns, capital gains, and capital of those investments from abroad that entered the Ecuadorian securities market exclusively to carry out this transaction and have remained in the country for at least the term indicated by the Tax Policy Committee, which may not be less than 360 calendar days, made by individuals or legal entities domiciled abroad, through stock exchanges legally incorporated in the country or the Registry Special Stock Market (Registro Especial Bursátil).

Sale or issue locally by nonresidents
Yes. All transfers abroad are subject to the 5% ISD tax.

Purchase abroad by residents
Yes. All transfers abroad are subject to the 5% ISD tax. In keeping with Resolution No. JB-2009-1406, Article 47 states as follows: “The Bank of the Ecuadorian Social Security Institute may, on an exceptional basis, invest abroad in the sovereign debt of countries that have an investment grade rating, up to 7.5% of the total market value of each of the funds administered at the time that the investment is made.”

There is a monthly tax on funds and investments held abroad by private entities regulated by the SBI and the Intendancies of the Securities Market of the Superintendency of Companies, including funds and investments held through an entity’s subsidiaries, affiliated entities, or offices abroad.

A rate of 0.25% a month applies to the assessed tax base. If assets are held through subsidiaries, affiliated entities, or offices in low-tax territories, the monthly tax rate is 0.35%.

Sale or issue abroad by residents
Yes. All transfers abroad are subject to the 5% ISD tax. There is a monthly tax on funds and investments held abroad by private entities regulated by the SBI and the Intendancies of the Securities Market of the Superintendency of Companies, including funds and investments held through an entity’s subsidiaries, affiliated entities, or offices
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<tr>
<th>Bonds or other debt securities</th>
<th>Yes.</th>
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<td><strong>Purchase locally by nonresidents</strong></td>
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| Purchase abroad by residents | Yes. |
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| Sale or issue abroad by residents | Yes. |
| All transfers abroad are subject to the 5% ISD tax, barring certain exemptions. The ISD exemption for payments made abroad applies to the amortization of capital and interest generated on loans granted by international financial institutions, or specialized non-financial entities qualified by the corresponding control entities in Ecuador, which grant financing with a term of 360 calendar days or more, via credit, deposit, purchase and sale of portfolio, and purchase and sale of securities in the securities market, which are intended to finance housing, microcredit, or productive investments. |

| On money market instruments | Yes. |
| Purchase locally by nonresidents | Yes. |
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| Sale or issue locally by nonresidents | Yes. |
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| Purchase abroad by residents | Yes. |
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On collective investment securities | Yes. | All transfers abroad are subject to the 5% ISD tax, barring certain exemptions. ISD exemption applies to payments made abroad for the financial returns, capital gains, and capital of those investments from abroad that entered the Ecuadorian securities market exclusively to carry out this transaction and have remained in the country for at least the term indicated by the Tax Policy Committee, which may not be less than 360 calendar days, made by individuals or legal entities domiciled abroad, through stock exchanges legally incorporated in the country or the Registry Special Stock Market (Registro Especial Bursátil).

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<td>affiliated entities, or offices abroad. A rate of 0.25% a month</td>
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<tr>
<td><strong>Controls on credit operations</strong></td>
</tr>
<tr>
<td><strong>Yes.</strong></td>
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<tr>
<td><strong>Commercial credits</strong></td>
</tr>
<tr>
<td><strong>Yes.</strong></td>
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<tr>
<td>Article 208—Relationships in lending, borrowing, and contingent</td>
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<td>operations. The Monetary and Financial Policy and Regulation Board</td>
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<td>must dictate the rules governing relationships that financial</td>
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<tr>
<td>entities will be required to keep in their lending, borrowing, and</td>
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<tr>
<td>contingent operations, considering the risks stemming from</td>
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<td>differences in terms, rates, currencies, and other factors.</td>
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<tr>
<td>Moreover, the Board must dictate the rules governing the</td>
</tr>
<tr>
<td>development of risk management policies, technologies, and</td>
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</table>
Article 209—Orientation of credit operations. The Monetary and Financial Policy and Regulation Board must regulate, by way or rules, the orientation and direction of the credit operations of entities of the national financial system and nonfinancial entities that grant credits above the limits established by the Board. In that regard, consideration must be given, among others, to segments, interest rates, guarantees, and credit limits. Under no circumstances, may the Board intervene in defining the recipient individual or legal person of credit operations.

To this end, the Board must consider term-matching between the assets and liabilities of regulated entities.

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls apply to Ecuadorian emigrants residing abroad who borrow money from Ecuadorian banks to be paid abroad. Such loans are supervised by the SB.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article 214—Credit operation guarantees. All credit operations must be guaranteed. The Monetary and Financial Policy and Regulation Board must establish, with reasons, cases in which credit operations must have a minimum guarantee in terms of quality and minimum coverage.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>All transfers abroad are subject to the 5% ISD tax.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>All transfers abroad are subject to the 5% ISD tax.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>All transfers abroad are subject to the 5% ISD tax.</td>
<td></td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
By residents to nonresidents

To residents from nonresidents

Settlement of debts abroad by immigrants

Transfer of assets

Transfer abroad by emigrants

Transfer into the country by immigrants

Transfer of gambling and prize earnings

References to legal instruments and hyperlinks

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Borrowing abroad

Maintenance of accounts abroad

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### ECUADOR

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lending to nonresidents (financial or commercial credits)</strong></td>
<td>Yes.</td>
<td>All transfers abroad are subject to the 5% ISD tax, barring certain exemptions.</td>
</tr>
<tr>
<td><strong>Lending locally in foreign exchange</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase of locally issued securities denominated in foreign exchange</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Differential treatment of deposit accounts in foreign exchange</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Differential treatment of deposit accounts held by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>Yes.</td>
<td>All transfers abroad are subject to the 5% ISD tax. A monthly tax is introduced on available funds and investments held abroad by private entities regulated by the SBI and the agents of the securities market of the Superintendency of Companies, including on an entity’s funds and investments held through its subsidiaries, affiliated entities, or offices abroad. A rate of 0.25% a month applies to the assessed tax base. If assets are held through subsidiaries, affiliated entities, or offices in tax havens or in low-tax territories, the monthly tax rate is 0.35%.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>Yes.</td>
<td>All transfers abroad are subject to the 5% ISD tax, barring certain exemptions. ISD exemption applies to payments made abroad for the financial returns, capital gains, and capital of those investments from abroad that entered the Ecuadorian securities market exclusively to carry out this transaction and have remained in the country for at least the term indicated by the Tax Policy Committee, which may not be less than 360 calendar days, made by individuals or legal entities domiciled abroad, through stock exchanges legally incorporated in the country or the Registry Special Stock Market (Registro Especial Bursátil).</td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Insurance companies</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
<td>All transfers abroad are subject to the 5% ISD tax.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio</strong></td>
<td>No.</td>
<td>All transfers abroad are subject to the 5% ISD tax.</td>
</tr>
</tbody>
</table>
The Bank of the Ecuadorian Social Security Institute may, on an exceptional basis, invest abroad in the sovereign debt of countries that have an investment grade rating, up to 7.5% of the total market value of each of the funds administered at the time that the investment is made. All transfers abroad are subject to the 5% ISD tax.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Foreign exchange market

Spot exchange market 08/14/2019 The Central Bank of Ecuador publishes the price table (reference exchange rates) on its website. This information is a reference for operations carried out in the public and private sectors.
EGYPT

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: December 27, 1945.

Article VIII: Yes. Date of acceptance: January 2, 2005.

Article XIV: Exchange Measures

Restrictions and/or multiple currency practices: Yes. The IMF staff report for the 2017 Article IV Consultation Second Review Under the Extended Arrangement Under the Extended Fund Facility, and Request for Modification of Performance Criteria with Egypt states that, as of December 11, 2017, maintained one exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3 arising from a net debtor position under an inoperative bilateral payments arrangement with Bulgaria. (Country Report No. 18/14)

Exchange measures imposed for security reasons: Yes. Banks have been instructed to freeze accounts and assets of listed individuals and organizations associated with terrorism, in accordance with the relevant UNSC resolutions. Further, in 2002, the authorities established the EMLCU, which is the Egyptian financial intelligence unit responsible for combating money laundering and terrorism financing. The EMLCU receives reports of suspicious transactions from financial institutions and takes the necessary examination and investigation measures in coordination with the appropriate authorities. The EMLCU receives reports of suspicious transactions from financial institutions and designated nonfinancial businesses and professions concerning transactions suspected of being proceeds of a crime or involving money laundering or terrorism financing or attempts to conduct such transactions. The EMLCU takes the necessary examination and investigation measures in coordination with the appropriate authorities. AML/CFT Law No. 80 of 2002 was amended in May 2014, to address deficiencies in Egypt’s AML/CFT regime, including with regard to international standards on combating money laundering/financing of terrorism and proliferation of weapons of mass destruction. Egypt exited from the follow-up process at the Middle East and North Africa Region Financial Action Task Force (MENAFATF). In accordance with the amendments, the EMLCU will carry out Egypt’s commitment under international conventions, treaties, and charters with respect to terrorism financing and financing of the proliferation of weapons of mass destruction.

Other security restrictions: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Egypt is the Egyptian pound.

Other legal tender: No.
Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement: Yes. The de jure exchange rate arrangement is floating. On November 3, 2016, the CBE announced its decision to move, with immediate effect, to a liberalized exchange rate regime to quell any distortions in the domestic foreign currency market. Pursuant to the above, banks and other market participants are at liberty to quote and trade at any exchange rate. Bid and ask exchange rates are determined by forces of demand and supply. The CBE uses the prevailing market rate for any transactions it undertakes. In light of the unprecedented blow to the global financial markets arising from the Coronavirus epidemic spread, which resulted in the sharpest portfolio flows reversal on record from emerging markets, including the Egyptian market, the CBE intervened in the foreign exchange market in March and April 2020 consistent with its mandate to preserve financial stability and maintain domestic confidence. This was communicated to the market through a press statement with the announcement of the Reserves Figures in March and April 2020. The statements are available on the CBE website. From January 2019, the exchange rate has followed an appreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to crawl-like from stabilized, effective January 28, 2019. While the exchange rate appears to have stabilized from March 2020, more observations are necessary to determine its new trend. Until then, the de facto exchange rate arrangement remains classified as crawl-like.

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Official exchange rate: Yes. The US dollar–pound official exchange rate is published daily through Reuters and Bloomberg. This rate reflects the weighted average interbank rate. The CBE uses its official rate to carry out foreign exchange transactions with banks, the government, and public institutions.

Monetary policy framework

Exchange rate anchor
U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes
Monetary policy operates under a flexible money-targeting framework, where policy tools are utilized to anchor inflation expectations, to contain demand-side pressures and second-round effects of supply shocks to achieve inflation targets over the medium term, as well as to achieve reserve money targets that were designed to be consistent with the inflation targets. Policy tools include a corridor of overnight deposit and lending standing facilities, open market operations, and reserve requirements. The monetary policy rate is set by the CBE’s Monetary Policy Committee (MPC), which has six members comprising of the governor of the CBE, two deputy governors, three other members of the Board of Directors.

The MPC convenes every six weeks to decide on appropriate actions with respect to key policy rates. The MPC’s decisions are communicated to the market through a monetary policy statement that gives an analysis of the committee’s decision, which is published on the CBE’s website following each MPC meeting. Egypt is in a transitional period to shift toward a full-fledged inflation targeting regime. In May 2017, the CBE announced for the first time in its history its inflation target of 13% (+/-3%) on average by the fourth quarter of 2018. In December 2018, the new target was set at 9% (+/-3%) on average during the fourth quarter of 2020. The Central Agency for Public Mobilization and Statistics (CAPMAS) is the entity responsible for calculating and publishing the headline CPI every month, which the CBE uses to derive the core CPI index as an indicative index for research purposes only. The transition from the direct-quantity target to targeting short-term interest rates was made in June 2005. The CBE adopted a corridor system using an overnight lending facility as the ceiling rate and an overnight deposit facility as the floor rate. The CBE employs open market operations as a monetary policy tool to achieve its operational target to ultimately attain its intermediate target. Open market operations achieve that by regulating the supply of reserves in the banking system. The CBE main operation could be deposit auctions or reverse repo depending on the market liquidity condition.

The CBE licenses nonbank foreign exchange dealers (foreign exchange bureaus, bazaars, and duty-free markets). As of December 31, 2019, there were 113 licensed foreign exchange bureaus, 61 bazaars, and 9 duty-free markets. Foreign exchange bureaus may buy and sell domestic and foreign means of payment (banknotes and traveler’s checks) on their own behalf. These transactions are conducted in cash. Foreign exchange bureaus may not make transfers into or out of Egypt and must sell all working-day foreign currency exceeding their authorized operating balance to commercial banks. Almost all banks licensed to operate in Egypt (currently 38) are involved in foreign exchange transactions.

Banks are required to manage and maintain their positions in foreign currencies through the interbank market on a daily basis without breaching their authorized net positions. The CBE does not buy commercial banks’ foreign currency balances exceeding their
The multiple price auction mechanism, which allows the CBE to buy and sell foreign exchange (exclusively in US dollars), follows these rules: (1) The CBE sets the amounts (not the price). (2) Each bank may submit up to three bids, for which the total amount submitted is determined by the quota assigned to the bank by the CBE, based on its commercial utilization and previous sales in the interbank market. (3) On the auction day, the CBE announces the auction amount one hour before the auction. (4) Banks authorized by the CBE may participate. (5) Auction results are announced to the public through several data service providers, such as Reuters and Bloomberg, as well as on the CBE website. No auctions have been conducted since November 3, 2016.

Banks that are members of the interbank convention on foreign exchange trading buy and sell foreign exchange at freely determined rates.

Dealers may participate in the interbank foreign exchange market through an electronic dealing system during regular dealing hours.

Authorized commercial banks are permitted to conduct forward foreign exchange transactions on their own behalf. The banks are free to determine the rates for forward transactions and conduct forwards and swaps on behalf of their customers strictly for business needs. The CBE does not participate in the forward foreign exchange market. In practice, the CBE permits authorized commercial banks to conduct forward foreign exchange and swap transactions to cover five genuine needs: supplier payments, LCs, transfer collections, dividend payments, and export proceeds.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**

Yes.

For countries with indemnity agreements concerning compensation for nationalized property, certain settlements are made through special accounts in pounds with the CBE. The balances in these accounts are minimal. Suez Canal dues are expressed in SDRs and may be settled in any foreign currency. Settlements with Sudan are made in accordance with the terms of a bilateral agreement.

**For current transactions and payments**

Yes.

**For capital transactions**

No.

**Transactions in capital and money market instruments**

No.

**Transactions in derivatives and other instruments**

No.
Credit operations No.

Use of foreign exchange among residents Yes. Pursuant to Article 111 of Law No. 88/2003, dealings within Egypt—whether purchases or sales of goods and services—must be in Egyptian pounds as stated in the Executive Regulations, unless stipulated otherwise in an international convention or another law.

Payments arrangements Yes.

Bilateral payments arrangements No.
Operative No.
Inoperative No.

Regional arrangements Yes. Egypt is a member of COMESA.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control Yes. Banks are authorized to execute foreign exchange transactions within the framework of a general authorization, without obtaining specific exchange control approval.

Payments arrears No.

Official No. Egypt does not have official payment arrears.

Private No.

Controls on trade in gold (coins and/or bullion) No.

On domestic ownership and/or trade No.

On external trade No.

Controls on exports and imports of banknotes Yes.

On exports Yes.

Domestic currency Yes. Travelers may take out up to LE 5,000 in banknotes. Exporting domestic or foreign currency through mail or postal parcels is not allowed.

Foreign currency Yes. Egyptian citizens may not export more than US$10,000 or its equivalent in other foreign currencies, including bearer negotiable instruments; foreigners may take out the remaining balance of the amounts (including bearer negotiable instruments) previously declared on arrival. In all cases, travelers departing Egypt must declare to the customs authorities any foreign currency and bearer negotiable instruments exceeding US$5,000 or its equivalent in other foreign currencies.

On imports Yes.

Domestic currency Yes. Travelers may bring in up to LE 5,000 in banknotes. Importing domestic or foreign currency through mail or postal parcels is not allowed.

Foreign currency No. Travelers must declare to the customs authorities on entry foreign currency and bearer negotiable instruments exceeding US$10,000 or its equivalent in other foreign currencies.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Resident Accounts

Foreign exchange accounts permitted Yes. 
Held domestically Yes. There are no restrictions on deposits or withdrawals for individuals or companies. Individuals and companies may also transfer abroad without maximum limits. Effective March 29, 2020, in response to the COVID-19 outbreak, the CBE introduced temporary daily limits on cash deposits and withdrawals from banks: LE 10,000 for individuals, LE 50,000 for companies (with the exception of disbursements needed for wage payments), and LE 5,000 for automated teller machine (ATM) withdrawals. Effective April 22, 2020, the limits were increased to LE 20,000 for ATM withdrawals and LE 50,000 individuals’ withdrawals from banks.

Approval required No.
Held abroad Yes. There are no limits on foreign currency transfers.

Approval required No.
Accounts in domestic currency held abroad No.
Accounts in domestic currency convertible into foreign currency Yes. Balances may be converted through the foreign exchange market in accordance with KYC criteria. There are no restrictions set by the CBE to limit the conversion of domestic currency to foreign currencies through banks or authorized foreign exchange dealers. Banks are free to set their own policy regarding this matter.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Accounts must satisfy KYC criteria.
Effective July 17, 2019, the CBE issued the Simplified KYC Regulation for financial inclusion products and services in close coordination with the AML/CFT. Individuals and companies may transfer abroad without maximum limits.

Approval required No.

Domestic currency accounts Yes.
Convertible into foreign currency Yes. Accounts must satisfy KYC criteria.
Effective July 17, 2019, CBE issued the Simplified KYC Regulation for financial inclusion products and services in close coordination with the AML/CFT. There are no restrictions set by the CBE to limit the conversion of domestic currency to foreign currencies through banks or authorized foreign exchange dealers.

Approval required No.
Blocked accounts No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.
### Financing requirements for imports

- **Yes.**

### Minimum financing requirements

- **Yes.** The minimum cash margin requirement for opening LCs for importing transactions for trading purposes is 100% (Circular of December 21, 2015) with some exceptions for essential products such as priority food products, medications, vaccines, computers, and software products among others. No cash margins are required for the import of commodities that are not for trading purposes such as machinery/equipment, raw materials, and spare parts used in manufacturing. Effective March 6, 2019, banks were permitted to exempt certain food products from cash cover requirements for one year ending March 15, 2020. Effective March 16, 2020, this exemption was extended to March 15, 2021, pursuant to Circular of March 16, 2020.

### Advance payment requirements

- **Yes.** The bank issuing the transfer must validate the import transaction by negotiating the documents through the same bank.

### Advance import deposits

- **No.**

### Documentation requirements for release of foreign exchange for imports

- **Yes.** The documents related to the transfer must be negotiated with the issuing bank.

### Domiciliation requirements

- **Yes.** The documents related to the transfer must be negotiated with the issuing bank.

### Preshipment inspection

- **No.**

### Letters of credit

- **Yes.** The minimum cash margin requirement for opening LCs for importing transactions for trading purposes is 100% (Circular of December 21, 2015) with some exceptions for essential products such as priority food products, medications, vaccines, computers, and software products among others. No cash margins are required for the import of commodities that are not for trading purposes such as machinery/equipment, raw materials, and spare parts used in manufacturing. Effective March 6, 2019, banks were permitted to exempt certain food products from cash cover requirements for one year ending March 15, 2020. Effective March 16, 2020, this exemption was extended to March 15, 2021, pursuant to Circular of March 16, 2020.

### Import licenses used as exchange licenses

- **No.**

### Other

- **No.**

### Import licenses and other nontariff measures

- **Yes.**

#### Positive list

- **No.**

#### Negative list

- **Yes.** Most items may be imported freely. Automobiles may be imported only during the year of their manufacture. Imports of telecommunications equipment require permits from the National Telecommunications Regulatory Authority (NTRA). Imports of used telecommunications materials for trading purposes are prohibited.

### Open general licenses

- **No.**

### Licenses with quotas

- **No.**

### Other nontariff measures

- **Yes.** Importers must register with the General Organization for Export and Import Control within the Ministry of Foreign Trade and Industry. All registered importers must be Egyptian nationals and satisfy a number of other conditions, including those regarding financial liability and the presentation of a proven record of past commercial activities. For registration, importers must also provide details of the
products they intend to import. Payments for imports must be made through a bank operating in Egypt. Products are classified into six groups for customs purposes, with tariff rates ranging from 2% to 32%, with two exceptions.

**Import taxes and/or tariffs** | Yes.  
---|---
Taxes collected through the exchange system | No.

**State import monopoly** | Yes.  
---|---
Liquefied petroleum gas, butane, and oil are imported only by the state-owned Egyptian General Petroleum Corporation and Egyptian Natural Gas Holding Company. Some other petroleum products may be imported by the private sector.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Exports and Export Proceeds

**Repatriation requirements** | Yes.  
---|---
For monitoring purposes, the CBE issued a circular on April 28, 2013, requiring repatriation of export proceeds within 180 days of shipment for products specified in Decree No. 235 of the Ministry of Industry and Foreign Trade, as amended by circular of November 12, 2015. Banks must report to the CBE exporters that do not comply. These exporters are prohibited from entering into future similar export transactions through the banking sector.

**Surrender requirements** | No.  
---|---
**Surrender to the central bank** | No.
**Surrender to authorized dealers** | No.  
There are no surrender requirements; however, for monitoring purposes, the CBE issued a circular on April 28, 2013, requiring repatriation of export proceeds within 180 days of shipment for products specified in Decree No. 235 of the Ministry of Industry and Foreign Trade, as amended by circular of November 12, 2015. Banks must report to the CBE exporters that do not comply. These exporters are prohibited from entering into future similar export transactions through the banking sector.

**Financing requirements** | No.  
---|---
**Documentation requirements** | No.  
Letters of credit | No.  
Guarantees | No.  
Domiciliation | No.  
Preshipment inspection | No.  
Other | No.

**Export licenses** | Yes.  
---|---
**Without quotas** | Yes.  
Exporters must register with the General Organization for Export and Import Control. They must meet a minimum capital requirement of LE 3,000 and must not have a criminal record. Public sector and government employees may not register as exporters.

**With quotas** | No.

**Export taxes** | No.  
---|---
Collected through the exchange system | No.
Other export taxes | No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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<td>Quantitative limits</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
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</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

*Individuals and companies may transfer abroad without maximum limits.*

*Individuals may transfer abroad without maximum limits.*
Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

Restrictions on use of funds

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Financial Regulatory Authority (FRA) must approve local and foreign securities offerings (by companies that practice any of the activities in Article 27 of Law No. 95 of 1992) in advance. Primary and secondary offerings by nonresidents require FRA approval. Secondary offerings by residents usually do not require FRA approval.

Purchase abroad by residents

Yes. Private pension funds may not invest in foreign securities or assets abroad. The FRA does not allow Egyptian brokerage and asset management firms to purchase international securities not listed on the Egyptian Stock Exchange on behalf of their Egyptian clients.

Sale or issue abroad by residents

No.

Bonds or other debt securities

Yes.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

Yes. Capital Market Law No. 95 of 1992 as amended by Law No. 123 of 2008 allows international institutions to issue bonds in the local market with FRA approval.

Purchase abroad by residents

Yes. Private pension funds may not invest in foreign securities or assets abroad. The FRA does not allow Egyptian brokerage and asset management firms to purchase international securities not listed on the Egyptian Stock Exchange on behalf of their Egyptian clients.
<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td>Private pension funds may not invest in foreign securities or assets abroad.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
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<td>No.</td>
<td></td>
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</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes. Private pension funds may not invest in foreign securities or assets abroad.</td>
<td>The FRA does not allow Egyptian brokerage and asset management firms to purchase international securities not listed on the Egyptian Stock Exchange on behalf of their Egyptian clients.</td>
</tr>
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<td></td>
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<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes. Private pension funds may not invest in foreign securities or assets abroad.</td>
<td>Derivatives are permitted only for genuine commercial purposes—that is, derivatives may not be used for speculation.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No. Private pension funds may not invest in foreign securities or assets abroad.</td>
<td>These may be used only for hedging purposes.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>Yes. Private pension funds may not invest in foreign securities or assets abroad.</td>
<td>Derivatives are permitted only for genuine commercial purposes—that is, derivatives may not be used for speculation.</td>
</tr>
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</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>No. Commercial credits No.</td>
<td>No. Financial credits No.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Inward direct investment | Yes. | Nonbank companies of foreign exchange dealers must be owned entirely by Egyptians. All FDIs must be registered by the General Authority for Investment, pursuant to Law Nos. 8/1997 and 159/1981.

Controls on liquidation of direct investment | No.

Controls on real estate transactions | No.

*Purchase abroad by residents* | No.

*Purchase locally by nonresidents* | No.

*Sale locally by nonresidents* | No.

Controls on personal capital transactions | No.

*Loans* | No.

By residents to nonresidents | No.

To residents from nonresidents | No.

*Gifts, endowments, inheritances, and legacies* | No.

By residents to nonresidents | No.

To residents from nonresidents | No.

*Settlement of debts abroad by immigrants* | No.

*Transfer of assets* | No.

Transfer abroad by emigrants | No.

Transfer into the country by immigrants | No.

*Transfer of gambling and prize earnings* | No.

**References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions** | Yes.

Borrowing abroad | No.

Maintenance of accounts abroad | No.

Lending to nonresidents (financial or commercial credits) | No.

Lending locally in foreign exchange | No.

Purchase of locally issued securities denominated in foreign exchange | No.

Differential treatment of deposit accounts in foreign exchange | Yes.

*Reserve requirements* | Yes. | Bank deposits in foreign currencies (held by either Egyptian or foreign nationals) are subject to a 10% reserve requirement, which must be deposited with the CBE and is remunerated. The reserve requirement for deposits in Egyptian pounds (excluding CDs for
individuals with maturities of three years or more and loans to small and medium enterprises) is 14% and is not remunerated.

<table>
<thead>
<tr>
<th>Liquid asset requirements</th>
<th>Yes.</th>
<th>Liquidity regulation issued in July 2016 on NSFR and LCR as per Basel III applies. The requirements for the liquidity ratio in foreign currencies and Egyptian pounds are 25% and 20%, respectively.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate controls</td>
<td>Yes.</td>
<td>A regulation regarding interest rate risk in the banking book (IRRBB) classifies deposits in domestic and foreign currency as follows: (1) Regarding interest rate sensitive items on the liability side for domestic and foreign currency deposits: (a) For deposits of individuals and small and micro enterprises with no maturity dates (demand and saving deposits with and without interest), 10% of the balance of demand deposits is slotted in the first time bucket (following day) and 90% of the outstanding balance is distributed equally to the time buckets from less than one month to 4–5 years, and 30% of the balance of saving deposits is slotted in the first time bucket (following day) and 70% of the outstanding balance is distributed equally to the time buckets from less than one month to 4–5 years; (b) For corporate deposits and deposits of medium enterprises with no maturity dates (demand and saving deposits with and without interest), 50% of the balance of deposits is slotted in the first time bucket (following day) and 50% of the outstanding balance is distributed equally to the time buckets from less than one month to 4–5 years; (c) Accrued interest on term deposits or callable deposits (with fixed interest rates) is slotted according to the residual periods until their maturity dates, while the principle is slotted in the residual period until its maturity date; and (d) For deposits with variable interest rates, the interest is slotted in the time bucket prior to the repricing date according to the residual periods until the maturity dates, while the principle is slotted according to the residual period until the repricing date. (2) Regarding interest rate sensitive items on the asset side: (a) For CBE reserves in foreign currency with interest, interest is slotted in the time buckets prior to the repricing date according to the residual periods until the maturity dates, while the reserves balance (the principle) is slotted according to the residual period until the repricing date; (b) For accrued interest on CBE deposits with fixed interest rate, the accrued interest is slotted according to the residual periods until the maturity dates for these interests, while the principle is slotted in the residual period until its maturity date; and (c) For CBE deposits with variable interest rates, the interest is slotted in the time bucket prior to the repricing date according to the residual periods until the maturity dates, while the principle is slotted according to the residual period until the repricing date.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
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<td>Liquid asset requirements</td>
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<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
<td>Banks’ maximum exposure abroad is calculated by country, financial institution, and group, taking into consideration a specific methodology. The CBE sets exposure limits to countries, financial</td>
</tr>
</tbody>
</table>
institutions, and financial groups, related mainly to the bank’s capital base, countries’ ratings and their gross domestic product. The regulation sets concentration limits to high-risk exposures and does not specify exposure limits to each type of borrower as follows: The total high-risk exposure for each country should not exceed 40% of the concentration limit of that country. The total high-risk exposures for all countries should not exceed 100% of the bank’s capital base. The total high-risk exposures for non-investment grade countries should not exceed 20% of the bank’s capital base. The unutilized portion of the high-risk exposure limit may be directed to low-risk exposures, but not vice versa.

In banks by nonresidents  Yes. Investments in banks are subject to “fit and proper” tests: shares held by residents or nonresidents in a bank in Egypt exceeding 5% of the issued capital must be reported to the CBE. Shares exceeding 10% require CBE approval.

Open foreign exchange position limits  Yes.

On resident assets and liabilities  Yes. The net long or short position in any foreign currency of a bank operating in Egypt, including branches of foreign banks, may not exceed 10% of the capital base, the long or short position in all currencies may not exceed 20% of the capital base, and the long or short position in local currency (that is, in an opposing position) may not exceed 10% of the capital base.

On nonresident assets and liabilities  Yes. The net long or short position in any foreign currency of a bank operating in Egypt, including branches of foreign banks, may not exceed 10% of the capital base, the long or short position in all currencies may not exceed 20% of the capital base, and the long or short position in local currency (that is, in an opposing position) may not exceed 10% of the capital base.

Provisions specific to institutional investors  Yes.

Insurance companies  Yes. Pursuant to Law No. 10 of 1981 (as amended), if an individual or entity owns more than 5% of the total shares of an insurance or reinsurance company, the company must notify the FRA within two weeks on the appropriate form. No individual—except by inheritance—or corporate entity may own 10% or more of the issued capital of an insurance or reinsurance company, except with the approval of the prime minister. The approval requirement applies to residents and nonresidents.

Limits (max.) on securities issued by nonresidents  No.

Limits (max.) on investment portfolio held abroad  Yes. By law, insurance and reinsurance companies must allocate funds in Egypt at least equal to the value of their technical reserves for business carried out in Egypt. Companies must maintain the funds of life insurance completely separate from the funds of property and liability insurance. Cash and securities that form part of these funds must be deposited in one of the banks registered at the CBE. Therefore, by law, investments may not be held abroad.

Limits (min.) on investment portfolio held locally  Yes. Insurance and reinsurance companies must invest their allocated funds with respect to life insurance plans as follows: (1) at least 25% in government securities or guaranteed certificates; (2) a maximum of 20% in bonds, provided the amount invested in bonds of a single issuer does not exceed 5% of the total allocated funds, 20% of the capital of the entity issuing the bonds, or 10% of the paid-up capital of the insurance or reinsurance company, whichever is less; (3) a maximum of 20% in stocks and investment funds, provided the amount invested in stocks and investment funds of a single issuer does not exceed 5% of the total allocated funds, 20% of the capital of the entity issuing these stocks, 20% of the total issued instruments of
the investment fund, or 10% of the paid-up capital of the insurance or reinsurance company, whichever is less; (4) a maximum of 10% of paid-up capital in bonds, stocks, and investment funds of a single issuer; (5) a maximum of 30% in real estate in Egypt that is registered by notarization or recorded with the relevant notary public office, provided the value of the real estate does not exceed 5% of the total allocated funds or 10% of the paid-up capital of the insurance or reinsurance company, whichever is less; (6) loans guaranteed by insurance policies within 90% of their recovered value, which is determined at the end of the financial year according to the company’s actuarial certificate; (7) a maximum of 20% in mortgage loans, provided the loans do not exceed 5% of total allocated funds, 60% of the market value of the real estate, or 10% of the paid-up capital of the insurance or reinsurance company, whichever is less; (8) a maximum of 50% in bank deposits or savings or certificates of deposit issued by the CBE or registered banks; and (9) a maximum of 20% in other investments approved by the FRA.

Insurance and reinsurance companies must invest their allocated funds with respect to property and liability insurance plans as follows: (1) at least 20% in government securities or guaranteed certificates; (2) a maximum of 15% in bonds, provided the amount invested in bonds of a single issuer does not exceed 5% of the total allocated funds or 10% of the paid-up capital of the insurance or reinsurance company, whichever is less; (3) a maximum of 25% in stocks and investment funds, provided the amount invested in stocks and mutual funds of a single issuer does not exceed 5% of the total allocated funds, 20% of the capital of the entity issuing these stocks, 20% of the total issued instruments of mutual funds, or 10% of the paid-up capital of the insurance or reinsurance company, whichever is less; (4) a maximum of 10% of paid-up capital in bonds, stocks, and mutual funds of a single issuer; (5) a maximum of 30% in real estate in Egypt that is registered by notarization or recorded with the appropriate notary public office, provided the value of the real estate does not exceed 10% of the total allocated funds or 10% of the paid-up capital of the insurance or reinsurance company, whichever is less; (6) a maximum of 50% in bank deposits or savings or certificates of deposit issued by the CBE or registered banks; and (7) a maximum of 20% in other investments approved by the FRA.

Currency-matching regulations on assets/liabilities composition

Yes.

FRA procedures govern currency matching on the composition of insurance companies’ assets and liabilities. According to these procedures, an insurance company must define its requirements for personal and property operations in foreign currencies and pounds to be sure it satisfies currency-matching requirements for assets and liabilities composition.

Pension funds

Yes.

Limits (max.) on securities issued by nonresidents

Yes.

Private pension funds are not allowed to invest in foreign securities or assets abroad.

Limits (max.) on investment portfolio held abroad

Yes.

Private pension funds are not allowed to invest in foreign securities or assets abroad.

Limits (min.) on investment portfolio held locally

Yes.

Pursuant to Ministerial Decree No. 109 of 2015 of Law No. 54 of 1975, private pension funds (known as private insurance funds) must invest their funds as follows: (1) a maximum of 35% as deposits and savings certificates in local or foreign currencies at registered banks, provided the total deposits and savings certificates in one bank do not exceed 25% of the total funds of the pension fund in case the funds of the pension fund exceed one hundred million Egyptian pounds; (2) at least 15% in government bonds or guaranteed certificates with maximum of 70% of the total funds of the pension fund; (3) a
maximum of 15% of the total funds of the pension fund in securitization bonds and tradable sukuk in the capital market, provided the invested in bonds issued from one entity does not exceed 5% of the total invested funds of the pension fund or 10% of the total value of the issuances of the entity whichever is less; (4) a maximum of 20% of fixed income investment funds and cash investment funds, provided the value of the investments in one investment fund does not exceed 5% of the total invested fund of the pension fund or 10% of the net assets of the investment fund whichever is less; (5) a maximum of 15% of open investment funds provided the value of the investments in one investment fund does not exceed 5% of the total invested funds of the pension fund or 10% of the net assets of the investment fund whichever is less; (6) a maximum of 15% in stocks, provided the amount invested in stocks of a single issuer does not exceed 5% of the total invested funds or 10% of the capital of the entity issuing the stocks; (7) the total invested amounts in securities and bonds stated in items (3) and (6) issued of a single issuer should not exceed 5% of the total funds of the pension fund; (8) the total invested amounts in investment funds stated in item (5) and stocks in item (6) should not exceed 20% of the total funds of the pension fund; (9) a maximum of 10% in real estate funds provided the amount invested in a single real estate fund does not exceed 5% of the total allocated funds; (10) a maximum of 10% in real estate to be owned in Egypt that is registered by notarization or recorded with the appropriate notary public office, provided the value of one real estate does not exceed 5% of the total allocated funds; (11) the total invested amounts in investment funds stated in item (8) and real estate stated in item (9) should not exceed 15% of the total funds of the pension fund; (12) a maximum of 25% of the funds of the pension fund to the members as loans provided no more than 75% of member’ rights in the fund to be paid; and (13) a maximum of 5% in other investments approved by the FRA.

Currency-matching regulations on assets/liabilities composition No.

Investment firms and collective investment funds Yes.

Limits (max.) on securities issued by nonresidents No.

Limits (max.) on investment portfolio held abroad Yes.

Capital Market Law No. 95 of 1992 requires investment funds to disclose their investment policies via their prospectus. Investment funds established in Egypt do not have investments abroad, according to their disclosed investment strategies. Private portfolio investments are made solely in accordance with the investors’ decisions.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement
Crawl-like arrangement 01/28/2019
From January 2019, the exchange rate has followed an appreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to crawl-like from stabilized.

Resident Accounts

Foreign exchange accounts permitted
Held domestically 03/29/2020
In response to the COVID-19 outbreak, the Central Bank of Egypt introduced temporary daily limits on cash deposits and withdrawals from banks: LE 10,000 for individuals, LE 50,000 for companies (with the exception of disbursements needed for wage payments), and LE 5,000 for automated teller machine withdrawals.

04/22/2020
The withdrawal limits introduced in response to the COVID-19 outbreak were increased to LE 20,000 for automated teller machine withdrawals and LE 50,000 individuals’ withdrawals from banks.

Nonresident Accounts

Foreign exchange accounts permitted 07/17/2019
The Central Bank of Egypt issued the Simplified Know-Your-Customer Regulation for financial inclusion products and services in close coordination with the Anti-Money Laundering and Terrorist Financing Unit (AML/CFT).

Domestic currency accounts
Convertible into foreign currency 07/17/2019
The Central Bank of Egypt issued the Simplified Know-Your-Customer Regulation for financial inclusion products and services in close coordination with the Anti-Money Laundering and Terrorist Financing Unit (AML/CFT).

Imports and Import Payments

Financing requirements for imports
Minimum financing requirements 03/06/2019
Banks were permitted to exempt certain food products from cash cover requirements for one year ending March 15, 2020.

03/16/2020
The exemption for banks from cash cover requirements for certain food products of March 6, 2019, was extended for one year until March 15, 2021.

Documentation requirements for release of foreign exchange for imports
Letters of credit 03/06/2019
Banks were permitted to exempt certain food products from cash cover requirements for one year ending March 15, 2020.

03/16/2020
The exemption for banks from cash cover requirements for certain food products of March 6, 2019, was extended for one year until March 15, 2021.
**EL SALVADOR**

*Position as of June 30, 2020*

### Status under IMF Articles of Agreement

**Date of membership**
March 14, 1946.

**Article VIII**
Yes. Date of acceptance: November 6, 1946.

**Article XIV**

### Exchange Measures

- **Restrictions and/or multiple currency practices**
  No.

- **Exchange measures imposed for security reasons**
  No.

- **In accordance with IMF Executive Board Decision No. 144-(52/51)**
  No.

- **Other security restrictions**
  No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Exchange Arrangement

**Currency**
Yes. Both the US dollar and the colón are legal tender; payments may be made in either dollars or colones.

**Other legal tender**
Yes. Silver and gold commemorative coins in denominations of C 150 and C 2,500, respectively, are also legal tender.

**Exchange rate structure**

- **Unitary**
  Yes.

- **Dual**

- **Multiple**

**Classification**

- **No separate legal tender**
  Yes. The exchange rate arrangement is an exchange arrangement with no separate legal tender. On January 1, 2001, the US dollar became unrestricted legal tender with unlimited redeemability for the settlement of debt in El Salvador. The US dollar is used as a unit of account and a medium of exchange. The Central Reserve Bank (CRB) must exchange colones in circulation for US dollars at banks’ request at a fixed and unalterable exchange rate of C 8.75 per US dollar. Both the US dollar and the Salvadoran colón are legal tender; payments may be made in either dollars or colones.

**Currency board**

**Conventional peg**

**Stabilized arrangement**

**Crawling peg**

**Crawl-like arrangement**
Pegged exchange rate within horizontal bands
Other managed arrangement

Floating
Free floating

**Official exchange rate**

Yes.
The CRB must exchange colones in circulation for US dollars at banks’ request at a fixed and unalterable exchange rate of C 8.75 per US dollar.

**Monetary policy framework**

Exchange rate anchor

Yes.

U.S. dollar

Yes. Both the US dollar and the Salvadoran colón are legal tender: The CRB must exchange colones in circulation for US dollars on request.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate
Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. There are currently no regulations governing ADs’ determination of the bid-ask spread and foreign exchange commissions.

Spot exchange market Yes. Exchange bureaus may operate in the foreign exchange market with the authorization of the Superintendency of the Financial System (SSF), which issues operating certificates in accordance with Article 122 of the Law on the Supervision and Regulation of the Financial System. One exchange bureau is currently authorized. Exchange bureaus may buy and sell foreign exchange in accordance with the Exchange Bureau Law and implementing instructions. They may also open accounts abroad and make transfers but not payments on behalf of their customers.

Operated by the central bank No.

Foreign exchange standing facility No.

Allocation No.

Auction No.

Fixing No.

Interbank market Yes. A foreign exchange market for other currencies (especially Central American) is conducted through banks and exchange bureaus. As of December 31, 2019, 14 banks and 1 exchange bureau were authorized to participate in the foreign exchange market; the cooperative banks also participate. The SSF licenses exchange bureaus and banks. Because of the dollarization regime, they do not deal directly with the CB. There are no limits on the bid-ask spreads and commissions of market participants.

Over the counter Yes. The foreign exchange market operates on a formal basis over the counter.

Brokerage Yes. Brokers participating in the foreign exchange market deal on their own account.

Market making
Forward exchange market

Yes.

Banks participate in the forward exchange market for hedging purposes. The CB did not engage in any forward transactions in 2019.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

No.

Monetary obligations may be contracted in US dollars or any other currency and must be settled in the currency specified in the contract.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

No.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

Yes.

El Salvador is a member of the Central American Monetary Council (CMCA) and is a signatory of the Treaty on Payment and Securities Settlement Systems in Central America and the Dominican Republic, which has been in effect in the country since December 2008. The Treaty enables the CMCA to establish regional payments systems that are legally protected under the Treaty. An interconnected payments system for Central America and the Dominican Republic (SIPA) had been in effect since January 2011.

Clearing agreements

No.

Barter agreements and open accounts

No.

Administration of control

Yes.

All private sector foreign exchange transactions take place through commercial banks and exchange bureaux. There are no exchange controls, and economic agents may freely carry out legal transactions in foreign currency through legally authorized institutions, that is, commercial banks, Banco Hipotecario, Banco de Fomento Agropecuario, exchange bureaux, and cooperative banks. Article 122 of the Law on Supervision and Regulation of the Financial System states: “The powers conferred upon the Central Reserve Bank of El Salvador under the Law on Foreign Currency Exchange Houses shall be transferred by operation of law to the Superintendency of the Financial System governed by this Law, except for the authority to issue the Instruction implementing the law on foreign currency exchange bureaux which regulates the operations of exchange
bureaus, which will continue to be the responsibility of the Central Reserve Bank. The files containing information on the exchange bureaus currently in operation, as well as the pertinent guarantees, shall be transferred by the Central Reserve Bank to the Superintendency, within the three months after the date of this Law.”

As a result, on November 1, 2011, the CRB delivered to the SSF the records and guarantees for exchange bureaus Puerto Bus, S.A. de C.V., Gigante, S.A. de C.V., Latín Faz, S.A. de C.V., and Corfinge, S.A. de C.V., and formalized the delivery through instruments of delivery for each exchange bureau.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on trade in gold (coins and/or bullion)</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Mining Law and regulations govern the use of mining resources. The law authorizes the CRB to exercise control and safeguard functions over monetary gold and commemorative coins. The Mining Law and regulations establish mechanisms for the domestic and external marketing of other gold used for industrial purposes.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>No.</th>
</tr>
</thead>
</table>

There are no controls, except those under anti-money-laundering regulations. In practice, the CRB is the only agent that exports and imports US dollars. Some commercial banks export and import euros.

<table>
<thead>
<tr>
<th>On exports</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On imports</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks   | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
</tbody>
</table>

Under the Monetary Integration Law, all financial transactions, such as bank deposits, are denominated in US dollars. There are no restrictions on opening accounts in other currency.

| Held abroad                         | Yes. |
| Approval required                   | No.  |

There are no restrictions on the transfer of balances abroad, provided such transfers are carried out through institutions authorized by law and in keeping with the provisions of the Anti-Money Laundering Law.

<table>
<thead>
<tr>
<th>Accounts in domestic currency held abroad</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency</td>
<td>No.</td>
</tr>
</tbody>
</table>
convertible into foreign currency

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
No.

Approval required
No.

Domestic currency accounts
No.

Convertible into foreign currency
No.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No. Importers are free to determine payments arrangements for their imports, including advance payments.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.

Other
No.

Import licenses and other nontariff measures
Yes. Certain products require import licenses issued by specific government agencies, in areas related to (1) Ministry of National Defense: arms, ammunition, explosives, combustible chemical substances, lead, and pyrotechnic products; (2) Ministry of Agriculture and Livestock through the General Directorate of Plant Health and the General Directorate of Livestock: animal- and plant-based products and subproducts, agrochemicals, and biological products; (3) Ministry of Health: food products and beverages processed industrially, dangerous ingredients and potable and nonpotable alcohol, and fishery products; (4) Ministry of Environment and Natural Resources: ozone-depleting substances, solid waste, hazardous materials, and wildlife; and (5) National Directorate of Medications; pharmaceutical products and chemicals; cleaning products, cosmetics, narcotics, psychotropic substances, aggregates, precursors, medications for human consumption, and controlled substances.

Positive list
Yes. Licenses issued by the MOF are required for authorized imports of
ethyl alcohol, whether denatured or not, and authorization is required to import refined or raw cane sugar. The minister of health issues permits for ethyl alcohol, except when raw materials for various food industries are involved. Authorization by the Ministry of Defense is required for imports of weapons and explosives. An environmental permit is also required for imports of chemicals, either from the Ministry of Environment and Natural Resources, the Ministry of Agriculture and Livestock, or from the Ministry of Health. Importation of regulated industrial products requires registration with the Ministry of Health. The National Directorate of Medications is the regulatory agency for the import of pharmaceutical products, medical inputs, cosmetics, hygiene products, drugs and psychotropic products, and aggregates.

Negative list

El Salvador prohibits imports of the following products for reasons of health, security, public morality, or environmental protection: subversive material or teachings contrary to the political, social, and economic order; obscene materials; unethical or indecent films; abortion-related products; and slot machines. Imports of coffee in a form that can be used as seeds for planting and imports of coffee bushes are prohibited. Also prohibited are lightweight passenger and freight motor vehicles more than 8 years old and heavy passenger and freight vehicles more than 15 years old (except collector’s items and vehicles donated to the government or to public service or charitable organizations; those used exclusively by physically challenged persons; those providing a specific service, such as agricultural, earth-moving, or industrial work; and those connected with power generation plants, well drilling, and water purification units).

Open general licenses

No.

Licenses with quotas

Yes. The Ministry of Economy grants import permits or licenses for products that are subject to some form of agricultural quota under the United States Free Trade Agreement, meaning that a given quantity may be imported with a zero tariff, including beef, pork, milk in liquid or powdered form, other dairy products, yellow or white corn, sorghum, chicken parts, and rice. A cheddar cheese quota is granted under the WTO commitments. Under the Partnership Agreement between Central America and the European Union, licenses are granted for products subject to agricultural quotas, such as whey, cured and streaky hams, prepared and preserved pork, milk powder, and cheese. Finally, an import quota is granted on a “first-come, first-served” basis to access the cheese quota negotiated in the Free Trade Agreement with Panama and for the yellow corn quota under the Free Trade Agreement between Central America and Mexico. It is important to clarify that these are not limits on imports but rather quotas with preferential tariffs. In addition to these set amounts, importers are free to import any amount subject to payment of the corresponding tariff.

Other nontariff measures

Yes. Sugar intended for the domestic market must be fortified with vitamin A. The importation of dairy products prepared with reconstituted milk is prohibited.

Import taxes and/or tariffs

Yes. The Central American Import Tariff has the following base rates: 0% on raw materials and intermediate and capital goods not produced in the CACM, 5% on raw materials produced in the CACM, 10% on intermediate and capital goods produced in the CACM, and 15% on finished goods. El Salvador also has trade agreements with Bolivia (signed on November 16, 2018, pending ratification), Chile, Colombia, Cuba (Partial Scope Agreement), the Dominican Republic, Ecuador (Partial Scope Agreement), the EU (27 countries),
Mexico, Panama, South Korea (effective January 1, 2020), Taiwan Province of China, the United Kingdom, and the United States, under which certain products included in tariff elimination programs are duty free. All goods originating in Central American countries may be traded without restriction within the region, except for those defined in Annex A to the General Treaty on Central American Economic Integration.

The average of the applied tariffs of El Salvador is 6.0%, the agricultural average is 11.8%, and the nonagricultural average is 5.1%. The minimum tariff is 0% and the maximum 164%.

Effective March 20, 2020, certain foodstuffs, pharmaceuticals, and personal protective equipment were temporarily eliminated of the Central American Import Tariff (Harmonized System Chapters 04, 07, 10, 11, 19, 20, 21, 28, 30, 34, 38, 40, and 96), because of the COVID-19 pandemic. Some products are also exempt from VAT.

The relevant directorate of the Ministry of Agriculture and Livestock conducts preshipment inspections of exports of basic foods such as beans, rice, sorghum, fresh loroco, and fresh papayas before exportation; agricultural precertification is also required. Dairy products require authorization from a quality control laboratory. All products of animal origin are subject to inspection.

All products containing wood or packed in wooden crates or pallets require inspection and fumigation by the Organismo Internacional Regional de Sanidad Agropecuaria (OIRSA, The International Regional Organization for Plant and Animal Health).

Exports must pass through a nonintrusive inspection system conducted by the customs authorities prior to shipment.

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Exports must pass through a nonintrusive inspection system conducted by the customs authorities prior to shipment.
and export operations in conformity with their respective responsibilities. The Integrated Foreign Trade System (SICEX) is used for exports, and if the transaction destinations are Costa Rica, Guatemala, Honduras, and Nicaragua, the operation is recorded in the exit customs of El Salvador and the entry customs of the relevant importing Central American country; the amount of taxes payable is reported by the Internet. This process allows exporters to obtain the three authorizations through a single, integrated procedure.

An imports system (SIMP) software tool allows importers and exporters to register and pay for the nonintrusive inspection service. There are service charges for obtaining prior processing for imports, covering the services of the Ministry of National Defense, the Ministry of Health, and the National Directorate of Medications. The system allows payment to be made electronically via two banks of the financial system, thus facilitating the handling of prior processing for imports through the SIMP, which is administered by the CIEX El Salvador. There is one-stop invoicing (facturación única) on behalf of third parties, which allows using a single tax number for various services provided by government institutions, registered in the CIEX El Salvador. The electronic payment system was also implemented for the product registry, the mutual recognition registry, and the updating of the product registry; these three services, which cover food products, thus simplify compliance with the required procedures for importing such products that fall within the purview of the Ministry of Health, which participates in the foreign trade one-stop window.

**Export licenses**

Exporters must be registered with the CIEX before exporting any products. Exports are authorized via the Internet through the SICEX, which is designed exclusively for that purpose. El Salvador has signed the CITES agreement (currently in force), which prohibits exports of endangered plant and animal species, cultural heritage goods, as well as products, such as red beans that suffer domestic shortages. Other export products require authorization by other institutions before processing at the SICEX and the CIEX because of quota controls—for example, for cane sugar; agrochemicals; biological products; drugs and food for veterinary use (which also require registration); wildflowers and plants; basic foods such as beans of domestic origin, rice, sorghum, fresh loroco, and fresh papayas (which also require preshipment inspection); dairy products (which also require laboratory testing); meat; fish products (which may not be harvested without a permit); foodstuffs for human consumption; coffee (including roasted and ground); machinery; maquila textiles and garments subject to quotas; diesel fuel; propane; and butane gas. Ferrous and nonferrous products require authorization by the Directorate General of Customs. Exports of waste products from melting ferrous and nonferrous products included in tariff items 7204.10.00, 7204.29.00, and 7404.00.00 are prohibited. Citizens, foreigners, and legal entities are exempt from this provision if they are registered with the Directorate General of Customs and the waste products originate directly from their industrial processes.

**Without quotas**

Yes.

**With quotas**

Yes.

Exports of sugar require the approval of the Salvadoran Sugar Council (CONSAA) and are administered under two arrangements. The portion traded with the United States, which is called the American quota or preferential market, is subject to preferential treatment that consists of a negotiated quantity of metric tons to be exported. Exporters are free to export the remaining sugar production to any country. In addition, under CAFTA-DR, quotas have been
allocated for other products, such as beef, dairy products, ethanol, and peanuts. A reciprocal tariff quota arrangement with Panama has been introduced to protect the monetary value of certain types of cheeses. Under the Association Agreement with the EU, export tariff quotas are negotiated for garlic, cassava starch, sweet corn, mushrooms, sugar including organic sugar and products with a high sugar content, rice, beef, bulk rum, tuna loin, plastics, electrical harnesses and conductors, certain clothing products, and articles made of aluminum. An export quota for cheese was negotiated in the Free Trade Agreement with Panama.

There are no export taxes. The Tax on Transfer of Movable Property and Services Act reduced the export tax rate to 0%.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.

Trade-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Payments for travel No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Personal payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Foreign workers’ wages No.

While there are no specific restrictions on approval of the operations or payments, there are mandatory registration requirements for all legal entities that engage in the operations of sending and receiving funds on a systematic basis at national and international levels. (This primarily applies to operations related to workers’ remittances.)
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.

While there are no specific restrictions on approval of the operations or payments, there are mandatory registration requirements for all legal entities that engage in the operations of sending and receiving funds on a systematic basis at national and international levels. (This primarily applies to operations related to workers’ remittances.)

Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes. All publicly offered securities and their issuers must be registered with the stock exchange, under Article 3 of the Securities Market Law.

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Controls on capital and money market instruments Yes.
On capital market securities Yes.
Shares or other securities of a participating nature Yes.
Purchase locally by nonresidents No.
Sale or issue locally by nonresidents No.
| **Purchase abroad by residents** | Yes. | Under Article 45 of the Banking Law, banks’ cash reserves may be invested abroad, deposited in first-tier banks rated and authorized for this purpose by the Superintendency, or invested in highly negotiable low-risk securities. Insurance companies may invest abroad up to 20% of investments of net technical reserves. |
| **Sale or issue abroad by residents** | No. |
| **Bonds or other debt securities** | Yes. |
| **Purchase locally by nonresidents** | No. |
| **Sale or issue locally by nonresidents** | No. |
| **Purchase abroad by residents** | Yes. | Under Article 45 of the Banking Law, banks’ cash reserves may be invested abroad, deposited in first-tier banks rated and authorized for this purpose by the Superintendency, or invested in highly negotiable low-risk securities. Insurance companies may invest abroad up to 20% of investments of net technical reserves. |
| **Sale or issue abroad by residents** | No. |
| **On money market instruments** | Yes. |
| **Purchase locally by nonresidents** | No. |
| **Sale or issue locally by nonresidents** | No. |
| **Purchase abroad by residents** | Yes. | Under Article 45 of the Banking Law, banks’ cash reserves may be invested abroad, deposited in first-tier banks rated and authorized for this purpose by the Superintendency, or invested in highly negotiable low-risk securities. Insurance companies may invest abroad up to 20% of investments of net technical reserves. |
| **Sale or issue abroad by residents** | No. |
| **On collective investment securities** | Yes. |
| **Purchase locally by nonresidents** | No. |
| **Sale or issue locally by nonresidents** | No. |
| **Purchase abroad by residents** | Yes. | Under Article 45 of the Banking Law, banks’ cash reserves may be invested abroad, deposited in first-tier banks rated and authorized for this purpose by the Superintendency, or invested in highly negotiable low-risk securities. Insurance companies may invest abroad up to 20% of investments of net technical reserves. |
| **Sale or issue abroad by residents** | No. |
| **Controls on derivatives and other instruments** | Yes. | In the case of banks, Article 51 of the Banking Law sets out all the lending and borrowing operations that banks can perform and the banking services they can provide, whereas paragraph(w) of the said article empowers the CRB of El Salvador to authorize banks to perform operations and provide banking services other than those listed. |
In that regard, in October 2012, the CRB approved the “Minimum guidelines for operations with the forward foreign exchange derivative financial instrument to be fulfilled by banks in order to offer them in the local market.” According to these guidelines, banks that offer their clients forward foreign exchange services must request and obtain prior authorization from the CRB.

<table>
<thead>
<tr>
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<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
</tbody>
</table>

Under Article 45 of the Banking Law, banks’ cash reserves may be invested abroad, deposited in first-tier banks rated and authorized for this purpose by the Superintendency, or invested in highly negotiable low-risk securities. Insurance companies may invest abroad up to 20% of investments of net technical reserves.

Loans granted by banks to nonresidents or for investment abroad may not exceed 10% of the creditor bank’s equity capital. Total loans in this category may not exceed 150% of a bank’s equity capital. Loans in excess of 75% of the equity capital require authorization subject to documentation requirements. Specific provisions apply to these loans, ranging from a minimum of 0% to 100%, depending on the risk rating of the country in which the assets are held.

Investments in certain public works (for example, railroads, ports, canals) require government approval. FDI and inflows of capital with a maturity of more than one year must be registered with the Ministry of Economy. There are minimum capital requirements for businesses owned by foreign residents and those with foreign resident shareholders. Foreign individuals and legal entities may invest in El Salvador and enjoy the same rights and obligations as national investors and corporations. The constitution restricts foreign investment in the following activities: trade; industry; and small-scale services—specifically, coastal fishing—which are reserved for Salvadorans. The subsoil belongs to the government, which may grant concessions for its exploitation. Investments in shares of banks, finance companies, and exchange bureaus are subject to applicable laws.

Foreign investors may transfer abroad funds related to their investments without delay. Such transfers include net profits and dividends generated by their investments, proceeds from partial or
total disposal of investments, and proceeds from the transfer of investments to third parties. As part of the 2012 amendments to the Law on Income Tax, Title VII Chapter III of Article 7 now includes a section titled “Income Tax on Distribution of Profits,” which requires income tax withholding of 5% of profits paid by domiciled taxpayers, parent companies, subsidiaries, branches, agencies, and other permanent establishments to partners, shareholders, associates, trustees, members, investors, and beneficiaries not domiciled in El Salvador.

Controls on real estate transactions  Yes.

Purchase abroad by residents  No.

Purchase locally by nonresidents  Yes.

Sale locally by nonresidents  No.

Controls on personal capital transactions  No.

Loans  No.

By residents to nonresidents  No.

To residents from nonresidents  No.

Gifts, endowments, inheritances, and legacies  No.

By residents to nonresidents  No.

To residents from nonresidents  No.

Settlement of debts abroad by immigrants  No.

Transfer of assets  No.

Transfer abroad by emigrants  No.

Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  No.

References to legal instruments and This information can be found at the AREAER ONLINE database:
Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

The Financial System Supervision and Regulation Act modified the financial sector regulatory and supervisory architecture through (1) creation of the Financial Supervision and Regulation System, consisting of the CB and the SSF; (2) establishment of a single superintendency for banking, insurance, securities, pensions, and other financial intermediaries; and (3) transfer of regulatory authority over the financial system to the CB.

The Law against Usury defines usury and sets the maximum rate of interest on loans obtained by individuals. This law applies to individuals and legal entities, financial institutions, commercial firms, savings banks, merchants engaged in the delivery of goods and services, pawn merchants, and in general, any person or entity who lends money, regardless of the manner used to record, conceal, or hide the operation. The CRB sets maximum rates based on the simple average of the effective interest rate on loans, expressed as a percent and published semiannually.

Effective January 1, 2019, the Constitutional Division of the Supreme Court of Justice declared the Financial Transactions Tax Law unconstitutional; this is no longer in force. Previously, the Financial Transactions Tax Law established new taxes on financial transactions as follows: (1) There is a tax on the amount paid for all checks and electronic transfers in El Salvador, in legal tender in circulation in the country, according to this law’s regulations. (2) All entities authorized to make these payments and transfers must withhold, as a tax to control liquidity, 0.25% of amounts exceeding US$5,000 on cash deposits, payments, and withdrawals a transaction or in aggregate on a monthly basis.

Borrowing abroad

Yes.

External borrowing by financial institutions is subject to a reserve requirement of 5% (less than the cash reserve for deposits).

However, as a result of the Pandemic Emergency, effective March 27, 2020, the BCR Standards Committee issued the “Temporary Technical Regulations for Calculating the Liquidity Reserve on Deposits and Other Liabilities,” to temporarily reduce the Liquidity Reserve requirement, so that institutions have more financial resources to tackle the COVID-19 crisis; therefore, the above-mentioned reserve requirement was temporarily reduced to 3% from 5%. The validity of these regulations is 180 days, which will be extended for an equal period of time if the underlying circumstances persist.

Maintenance of accounts abroad

Yes.

Loans granted by banks to nonresidents or for investment abroad may not exceed 10% of the creditor bank’s equity capital. Total loans in this category may not exceed 150% of a bank’s equity capital. Loans in excess of 75% of the equity capital require authorization subject to documentation requirements. Specific provisions apply to these loans, ranging from a minimum of 0% to 100%, depending on the risk rating of the country where the assets are held.

Lending to nonresidents (financial or commercial credits)

Yes.

Loans granted by banks to nonresidents or for investment abroad may not exceed 10% of the creditor bank’s equity capital. Total loans in this category may not exceed 150% of a bank’s equity capital. Loans in excess of 75% of the equity capital require authorization subject to documentation requirements. Specific provisions apply to these loans, ranging from a minimum of 0% to 100%, depending on
the risk rating of the country where the assets are held.

Lending locally in foreign exchange  No. There is no distinction in the treatment of loans in local currency and in foreign currency.

Purchase of locally issued securities denominated in foreign exchange  No.

Differential treatment of deposit accounts in foreign exchange  No. There is no distinction in the treatment of deposits in local currency and in foreign currency.

Reserve requirements  No. In El Salvador, the term reserve requirement (encaje legal) is not used. The term liquidity reserve (reserva de liquidez) is preferred. There are no specific reserve requirements on foreign (nondollar) currencies. The average reserve requirement is currently about 22% of deposits but would vary as it depends on the maturity of deposits. Effective March 19, 2020, however, as a result of the Pandemic Emergency, the BCR Standards Committee issued the “Temporary Technical Regulations for Calculating the Liquidity Reserve on Deposits and Other Liabilities,” to temporarily reduce the Liquidity Reserve requirement. So, after making the corresponding calculation, the current liquidity reserve is approximately 10% of deposits and the liquidity reserves actually held by the institutions is approximately 17% of deposits.

On the other hand, the Standards Committee of the CRB approved, during Session No. CN-01/2019, effective February 20, 2019, the extension of the Temporary Measures for the Calculation of the Liquidity Reserve (Medidas Temporales para el Cálculo de la Reserva de Liquidez – MTL) to February 23, 2023. These measures reduced the liquidity reserve by 10% of the productive credit granted by financial institutions. However, in response to the emergency caused by the Pandemic, these measures were repealed as of March 19, 2020, and replaced by the “Temporary Technical Regulations for the Granting of Loans,” effective March 19, 2020, for a period of 180 days, which also reduce the liquidity reserve based on the increase in the loan balance of certain economic sectors.

Liquid asset requirements  No.

Interest rate controls  No. The Law against Usury defines usury and sets the maximum rate of interest on loans obtained by individuals, without establishing differential treatment of foreign currency. This law applies to individuals and legal entities; financial institutions; commercial firms; savings banks; merchants engaged in the delivery of goods and services; pawn merchants; and in general, any person or entity who lends money, regardless of the manner used to record, conceal, or hide the operation. The CRB sets maximum rates based on the simple average of the effective interest rate on loans, expressed as a percent and published semiannually.

Credit controls  No.

Differential treatment of deposit accounts held by nonresidents  No. There is no distinction between residents and nonresidents.

Reserve requirements  No.

Liquid asset requirements  No.

Interest rate controls  No.

Credit controls  No.

Investment regulations  Yes.
Yes. Under Article 45 of the Banking Law, banks’ cash reserves may be invested abroad, deposited in first-tier banks rated and authorized for this purpose by the Superintendency, or invested in highly negotiable low-risk securities.

In banks by nonresidents No.

Open foreign exchange position limits Yes. The limit on the net open foreign exchange positions of commercial banks is 10% of capital and reserves. Regulations governing banks’ foreign currency borrowing and lending operations limit the difference between the institution’s total foreign-currency-denominated assets and future and contingent rights and its total foreign-currency-denominated liabilities and future and contingent obligations to 10% of equity. Since the Monetary Integration Act went into effect January 2001, the volume of foreign currency managed by financial intermediaries declined considerably.

On resident assets and liabilities Yes. The regulations make no distinction between resident and nonresident.

On nonresident assets and liabilities Yes. The regulations make no distinction between resident and nonresident.

Provisions specific to institutional investors

Insurance companies Yes.

Limits (max.) on securities issued by nonresidents Yes. Insurance companies are permitted to invest abroad up to 20% of investments of net technical reserves.

Limits (max.) on investment portfolio held abroad Yes. Insurance companies are permitted to invest abroad up to 20% of investments of net technical reserves.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition No.

Pension funds Yes. The Savings System Law for Pensions was reformed in September 2017, modifying, among other aspects, the investment regime of the pension funds. The definition of foreign securities and the respective limits were amended. Within the limits established by law, the maximum limits are still set by the Risk Committee, which is comprised of the Superintendent of the Financial System, Deputy Superintendent of the Pension System, Deputy Superintendent of Securities Market, President of the CRB, and representatives of the workers and employers.

Limits (max.) on securities issued by nonresidents Yes. Pursuant to Decree Law No. 787 of September 28, 2017, under Article 91(o) of the Law on the Pension Savings System, pension funds may invest between 10% and 30% in foreign securities and foreign investment fund participation certificates. Additionally, differentiated limits may be established for investment in these instruments, depending on whether they are open funds or closed funds.

Limits (max.) on investment portfolio held abroad Yes. Under Article 18, letter (d), of the Investment Rules for the Pension Savings System, pension funds may invest up to 10% of fund assets in foreign securities recorded in the SSF public stock exchange register, excluding securities issued by regional and international financial organizations of which the government or the CRB is a member.

All instruments in which the fund may invest must be registered with a national stock exchange, except for banks’ deposits and pension obligations. Pursuant to Decree Law No. 787 of September 28, 2017, under Article 91(o) of the Law on the Pension Savings System, pension funds may invest between 10% and 30% in foreign securities.
and foreign investment fund participation certificates. Additionally, differentiated limits may be established for investment in these instruments, depending on whether they are open funds or closed funds.

Under Article 223-A of the Law on the Pension Savings System, pension funds must buy social security investment certificates that are part of the Annual Issue Program of the Social Security Bonds Trust, provided the total stock purchased does not exceed 45% of the pension fund’s assets, as provided for in Article 91(m) of the Law on the Pension Savings System (amended by Legislative Decree No. 1036 of March 29, 2012).

Under Article 91(a)–(n) and (p) of the Law on the Pension Savings System, pension funds may invest in the following: (1) Securities issued by the Directorate General of the Treasury of El Salvador, traded either on a Salvadoran securities exchange or on organized international securities markets, between 20% and 50%; (2) Securities issued by the CRB of El Salvador, between 20% and 30%; (3) Securities issued or guaranteed by state-owned enterprises and official autonomous institutions, except those of Banco de Desarrollo de El Salvador and the Social Housing Fund, between 5% and 20%; (4) Securities issued by Banco de Desarrollo de El Salvador, between 20% and 30%. Issues of social security investment certificates by this bank in the capacity of trustee should not be included in the calculation of this limit; (5) Marketable bonds having a maturity of more than one year issued by Salvadoran companies, between 30% and 40%; (6) Shares and convertible bonds of Salvadoran companies, between 20% and 45%; (7) Salvadoran investment fund participation certificates, between 5% and 40%, with the possibility of establishing differentiated limits for investment in the certificates of participation, depending on whether the funds are open or closed; (8) Certificates of deposit and securities issued or guaranteed by Salvadoran banks, between 30% and 40%; (9) Mortgage-backed or collateralized securities for housing financing purposes, including those issued by the Social Housing Fund, between 30% and 40%. In any case, investment in securities issued by a single entity may not exceed 10%; (10) Financial instruments of the insured mortgage system or insured mortgage certificates, between 15% and 20%; (11) Publicly offered securities issued by Salvadoran securitization companies and trust participation certificates, between 10% and 20%; (12) Other publicly offered instruments, including securities registered with a national securities exchange, between 10% and 30%; (13) Social security investment certificates issued by the Social Security Bonds Trust for the payment of services for members of the Public Pension System, a maximum investment limit of 45%; (14) Securities issued for the financing of real estate, infrastructure, or development projects such as roads, ports, and other works, between 5% and 15% of the managed fund’s assets. With the backing of multilateral organizations, governments, or first-line reinsurers, between 10% and 30% of the managed fund’s assets; and (15) Distributions traded on local markets, up to 5% of the pension fund’s assets, provided the collateral security meets the criteria specified in the regulation.
Superintendency. The investments made by Investment Funds in securities issued by foreign issuers may not exceed 80% of the Fund’s assets.

The Securities Market Law requires that these funds be invested in securities issued by the CRB or the government, in bank deposits, and in publicly offered securities registered with the Superintendency.

The investments made by Investment Funds must be made on a Salvadoran Securities Exchange, except for investments in shares of local and foreign open investment funds.

**Limits (max.) on investment portfolio held abroad**
Yes.

**Limits (min.) on investment portfolio held locally**
No.

**Currency-matching regulations on assets/liabilities composition**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Imports and Import Payments

**Import taxes and/or tariffs**

- **01/01/2020** The trade agreement with South Korea entered into force.
- **03/20/2020** Certain foodstuffs, pharmaceuticals, and personal protective equipment were temporarily eliminated of the Central American Import Tariff, because of the COVID-19 pandemic. Some products are also exempt from VAT.

#### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**

- **01/01/2019** The Constitutional Division of the Supreme Court of Justice declared the Financial Transactions Tax Law unconstitutional, which is no longer in force. Previously, the Financial Transactions Tax Law established new taxes on financial transactions as follows: (1) There is a tax on the amount paid for all checks and electronic transfers in El Salvador, in legal tender in circulation in the country, according to this law’s regulations. (2) All entities authorized to make these payments and transfers must withhold, as a tax to control liquidity, 0.25% of amounts exceeding US$5,000 on cash deposits, payments, and withdrawals a transaction or in aggregate on a monthly basis.

**Borrowing abroad**

- **03/27/2020** As a result of the Pandemic Emergency, the BCR Standards Committee issued the “Temporary Technical Regulations for Calculating the Liquidity Reserve on Deposits and Other Liabilities,” to temporarily reduce the Liquidity Reserve requirement, so that institutions have more financial resources to tackle the COVID-19 crisis; therefore, the reserve requirement was temporarily reduced to 3% from 5%. The validity of these regulations is 180 days, which will be extended for an equal period of time if the underlying circumstances persist.

**Differential treatment of deposit accounts in foreign exchange Reserve requirements**

- **02/20/2019** The Standards Committee of the Central Reserve Bank approved, during Session No. CN-01/2019, the extension of the Temporary Measures for the Calculation of the Liquidity Reserve (Medidas Temporales para el Cálculo de la Reserva de Liquidez – MTL) to February 23, 2023. These measures reduce the liquidity reserve by 10% of the productive credit granted by financial institutions.
- **03/19/2020** The BCR Standards Committee issued the “Temporary Technical Regulations for Calculating the Liquidity Reserve on Deposits and Other Liabilities,” to temporarily reduce the Liquidity Reserve.
So, after making the corresponding calculation, the current liquidity reserve is approximately 10% of deposits and the liquidity reserves actually held by the institutions is approximately 17% of deposits (previously about 22%).

The extension of the Temporary Measures for the Calculation of the Liquidity Reserve (Medidas Temporales para el Cálculo de la Reserva de Liquidez – MTL) to February 23, 2023, approved, during Session No. CN-01/2019, which would reduce the liquidity reserve by 10% of the productive credit granted by financial institutions, was repealed and replaced by the “Temporary Technical Regulations for the Granting of Loans.”
EQUATORIAL GUINEA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
December 22, 1969.

Article VIII
Yes. Date of acceptance: June 1, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes. For security reasons, the CEMAC member countries support UNSC Resolution No. 1373 to combat money laundering and terrorism financing.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes. For security reasons, the CEMAC member countries support UNSC Resolution No. 1373 to combat money laundering and terrorism financing.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency issued within the CEMAC, which is legal tender in Equatorial Guinea and the other member countries, is the CFA franc.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement of the Central African Monetary Union is a conventional peg. Equatorial Guinea participates in the Central African Monetary Union and has no separate legal tender. The Monetary Cooperation Agreement (MCA) between CEMAC member countries and France is based on three principles: (1) a common CB; (2) fixed parity with the euro; and (3) an unlimited convertibility guarantee. Article 16 empowers the finance ministers of signatory countries (Joint Monetary Committee) to amend the MCA. Article 17 permits signatories to renounce the agreement. Article 18 specifies that the expulsion of a member country from the BEAC automatically results in that country’s renunciation of the MCA.
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

Yes. The CFA franc is officially pegged to the euro, the intervention currency, at a fixed rate of CFAF 655.957 per euro. The exchange rate is fixed by Article 12 of the MCA of November 23, 1972, between the BEAC and France, which states that the par value may be modified following consultation among the signatory countries (BEAC members and France), taking into account the demands of the economic and financial situation of the member countries. Exchange transactions in euros between the BEAC and commercial banks are made at this rate. Buying and selling rates for certain other foreign currencies are also listed officially based on the fixed rate for the euro and the rates for these foreign currencies prevailing in the Paris foreign exchange market. The official rate is used for accounting and valuation.

**Monetary policy framework**

Exchange rate anchor

Yes.

*U.S. dollar*

*Euro*

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number

Point target
### Target with tolerance band

**Band/Range**

- **Target measure**
  - CPI
  - Core inflation

**Target horizon**

### Operating target (policy rate)

- **Policy rate**

### Target corridor band

- **Other**

### Accountability

- **Open letter**
- **Parliamentary hearings**
- **Other**

### Transparency

- **Publication of votes**
- **Publication of minutes**
- **Publication of inflation forecasts**

### Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Effective June 10, 2019**, transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax. Licensed intermediaries may affect transfers with the rest of the world through the BEAC. Within the CEMAC, transfers of funds are subject to transfer fees determined freely by the market and not exceeding 0.25%, excluding the VAT and any other special tax.

**Exchange subsidies**

- **Yes.**

**Foreign exchange market**

- **Yes.**

**Spot exchange market**

- **Yes.**

**Operated by the central bank**

- **Yes.**

**Foreign exchange standing facility**

- **Yes.**

Within the limits of available stocks, the BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.
<table>
<thead>
<tr>
<th>Allocation</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Interbank market** Yes. There are no restrictions on interbank foreign exchange transactions within the CEMAC. Exchange transactions are OTC transactions. The BEAC does not intervene in exchange transactions within the CEMAC. These transactions are freely conducted by operators licensed by the MOF with the approval of the Central African Banking Commission (COBAC). Effective June 10, 2019, a fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks. This fee covers all charges on OTC transactions and the intermediation margin.

**Over the counter** Yes. Foreign exchange transactions are conducted on an OTC basis.

**Brokerage** No.

**Market making** No.

**Forward exchange market** Yes. There is no forward foreign exchange market in the CEMAC. Licensed intermediaries may enter into forward exchange contracts up to a limit of CFAF 100 million on presentation of supporting documentation (invoices, debt repayment schedules, or other foreign-currency-denominated debt instruments) and must report such activities to the BEAC. For amounts over CFAF 100 million, requests for forward exchange contracts must be made to the BEAC so that their purpose may be verified.

**Official cover of forward operations** No.

**Referencess to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes.

**Controls on the use of domestic currency** No. Within the CEMAC, the CFA franc is used freely for payments and receipts relating to current and capital transactions and payments. Settlements with all countries other than CEMAC members must be made through correspondent banks in one of the currencies of the two parties or in any other currency agreed on by the two parties to the transaction.

**For current transactions and payments** No.

**For capital transactions** No.

**Transactions in capital and money market instruments** No.

**Transactions in derivatives and other instruments** No.

**Credit operations** No.

**Use of foreign exchange among residents** Yes. The monetary unit is the CFA franc, which is the sole official currency and legal tender in all CEMAC member countries. Consequently, transactions among residents must be settled in domestic currency.
Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. An operations account links all the countries with the French Treasury. All purchases and sales of foreign currencies and euros in exchange for CFA francs are ultimately settled by a debit or credit to the operations account. Governments may maintain foreign currency deposits related to oil reserves at commercial banks and use them to meet their external debt service obligations. Exchange regulations in the CEMAC member countries are harmonized.

Clearing agreements No.

Barter agreements and open accounts Yes.

Administration of control Yes. Administration of the foreign exchange regulations is the responsibility of the MOFs of the CEMAC countries, which may delegate all or a portion of their authority to the BEAC, the COBAC, and licensed intermediaries. For example, authority is delegated to licensed intermediaries to carry out transactions with the rest of the world. They must verify the validity of transactions, collect statistics, and report these activities to the monetary authorities. However, certain types of transactions may not be delegated. The BEAC supervises the exchange regulations; evaluates foreign exchange hedging operations; reviews requests for approval of opening of foreign exchange accounts by some resident legal entities; and monitors the repatriation of export proceeds. The COBAC ensures that licensed intermediaries comply with certain provisions of these regulations, especially to prevent weakening of the CEMAC banking system.

Payments arrears No. Licensed intermediaries may freely execute their customers’ payment orders. The related transfers may, at their request, be made through the BEAC. In this context, the MCA with France serves to guarantee the convertibility of the CFA franc. No payment arrears are allowed on the grounds that insufficient foreign exchange is available.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) Yes. CEMAC residents are free to hold, purchase, and sell gold in any form within the CEMAC.

On domestic ownership and/or trade Yes. Except in the case of manufactured articles containing small quantities of gold, CEMAC gold imports and exports are subject to approval by the appropriate authorities. The national treasuries and the BEAC are exempt from this requirement.

Controls on exports and imports of banknotes Yes. Residents and nonresidents traveling from one country to another within the CEMAC may take with them an unlimited amount of CEMAC banknotes and coins.

On exports Yes. CFA francs issued by the BEAC may not be exported to countries outside the CEMAC. However, effective March 1, 2019, departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000). During their trips outside the CEMAC,
Travelers must use payment instruments other than BEAC banknotes (foreign currency, traveler’s checks, bank drafts, transfers, etc.).

**Foreign currency**

<table>
<thead>
<tr>
<th>Yes.</th>
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</table>
| Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities. Nonresident travelers leaving the CEMAC may take with them foreign currency valued at up to the amount they declared on entering the CEMAC. If they made no declaration on entry or if they are carrying sums exceeding those they brought into the CEMAC, they must explain the source of the amount in excess of CFAF 1 million. Supporting documents include pay slips and work permits (wage income), student cards (parental assistance for students and trainees), and notarized instruments (donations), among others.

On imports

<table>
<thead>
<tr>
<th>Yes.</th>
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</table>
| Domestic currency

<table>
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<tr>
<th>Yes.</th>
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</thead>
</table>
| CFA francs issued by the BEAC may not be imported from countries outside the CEMAC. However, effective March 1, 2019, arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>
| Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

Foreign exchange accounts permitted

<table>
<thead>
<tr>
<th>Yes.</th>
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</table>
| Residents may not open foreign exchange accounts in local banks. However, the BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts.

Approval required

<table>
<thead>
<tr>
<th>Yes.</th>
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</thead>
</table>
| The BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts. Effective March 1, 2019, the authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

Held abroad

<table>
<thead>
<tr>
<th>Yes.</th>
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</thead>
</table>
| Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No.02/18/CEMAC/UMAC/CM effective March 1, 2019. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts were not explicitly regulated by law.

Approval required

<table>
<thead>
<tr>
<th>Yes.</th>
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</table>
| The BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019.

Accounts in domestic currency held abroad

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>
| Effective March 1, 2019, accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

Accounts in domestic currency

| No. |
convertible into foreign currency
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes. There are no restrictions on the opening of nonresident foreign exchange accounts within the CEMAC. Licensed intermediaries may open such accounts for any nonresident, on request, provided they inform the monetary authorities. Such accounts may not be overdrawn.

Approval required

No.

Domestic currency accounts

Yes. There are no restrictions on the opening of nonresident CFA franc accounts within the CEMAC. Licensed intermediaries may open such accounts for nonresidents, on request, provided they inform the monetary authorities. Such accounts may not be overdrawn.

Convertible into foreign currency

No.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No. The exchange regulations do not limit access to foreign exchange. Payments for imports must be made regularly through licensed intermediaries.

Financing requirements for imports

No. Economic agents may freely enter into commercial contracts with their partners abroad. These contracts are executed through the banking system, subject to compliance with the exchange regulations.

Minimum financing requirements

No. There are no financing requirements.

Advance payment requirements

No.

Advance import deposits

No.

Documentation requirements for release of foreign exchange for imports

Yes. For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license. Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents. Legally registered legal entities and declared or certified professionals may be exempt from the requirement to produce supporting documents, provided they submit an annual estimate of imports corroborated by a business forecast.

Domiciliation requirements

Yes. Imports valued at more than CFAF 5 million must be domiciled with a resident licensed intermediary.

Preshipment inspection

No. There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard.

Letters of credit

No. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Import licenses used as exchange licenses

No. Import licenses are not used in the CEMAC countries to restrict the availability of foreign exchange for legitimate trade, as defined in the Compilation Guide. When such licenses exist they are used for trade
policy purposes.

For import payments of less than CFA 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license (registration number, professional ID card, extract from the commercial registry, or tax clearance). Payments of more than CFA 100 million must be settled through a licensed intermediary, which must check the supporting documents. Effective March 1, 2019, legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

In general, CEMAC countries no longer use quantitative restrictions as a means of protecting local production. Merchandise originating from all countries may be freely imported, with the exception of gold, to which special regulations apply.

Imports of some products may be prohibited, restricted, or require national authorization for humanitarian, security, or health reasons.

There is no system of OGLs at the CEMAC level.

The CEMAC CET applies to imports from non-CEMAC countries, at four rates: 5% for staple goods, 10% for raw materials and capital goods, 20% for intermediate goods, and 30% for consumer goods. The taxes are imposed by the national customs administration in CFA francs at the merchandise point of entry.

Licensed intermediaries are responsible for withholding all taxes and related fees established by law and surrendering them to the monetary authority.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Export-related transactions must be reported to the appropriate administrative authorities, and all those exceeding CFA 5 million must be domiciled at a licensed CEMAC bank. Effective March 1, 2019, export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Effective March 1, 2019, export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

Economic agents and their partners abroad may enter freely into commercial contracts, which are executed through the banking system, subject to compliance with the exchange regulations. There are no financing requirements.

Transactions related to exports to non-CEMAC countries valued at more than CFA 5 million must be domiciled with a local licensed
bank. Each domiciliation file must contain an export contract, a foreign exchange declaration under which the exporter agrees to repatriate all export earnings within a month of the payment due date, and a customs export certificate duly signed by a customs officer.

Letters of credit

No. The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Guarantees

n.r.

Domiciliation

Yes. Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank.

Preshipment inspection

No. There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard.

Other

No.

Export licenses

No.

Without quotas

No.

With quotas

No.

Export taxes

Yes. Export taxes established by the budget laws are levied by the Customs Directorate or via licensed intermediaries.

Collected through the exchange system

Yes. Licensed intermediaries are responsible for withholding all taxes and fees established in the law and surrendering them to the monetary authority.

Other export taxes

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

Controls on these transfers

Yes.

Trade-related payments

Yes. There are no exchange restrictions on service-related transactions. Payments for such transactions are subject to the same requirements as the underlying commercial transactions.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.

Investment-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. There are no restrictions on transfers of capital income outside the CEMAC in the form of profits, dividends, interest, royalties, etc. payable to nonresidents, provided the underlying transaction was...
Payments for travel Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Indicative limits are established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Effective March 1, 2019, a single indicative threshold of CAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CAF 10 million for business, CAF 4-5 million for leisure, study, medical treatment, and official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Personal payments Yes. Transfers are unrestricted, on submission of supporting documentation.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Effective March 1, 2019, a single indicative limit of CAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CAF 10 million for business, CAF 4-5 million for leisure, study, medical treatment, official mission). However, all substantiated requests must be granted, regardless of the amount. Licensed intermediaries must serve their customers’ foreign currency needs, to the extent that funds are available to them, and check supporting documentation, including, as applicable, a valid travel document and ticket, a mission order, a health evacuation authorization, or a certificate of registration at a school or university, and report to the appropriate authorities.

Foreign workers’ wages Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. There are no restrictions on transfers by residents and nonresidents of income from wages, subject to a declaration for statistical purposes. On presentation of a pay slip, resident foreign wage earners may transfer a portion of their net remuneration.

Credit card use abroad Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. The use of credit cards is considered equivalent to a transfer and is not subject to specific regulations in the context of invisible transactions and current transfers. Residents may use credit cards
Other payments Yes. These are treated the same as trade-related payments.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes. Effective March 1, 2019, amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements Yes.

Surrender to the central bank Yes. Effective March 1, 2019, amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes. The exchange regulations, including the section on capital flows within the CEMAC, do not apply to transactions between CEMAC member countries. There are no restrictions on most capital flows between CEMAC and non-CEMAC countries, provided they comply with the laws and regulations prohibiting drug financing and trafficking. Certain loans, direct investments, and the issuance, advertisement, and sale of foreign securities within the CEMAC are subject to administrative controls and require approval from the appropriate authorities. Controls on these transactions are applied indiscriminately to countries in the CFA franc area, other than CEMAC member countries, and all non-CFA franc area countries. Moreover, Article 61 of the General Regulations of the Central African Financial Market Supervisory Commission (COSUMAF), which entered into effect January 15, 2009, specifies that “when a nonresident legal entity plans a public offering on the Central African regional financial market, it must prepare a disclosure document and submit it to COSUMAF for approval prior to dissemination. The prior approval of the exchange control authority in the various countries concerned must also be obtained.” The article also states that “the issuer must appoint a correspondent (securities dealer) established in a CEMAC member state, where it elects domicile. This correspondent must be responsible for: (1) receiving correspondence from COSUMAF and (2) forwarding to COSUMAF all documents and information required under the laws and
<table>
<thead>
<tr>
<th>Section</th>
<th>Verdict</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes</td>
<td>In the context of the centralization of foreign exchange reserves, effective March 1, 2019, foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>Yes</td>
<td>Effective March 1, 2019, amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>Yes</td>
<td></td>
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<tr>
<td>Surrender to authorized dealers</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes</td>
<td>The issuance, advertisement, and sale of foreign securities (shares and bonds issued by foreign enterprises) whose value exceeds CFAF 10 million are subject to MOF approval. Under CEMAC exchange regulations, transactions in capital market securities are treated in the same way as simple borrowing and lending operations, as opposed to direct investments, when the shares or equity held by the individual or legal entity represent less than 10% of the enterprise’s total equity. Borrowing and lending are not regulated by type of instrument or maturity.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. Effective March 1, 2019, prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes</td>
<td>Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 100 million.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 100 million.</td>
</tr>
</tbody>
</table>
amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.

| Purchase abroad by residents | Yes. | Banks may verify and make payment for purchases of securities by residents. Effective March 1, 2019, transactions must be declared 30 days before when the transaction is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval. |
| Sale or issue abroad by residents | Yes. | Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval. |
| On money market instruments | Yes. | Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval. |
| Purchase locally by nonresidents | Yes. | Banks may verify and make payment for purchases of money market instruments by nonresidents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval. |
| Sale or issue locally by nonresidents | Yes. | Effective March 1, 2019, the issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days. |
| Purchase abroad by residents | Yes. | Banks may verify and make payment abroad for purchases of money market instruments by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval. |
| Sale or issue abroad by residents | Yes. | Banks may verify and make payment abroad for the sale or issuance of securities by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval. |
| On collective investment securities | Yes. | Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval. |
| Purchase locally by nonresidents | Yes. | Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days. |
| Sale or issue locally by nonresidents | Yes. | Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days. |
| Purchase abroad by residents | Yes. | Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. |
Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Sale or issue abroad by residents Yes. Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval. Moreover, the provisions of Article 255 of the COSUMAF General Regulations specify that “the regulations governing the management of a collective investment fund and the articles of incorporation of an open-end investment company may, subject to COSUMAF prior approval, allow purchases and sales of securities on markets outside the CEMAC.”

Controls on derivatives and other instruments n.r. These instruments are not regulated.

Purchase locally by nonresidents n.r. There is no derivatives market in the CEMAC.

Sale or issue locally by nonresidents n.r. There is no derivatives market in the CEMAC.

Purchase abroad by residents No. Licensed banks are free to deal in derivatives, subject to compliance with the prudential rules issued by the Banking Commission, which is responsible for supervision of the banking system.

Sale or issue abroad by residents n.r. There is no derivatives market in the CEMAC.

Controls on credit operations Yes. There are no specific regulations on borrowing and lending by instrument type or by maturity.

Commercial credits Yes. Borrowing directly related to the financing of commercial transactions and borrowing and lending contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction.

By residents to nonresidents Yes. Banks may verify and then execute commercial credits granted to nonresidents, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case such credits must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

To residents from nonresidents No. Only banks are authorized to verify and then execute commercial credits received by residents, which they must declare to the appropriate MOF and BEAC departments within 30 days of each transaction.

Financial credits Yes. Loans contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Banks may verify and execute borrowing and lending transactions for their customers, as well as their repayment, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case they must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the
By residents to nonresidents

Yes.

To residents from nonresidents

Yes.

Guarantees, sureties, and financial backup facilities

n.r.

By residents to nonresidents

n.r.

To residents from nonresidents

n.r.

Controls on direct investment

Yes.

Outward direct investment

Yes. Effective March 1, 2019, outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance. Only licensed banks may verify and execute such transactions. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Inward direct investment

Yes. Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Controls on liquidation of direct investment

Yes. The total or partial liquidation of CEMAC countries’ outward (and inward) direct investment in amounts exceeding CFAF 100 million must be reported to the MOF 30 days before execution.

Controls on real estate transactions

Yes. This category of transaction is not subject to specific regulations. It is implicitly subject to the same regulations as FDI.

Purchase abroad by residents

Yes. Outward direct investment by CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Purchase locally by nonresidents

Yes. Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions.
Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

Sale locally by nonresidents  
n.r.

Controls on personal capital transactions  
Yes.

Loans  
Yes.

By residents to nonresidents  
Yes.  Residents may grant loans to nonresidents, as long as the total outstanding amount does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

To residents from nonresidents  
Yes.  Residents may contract loans from nonresidents, provided a single borrower’s total outstanding debt does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

Gifts, endowments, inheritances, and legacies  
Yes.  All receipts from abroad related to gifts must be reported to the appropriate administrative authorities and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

By residents to nonresidents  
n.r.

To residents from nonresidents  
Yes.

Settlement of debts abroad by immigrants  
Yes.  Residents’ settlement of debts abroad of up to CFAF 100 million must be reported to the MOF and the BEAC within 30 days of the transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

Transfer of assets  
n.r.

Transfer abroad by emigrants  
n.r.

Transfer into the country by immigrants  
n.r.

Transfer of gambling and prize earnings  
n.r.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector  

Provisions specific to commercial banks and other credit institutions  
Yes.  Banks’ capital transactions must be reported after their execution. The business and accounting regulations applicable in the banking sector are based on the application of the COBAC regulations and instructions.

Borrowing abroad  
No.  Borrowing by resident licensed banks from nonresidents and repayment of such loans are not subject to prior approval, but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.

Maintenance of accounts abroad  
No.  Licensed banks may, without prior approval, open accounts with...
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
<td>Their correspondent banks abroad for their business purposes. Such accounts are monitored by the COBAC in the context of its supervision of the banking system. Lending by resident licensed banks to nonresidents and repayment of such loans are not subject to approval but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
<td>Transactions between residents must be effected in domestic currency. Residents may purchase foreign currency for the settlement of their transactions with nonresidents.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
<td>Securities issued within the CEMAC are denominated in domestic currency. The books of licensed banks are maintained in CFA francs. No specific requirements apply to foreign currency deposit accounts.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
<td>No specific requirements apply to these accounts.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td>Investment operations of licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Moreover, these transactions must be executed in compliance with the COBAC prudential rules.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
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<tr>
<td>Investment regulations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
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</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
<td>In the exchange regulations, the applicable provisions are the same as those for borrowing and lending by the private sector. Insurance companies' capital transactions must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for the insurance sector are based on the Code of the Inter-African Conference on Insurance Markets (CIMA Code) of the CFA franc area member countries.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
<td></td>
</tr>
</tbody>
</table>
The capital transactions of investment firms and collective investment funds must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for this sector are based on the regulations and instructions of the COSUMAF.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax.

For foreign banknotes and traveler’s checks, a fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks.

Arrangements for Payments and Receipts

Departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

Resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the
customs authorities.

**On imports**

*Domestic currency* 03/01/2019
Arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

*Foreign currency* 03/01/2019
Resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, and instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

**Resident Accounts**

**Foreign exchange accounts permitted**

*Held domestically* 03/01/2019
The authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

*Held abroad* 03/01/2019
Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No.02/18/CEMAC/UMAC/CM. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

**Accounts in domestic currency held abroad** 03/01/2019
Accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

**Imports and Import Payments**

**Documentation requirements for release of foreign exchange for imports**

*Other* 03/01/2019
Legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.

**Exports and Export Proceeds**

**Repatriation requirements** 03/01/2019
Export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

**Surrender requirements**

*Surrender to the central bank* 03/01/2019
Export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

**Payments for travel**

*Indicative limits/bona fide test* 03/01/2019
A single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds are set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, and official mission).
Indicative limits/bona fide test 03/01/2019  A single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4.5 million for leisure, study, medical treatment, official mission).

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements 03/01/2019  Amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Surrender requirements

Surrender to the central bank 03/01/2019  Amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Capital Transactions

Controls on capital transactions

Repatriation requirements 03/01/2019  Foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

Surrender requirements

Surrender to the central bank 03/01/2019  Amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 03/01/2019  Transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

Sale or issue locally by nonresidents 03/01/2019  The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

Purchase abroad by residents 03/01/2019  Transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.

Sale or issue abroad by residents 03/01/2019  Prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

Bonds or other debt securities

Sale or issue locally by nonresidents 03/01/2019  The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

Purchase abroad by residents 03/01/2019  Transactions must be declared 30 days before the transaction is no more than CFAF 20 million. Above this amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.
**On money market instruments**

**Purchase locally by nonresidents**  
03/01/2019  
Transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

**Sale or issue locally by nonresidents**  
03/01/2019  
The issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

**Purchase abroad by residents**  
03/01/2019  
Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval.

**Sale or issue abroad by residents**  
03/01/2019  
Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.

**On collective investment securities**

**Sale or issue locally by nonresidents**  
03/01/2019  
The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).

**Purchase abroad by residents**  
03/01/2019  
Transactions must be declared to the CB 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeded CFAF 100 million, the transaction is subject to the MOF and BEAC approval.

**Controls on direct investment**

**Outward direct investment**  
03/01/2019  
Outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance.
ERITREA  
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership  

Article VIII  
Yes.

Article XIV  
Yes.

Exchange Measures

Restrictions and/or multiple currency practices  
n.a.  
Information is not publicly available.

Exchange measures imposed for security reasons  
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)  
No.

Other security restrictions  
No.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency  
Yes.  
The currency of Eritrea is the Eritrean nakfa.

Other legal tender  
No.

Exchange rate structure

Unitary

Dual  
Yes.  
Since the conversion of the national currency in 2016, the parallel market rate is much closer to the official rate. Because the black market rate is prohibited, the exchange rate is unknown but not far from the official rate.

Multiple

Classification

No separate legal tender

Currency board

Conventional peg  
Yes.  
The exchange rate arrangement is a conventional pegged arrangement. Directive 1/2005 on the Unified Exchange Rate is the legal document that establishes the fixed exchange rate arrangement.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement
The nakfa is pegged to the US dollar, and since December 2016, the buying and selling rates for USD are ERN 15 and ERN 15.15, respectively. This rate is used for accounting and valuation. The BE is authorized to change the exchange rate arrangement.

The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.
**Other Accountability**

Open letter

Parliamentary hearings

Other

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange tax</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The BE prescribes a 0.5% commission on sales and a 0.25% commission on purchases of foreign exchange, except for banknote transactions. ADs are permitted, but not required, to levy an additional service charge of up to 0.25% for buying and 0.75% for selling foreign exchange on their own account.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange subsidy</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange subsidy</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign exchange market</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>ADs conducting transactions in the foreign exchange market are to apply the official exchange rate of ERN 15 per US dollar. Only one foreign exchange bureau (Himbol Financial Services, which has branches throughout the country) is authorized to engage in foreign exchange operations. The parallel market premium is informally reported to be about 160%, but the size of the parallel market is unknown.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spot exchange market</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spot exchange market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>One exchange bureau (Himbol Financial Services) is licensed to deal in foreign exchange with the public in addition to the commercial banks. Its operations are limited to purchases and sales of banknotes. Since 2003, the Ministry of Trade and Industry (MTI) has been authorized to grant licenses.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operated by the central bank</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The BE buys and sells dollars for nakfa at the request of ADs (commercial banks and exchange bureaus) and the government at the official rate without a margin or commission.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign exchange standing facility</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange standing facility</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The FEC, a government-appointed committee, which includes the governor of the BE, is in charge of allocating foreign exchange across sectors. Essential commodity imports are given priority access to foreign currency.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allocation</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Auction</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Fixing</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Interbank market</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interbank market</strong></td>
<td>No.</td>
</tr>
<tr>
<td>There is no interbank foreign exchange market.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Brokerage</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Market making</th>
<th>No.</th>
</tr>
</thead>
</table>

| Forward exchange market | No. |
**Official cover of forward operations**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td><strong>For current transactions and payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>For capital transactions</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Use of foreign exchange among residents**  Yes.  Unless the BE specifically authorizes payment in foreign currency, all payments relating to commercial transactions and contracts in Eritrea may only be made in nakfa.

**Payments arrangements**  Yes.

**Bilateral payments arrangements**  No.

**Operative**  No.

**Inoperative**  No.

**Regional arrangements**  Yes.  Eritrea is a member of COMESA.

**Clearing agreements**  Yes.  A clearing arrangement operates among the members of COMESA.

**Barter agreements and open accounts**  No.

**Administration of control**  Yes.  The BE oversees foreign exchange transactions of ADs and issues regulations, directives, and instructions on foreign exchange matters. The MTI regulates foreign investment and licenses importers, exporters, and commercial agents. The Asmara Chamber of Commerce issues certificates of origin for exports.

**Payments arrears**  Yes.

**Official**  Yes.  Some technical arrears have arisen in connection with loans from two governments.

**Private**  Yes.  There are arrears on overdue bonds. The arrears are the result of a lack of foreign exchange or private default.

**Controls on trade in gold (coins and/or bullion)**  Yes.

**On domestic ownership and/or trade**  Yes.  Authorization from the Ministry of Energy and Mines is required for ownership or possession of gold or other precious metals or ores. Residents may own gold jewelry without restriction.

**On external trade**  Yes.

**Controls on exports and imports of banknotes**  Yes.

**On exports**  Yes.

**Domestic currency**  Yes.  Travelers are not allowed to take out of the country domestic
<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td></td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Resident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Nonresident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

| Foreign exchange budget          | No.  |
**Financing requirements for imports** Yes. Most imports financed with official foreign exchange are effected under LCs or on a cash-against-documents basis.

Minimum financing requirements No. 
Advance payment requirements No. 
Advance import deposits Yes. These are required only for imports under LCs. 

**Documentation requirements for release of foreign exchange for imports** Yes. Importers must obtain a permit from the MTI for each import shipment. 
Domiciliation requirements No. 
Preshipment inspection Yes. 
Letters of credit Yes. 
Import licenses used as exchange licenses Yes. Import permits are required to obtain foreign exchange from commercial banks. 
Other No. 

**Import licenses and other nontariff measures** Yes. Franco-valuta imports (imports that do not require official foreign exchange and are not aid funded) are prohibited. 
Positive list No. 
Negative list Yes. 
Open general licenses Yes. All importers must have a valid trade license issued by the MTI. Each import shipment requires its own permit. 
Licenses with quotas No. 
Other nontariff measures No. 

**Import taxes and/or tariffs** Yes. 
Taxes collected through the exchange system No. 

**State import monopoly** Yes. Imports of military materials, including weapons and armaments, are conducted only by the state. 

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements** Yes. Export proceeds must be repatriated within 90 days of shipment; this deadline may be extended by 90 days. 
Surrender requirements Yes. 
Surrender to the central bank No. 
Surrender to authorized dealers Yes. Export proceeds must be surrendered to ADs. 

**Financing requirements** Yes. Exports may be made under LCs on an advance-payment or consignment basis. 

**Documentation requirements** Yes. Exports require documentation. Certain commodities require clearance from specific government bodies (for example, the Eritrean Standards Institution (EŚI)). In particular, exports of livestock and cereals require permission from the Ministry of Agriculture, and those of marine products require permission from the Ministry of Marine Resources. 
Letters of credit Yes.
<table>
<thead>
<tr>
<th>Guarantee</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
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<td>Payments for travel</td>
<td>Yes.</td>
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<td>Prior approval</td>
<td>Yes.</td>
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<td>Quantitative limits</td>
<td>Yes.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
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<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Remittance and exchange of foreign currencies in Eritrea may be effected only through Eritrean banks and other service-providing financial institutions authorized by the BE.

Local subsidiaries of foreign companies may only convert and remit their net income abroad with FEC authorization.

Residents may take US$150 a day or its equivalent out of the country for foreign travel.

Foreign currency held in a foreign exchange account may be used for personal payments.

Controls apply to a certain percentage of foreign workers’ monthly
salary.

Prior approval

Quantitative limits

Indicative limits/bona fide test

Credit card use abroad

Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

References to legal instruments and hyperlinks

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

Companies with foreign exchange earnings (for example, airlines, hotels) may not remit their earnings except with FEC authorization.

All proceeds from invisible transactions must be surrendered to ADs.

Remittance of proceeds from investment in Eritrean free zones, as specified in Proclamation No. 115/2000, and proceeds from foreign financial special investments, as specified under the Foreign Financial Special Investments Proclamation No. 159/2007, is allowed.

Residents obtaining foreign exchange proceeds from capital transactions must surrender the foreign currency to the BE or an AD or deposit it in a foreign exchange account with an AD.
### ERITREA

<table>
<thead>
<tr>
<th>Capital Market Securities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

ADs may acquire securities with BE approval.

Derivatives and other similar instruments are currently not available in Eritrea.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>ERITREA</th>
<th>notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>ADs may borrow abroad and overdraw their correspondent accounts abroad.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Domestic retail and wholesale trade and import and commission agencies are open to foreign investors only if Erithrea has a bilateral agreement of reciprocity with the resident country of the investor; this condition may be waived by the government. Approved investments and their subsequent expansion are exempt from customs duty, and capital goods and spare parts associated with the investment are exempt from sales taxes. There are no exemptions from income taxes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**
### Provisions specific to commercial banks and other credit institutions

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Reserve requirements

There is no reserve requirement on foreign currency deposits (but domestic demand, time, and savings deposits are subject to a 10% reserve requirement).

#### Liquid asset requirements

There are liquid asset requirements on deposits.

#### Interest rate controls

No.

#### Credit controls

No.

#### Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>n.a.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

#### Investment regulations

No.

#### Abroad by banks

No.

#### In banks by nonresidents

No.

#### Open foreign exchange position limits

Yes.

#### On resident assets and liabilities

Yes.

#### On nonresident assets and liabilities

No.

### Provisions specific to institutional investors

#### Insurance companies

n.a.

#### Limits (max.) on securities issued by nonresidents

n.a.

#### Limits (max.) on investment portfolio held abroad

n.a.

#### Limits (min.) on investment portfolio held locally

n.a.

#### Currency-matching regulations on assets/liabilities composition

n.a.

#### Pension funds

n.a.

#### Limits (max.) on securities issued by nonresidents

n.a.
### ERITREA

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
ESTONIA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>May 26, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: August 15, 1994.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
<th>No restrictions as reported in the latest IMF staff report as of December 31, 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
<td>Estonia applies international security restrictions in accordance with the CFSP of the EU.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
<td>Estonia applies all sanctions and restrictive measures that have been adopted by the UNSC and the EC. In accordance with EU Council regulations, certain restrictions are maintained on payments and transfers for current international transactions. These restrictions include prohibition to satisfy certain claims with respect to: Afghanistan; Belarus; Burundi; Central African Republic; Democratic Republic of the Congo; Egypt; Eritrea; Guinea (Conakry); Guinea-Bissau; the Islamic Republic of Iran; Iraq; Democratic People's Republic of Korea; Libya; Russia; Somalia; South Sudan; Sudan; Syria; Tunisia; Ukraine; Yemen; Zimbabwe; persons and entities associated with Al-Qaida and ISIL (Da'esh); and certain other persons, groups, and entities, with a view to combating terrorism.</td>
</tr>
</tbody>
</table>

Other security restrictions | No. |

References to legal instruments and hyperlinks

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Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
<th>The currency of Estonia is the euro.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
<tr>
<td>Stabilized arrangement</td>
</tr>
</tbody>
</table>

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

INTERNATIONAL MONETARY FUND

1271

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Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement

Floating
Free floating

Yes. The exchange rate arrangement of the euro area is free floating. Estonia participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate

Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 2:15 p.m. Central European Time. The publication time of the euro foreign exchange reference rates (ECB reference rates) is around 4:00 p.m. Central European Time. The reference rate against the euro is the average of the buying and selling rates. The publication regime aims to reinforce the distinction between exchange rate fixings used as benchmarks for transaction purposes and the ECB reference rates that are published for information purposes only.

Monetary policy framework
Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework
Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number
To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term. For the BOE, the price stability as the primary objective is set down by the BOE Act, Section 2(1).

Transactions in convertible currencies are effected by commercial banks, which are free to quote their own exchange rates. According to the Money Laundering and Terrorism Financing Prevention Act (MLTFPA), foreign exchange bureaus are required to have authorization by the FIU, an independent structural unit of the Police and Border Guard Board. Foreign exchange bureaus are supervised by the FIU.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.

*Interbank market*  Yes.
Over the counter  Yes.
Brokerage  No.
Market making  No.

Forward exchange market  Yes. Forward transactions are used, but the market is more active for swap transactions. The BOE does not participate in the forward foreign exchange market.

*Official cover of forward operations*  No.

*References to legal instruments and hyperlinks*  This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**  No.

Controls on the use of domestic currency  No.

*For current transactions and payments*  No.

*For capital transactions*  No.

Transactions in capital and money market instruments  No.

Transactions in derivatives and other instruments  No.

Credit operations  No.

Use of foreign exchange among residents  No.

**Payments arrangements**  Yes.

Bilateral payments arrangements  Yes.

*Operative*  No.

*Inoperative*  Yes. Estonia has bilateral agreements with Armenia, Azerbaijan, Belarus, Kazakhstan, the Kyrgyz Republic, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. Euro balances held by the CBs of these countries in their correspondent accounts are fully convertible without delay. No swing credits or overdraft facilities are provided by these arrangements. These agreements were concluded at the end of the Union of Soviet Socialist Republics as an ad hoc measure, to regulate bilateral obligations with the former Soviet Republics after the demise of the central authority. For now, all these agreements have been inoperative for a very long time.

Regional arrangements  No.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>The BOE issues and enforces foreign exchange regulations.</td>
<td></td>
</tr>
<tr>
<td>The MOF controls and monitors imports and exports.</td>
<td></td>
</tr>
<tr>
<td>Providers of currency exchange services and companies</td>
<td></td>
</tr>
<tr>
<td>trading in precious metals are required to register and</td>
<td></td>
</tr>
<tr>
<td>have authorization by the FIU, an independent structural</td>
<td></td>
</tr>
<tr>
<td>unit of the Police and Border Guard Board. And they are</td>
<td></td>
</tr>
<tr>
<td>supervised by the FIU.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are some unsettled balances with Russia and certain</td>
<td></td>
</tr>
<tr>
<td>other CIS countries that originated in the early 1990s.</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>Yes.</td>
</tr>
<tr>
<td>All settlement issues with Russia pertain to official debt.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Registration with the Ministry of Economic Affairs and</td>
<td></td>
</tr>
<tr>
<td>Communications is required before companies may trade in</td>
<td></td>
</tr>
<tr>
<td>precious metals (including gold).</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports and imports of gold are subject to registration</td>
<td></td>
</tr>
<tr>
<td>requirements administered by the Ministry of Economic</td>
<td></td>
</tr>
<tr>
<td>Affairs and Communications.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with Regulation (EC) No. 1889/2005, cash</td>
<td></td>
</tr>
<tr>
<td>controls have been implemented based on a mandatory</td>
<td></td>
</tr>
<tr>
<td>declaration system for amounts of cash entering or leaving</td>
<td></td>
</tr>
<tr>
<td>the EU with a value of €10,000 or more. Travelers entering</td>
<td></td>
</tr>
<tr>
<td>or leaving the EU and carrying more than €10,000 are</td>
<td></td>
</tr>
<tr>
<td>required to make a declaration to the relevant authorities</td>
<td></td>
</tr>
<tr>
<td>of the member country through which they enter or leave</td>
<td></td>
</tr>
<tr>
<td>the EU. The authorities must keep a record of such</td>
<td></td>
</tr>
<tr>
<td>information and report it to their national FIU. The</td>
<td></td>
</tr>
<tr>
<td>obligation to declare is not fulfilled if the traveler</td>
<td></td>
</tr>
<tr>
<td>makes no declaration or if the information provided is</td>
<td></td>
</tr>
<tr>
<td>incorrect or incomplete. To check compliance with the</td>
<td></td>
</tr>
<tr>
<td>regulation, the national authorities have the right to</td>
<td></td>
</tr>
<tr>
<td>search natural persons, their baggage, and their means of</td>
<td></td>
</tr>
<tr>
<td>transportation. In the event of failure to comply with</td>
<td></td>
</tr>
<tr>
<td>the declaration obligation, cash may be confiscated. The</td>
<td></td>
</tr>
<tr>
<td>EU regulation requires member countries to impose penalties</td>
<td></td>
</tr>
<tr>
<td>for failure to comply with the declaration obligation. If</td>
<td></td>
</tr>
<tr>
<td>there are indications that cash is related to illegal</td>
<td></td>
</tr>
<tr>
<td>activity, authorities of one member country may exchange</td>
<td></td>
</tr>
<tr>
<td>information with authorities in other member countries.</td>
<td></td>
</tr>
<tr>
<td>Under the framework of existing agreements on mutual</td>
<td></td>
</tr>
<tr>
<td>administrative assistance, information obtained under the</td>
<td></td>
</tr>
<tr>
<td>EU regulation may also be communicated to a third country</td>
<td></td>
</tr>
<tr>
<td>in compliance with relevant national and EU provisions on</td>
<td></td>
</tr>
<tr>
<td>the transfer of personal data to third countries. The EU</td>
<td></td>
</tr>
<tr>
<td>regulation does not apply to physical cross-border</td>
<td></td>
</tr>
<tr>
<td>transportation from one EU member country to another (that</td>
<td></td>
</tr>
<tr>
<td>is, intra-EU transportation). Such transportation is not</td>
<td></td>
</tr>
<tr>
<td>considered “cross-border” for the purposes of the EU</td>
<td></td>
</tr>
<tr>
<td>regulation; the EU regulation only harmonizes the system</td>
<td></td>
</tr>
<tr>
<td>for the EU’s external borders.</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with Regulation (EC) No. 1889/2005, cash</td>
<td></td>
</tr>
<tr>
<td>controls have been implemented based on a mandatory</td>
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</tr>
<tr>
<td>declaration system for amounts of cash entering or leaving</td>
<td></td>
</tr>
<tr>
<td>the EU with a value of €10,000 or more.</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with Regulation (EC) No. 1889/2005, cash</td>
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</tr>
<tr>
<td>controls have been implemented based on a mandatory</td>
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<td>declaration system for amounts of cash entering or leaving</td>
<td></td>
</tr>
<tr>
<td>the EU with a value of €10,000 or more.</td>
<td></td>
</tr>
</tbody>
</table>
amounts of cash entering or leaving the EU with a value of €10,000 or more.

**On imports**

*Domestic currency* No. In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more.

*Foreign currency* No. In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted** Yes. Foreign exchange accounts are permitted according to banks’ own terms and conditions of current account agreements. The principal currency is the euro, unless specified otherwise by the client in the agreement. Clients may change the principal currency. Only currency quoted by the bank may be held in the account. Clients must specify the currencies to be held in the account in the agreement, and they may change the currencies during the term of the agreement. The procedure for fulfillment of payment transactions in foreign currencies is in the bank’s settlement terms and conditions.

**Held domestically** Yes. Commercial banks in Estonia may open correspondent accounts with commercial banks worldwide, including in Russia and other CIS countries. Restrictions according to the MLTFPA apply.

**Approval required** No.

**Held abroad** Yes. Accounts in domestic currency held abroad

**Approval required** No.

*Accounts in domestic currency convertible into foreign currency* Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Approval required** No.

**Domestic currency accounts** Yes.

**Convertible into foreign currency** Yes.

**Approval required** No.

**Blocked accounts** Yes. In the event of suspicion of money laundering or terrorism financing, the FIU may issue an instruction to suspend transactions for up to 30 days after the percept is issued and impose restrictions on disposal of the proceeds of an account or other property constituting the object of the transaction, professional operation, or professional service or other suspect assets or property (MLTFPA, Section 57(1)). Within the term specified in this section of the MLTFPA, transactions may take
place or restriction of disposal of an account or other property may be waived only with written consent of the FIU. During the restriction period, the credit institution or financial institution may not execute any account debit requests by the account holder. In addition to the provisions of this section of the MLTFPA, the FIU may, on the basis of an instruction, restrict the use of property for up to 60 days if (1) during verification of the origin of the property there is suspicion of money laundering and the owner or possessor of the property fails to submit evidence certifying a legal origin of the property to the FIU within 30 days of the suspension of the transaction or as of the imposition of restrictions or (2) the property is suspected to be used for terrorism financing. The Tax and Customs Board may block accounts used to enable illegal gambling through issuance of an order to the relevant bank instructing it to block the account and freeze the assets. The Tax and Customs Board specifies a period during which anyone who has transferred funds to this account may apply for a refund. The application must be accompanied by evidence (proof of transaction). After investigation, but no more than 30 days later, the Tax and Customs Board decides whether the application is substantiated and the refund should be granted. Seizure of any assets held in an account with a credit or financial institution means imposition of such restrictions on the use of the account during which the credit institution or financial institution does not comply with any account debiting instructions to the extent of the assets seized.

The International Sanctions Act (2020) regulates the internal imposition, implementation, and supervision of international sanctions of the UN, EU, other international organizations, and the Estonian government. It imposes obligations, including to block accounts and notify the FIU of possible international financial sanctions. International sanctions are imposed with regard to a state, territory, territorial unit, regime, organization, association, group or person by a resolution of the UNSC, a decision of the EC or any other legislation imposing obligations on Estonia. International sanctions imposed by a resolution of the UNSC must be implemented with regard to the subjects of the international sanctions listed by the committee established on the basis of the resolution until the regulation of the EC is updated or adopted.

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange budget</strong></td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
</tr>
</tbody>
</table>
Import licenses used as exchange licenses

No.

Other

No.

Import licenses and other nontariff measures

Yes.

Positive list

No.

Negative list

No.

Open general licenses

Yes. OGLs are required for alcohol, nonanimal food, fuel and energy, precious metal products, and tobacco.

Licenses with quotas

Yes. Licenses or special permits are required to import explosives, weapons and ammunition, plants, seeds, rare species of animals and plants, goods subject to veterinary and phytosanitary controls, certain nonanimal food products, fertilizers, narcotics and psychotropic substances and their precursors, strategic goods, radioactive materials, products that deplete the ozone layer, and waste products.

Other nontariff measures

Yes. The importation of certain dangerous chemicals, waste products, goods that infringe on intellectual property rights, and goods harmful to human welfare is prohibited.

Import taxes and/or tariffs

Yes. Import taxes include customs duties and national taxes on goods (regulated by the Tax Act). Imported goods are subject to VAT (with a standard rate of 20%) and excise duties that are levied on specific products, such as tobacco, alcohol, energy products, electricity, and packaging materials. Similar taxes are levied on domestically produced goods. Almost all excise duty rates are above the EU minimum rates. Customs duties are established in accordance with EU regulations.

Taxes collected through the exchange system

No.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Financing requirements

No.

Documentation requirements

No.

Letters of credit

No.

Guarantees

No.

Domiciliation

No.

Preshipment inspection

No.

Other

No.

Export licenses

Yes. The exportation of certain dangerous chemicals, waste products,
goods that infringe on intellectual property rights, and goods harmful to human welfare is prohibited.

Licenses or special permits are required for alcohol, items of cultural value, medicinal products, weapons and ammunition, explosives, rare species of plants and animals and hunting trophies, goods subject to veterinary and phytosanitary controls, narcotic drugs and psychotropic substances and their precursors, strategic goods, radioactive substances, weapons of mass destruction and their precursors, and waste products.

Without quotas

Yes.

Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.

With quotas

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

No.

Trade-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Investment-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Payments for travel

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Personal payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Foreign workers' wages

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.
Credit card use abroad

Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

Bonds or other debt securities

Controls apply only to the purchase of shares and other securities of a participating nature, which may be affected by the laws on inward direct investment and establishment.
<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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<tr>
<td>Purchase abroad by residents</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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<tr>
<td>Purchase abroad by residents</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls apply only to the extent that UCITS may invest in covered bonds that are issued by a non-EU credit institution—up to 10%, and up to 25% of those issued by EU credit institutions.
Inward direct investment | Yes.  
For nonresidents, controls apply to (1) the acquisition of agricultural land and forestland and real estate on Estonia’s islands (except the four largest) and in seven territorial units bordering Russia. The reservation on the acquisition of agricultural land and forest ceased to apply May 31, 2011; (2) majority ownership of an Estonian flag maritime vessel by non-EU residents, except through a company established in Estonia; (3) majority ownership of an airline by non-EU residents; (4) the extent that under EU Directive 2009/65/EC (former Directive 85/611/EEC), a depository of a UCITS must either have its registered office or be established in the UCITS home member country (EU country).

Controls on liquidation of direct investment | No.

Controls on real estate transactions | Yes.  
Regulations on the purchase and sale of land are harmonized with EU regulations.

Purchase abroad by residents | No.

Purchase locally by nonresidents | Yes.  
Ownership of large parcels of agricultural land and forestland (exceeding ten hectares) may be transferred to foreigners and foreign legal entities only with the permission of the relevant local government unit. Foreigners, foreign entities, and foreign countries may not acquire real estate on islands (except the four largest) or in seven territorial units bordering Russia. EEA nationals and OECD residents are not subject to restrictions. EEA and OECD legal entities may own up to 10 hectares without restriction. If they wish to purchase more than 10 hectares, they must have been active in farming or forestry for at least three consecutive years. Persons from third countries must apply for permission from the relevant local government unit.

Sale locally by nonresidents | No.

Controls on personal capital transactions | Yes.

Loans | No.

By residents to nonresidents | No.

To residents from nonresidents | No.

Gifts, endowments, inheritances, and legacies | Yes.  
Controls apply to the transfer of real estate as a gift.

By residents to nonresidents | Yes.

To residents from nonresidents | No.

Settlement of debts abroad by immigrants | No.

Transfer of assets | No.

Transfer abroad by emigrants | No.

Transfer into the country by immigrants | No.

Transfer of gambling and prize earnings | No.

References to legal instruments and hyperlinks |  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector
### Provisions specific to commercial banks and other credit institutions

Yes. EU legislation applies (Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 text with EEA relevance). There is no differentiation on the basis of currency or residence. For example, interest rate restriction (annual percentage rate restriction for consumer credits) applies to all consumer credit contracts. Also, credit institutions have liquidity requirements, which do not depend on currency.

### Borrowing abroad

No. There is no restriction on borrowing from abroad.

### Maintenance of accounts abroad

No. Commercial banks may open correspondent accounts with commercial banks worldwide, including in Russia and other CIS countries. Restrictions according to the MLTFPA apply.

### Lending to nonresidents (financial or commercial credits)

No. Regulations regarding lending do not differentiate on the basis of nonresidents and residents. Regulations covering lending provisions are the same for all.

### Lending locally in foreign exchange

No. There is no restriction on currencies. Contracting parties can agree between themselves as to which is the contract currency.

### Purchase of locally issued securities denominated in foreign exchange

No. There is no restriction for purchasing locally issued securities denominated in foreign exchange.

### Differential treatment of deposit accounts in foreign exchange

- **Reserve requirements**
  - No.
- **Liquid asset requirements**
  - No.
- **Interest rate controls**
  - No.
- **Credit controls**
  - No.

### Differential treatment of deposit accounts held by nonresidents

Yes. Reserve requirements are governed by Regulation (EC) No. 1745/2003 of the ECB of September 12, 2003, amended by Regulation (EU) No. 1358/2011 of the ECB of December 14, 2011, on minimum reserves. Accordingly, the following reserve ratios apply: 1% for liabilities with maturities of less than two years and 0% for liabilities with maturities of more than two years.

- **Reserve requirements**
  - Yes.
- **Liquid asset requirements**
  - No.
- **Interest rate controls**
  - No.
- **Credit controls**
  - No.

### Investment regulations

No. There is no investment restriction in national-level legislation.

### Abroad by banks

No.

### In banks by nonresidents

No.

### Open foreign exchange position limits

Yes. Article 351 of the CRR (EU) No. 575/2013 applies to credit institutions and investment firms.

### On resident assets and liabilities

Yes.

### On nonresident assets and liabilities

Yes.

### Provisions specific to institutional investors

Yes.

### Insurance companies

No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
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<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

According to the EU legislation (Directive 2009/138/EC of the European Parliament and of the Council of November 25, 2009, on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II)), prudent person principle applies and there is no differential treatment of securities issued by nonresidents or residents.

EU legislation applies. There are no specific limits on investment portfolios held abroad just as there are no limits on investment portfolios held locally.

There are no currency-matching regulations on the composition of assets and liabilities.

A pension fund may invest up to 100% of its assets in foreign securities traded in regulated markets of Estonia or other countries, as specified in the fund rules. Pension funds may also invest their assets in money market instruments and units or shares of funds that are not traded in regulated markets. The investment portfolio must be diversified. Assets of a conservative pension fund (mandatory pension fund) may be invested in bonds (1) with at least an investment grade rating from a rating agency registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council on credit rating agencies (OJ L 302, November 17, 2009, pp. 1–31—hereinafter in this section “rating agency”); (2) whose issuer has at least an investment grade rating from a rating agency, if the bonds have no rating; (3) whose issuer, if the parent company is a credit institution, has at least an investment grade rating from a rating agency, if the bonds and their credit institution issuer have no credit rating; and (4) guaranteed by a contracting country or an OECD member with at least an investment grade rating from a rating agency. If the specified rating agencies have issued different credit ratings, the management company must take the lowest current credit rating into consideration. Up to 10% of the market value of the assets of a conservative pension fund may also be invested in unrated securities issued by a company of a contracting country or an OECD member or by a company in which a public sector entity of such a country has a majority holding or that is under the dominant influence of a public sector entity of such a country, if the country has at least an investment grade credit rating from a rating agency and the company meets at least one of the requirements specified in Subsection 91(2) of the Authorized Public Accountants Act. At least 50% of the bond investments in complying with the above-mentioned requirements must be rated no lower than A2 (Moody’s) or its equivalent or P-1 (Moody’s) or its equivalent.

The total net position of investments in securities denominated in foreign currency may not exceed 25% of assets of the fund for a conservative pension fund. The ceiling is 50% for other mandatory funds.

Conservative pension funds’ overall net open position of investments in securities denominated in foreign exchange may not exceed 25% of the assets of a conservative pension fund. The ceiling is 50% for other mandatory funds.
**Limits (max.) on securities issued by nonresidents**

Yes. All investment funds may invest up to 100% of their assets in foreign securities. In general, the assets of UCITS and other open-end public funds must be invested in securities that are freely transferable and traded in regulated markets of Estonia and EEA members or other countries, as specified in the fund rules. As a general rule, no more than 10% of investment fund assets may be invested in transferable securities (including covered bonds) issued by the same body. However, UCITS may invest up to 25% of their assets in covered bonds of a single body if the bonds are issued by an EU credit institution.

**Limits (max.) on investment portfolio held abroad**

No.

**Limits (min.) on investment portfolio held locally**

No.

**Currency-matching regulations on assets/liabilities composition**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
### KINGDOM OF ESWATINI

*(Position as of June 30, 2020)*

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 22, 1969.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: December 11, 1989.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

#### Exchange Measures

- **Restrictions and/or multiple currency practices**: No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.
- **Exchange measures imposed for security reasons**: No.
- **In accordance with IMF Executive Board Decision No. 144-(52/51)**: No.
- **Other security restrictions**: No.
- **References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Eswatini is the Eswatini lilangeni.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>Yes. The South African rand is also official legal tender.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

- **Unitary**: Yes.
- **Dual**
- **Multiple**

#### Classification

- **No separate legal tender**
- **Currency board**
- **Conventional peg**: Yes. The de jure exchange rate arrangement is a conventional pegged arrangement vis-à-vis the rand. The Central Bank of Eswatini (CBE) (Swaziland) Order of 1974 is the legal document that establishes the fixed exchange rate arrangement.

- **Stabilized arrangement**
- **Crawling peg**
- **Crawl-like arrangement**
- **Pegged exchange rate within horizontal bands**
- **Other managed arrangement**
- **Floating**
Free floating

**Official exchange rate**

- **Yes.** The lilangeni is pegged to the rand at par. Exchange rates for the US dollar quoted by the CBE are based on the exchange rate of the rand against the US dollar. Rates are also quoted for the Canadian dollar, euro, Japanese yen, pound sterling, and Swiss franc, based on the London and New York market quotes for these currencies against the US dollar. The official exchange rate is used for accounting and valuation. The Monetary Policy Consultative Committee is the institution authorized to change the exchange rate arrangement.

**Monetary policy framework**

- **Exchange rate anchor**
  - **Yes.**
  - **U.S. dollar**
  - **Euro**
  - **Composite**
  - **Other**

- **Monetary aggregate target**

- **Inflation-targeting framework**

  - **Target setting body**
    - Government
    - Central Bank
    - **Monetary Policy Committee**
    - **Central Bank Board**
    - **Other**

- **Government and Central Bank**

- **Inflation target**

  - **Target number**
  - **Point target**
  - **Target with tolerance band**

  - **Band/Range**

  - **Target measure**
    - CPI
    - **Core inflation**

  - **Target horizon**

  - **Operating target (policy rate)**

  - **Policy rate**
The CBE conducts foreign exchange transactions with four ADs (commercial banks), two bureaus—ADs with limited authority—and the government; and issues licenses. Foreign exchange bureaus may engage in the purchase and sale of foreign exchange with travelers and other ADs. Two bureaus are currently licensed and they report to the CBE.

The CBE buys and sells rand at the official exchange rate with no commission charged. The CBE conducts foreign exchange transactions with four ADs (commercial banks) and with the government.

There is an interbank foreign exchange market, but the transaction volume is low. High-volume transactions in foreign exchange are conducted between local commercial banks and commercial banks based in South Africa. There are four banks participating in the interbank market.

The CBE permits ADs to engage in forward exchange operations. The forward exchange rates are market determined.

This information can be found at the AREAER ONLINE database:
### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>Yes.</td>
<td>The rand is a legal tender in Eswatini as per the CMA agreement; it is convertible at par with lilangeni.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>Yes.</td>
<td>Domestic currency may be used freely within the CMA. Accounts for individuals temporarily visiting the CMA are permitted with restrictions.</td>
</tr>
<tr>
<td><strong>For current transactions and payments</strong></td>
<td>Yes.</td>
<td>Domestic currency may be used only to buy foreign currency to settle foreign trade transactions with countries outside the CMA.</td>
</tr>
<tr>
<td><strong>For capital transactions</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes.</td>
<td>CBE approval is required.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
<td>These transactions may be effected only between foreign exchange accounts.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
<td>Eswatini is part of the CMA; no restrictions are applied to payments within the CMA, and, in principle, payments are not subject to controls. Residents of Eswatini have access to the Johannesburg market, in accordance with the terms and conditions applied in that market.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
<td>Barter agreements require CBE approval.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
<td>The CBE, on behalf of the MOF, controls all external currency transactions. In dealings with countries outside the CMA, Eswatini applies exchange controls that are generally similar to those of South Africa.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
<td>Exports of gold jewelry to any destination by jewelry manufacturers are subject to registration with the CBE through their bankers. Other exports of gold must be referred to the CBE, which imposes such conditions on exports as may from time to time be considered necessary.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
<td>All dental and other legitimate trade demands for gold will be considered by the Ministry of Natural Resources and Energy.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
<th>Authority to open foreign exchange accounts is delegated to ADs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
<td>Natural persons may hold up to the equivalent of E 5 million a calendar year (E 1 million single discretionary allowance for discretionary use such as payments for travel and personal payments and E 4 million foreign capital allowance in foreign currency deposits with ADs for foreign investment purposes). The E 1 million discretionary allowance does not require a tax clearance certificate, but to invest up to the E 4 million foreign capital allowances, the individual must be a taxpayer in good standing. The proceeds of other approved foreign assets may also be held in foreign currency accounts. Legal persons involved in international trade may maintain a single customer foreign currency account for trade- and services-related payments, as well as for a wider variety of permissible transactions. There is no limit on the amount of foreign exchange that may be maintained in the customer foreign currency accounts held domestically. Transfer of funds in excess of the E 4 million foreign capital allowance requires approval by the CBE.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td>Authority to open foreign exchange accounts is delegated to ADs.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
<td>Individuals may hold foreign currency deposits abroad up to the equivalent of E 4 million. Companies must obtain approval and may hold only the amount needed for their foreign operations.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td>The authority to approve foreign investments by individuals is delegated to ADs.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
<td>CBE approval is required to open these accounts.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
<td>Conversion from these accounts is done at the time of remittance and is subject to controls, depending on the type of remittance.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<p>| Foreign exchange accounts permitted | Yes. | Foreign exchange accounts are permitted, and the authority to open them is delegated to ADs. |
| Approval required                 | No.  | |
| Domestic currency accounts        | Yes. | Conversion to foreign currency is done at the time of repatriation of funds and is subject to control, depending on the type of transaction class. |</p>
<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Blocked accounts</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th><strong>Foreign exchange budget</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other nontariff measures</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Taxes collected through the exchange system

No.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Yes. For goods shipped to countries outside the SACU, licensing is used to ensure that export proceeds are repatriated in the prescribed manner and within the stipulated period. Export proceeds must be received in Eswatini within 180 days of shipment.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Unless otherwise permitted, export proceeds must be remitted to Eswatini not later than six months from the date of shipment. The law allows exporting companies to retain export proceeds to make payments for imports and all costs related thereto and expenses such as commission, freight, insurance, and demurrage, which are expressed in foreign currency. The remaining export proceeds must be offered for sale.

Financing requirements

No.

Documentation requirements

Yes.

Letters of credit

No.

Guarantees

No.

Domiciliation

Yes.

Preshipment inspection

Yes. Preshipment inspection is carried out by the Department of Customs and Excise at border points.

Other

Yes.

Export licenses

Yes.

Without quotas

Yes. Exports outside the SACU require certificates of origin. Exports to SACU member countries are considered transactions within the free trade area.

With quotas

Yes. Quotas apply to exports of beef and sugar.

Export taxes

Yes. A sugar export levy applies to proceeds from exports to the EU.

Collected through the exchange system

No.

Other export taxes

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. Payments to nonresidents for current account transactions, although subject to control, are not normally restricted. Authority to approve some types of current account payments up to established limits is delegated to ADs.

Trade-related payments

Yes.
**Trade-related payments**
- Prior approval: Yes. Approval may be required, depending on the purpose of the transfer.
- Indicative limits/ bona fide test: Yes. Documentary evidence confirming the amount due must be provided.

**Investment-related payments**
- Prior approval: No.
- Indicative limits/ bona fide test: Yes. Authority to transfer dividends, profits, and other income is delegated to ADs, subject to the submission of documentary evidence.

**Payments for travel**
- Prior approval: Yes. Approval is required for amounts exceeding permissible limits.
- Indicative limits/ bona fide test: Yes. The annual limits on foreign exchange purchases by permanent residents for business and holiday travel are the equivalent of an E 1 million single discretionary allowance for an adult and an E 160,000 travel allowance for a person under 18.

**Personal payments**
- Prior approval: No.
- Indicative limits/ bona fide test: Yes. Permission to purchase larger amounts is granted on application supported by proof of need.

**Foreign workers’ wages**
- Prior approval: No.
- Indicative limits/ bona fide test: Yes. Documentary evidence substantiating the income earned must be produced.

**Credit card use abroad**
- Prior approval: Yes. Resident cardholders must complete a letter of intent before departure to use credit cards outside the CMA.
- Indicative limits/ bona fide test: Yes. Residents may use up to 100% of the approved travel facility.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**
| **Repatriation requirements** | Yes. |
| **Surrender requirements** | Yes. |
| **Surrender to the central bank** | n.a. |
| **Surrender to authorized dealers** | Yes. Residency unless exempt, sell foreign currency to ADs within 30 days of receipt. |
| **Restrictions on use of funds** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

## Capital Transactions

<p>| <strong>Controls on capital transactions</strong> | Yes. All inward capital transfers, except for equity investments by nonresidents, require CBE approval and must be properly documented to facilitate the subsequent repatriation of interest, dividends, profits, and other income. Inward transfers for loans and investments in unlisted companies may be made freely, but CBE approval is required for registration of equity status prior to investment. |
| <strong>Repatriation requirements</strong> | Yes. Residents are required to repatriate the foreign exchange proceeds from capital transactions abroad. |
| <strong>Surrender requirements</strong> | No. |
| <strong>Surrender to the central bank</strong> | No. |
| <strong>Surrender to authorized dealers</strong> | No. |
| <strong>Controls on capital and money market instruments</strong> | Yes. |
| <strong>On capital market securities</strong> | Yes. |
| <strong>Shares or other securities of a participating nature</strong> | Yes. |
| <strong>Purchase locally by nonresidents</strong> | No. Purchases may be processed through normal banking channels directly in foreign currency or through local currency nonresident accounts held in a CMA member country. |
| <strong>Sale or issue locally by nonresidents</strong> | Yes. Balances in blocked accounts for emigrants may be invested in listed securities and other such investments as may be approved by the CBE. Other nonresidents may effect these transactions freely. |
| <strong>Purchase abroad by residents</strong> | Yes. |
| <strong>Sale or issue abroad by residents</strong> | Yes. These transactions are subject to CBE approval. |
| <strong>Bonds or other debt securities</strong> | Yes. |
| <strong>Purchase locally by nonresidents</strong> | No. There are no specific controls; however, the underlying documentation must specify that a nonresident is effecting the transaction, to distinguish nonresidents’ certificates from those of residents. |
| <strong>Sale or issue locally by nonresidents</strong> | Yes. These transactions are subject to CBE approval. |
| <strong>Purchase abroad by residents</strong> | Yes. These transactions are restricted to private persons’ investment entitlements. Purchases abroad of bonds or other debt instruments by a resident noncorporate individual are limited to the equivalent of €4 million. Purchases by corporations are subject to Exchange Control approval. |
| <strong>Sale or issue abroad by residents</strong> | Yes. The regulations governing purchases abroad by residents apply. |</p>
<table>
<thead>
<tr>
<th><strong>Money market instruments</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes. These transactions are restricted to private persons’ investment entitlements. Purchases abroad of money market instruments by a resident noncorporate individual are limited to the equivalent of E 4 million.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes. The regulations governing purchases abroad by residents apply.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Collective investment securities</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Controls on derivatives and other instruments</strong></th>
<th>Yes. All transactions in derivatives and other instruments are controlled.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Controls on credit operations</strong></th>
<th>Yes. All credit operations are controlled.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes. Borrowing in foreign currency is subject to CBE approval.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes. ADs may approve applications by residents to borrow abroad, subject to specific criteria and provided the loans are reported. Any application that falls outside of the specific criteria must be referred to Exchange Control for approval.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Guarantees, sureties, and financial backup facilities</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes. These transactions are allowed, provided they relate to successful tenders for the supply of goods and technical services.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes. These transactions are allowed, provided the bank is satisfied that payment from a foreign guarantor will comply with Exchange Control rulings if payment is necessary under the guarantee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Controls on direct investment</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Outward direct investment</strong></th>
<th>Yes. The limit on foreign investment abroad by private individuals is E 4 million. Applications by corporate entities abroad require approval, which is granted on merit.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad | No. | No provision exists and no prior approval by CBE is required for banks to borrow from abroad. |
| Maintenance of accounts abroad | No. |
| Lending to nonresidents (financial or commercial credits) | No. | No provision exists and no prior approval by CBE is required for banks to provide financial and commercial credits to nonresidents. |
| Lending locally in foreign exchange | No. | No provision exists and no prior approval by CBE is required. |
Purchase of locally issued securities denominated in foreign exchange: No.

Differential treatment of deposit accounts in foreign exchange: Yes.

Reserve requirements: Yes. The reserve ratio is 6% of a bank’s total domestic public liabilities, excluding balances for which it is liable to a financial institution; 100% of deposits at the CBE are eligible to satisfy the reserve requirement.

Liquid asset requirements: Yes. The requirement is liquid assets equal to at least 22% of total liabilities to the public in Eswatini for the Eswatini Development and Savings Bank and 25% for commercial banks.

Interest rate controls: No.

Credit controls: No.

Differential treatment of deposit accounts held by nonresidents: No.

Reserve requirements: No. The ratio is 6% of a bank’s total domestic public liabilities, excluding balances for which it is liable to a financial institution; 100% of vault cash and deposits at the CBE are eligible to satisfy the reserve requirement.

Liquid asset requirements: No. The ratio is 22% of total public liabilities for the Eswatini Development and Savings Bank and 25% for commercial banks.

Interest rate controls: No.

Credit controls: No.

Investment regulations: No.

Abroad by banks: No.

In banks by nonresidents: No.

Open foreign exchange position limits: Yes.

On resident assets and liabilities: Yes.

On nonresident assets and liabilities: Yes.

Provisions specific to institutional investors: Yes. Eswatini institutional investors may invest abroad, subject to foreign portfolio investment allowances.

Insurance companies: Yes.

Limits (max.) on securities issued by nonresidents: Yes. Eswatini institutional investors for exchange control purposes may transfer up to 25% of their total assets directly by acquiring foreign-currency-denominated portfolio assets. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed offshore investment limit.

Limits (max.) on investment portfolio held abroad: Yes. Eswatini institutional investors for exchange control purposes may transfer up to 25% of their total assets directly by acquiring foreign-currency-denominated portfolio assets. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed offshore investment limit.

Limits (min.) on investment portfolio held locally: Yes. At least 30% of assets of insurance companies should be held locally.
<table>
<thead>
<tr>
<th>Currency-matching regulations on assets/liabilities composition</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Eswatini institutional investors for exchange control purposes may transfer up to 25% of their total assets directly by acquiring foreign-currency-denominated portfolio assets. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed offshore investment limit.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Eswatini institutional investors for exchange control purposes may transfer up to 25% of their total assets directly by acquiring foreign-currency-denominated portfolio assets. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed offshore investment limit.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>At least 30% of assets of pension funds should be held locally.</td>
<td></td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Investment firms and collective investment funds</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Collective scheme management companies and investment managers registered as institutional investors for Exchange Control purposes may transfer up to 35% of their total retail assets under management to acquire foreign portfolio investment. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed offshore investment limit.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
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<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
**ETHIOPIA**  
(Position as of September 30, 2020)

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Exchange Measures**

The IMF staff report for the 2019 Article IV Consultation with Ethiopia states that, as of December 11, 2019, Ethiopia maintained four restrictions on payments and transfers for current international transactions, which relate to: (1) the tax certification requirement for repatriation of dividend and other investment income; (2) restrictions on repayment of legal external loans and suppliers of foreign partners credits; (3) the prioritization and rationing of foreign exchange to certain imports of goods and services, debt payments and invisibles, and (4) the requirement to provide a clearance certificate from the NBE to obtain import permits. These restrictions are inconsistent with Article VIII, Section 2(a), of the IMF’s Articles of Agreement. (Country Report No. 20/29)

**Exchange measures imposed for security reasons**  
No.  

**In accordance with IMF Executive Board Decision No. 144-(52/51)**  
No.  

**Other security restrictions**  
No.  

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

**Currency**  
Yes.  
The currency of Ethiopia is the Ethiopian birr.  

**Other legal tender**  
No.  

**Exchange rate structure**

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

- No separate legal tender  
- Currency board  
- Conventional peg  
- Stabilized arrangement  
- Crawling peg
Crawl-like arrangement | Yes.  
---|---
The de jure exchange rate arrangement is managed floating. Since July 2018, the birr followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement is classified as crawl-like. While the exchange rate has increased its flexibility since December 2019, more observations are necessary to determine its new trend. Until then, the de facto exchange rate arrangement remains classified as a crawl-like arrangement. The NBE publishes the exchange rates and the amount traded in the interbank market on its periodical publications. Currently, the NBE intervenes in the foreign exchange market an amount of US$50,000 on daily basis to determine the indicative exchange rate. The intervention data is publicly available on monthly basis in the quarterly and annual bulletins of the Bank. After one-month lag of each quarter and fiscal year, the intervention information is available to the public.

Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating
**Official exchange rate** | Yes.  
The official exchange rate of the birr against the US dollar is determined in the interbank foreign exchange market as the weighted average exchange rate. The official exchange rate applies to all transactions, including purchases from exporters, remittances, and purchases by commercial banks. The rate of change in the official exchange rate has been constant, except during periods of ad hoc adjustment.

**Monetary policy framework**
Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

Monetary aggregate target | Yes.  
The objectives of monetary policy are to maintain price and exchange rate stability and support economic growth. In achieving these objectives, the NBE sets broad money as an intermediate target and reserve money as its operational target. The document for Ethiopia’s Monetary Policy Framework was formally developed in February 2009.

Inflation-targeting framework
Target setting body

- Government
- Central Bank
- Monetary Policy Committee
- Central Bank Board
Government and Central Bank

**Inflation target**

- **Target number**

**Point target**

- **Target with tolerance band**

**Band/Range**

- **Target measure**

  - **CPI**

  - **Core inflation**

**Target horizon**

**Operating target (policy rate)**

- **Policy rate**

- **Target corridor band**

Other

**Accountability**

- **Open letter**

- **Parliamentary hearings**

Other

**Transparency**

- **Publication of votes**

- **Publication of minutes**

- **Publication of inflation forecasts**

Other monetary framework

**Exchange tax**

Yes.  
Authorized banks must charge a commission of 1.5% on sales of foreign exchange, which accrues to the NBE.

**Exchange subsidy**

No.

**Foreign exchange market**

Yes.  
The foreign exchange rate for commercial banks is the NBE interbank indicative buying rate of the day. The margin between the buying and selling rates may not exceed 2% of the NBE interbank indicative buying rate of the day. Commercial banks must be licensed by the NBE to open a foreign exchange bureau. These bureaus may make legitimate payments for business and holiday travel, education, medical expenses abroad, etc. The NBE sells foreign exchange to commercial banks but not directly to foreign exchange bureaus. As of August 31, 2020, there were 2,510 foreign exchange bureaus. The
NBE charges a fee of 1.5% on foreign exchange transactions.

Operated by the central bank Yes.

Foreign exchange standing facility No.

Allocation Yes. The NBE supplies foreign exchange to finance priority sector projects through public banks based on estimates at the beginning of each fiscal year.

In the allocation of foreign currency, the NBE identifies the categories of priority or essential import goods as listed: The first priority import goods are categories as fuel and pharmaceutical. Second priority goods are input for agriculture and input for manufacturing. And the third priority import goods are motor oil, lubricant, liquefied petroleum gas agricultural input and machines, pharmaceutical product, procurement machinery for manufacturing industry, etc.

Auction No.

Fixing No.

Interbank market Yes. All NBE-licensed commercial banks may participate in the market. As of September 23, 2020, 17 banks are licensed but only 13 are active. The NBE does not propose its own quotes to market participants, rather participants other than the NBE quote their buying and selling rates. The NBE sold US$50,000 daily to the interbank market; all commercial banks participate to buy the allocated foreign currency.

Over the counter No.

Brokerage No.

Market making Yes. The market operates based on a market-making agreement; eligible participants quote their buying and selling rates on their own behalf.

Forward exchange market No.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

Prescription of currency requirements Yes.

Controls on the use of domestic currency Yes. Eligible entities for accepting payments in foreign currency cash notes can use foreign currency in their transactions with nonresidents.

For current transactions and payments Yes. All payments for valuable export goods must be made in foreign exchange or by the debit of a “Non-Resident Transferable Birr or Foreign Currency Account” maintained with local banks by their correspondent banks abroad. Similarly, no carrier, shipping or forwarding agent, whether foreign or national, must accept only foreign exchange for conveyance of cargo on f.o.b. basis unless specifically authorized by the NBE. Import payments also must be made in foreign exchange. Freight payments for resident and nonresident shipping carriers should be made also in foreign exchange.

For capital transactions Yes.

Transactions in capital and money market instruments Yes. In money and capital markets, resident-to-resident transaction should
Transactions in derivatives and other instruments | No. | There is currently no derivative market in Ethiopia.  
Credit operations | Yes. | In domestic credit operations, resident-to-resident transaction should be made in domestic currency.  
Use of foreign exchange among residents | Yes. | Residents may not use foreign currency among themselves.  

| Payments arrangements | Yes. |  
| Bilateral payments arrangements | No. |  
| Operative | No. |  
| Inoperative | No. |  
| Regional arrangements | Yes. | Ethiopia is a member of COMESA.  
| Clearing agreements | Yes. | Payments may be made within the framework of COMESA or the African Economic Community and are eligible for tariff preferences under the AGOA.  
| Barter agreements and open accounts | No. |  
| Administration of control | Yes. | Commercial banks are required to verify compliance of buyers and sellers of foreign exchange with import- and export-licensing requirements and foreign exchange regulations.  
| Payments arrears | No. |  
| Official | No. |  
| Private | No. |  

| Controls on trade in gold (coins and/or bullion) | Yes. | The ownership of personal gold jewelry is permitted. However, unless authorized by the Ministry of Mines and Energy, the possession or custody of 50 ounces or more of raw or refined gold or platinum, or gold or platinum in the form of nuggets, ore, or bullion, is not permitted. Private companies may directly export newly worked gold, silver, and jewelry.  
| On domestic ownership and/or trade | Yes. | Only the NBE or a person with authorization may export gold. Exporters of gold must repatriate the full proceeds. Payments for exports of gold must comply with foreign exchange directives. Those engaged in the sale of gold to the NBE or for exportation must (1) declare the place of origin of the gold and (2) present a certificate of the gold’s purity from the appropriate authority.  
| On external trade | Yes. |  

| Controls on exports and imports of banknotes | Yes. |  
| On exports | Yes. |  
| Domestic currency | Yes. | A person entering and departing from Ethiopia may hold up to a maximum of Br 1,000 a trip to and from Ethiopia.  
A person entering and departing from Djibouti may hold up to maximum of Br 4,000 a trip to and from Ethiopia and Djibouti.  
| Foreign currency | Yes. | Residents may take abroad in cash US$4,000 for holiday travel and US$10,000 for business travel with documentation. Nonresidents may take up to US$4,000 or its equivalent in cash abroad without documentation. Larger amounts require documentation.  
| On imports | Yes. |  
| Domestic currency | Yes. | A person entering and departing from Ethiopia may hold up to a
<table>
<thead>
<tr>
<th><strong>Foreign currency</strong> No.</th>
<th>maximum of Br 1,000 a trip to and from Ethiopia. Declaration is required for imports of foreign currency more than US $4,000 or equivalent of other currencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Resident Accounts

**Foreign exchange accounts permitted** Yes.  
Held domestically Yes. Commercial banks may open foreign exchange accounts for eligible exporters of goods and services and recipients of inward remittances without NBE approval.  
Approval required No.  
Held abroad Yes. Ethiopian airlines and shipping companies may maintain accounts abroad.  
Approval required Yes. Approval is required by the NBE to open foreign exchange account abroad.  
Accounts in domestic currency held abroad No.  
Accounts in domestic currency convertible into foreign currency No.  
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.  
Three types of nonresident accounts are allowed: foreign exchange accounts, nonresident transferable birr accounts, and nonresident nontransferable birr accounts. Deposits to these accounts must be in foreign currency. Balances in the first two accounts may be transferred abroad or used for international payments; balances in nonresident nontransferable birr accounts must be used mainly for local expenses. Transfers from foreign exchange accounts and nonresident transferable birr accounts to nonresident nontransferable birr accounts do not require NBE approval. Diplomatic missions, members of international organizations, foreign investors, nonresident Ethiopians, and nonresident foreign nationals of Ethiopian origin may open all three types of foreign exchange accounts. Other nonresidents may open only nonresident nontransferable birr accounts. Nonresident accounts must be demand deposit accounts and may earn interest, but interest may not be paid on nonresident foreign currency current accounts. These must have the equivalent of US$100 as a minimum deposit. Foreign currency fixed accounts must have at least the equivalent of US$5,000, but there is no maximum. Foreign exchange accounts may hold only US dollars, pounds sterling, and euros. Banks may accept deposits in other convertible currencies, but they must be converted to one of the three above-named currencies. Foreign exchange accounts may be used for payments and transfers abroad, provided the account holder has a business license to do so.  
According to the latest Diaspora Account Directive (No. FXD/64/2019 effective September 2, 2019, a bank is allowed to set their own interest rate on nonresident fixed foreign currency account upon negotiation but not less than LIBOR. Similarly, interest rate payment on non-repatriable birr account is also upon negotiation, provided the interest rate should not be less than the minimum deposit rate set by the NBE. Previously, a bank was allowed to set their own interest rate on
nonresident fixed foreign currency account provided the interest rate did not exceed the prevailing LIBOR. However, interest rate payment on non-repatriatable birr account had to be double of the minimum saving deposit rate set by the NBE.

Approval required

| Approval required | Yes. | Approval by the NBE is required for the conversion of balances in nonresident nontransferable birr accounts to foreign exchange. |

Domestic currency accounts

| Approval required | No. | Nonresidents other than diplomatic missions, members of international organizations, foreign investors, nonresident Ethiopians, and nonresident foreign nationals of Ethiopian origin may open only nontransferable birr accounts. |

Convertible into foreign currency

| Approval required | Yes. | Balances in transferable birr accounts may be transferred freely abroad or used for international payments; balances in nonresident nontransferable birr accounts must be used mainly for local expenses. Transfers of funds from foreign exchange accounts and nonresident transferable birr accounts to nonresident nontransferable birr accounts do not require NBE approval. |

Approval required

| Approval required | Yes. | Approval by the NBE is required for the conversion of balances in nonresident nontransferable birr accounts to foreign exchange. |

Blocked accounts

| Approval required | No. |

References to legal instruments and hyperlinks

| Approval required | Yes. | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Imports and Import Payments

Foreign exchange budget

| Approval required | No. |

Financing requirements for imports

| Approval required | Yes. | Importation under a supplier credit requires approval of the terms and conditions of the credit, and such importation is allowed only for individuals or enterprises engaged in export activities and/or who generate foreign exchange. |

Minimum financing requirements

| Approval required | No. |

Advance payment requirements

| Approval required | Yes. | Advance payment is not allowed for payments greater than US$5,000 unless backed by a foreign bank guarantee. |

Advance import deposits

| Approval required | No. |

Documentation requirements for release of foreign exchange for imports

| Approval required | Yes. | Final invoices that separately show f.o.b., c.f.r. charges and nonnegotiable bills of lading are required. |

Domiciliation requirements

| Approval required | Yes. | Importers are required to insure their goods with local insurance companies. |

Preshipment inspection

| Approval required | Yes. | Preshipment inspection is required only for imports from China. |

Letters of credit

| Approval required | No. | LCs are considered an acceptable payment method for imports but are not required. |

Import licenses used as exchange licenses

| Approval required | No. |

Other

| Approval required | Yes. | Exchange licenses may be obtained when a valid importer’s license is presented. Applications for exchange licenses must be accompanied by information regarding costs and payment terms and evidence that adequate insurance has been purchased from an Ethiopian insurance company. |

Import licenses and other nontariff measures

| Approval required | Yes. | The negative list includes items restricted for reasons of health and security. |

Positive list

| Approval required | No. |

Negative list

| Approval required | Yes. | However, imports by federal and regional offices are exempt from |
this requirement.

Licenses with quotas  No.
Other nontariff measures  No.
Import taxes and/or tariffs  Yes.  The item-weighted average tariff rate is 17.5%. Imports are subject to a 2% withholding tax.
Taxes collected through the exchange system  No.
State import monopoly  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  Yes.  All exporters must repatriate 100% of their export proceeds in foreign exchange within 90 days from the date of issue of export applications.
Surrender requirements  Yes.  Commercial banks bear the responsibility for ensuring that export proceeds for all export permits approved are repatriated into the country within 90 days from the date of issue of export permits for all modes of payments applicable. Banks must make follow-ups, exercise reasonable care, and take measures to insure timely repatriation of proceeds.
Surrender to the central bank  Yes.  All commercial banks except Development Bank of Ethiopia are required to surrender 30% of its foreign exchange inflow to NBE since October 1, 2017.
Surrender to authorized dealers  Yes.  Exporters may retain 30% of their export proceeds in foreign exchange for an indefinite period in their domestic foreign exchange accounts. The remaining balance (70%) may be retained for a period of up to 28 days, after which it must be converted to local currency at the weighted average daily interbank exchange rate.
Financing requirements  No.
Documentation requirements  Yes.
Letters of credit  No.  LCs are considered an acceptable payment method for exports but are not required.
Guarantees  Yes.  An export credit guarantee plan is operational.
Domiciliation  Yes.  Domiciliation is required for coffee exports.
Preshipment inspection  No.
Other  Yes.  Exporters must prove to the NBE that they have repatriated 100% of previous export earnings before they may export again.
Export licenses  Yes.
Without quotas  Yes.  Export licenses are processed by commercial banks, with the exception of coffee and gold exports, which are licensed by the NBE.
With quotas  No.
Export taxes  No.
Collected through the exchange system  No.
Other export taxes  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database:
### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes. Approval is given by commercial banks.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes. Documentary evidence of unloading, storage, commission, and administrative expenses is required.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes. After paying local taxes, foreign companies may remit dividends from their invested and reinvested capital in any currency. Approval is required for amortization of loans and depreciation of direct investment.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes. These are subject to an assessment based on the NBE’s criteria. Evidence of a contractual agreement between parties is required by the NBE.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes. Individuals traveling abroad on holiday may purchase foreign currency up to US$4,000 and business travelers up to US$10,000 or its equivalent in cash; the rest must be in other payment instruments.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes. Travelers must present passports and airline tickets.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes. Approval is given by commercial banks.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes. There are no limits on allowances for medical treatment and study abroad. A foreign exchange bureau may sell foreign exchange for medical treatment abroad on presentation of a medical board certificate, passport, and airline ticket. Up to US$4,000 or its equivalent may be in cash and the balance in other instruments. Additional foreign exchange may be approved for a patient being treated abroad, provided the application is supported by medical bills or hospital statements. A foreign exchange bureau may sell foreign exchange for tuition, subsistence, and other associated education expenses on presentation of a letter of admission and evidence of a student’s attendance. Sales of foreign exchange to a student may be approved up to US$4,000 or its equivalent in other instruments. The tuition fee, subsistence, and other associated expenses must be paid directly through a bank transfer or draft to the institution. Verification by a medical board and the Ministry of Health is required for medical payments.</td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes. Approval is given by commercial banks.</td>
</tr>
</tbody>
</table>
| Quantitative limits        | Yes. Foreign contractual employees of the government may take out foreign exchange at the time of their final departure, not exceeding their net earnings during their term of service. The value of free...
accommodation, gratuities, accumulated leave pay, and similar benefits may not be included for remittance purposes. Other expatriate employees may take out foreign exchange on final departure, not exceeding their net earnings. Foreign employees of embassies, delegations, consulates, and international organizations whose salaries are paid fully in foreign currency from sources outside Ethiopia may take out and/or transfer their net earnings, not exceeding the balance in their nonresident foreign exchange account, nonresident transferable birr account, and/or nonresident nontransferable birr account.

Indicative limits/bona fide test No.

Credit card use abroad No. Directive No. FXD/56/2018 is followed for issuance, use, and acceptance of international credit and debit cards, foreign currency cash notes, and traveler’s checks. However, only debit cards for government travel are currently in use and are still in the testing phase through the Commercial Bank of Ethiopia.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Other payments Yes. Approval is given by commercial banks, for example, payments for subscription and membership fees.

Prior approval Yes. Approval is given by commercial banks, for example, payments for subscription and membership fees.

Quantitative limits No.

Indicative limits/bona fide test Yes. Documentation is required from the overseas institute, and approval must be given by commercial banks for subscription and membership fees. NBE verification of contractual agreements between the parties is required for the transfer of legal fees, and applications are considered on a case-by-case basis.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes. All exporters (of goods & services) must repatriate 100% of their export proceeds in foreign exchange within 90 days from the date of issue of export applications.

Surrender requirements Yes.

Surrender to the central bank Yes. All commercial banks except Development Bank of Ethiopia are required to surrender 30% of its foreign exchange inflow to NBE since October 1, 2017.

Surrender to authorized dealers Yes. Thirty percent of proceeds may be retained indefinitely. After 28 days, any balance must automatically be converted in the next working day. Regarding foreign exchange from travel and other means, Ethiopian resident is not allowed to hold foreign currency for more than 30 days since the date of acquisition or declaration and has the duty to convert the currency in possession with authorized foreign exchange bureaus.

Restrictions on use of funds Yes. These funds may be used for imports of goods and services, export promotion, training and education, credit repayment, and other NBE-approved payments.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
<tr>
<td>All commercial banks except Development Bank of Ethiopia are required to surrender 30% of its foreign exchange inflow to NBE since October 1, 2017.</td>
<td></td>
</tr>
<tr>
<td>Authorized banks must attempt to obtain information regarding the purpose of inward remittances before they disburse funds remitted in foreign exchange from abroad. In particular, loans and capital investment must be identified with the prior NBE authorization.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>Yes. Nonresidents may not purchase shares of financial institutions.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>Yes. Nonresidents may not issue shares of financial institutions.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>Yes. Residents may not buy shares abroad.</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>Yes. Residents may not issue shares of financial institutions to nonresidents.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes. Nonresidents may not purchase government bonds.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes. Residents may not purchase bonds from nonresidents.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes. Residents may not purchase bonds from nonresidents.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes. Residents may not issue bonds to nonresidents.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes. There is no domestic market for these instruments.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No. There is no domestic market for these instruments.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No. There is no domestic market for these instruments.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes. Residents may not buy these instruments abroad.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes. Residents may not issue or sell these instruments abroad.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes. There is no domestic market for these instruments.</td>
</tr>
<tr>
<td><strong>Activity</strong></td>
<td><strong>Permit</strong></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
services. In such cases, foreign investor(s) can own up to a maximum of 49% of share capital. Previously, investment only in the telecommunications and defense industries was allowed in partnership with the government. Investment in the postal service (except courier service), the transmission and supply of electricity through the Integrated National Grid System, and air transport services using aircraft that seat more than 50 passengers was reserved for the government. All investment (except expansion of air transport services, the generation or transmission or distribution of electric power, and the provision of communications services) must be approved and certified by the Ethiopian Investment Commission (EIC). However, the issuance, renewal, amendment, substitution, replacement and cancellation of investment permits, and the issuance of investment expansion or upgrading permits for air transport services, the generation or transmission or distribution of electric power, and the provision of communications services must be carried out by the Ethiopian Civil Aviation Authority, the Ethiopian Energy Authority, and the Ethiopian Communications Authority, respectively, representing the commission. Income tax exemptions are granted for up to six years for new projects in manufacturing and agro-industry that export at least 50% of production or for which at least 75% of production is used in the production of export items. Expansion and upgrading of existing projects are also eligible for exemption from income tax for two years if the expansion or upgrade increases production value by 25% and if 50% of the production is for export. Investment activities that export less than 50% of their production and produce exclusively for the local market receive up to three years of income tax exemption. Imports of investment goods and inputs for such ventures are also eligible for exemption from customs duties and other specified import levies. The new investment incentives as well as the type and amount of investment incentives must be determined by a Regulation to be enacted by the Council of Ministers.

Controls on liquidation of direct investment

Yes. EIC authorization is required for repatriation of capital. Registration of capital inflows with the EIC establishes the evidence of inflows required for authorization. All recognized and registered foreign investment may be terminated on presentation of documents regarding liquidation and on payment of all taxes and other liabilities. Subject to appropriate documentation, foreign investors may transfer their capital without limitation on final departure from Ethiopia. All foreign investors may also transfer abroad in convertible currency payments for debts, fees, or royalties with respect to technology transfer agreements.

Controls on real estate transactions

Yes.

Purchase abroad by residents

Yes. The purchase of personal real estate abroad is not permitted.

Purchase locally by nonresidents

Yes. All ownership rights to land are vested in the state; private ownership is not allowed. Land user rights may be acquired through certificates or lease arrangements. Foreign investors may not own land, but may obtain access to land through lease arrangements with the government.

Sale locally by nonresidents

Yes. All ownership rights to land are vested in the state; private ownership is not allowed.

Controls on personal capital transactions

Yes.

Loans

Yes.

By residents to nonresidents

Yes. No person may enter into a foreign loan contract without the prior consultation with the NBE in the case of the government and...
To residents from nonresidents: Yes.

Gifts, endowments, inheritances, and legacies: Yes.

By residents to nonresidents: Yes.

To residents from nonresidents: Yes.

Settlement of debts abroad by immigrants: No.

Transfer of assets: Yes.

Transfer abroad by emigrants: Yes.

Transfer into the country by immigrants: Yes.

Transfer of gambling and prize earnings: Yes.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions: Yes.

Effective August 18, 2020, commercial banks may engage in foreign currency intermediation through borrowing foreign currency including from foreign lenders and granting credit to local borrowers in foreign currency. Previously, banks could not borrow from, nor enter into a guarantee agreement with, banks abroad unless authorized by the NBE; however, they could overdraw their accounts with foreign correspondents and accept deposits without approval.

Maintenance of accounts abroad: Yes.

Banks may maintain nostro accounts with their correspondents, with NBE approval.

Lending to nonresidents (financial or commercial credits): Yes.

Commercial banks may not provide financial or commercial credits to nonresidents.

Lending locally in foreign exchange: Yes.

Effective August 18, 2020, commercial banks may lend locally in foreign exchange.

Purchase of locally issued securities denominated in foreign exchange: Yes.

Commercial banks may not acquire shares, stocks, and bonds issued abroad denominated in foreign exchange unless authorized by the NBE. This might apply for locally issued securities in foreign exchange.

Differential treatment of deposit accounts held by nonresidents: Yes.

Reserve requirements: No.

There is no differential treatment of foreign and local currency deposits for reserve requirement calculation.

Liquid asset requirements: No.

Interest rate controls: No.

Credit controls: No.

Differential treatment of deposit accounts in foreign exchange: No.

Reserve requirements: No.

Liquid asset requirements: No.
<table>
<thead>
<tr>
<th><strong>Liquid asset requirements</strong></th>
<th><strong>Yes.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest rate controls</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>According to the latest Diaspora Account Directive (No. FXD/64/2019 effective September 2, 2019), a bank is allowed to set their own interest rate on nonresident fixed foreign currency account upon negotiation but not less than LIBOR. Similarly, interest rate payment on non-repatriable birr account is also upon negotiation, provided the interest rate should not be less than the minimum deposit rate set by the NBE. Previously, a bank was allowed to set their own interest rate on nonresident fixed foreign currency account, provided the interest rate did not exceed the prevailing LIBOR. However, interest rate payment on non-repatriatable birr account had to be double of the minimum saving deposit rate set by the NBE.</td>
<td></td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Authorized banks may not acquire shares, stocks and bonds denominated in foreign exchange unless authorized by the bank.</td>
<td></td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Only foreign nationals of Ethiopian origin can subscribe to bank shares in foreign exchange.</td>
<td></td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>The overall foreign currency position of each bank at the close of business each Friday may not exceed 15% of its capital. Commercial banks’ holdings of foreign currency notes are limited to 5% of paid-up capital. The overall open foreign currency position is computed as follows: First, the difference between assets and liabilities in each foreign currency is determined and categorized either as a long or as a short position. Second, open positions in each foreign currency as determined and categorized under the first step are converted to their birr equivalents using the buying rate at the close of business on Friday. Third, the birr equivalents of open positions in each foreign currency obtained under the second step are added up to arriving at the total long and short positions. Fourth, the greater of the total long or short position determined under the third step is divided by the bank’s total capital to obtain the ratio. Last, the ratio obtained under the fourth step is compared with the limit on the overall open foreign currency position.</td>
<td></td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>The overall foreign currency position of each bank at the close of business each Friday may not exceed 15% of its capital. Commercial banks’ holdings of foreign currency notes are limited to 5% of paid-up capital. The overall open foreign currency position is computed as follows: First, the difference between assets and liabilities in each foreign currency is determined and categorized either as a long or as a short position. Second, open positions in each foreign currency as determined and categorized under the first step are converted to their birr equivalents using the buying rate at the close of business on Friday. Third, the birr equivalents of open positions in each foreign currency obtained under the second step are added up to arriving at the total long and short positions. Fourth, the greater of the total long or short position determined under the third step is divided by the bank’s total capital to obtain the ratio. Last, the ratio obtained under the fourth step is compared with the limit on the overall open foreign currency position.</td>
<td></td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Insurance companies</td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Residents may not invest in foreign securities.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by</td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Residents may not invest in foreign securities.</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Yes/No</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>nonresidents</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

**Nonresident Accounts**

- **Foreign exchange accounts permitted**
  - 09/02/2019
  
  According to the latest Diaspora Account Directive (No. FXD/64/2019), a bank is allowed to set their own interest rate on nonresident fixed foreign currency account upon negotiation but not less than LIBOR. Similarly, interest rate payment on non-repatriable birr account is also upon negotiation, provided the interest rate should not be less than the minimum deposit rate set by the National Bank of Ethiopia (NBE). Previously, a bank was allowed to set their own interest rate on nonresident fixed foreign currency account provided the interest rate did not exceed the prevailing LIBOR. However, interest rate payment on non-repatriatable birr account had to be double of the minimum saving deposit rate set by the NBE.

**Capital Transactions**

- **Controls on capital transactions**

  - Controls on direct investment

  - 04/02/2020

  Investment Proclamation No. 1180/2020 introduced a new framework to register and administer foreign direct investment. It included provisions for minimum capital amount a project a foreign investor must invest ranging from US$50,000 to US$200,000 depending on the type of investment being undertaken.

  - 09/02/2020

  According to the new Investment Regulation (No. 474/2020), any
Investor (foreign or domestic) may only invest in the following sectors jointly with the government: defense industries, import & export of electrical energies, international air transport services, bus rapid transit and postal services excluding courier services. Investment Regulation (No. 474/2020) lists sectors which are reserved for only domestic investors. These include investments in finance sector except capital goods finance, the transmission and supply of electricity through the Integrated National Grid System as well as whole sale & retail trades, health services, export of raw coffee, khat, oil seeds, pulses, minerals, hides and skins, products of natural forests, chicken and livestock, and hospitality industries. In addition, a foreign investor may jointly invest with a domestic investor in freight forwarding and shipping agency services, domestic air transport services, and cross-country public transport using buses having a capacity of more than 45 seats, advertisement, audiovisual, accounting and auditing services. In such cases, foreign investor(s) can own up to a maximum of 49% of share capital. Previously, investment only in the telecommunications and defense industries was allowed in partnership with the government. Investment in the postal service (except courier service), the transmission and supply of electricity through the Integrated National Grid System, and air transport services using aircraft that seat more than 50 passengers was reserved for the government.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

<table>
<thead>
<tr>
<th>provisions</th>
<th>date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>08/18/2020</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>08/18/2020</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>09/02/2019</td>
</tr>
</tbody>
</table>

According to the latest Diaspora Account Directive (No. FXD/64/2019), a bank is allowed to set their own interest rate on nonresident fixed foreign currency account upon negotiation but not less than LIBOR. Similarly, interest rate payment on non-repatriable birr account is also upon negotiation, provided the interest rate should not be less than the minimum deposit rate set by the National Bank of Ethiopia (NBE).

Previously, a bank was allowed to set their own interest rate on nonresident fixed foreign currency account, provided the interest rate did not exceed the prevailing LIBOR. However, interest rate payment on non-repatriable birr account had to be double of the minimum saving deposit rate set by the NBE.
FIJI

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>May 28, 1971.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: August 4, 1972.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

- Yes. Restrictions and/or multiple currency practices
- Yes. Exchange measures imposed for security reasons
- No. In accordance with IMF Executive Board Decision No. 144-(52/51)
- No. Other security restrictions

The IMF staff report for the 2018 Article IV Consultation with Fiji states that, as of January 31, 2019, exchange restrictions subject to Article VIII arise from the Fiji Revenue and Customs Authority tax certification requirements on the transfer abroad of profits and dividends, on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments and from limits on large payments (e.g., oil imports and dividends repatriation of foreign banks). (Country Report No. 19/57)

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

- Yes. Currency
- No. Other legal tender
- Yes. Exchange rate structure
- No. Classification
- No separate legal tender
- Currency board
- Yes. Conventional peg

The currency of Fiji is the Fiji dollar.

The exchange rate arrangement is a conventional peg vis-à-vis a currency composite. The Reserve Bank of Fiji (RBF) does not publish intervention data. The power to establish the fixed exchange rate arrangement is provided in the RBF Act. A change in the exchange rate arrangement may be proposed by the RBF and approved by the minister for economy. The current exchange rate weights are: USD 39.8%, AUD 29.3%, NZD 21.9%, JPY 4.8%, and EUR 4.2%. The weights are now published in the RBF’s annual report.
The external value of the Fiji dollar is officially determined on the basis of a weighted basket of currencies comprising the Australian dollar, Japanese yen, New Zealand dollar, euro, and US dollar. The relative weights are based on three-year moving averages of Fiji’s direction of trade and are reviewed annually. The exchange rate of the Fiji dollar vis-à-vis the US dollar, the intervention currency, is fixed daily by the RBF on the basis of quotes for the US dollar and other currencies in the basket. The spread is 5 basis points (bps) on either side of the midrate. The official exchange rate is used for accounting and valuation purposes.

The monetary policy framework is an exchange rate anchor vis-à-vis a composite. The fixed exchange rate regime combined with capital controls allows some autonomy in monetary policy. The main policy instrument is the overnight policy rate. Its target corridor comprises a 25-bps band around the overnight rate with the repurchase rate at the upper bound and the deposit rate at the lower bound.

While the current system targets interest rates through monetary operations, the bank continues to monitor monetary aggregates such as liquidity /bank demand deposits which serve as indicators and cross-checks.
Government and Central Bank

*Inflation target*

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**

*CPI*

**Core inflation**

**Target horizon**

*Operating target (policy rate)*

**Policy rate**

**Target corridor band**

**Other**

*Accountability*

**Open letter**

**Parliamentary hearings**

**Other**

*Transparency*

**Publication of votes**

**Publication of minutes**

**Publication of inflation forecasts**

**Other monetary framework**

*Exchange tax* No.

*Exchange subsidy* No.

*Foreign exchange market* Yes. The RBF determines the maximum spreads of the currencies in the basket within which commercial banks may deal with their customers, which are 170 bps for the US dollar, 120 bps for the euro, 300 bps for the Japanese yen, 250 bps for the Australian dollar, and 330 bps for the New Zealand dollar. ADs are permitted to determine freely their foreign exchange commissions with their clients.

*Spot exchange market* Yes. Six commercial banks, nine foreign exchange dealers, and one money changers are licensed. Foreign exchange dealers are licensed by the RBF. Under their permitted scope of operations, they may make foreign currency payments and transfers on behalf of their clients and maintain foreign exchange accounts with domestic commercial banks. Their transaction limits are based on their total paid-up capital. Foreign exchange dealers may only deal among...
themselves and not with the RBF. Money changers may only deal in travel-related transactions and the purchase and sale of banknotes.

Operated by the central bank: Yes.

Foreign exchange standing facility: Yes. The RBF buys and sells US dollars at the official buying and selling rates. It deals – with commercial banks – once a day and with selected account holders. The width of the spread is 0.0005 cents on either side of the midrate.

Allocation: No.

Auction: No.

Fixing: No.

Interbank market: Yes. ADs are allowed to trade among themselves. The RBF deals only with commercial banks and selected account holders at its own quoted rates. There are six banks participating in the interbank market.

Over the counter: Yes. The market operates over the counter.

Brokerage: No.

Market making: No.

Forward exchange market: Yes. Forward exchange facilities are provided by banks. Each authorized bank may write net forward sales contracts up to F$50 million. The RBF does not participate actively in the forward foreign exchange market.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: Yes. Although no specific requirements exist, settlements between entities from two countries must be made in convertible currencies acceptable to both countries.

Controls on the use of domestic currency: Yes. There are controls on the use of domestic currency and on foreign exchange that may be remitted offshore for the settlement of international current and capital transactions. ADs are allowed to transfer up to certain delegated limits without obtaining RBF approval depending on the type of payment as specified in the Exchange Control regulation.

For current transactions and payments: Yes. ADs are allowed to transfer up to certain delegated limits without obtaining RBF approval depending on the type of payment as specified in the Exchange Control regulation.

For capital transactions: Yes.

Transactions in capital and money market instruments: Yes. ADs are allowed to transfer up to certain delegated limits without obtaining RBF approval depending on the type of payment as specified in the Exchange Control regulation.

Transactions in derivatives and other instruments: Yes. ADs are allowed to transfer up to certain delegated limits without obtaining RBF approval depending on the type of payment as specified in the Exchange Control regulation.

Credit operations: Yes. ADs are allowed to transfer up to certain delegated limits without obtaining RBF approval depending on the type of payment as specified in the Exchange Control regulation.

Use of foreign exchange among residents: Yes. RBF approval is required for transactions to be settled in foreign currency between residents.
<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Fiji participates in the following arrangements: Trade Agreements (WTO agreements, EU-Pacific Interim Partnership Agreement, Melanesian Spearhead Group Trade Agreement, and PICTA); Preferential Trade Arrangements (Generalised System of Preferences, South Pacific Regional Trade and Economic Co-operation Agreement).</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>Exchange control is administered by the RBF, acting as an agent of the government. The RBF delegates to ADs the authority to approve current payments and transfers up to specified limits. Documentary evidence is required for some payments.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may freely purchase, hold, and sell gold coins but not gold bullion.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>The exportation of gold coins, except coins and collectors’ pieces for numismatic purposes, requires specific permission from the RBF. The importation of gold, other than gold coins, from all sources requires a specific import license from the MOE; these are restricted to authorized gold dealers. Gold coins and gold bullion are exempt from fiscal duty but are subject to a 9% VAT since January 1, 2016. Gold jewelry is also exempt from fiscal duty but is subject to a 9% VAT since January 1, 2016, and is not under licensing control. Samples of gold and gold jewelry sent by foreign manufacturers require import licenses if their value exceeds the equivalent of F$200. Exports of gold jewelry are free of export duty but require licenses if their value exceeds F$20,000. Exports of gold bullion are subject to an export duty of 3%.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports are allowed up to F$500 a trip for travel-related purposes only.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports are allowed up to the amount declared at the time of arrival. Residents are allowed to take out up to the equivalent of F$10,000 in foreign currency (including a maximum of F$500 in local currency) for each overseas round-trip and up to the equivalent of F$5,000 for each overseas one-way trip without RBF approval.</td>
<td></td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Travelers may bring in Fiji banknotes freely but must declare them to customs or immigration officials on arrival.</td>
<td></td>
</tr>
</tbody>
</table>
### Resident Accounts

<table>
<thead>
<tr>
<th><strong>Foreign currency</strong></th>
<th>No.</th>
<th>Travelers may bring in foreign currency banknotes freely but must declare them to customs or immigration officials on arrival to export the unused balance on departure.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Foreign exchange accounts permitted

| Held domestically | Yes. | Effective April 2, 2020, offshore investment was suspended including the delegation to open foreign currency accounts. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit. |
| Approval required | Yes. | The opening of foreign exchange accounts by resident individuals requires RBF permission. The opening of foreign exchange accounts for film production companies is fully delegated to the ADs. ADs may also open foreign exchange accounts for locally registered business entities up to F$100,000 a company without RBF permission. |

| Held abroad | Yes. | Foreign exchange accounts are permitted, but RBF approval is required. |
| Approval required | Yes. | Residents are not allowed to open accounts in Fiji dollars abroad. |

| Accounts in domestic currency held abroad | No. | The conversion of domestic currency to foreign currency requires RBF approval. |
| Accounts in domestic currency convertible into foreign currency | Yes. | This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx). |

### Nonresident Accounts

<p>| Foreign exchange accounts permitted | Yes. | Foreign exchange accounts may be credited freely with the account holder’s salary (net of tax), with interest payable on the account, and with payments from other external accounts. Commercial banks may open foreign exchange accounts for regional and international organizations without RBF approval. Balances on nonresident accounts may be freely transferred abroad. |
| Approval required | No. | Domestic currency accounts may be credited freely with (1) the account holder’s salary (net of tax); (2) interest payable on the account; (3) payments from other external accounts; (4) proceeds of sales of foreign currency or foreign coins by the account holder; and (5) Fiji banknotes the account holder brought into Fiji and acquired by debiting an external account or through the sale of foreign currency during a temporary visit. Residents may also credit external accounts with payments that are generally or specifically authorized. External accounts may be debited for (1) payments to residents of Fiji; (2) transfers to other external accounts; (3) payments in cash in Fiji; and (4) purchases of foreign exchange. Authorized banks may credit domestic currency accounts with up to F$500,000 in proceeds from sales of Fiji assets. ADs may deposit living allowances/fees/bonds up to F$2,000 a month and reimbursement of rental bonds/immigration bonds/other up to F$10,000 a month. Other unspecified funds up to F$200 a month may also be deposited. There are no restrictions on Fiji-dollar-denominated deposits with commercial banks if these investments originate abroad. |</p>
<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes</td>
<td>These accounts may be converted to foreign currency on travel and for direct transfer offshore.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Imports and Import Payments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes</td>
<td>RBF permission is required to offset foreign exchange earnings against foreign currency payables, except to pay for imports already landed in Fiji or for merchandise imports exceeding F$100,000 a transaction.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes</td>
<td>Authorized banks may approve advance payments for imports, if required by the supplier. ADs may approve up to, F$2 million an invoice for advance payment for imports. Larger payments are subject to RBF approval, which is readily given on submission of a pro forma invoice indicating the requirement for advance payment. Authorized banks may approve prepayments of term bills for goods already landed and cleared by customs in amounts up to F$1 million.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes</td>
<td>Payments for authorized imports are permitted on submission of documentary evidence to ADs, which may allow payments for goods imported under either a specific import license or an OGL. ADs may approve up to F$200,000 an invoice for merchandise. ADs may also approve third-party payments for imports up to F$100,000. The supplier must be a nonresident.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes</td>
<td>Payments for oil imports require RBF approval. Imports of poultry, poultry products, and lubricants from any source require a specific import license. The Ministry of Commerce, Business Development and Investment (MCBDI) issues import licenses, except for gold and timber. Import licenses and other nontariff measures for gold are issued by the MOE. Timber licenses are issued by the Ministry of Forestry. Many consumer goods are imported by national cooperative societies under a joint arrangement with six other Pacific island economies. Import licenses for cyclonic building materials are jointly issued by the Department of Fair Trade and Consumer Affairs and the MOE.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes</td>
<td>The importation of a few commodities is prohibited for security, health, or public policy reasons.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Licenses with quotas  Yes. Import licenses for frozen chicken from the United States are issued based on quotas.

Other nontariff measures Yes. Imports must meet technical standards for labeling, packaging, and expiration date. Agricultural and forestry products are subject to quarantine clearance.

Import taxes and/or tariffs Yes. The import tariffs are 0%, 3%, 15%, and 27%.

Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements Yes. Exporters are required to collect the proceeds from exports within six months of the date of shipment of the goods and may not, without specific permission, grant more than six months’ credit to a nonresident buyer. Customs officials process and approve exports of goods with no monetary return.

Surrender requirements Yes.

Surrender to the central bank No.

Surrender to authorized dealers Yes. RBF permission is required to offset foreign exchange earnings against foreign currency payables, except for imports already landed in Fiji.

Financing requirements No.

Documentation requirements Yes.

Letters of credit No.

Guarantees No.

Domiciliation No.

Preshipment inspection No.

Other Yes. Confirmation of receipt of export proceeds is required six months after export of goods.

Export licenses Yes.

Without quotas Yes. Export licenses are issued by customs and monitored by the comptroller of customs. Specific licenses are required only for exports of sugar, wheat bran, copra meal, certain types of lumber, certain animals, and a few other items. The Ministry of Commerce, Business Development and Investment issues export licenses for trochus shells, petroleum, and petroleum products.

With quotas No.

Export taxes Yes. A 3% export duty is levied on exports of sugar, gold, and silver.

Collected through the exchange system No.

Other export taxes Yes. A 3% export duty is levied on exports of sugar, gold, and silver.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>Yes</td>
<td>Except for payments above specified limits, which require RBF approval, authorized banks may approve all payments. Documentary evidence is required for the equivalent of F$5,000.</td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
<td>Yes</td>
<td>Authorized banks may remit up to the equivalent of F$1 million for airline tickets. Trade-related payments (for example, fees, services, charges) may be approved by authorized banks up to the equivalent of, F$1,000,000 an invoice. Lease payments may be approved by authorized banks up to F$500,000 an amount due an annum and import of lubricant/engine oil/hydraulic oil up to F$100,000 an invoice. Larger amounts require RBF approval.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes</td>
<td>Effective March 1, 2019, insurance payments up to F$100,000, is delegated to licensed brokers. Amounts higher require approval by the Insurance Unit of the RBF, whereupon insurance transfers are fully delegated to authorized banks. Previously all amounts required prior approval.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
<td>Effective April 2, 2020, transfer of profits and dividends require RBF approval. Previously, authorized banks could approve the transfer of up to F$1 million a company a year in profits and dividends to nonresident shareholders. Larger amounts required RBF approval, which was readily granted.</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
<td>Yes</td>
<td>Effective April 2, 2020, payment of interest and principal is allowed up to F$50,000 as per scheduled repayment (previously F$1 million). Authorized banks may approve payments for commissions and royalties up to the equivalent of F$1,000,000. Payments exceeding these limits require RBF approval.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes</td>
<td>Exports are allowed up to the amount declared at the time of arrival. Residents are allowed to take out up to the equivalent of F$10,000 in foreign currency for each overseas round-trip and up to the equivalent of F$5,000 for each overseas one-way trip without RBF approval.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes</td>
<td>Supporting travel documents are required.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
<td>Yes</td>
<td>For payments exceeding the delegated limits.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes</td>
<td>Authorized banks may pay an institution directly up to the equivalent of F$100,000 for medical or education expenses. The maximum payment for education expenses to an individual is F$20,000 and the maximum for medical expenses to an individual is F$50,000. The maximum authorized banks may approve for personal remittances, including wedding expenses, gifts, and family maintenance is F $2,000. For lottery tickets and miscellaneous expenses, it is F$500 a person a year.</td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
Indicative limits/bona fide test Yes. The beneficiary must hold a valid visa overseas.

Foreign workers' wages No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Credit card use abroad Yes.

Prior approval No.

Quantitative limits Yes. Effective April 2, 2020, credit card payments are limited as follows: for individuals F$5,000 a month (previously F$10,000); for corporate cards F$10,000 a month (previously F$20,000); and for foreign currency cash withdrawals by resident credit card holders are limited to F$1,500 a month (unchanged).

Effective April 2, 2020, all debit card payments are limited to F$2,000 a month (previously F$10,000 and F$20,000 a month for individuals and corporates, respectively). Amounts exceeding these limits require RBF approval. Credit and debit cards that are funded from an external account are not subject to the monthly limits.

Indicative limits/bona fide test No.

Other payments Yes.

Prior approval No.

Quantitative limits Yes. ADs may approve the full amount for alimony and court-ordered payments. The limit on payment for subscriptions is F$20,000.

Indicative limits/bona fide test No.

References to legal instruments and hyperlinks

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes.

Surrender requirements Yes.

Surrender to the central bank No.

Surrender to authorized dealers Yes. Residents are required to sell all their foreign currency receipts to an AD within one month of their return.

Restrictions on use of funds No.

References to legal instruments and hyperlinks

Capital Transactions

Controls on capital transactions Yes.

Repatriation requirements Yes.

Surrender requirements No.

Surrender to the central bank No.
<table>
<thead>
<tr>
<th><strong>Surrender to the central bank</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval of investments by nonresidents in the South Pacific Stock Exchange (for investments in listed companies) is fully delegated to ADs. The funding of the investment must originate abroad. Effective April 2, 2020, withdrawal of investment (sale of shares or assets) by nonresident requires RBF approval. Previously, withdrawal of investment by nonresidents from the sale of shares and assets was delegated to ADs, up to F$500,000 a company a year.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Effective April 2, 2020, withdrawal of investment by nonresidents from the sale of shares and assets requires RBF approval (previously was delegated up to F$500,000).</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Effective April 2, 2020, investment abroad by individual, companies, Fiji National Provident Fund, and other nonbank financial institutions is prohibited. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit. Evidence of proposed investment (prospectus, where applicable) was required, which had to be reviewed and stamped by the AD. Foreign investment by nonbank financial institutions and companies was permitted with RBF approval.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Proceeds from sales offshore must be repatriated to Fiji.</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are controls on all transactions in bonds or other debt securities.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Effective April 2, 2020, withdrawal of investment by nonresident requires RBF approval. Previously, the limit delegated to ADs was F$500,000 a sale of assets and RBF approval was required for larger amounts.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Effective April 2, 2020, RBF approval is required for all amounts. Previously delegated limit to ADs was F$500,000.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
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<td>Yes.</td>
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<tr>
<td>Proceeds from sales offshore must be repatriated to Fiji.</td>
<td></td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Effective April 2, 2020, investment abroad by individual, companies,</td>
<td></td>
</tr>
</tbody>
</table>
Fiji National Provident Fund, and other nonbank financial institutions is prohibited. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit. Evidence of proposed investment (prospectus, where applicable) was required, which had to be reviewed and stamped by the AD. Foreign investment by nonbank financial institutions and companies was permitted with RBF approval.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>Yes.</th>
<th>Proceeds from sales offshore must be repatriated to Fiji.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td>There are controls on all transactions in collective investment securities.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Effective April 2, 2020, withdrawal of investment by nonresident requires RBF approval. Previously, the limit delegated to ADs was F$500,000 a sale of assets and RBF approval was required for larger amounts.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Licensing is required.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Effective April 2, 2020, investment abroad by individual, companies, Fiji National Provident Fund, and other nonbank financial institutions is prohibited. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit. Evidence of proposed investment (prospectus, where applicable) was required, which had to be reviewed and stamped by the AD. Foreign investment by nonbank financial institutions and companies was permitted with RBF approval.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Proceeds from sales offshore must be repatriated to Fiji.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td>There are controls on all derivatives transactions.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Effective April 2, 2020, withdrawal of investment by nonresident requires RBF approval. Previously, the limit delegated to ADs was F$500,000 a sale of assets and RBF approval was required for larger amounts.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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<tr>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
<td>Nonresident-controlled companies may borrow up to F$10 million locally but must adhere to the 3:1 total-debt-to-equity ratio (exceptions require RBF approval): total debt includes local and foreign borrowing, and equity includes paid-up capital, shareholders’ non-interest-bearing loans, retained earnings, and subordinated interest-bearing loans. Authorized banks may lend up to F$2.0 million in foreign currency loans.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>These transactions are allowed up to F$5,000,000 a borrower. Reserve Bank approval is required for offshore borrowing above F$5,000,000 a borrower.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
### By residents to nonresidents

Nonresident-controlled entities may borrow locally up to F$10 million, but must adhere to the 3:1 total-debt-to-equity ratio (exceptions require RBF approval): total debt includes local and foreign borrowing, and equity includes paid-up capital, shareholders’ non-interest-bearing loans, retained earnings, and subordinated interest-bearing loans. Nonresident individuals may borrow up to the full amount to purchase property for tourism projects (acquisition of vacant land and constructed units, villas, etc.), but must adhere to the 3:1 total-debt-to-equity ratio and must settle their purchase in Fiji. Nonresidents may borrow up to the full amount to finance construction of residences, but must adhere to the 3:1 total-debt-to-equity ratio: equity includes the amount invested from abroad in the acquisition of land. Nonresidents may borrow up to F$200,000 to finance house maintenance and repairs, but must adhere to the 3:1 total-debt-to-equity ratio: equity includes the amount invested from abroad in the acquisition of property. Nonresidents may not borrow locally to buy vacant land without plans for development. Nonresidents may borrow locally 50% of the total cost of their residence to finance its acquisition. Authorized banks may lend up to F$2.0 million in foreign currency loans.

### To residents from nonresidents

These transactions are allowed up to F$5,000,000 a borrower. RBF approval is required for offshore borrowing above F$5,000,000 a borrower.

### Guarantees, sureties, and financial backup facilities

**By residents to nonresidents**

Bank guarantees on trade-related transactions are fully delegated to commercial banks. For other types of guarantees, RBF approval is required if the guarantees will result in future outflows in the event of default.

**To residents from nonresidents**

RBF approval is required if there is a charge over a Fiji asset.

### Controls on direct investment

**Outward direct investment**

Effective April 2, 2020, investment abroad by individual, companies, Fiji National Provident Fund, and other nonbank financial institutions is prohibited. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit. Evidence of proposed investment (prospectus, where applicable) was required, which had to be reviewed and stamped by the AD. Foreign investment by nonbank financial institutions and companies was permitted with RBF approval.

**Inward direct investment**

Foreign investment must be financed from nonresident sources and must be registered with the RBF to facilitate repatriation of dividends and capital. Previously approval for the transfer of profits and dividends declared and distributed to nonresident individuals up to the limit of F$1 million a company a year was delegated to ADs.

### Controls on liquidation of direct investment

Effective April 2, 2020, approval is required for the withdrawal of investments. Approval is required for nonresident-owned companies to repatriate the proceeds from sales of assets and capital gains on investments. Previously delegated limit to ADs was up to the limit of F$500,000 a company a year.

### Controls on real estate transactions

The purchase of personal property abroad for investment purposes is not permitted.

**Purchase locally by nonresidents**

Approval by the Ministry of Lands and the Native Land Trust Board is required for purchases of state-owned property and designated...
Native Lease properties. Settlements offshore of sales transactions in which both parties are nonresidents require RBF permission.

**Sale locally by nonresidents** Yes. There are controls on settlements to safeguard local interests before proceeds from sales may be remitted abroad.

**Controls on personal capital transactions** Yes.

**Loans**

- **By residents to nonresidents** Yes. Making personal loans to nonresident individuals is delegated to authorized banks up to F$100,000. Locally borrowed funds may be remitted abroad for medical, education, and travel needs.

- **To residents from nonresidents** Yes. Repayment is subject to current exchange control guidelines.

**Gifts, endowments, inheritances, and legacies** Yes.

- **By residents to nonresidents** Yes. The limit for the transfer of gifts, maintenance, and wedding expenses to nonresidents is F$2,000 or its equivalent. RBF approval may be granted for larger amounts.

- **To residents from nonresidents** No.

**Settlement of debts abroad by immigrants** Yes. Effective April 2, 2020, ADs may approve emigration allowances up to F$150,000 a family a year (previously F$250,000), except those funded by government pension funds, for which approval is fully delegated to ADs.

**Transfer of assets** Yes.

- **Transfer abroad by emigrants** Yes. Effective April 2, 2020, ADs may approve emigration allowances up to F$150,000 (previously F$250,000) a family a year, except those funded by government pension funds, for which approval is fully delegated to ADs.

- **Transfer into the country by immigrants** No.

**Transfer of gambling and prize earnings** Yes. These transactions are allowed up to F$500 a year.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions** Yes. Loan repayment requires RBF approval. Authorized banks may write net forward sales contracts up to F$50 million.

**Borrowing abroad** Yes. ADs must obtain permission from the RBF to borrow abroad.

**Maintenance of accounts abroad** Yes. Prior approval is required to maintain accounts abroad.

**Lending to nonresidents (financial or commercial credits)** Yes. All nonresident-controlled companies may borrow locally up to F$10 million, but they must adhere to the 3:1 total-debt-to-equity ratio (except with RBF approval): total debt includes local and foreign borrowing, and equity includes paid-up capital, shareholders’ non-interest-bearing loans, retained earnings, and subordinated interest-bearing loans. Nonresidents may borrow up to the full amount to purchase properties in tourism projects (acquisition of vacant land and constructed units, villas, etc.), but must adhere to the 3:1 total-debt-to-equity ratio and settle the purchase in Fiji. Nonresidents may borrow up to the full amount to finance construction of residences,
but must adhere to the 3:1 total-debt-to-equity ratio: equity includes the amount invested from abroad in the acquisition of land. Nonresidents may borrow up to F$200,000 to finance house maintenance and repairs, but must adhere to the 3:1 total-debt-to-equity ratio: equity includes the amount invested from abroad in the acquisition of property. Nonresidents may not borrow locally to buy vacant land without plans for development. Nonresidents may borrow 50% locally of the total cost of their residence to finance its acquisition. Nonresidents may borrow up to F$100,000 for personal needs. The borrowed funds may be remitted abroad for medical, education, and travel needs. 

Foreign currency loans by local banks up to F$2 million a company a year do not require RBF approval but must be sourced from the commercial bank’s own holdings or external sources. Foreign currency loans above the F$2 million limit require RBF approval.

Lending locally in foreign exchange  Yes. 
Purchase of locally issued securities denominated in foreign exchange  No. 
Differential treatment of deposit accounts in foreign exchange  No. 
  Reserve requirements  No. 
  Liquid asset requirements  No. 
  Interest rate controls  No. 
  Credit controls  No. 
Differential treatment of deposit accounts held by nonresidents  No. 
  Reserve requirements  No. 
  Liquid asset requirements  No. 
  Interest rate controls  No. 
  Credit controls  No. 
Investment regulations  Yes. 
Abroad by banks  Yes. 
In banks by nonresidents  No. 
Open foreign exchange position limits  Yes. 
  On resident assets and liabilities  n.a. 
  On nonresident assets and liabilities  n.a. 
Provisions specific to institutional investors  Yes. 
  Insurance companies  Yes. 
  Limits (max.) on securities issued by nonresidents  No. 

Prior approval of RBF is required.

Individuals and their relatives may own up to 15% of the voting shares of a bank or credit institution. Ownership through a company may be up to 30%. This does not preclude the establishment of branches or subsidiaries incorporated in Fiji of 100% nonresident-controlled financial institutions.

Net open foreign exchange position limits for each bank’s actual capital are set at the greater of 12.5% or the equivalent of F$0.4 million for each currency and up to an aggregate of 25% or between F$0.8 million and F$7.5 million for all foreign currencies.
Limits (max.) on investment portfolio held abroad
Yes. Prior approval of RBF is required.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

Pension funds
Yes.

Limits (max.) on securities issued by nonresidents
Yes. Prior approval of RBF is required.

Limits (max.) on investment portfolio held abroad
Yes. Fiji National Provident Funds investment abroad requires RBF approval.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

Investment firms and collective investment funds
Yes. Investment abroad requires RBF approval.

Limits (max.) on securities issued by nonresidents
Yes. Investment abroad requires RBF approval.

Limits (max.) on investment portfolio held abroad
Yes. Investment abroad requires RBF approval.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Resident Accounts

Foreign exchange accounts permitted
Held domestically

04/02/2020

Offshore investment was suspended including the delegation to open foreign currency accounts. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Trade-related payments

Indicative limits/bona fide test
03/01/2019

Insurance payments up to F$100,000, is delegated to licensed brokers. Amounts higher require approval by the Insurance Unit of the RBF, whereupon insurance transfers are fully delegated to authorized banks. Previously all amounts required prior approval.

Investment-related payments

Prior approval
04/02/2020

Transfer of profits and dividends require Reserve Bank of Fiji (RBF) approval. Previously, authorized banks could approve the transfer of up to F$1 million a company a year in profits and dividends to nonresident shareholders. Larger amounts required RBF approval, which was readily granted.

Quantitative limits
04/02/2020

Payment of interest and principal is allowed up to F$50,000 as per scheduled repayment (previously F$1 million).
Credit card payments are limited as follows: for individuals F$5,000 a month (previously F$10,000); and for corporate cards F$10,000 a month (previously F$20,000).

## Capital Transactions

### Controls on capital transactions

#### Controls on capital and money market instruments

**On capital market securities**

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>04/02/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawal of investment (sale of shares or assets) by nonresident requires Reserve Bank of Fiji approval. Previously, withdrawal of investment by nonresidents from the sale of shares and assets was delegated to authorized dealers, up to F$500,000 a company a year.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sale or issue locally by nonresidents</th>
<th>04/02/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawal of investment by nonresidents from the sale of shares and assets requires Reserve Bank of Fiji approval (previously was delegated up to $500,000).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>04/02/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment abroad by individual, companies, Fiji National Provident Fund, and other nonbank financial institutions is prohibited. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit.</td>
<td></td>
</tr>
</tbody>
</table>

#### On money market instruments

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>04/02/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawal of investment by nonresident requires Reserve Bank of Fiji (RBF) approval. Previously, the limit delegated to authorized dealers was F$500,000 a sale of assets and RBF approval was required for larger amounts.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sale or issue locally by nonresidents</th>
<th>04/02/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Bank of Fiji approval is required for all amounts. Previously delegated limit to authorized dealers was F$500,000.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>04/02/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment abroad by individual, companies, Fiji National Provident Fund, and other nonbank financial institutions is prohibited. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit.</td>
<td></td>
</tr>
</tbody>
</table>

#### On collective investment securities

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>04/02/2020</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

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<tr>
<th>Purchase abroad by residents</th>
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<tbody>
<tr>
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<td></td>
</tr>
</tbody>
</table>
Controls on derivatives and other instruments

*Purchase locally by nonresidents* 04/02/2020
Withdrawal of investment by nonresident requires Reserve Bank of Fiji (RBF) approval. Previously, the limit delegated to authorized dealers was F$500,000 a sale of assets and RBF approval was required for larger amounts.

*Purchase abroad by residents* 04/02/2020
Investment abroad by individual, companies, Fiji National Provident Fund, and other nonbank financial institutions is prohibited.

Controls on direct investment

*Outward direct investment* 04/02/2020
Investment abroad by individual, companies, Fiji National Provident Fund, and other nonbank financial institutions is prohibited. Previously, a family or business entity could invest offshore up to F$25,000 a year, and commercial banks could open foreign currency accounts for investments within the F$25,000 limit.

*Controls on liquidation of direct investment* 04/02/2020
Approval is required for the withdrawal of investments. Approval is required for nonresident-owned companies to repatriate the proceeds from sales of assets and capital gains on investments. Previously delegated limit to authorized dealers was up to the limit of F$500,000 a company a year.

Controls on personal capital transactions

*Loans*

*By residents to nonresidents* 04/02/2020
Offshore investment was suspended including the delegation to open foreign currency accounts. Previously, a family or business entity may invest offshore up to F$25,000 a year, and commercial banks may open foreign currency accounts for investments within the F$25,000 limit.

*Settlement of debts abroad by immigrants* 04/02/2020
Authorized dealers (ADs) may approve emigration allowances up to F$150,000 a family a year (previously F$250,000), except those funded by government pension funds, for which approval is fully delegated to ADs.

*Transfer of assets*

*Transfer abroad by emigrants* 04/02/2020
Authorized dealers (ADs) may approve emigration allowances up to F$150,000 (previously F$250,000) a family a year, except those funded by government pension funds, for which approval is fully delegated to ADs.
### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>January 14, 1948.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: September 25, 1979.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Finland maintains exchange restrictions imposed by EU Council regulations referred to below and does so solely for the preservation of national and international security. Accordingly, various restrictions apply with respect to Afghanistan, Belarus, Burundi, the Democratic Republic of the Congo, the Central African Republic, the Democratic People’s Republic of Korea, Egypt, Eritrea, Guinea-Bissau, Guinea (Conakry), Haiti, the Islamic Republic of Iran, Iraq, Libya, Mali, Moldova, Myanmar, Nicaragua, Russia, Somalia, South Sudan, Sudan, Syria, Tunisia, Ukraine, Venezuela, Yemen, the former Federal Republic of Yugoslavia (Bosnia and Herzegovina, Serbia and Montenegro), and Zimbabwe and to certain individuals and groups involved in terrorism.

<table>
<thead>
<tr>
<th>Other security restrictions</th>
<th>No.</th>
</tr>
</thead>
</table>

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Finland is the euro.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
<th>Unitary Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating Yes. The exchange rate arrangement of the euro area is free floating. Finland participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate Yes. Euro foreign exchange reference rates are based on a regular daily concertation procedure between CBs across Europe and worldwide, which normally takes place at 2:15 p.m. Central European Time. On July 1, 2016, the ECB changed the publication time of the euro foreign exchange reference rates (ECB reference rates) from around 2.30 p.m. Central European Time to around 4.00 p.m. Central European Time. The reference rate against the euro is the average of the buying and selling rates. The publication regime aims to reinforce the distinction between exchange rate fixings used as benchmarks for transaction purposes and the ECB reference rates that are published for information purposes only.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target
To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2%.
Finland is part of the euro-area-wide interbank market. There are no limits on the bid-ask spreads and commissions of market participants.

The foreign exchange market operates across the euro area.

The foreign exchange market operates across the euro area.

The foreign exchange market operates across the euro area.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** No.

Controls on the use of domestic currency No.

*For current transactions and payments* No.

*For capital transactions* No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents No.

**Payments arrangements** No.

Bilateral payments arrangements No.

*Operative* No.

*Inoperative* No.

Regional arrangements No.

Clearing agreements No.

Barter agreements and open accounts No.

**Administration of control** No.

There are no exchange controls. Import licensing is administered by the National Board of Customs. Export licensing relating to international export control regimes is administered by the trade department or foreign trade division of the Ministry of Trade and Industry.

**Payments arrears** No.

Official No.

Private No.
### Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>No.</th>
<th>On domestic ownership and/or trade</th>
<th>On external trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>No.</th>
<th>In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EU regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EU regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EU regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EU regulation; the EU regulation only harmonizes the system for the EU’s external borders.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.</td>
</tr>
<tr>
<td>------</td>
<td>------------------------------------------</td>
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<tr>
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</tr>
</tbody>
</table>
FINLAND

References to legal instruments and hyperlinks

Foreign exchange accounts permitted
Yes.

Held domestically
Yes.

Approval required
No.

Held abroad
No.

Approval required
No.

Accounts in domestic currency held abroad
Yes.

Accounts in domestic currency convertible into foreign currency
Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
No.

Domestic currency accounts
Yes.

Convertible into foreign currency
Yes.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
No.

Domestic currency accounts
Yes.

Convertible into foreign currency
Yes.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.

Other
No.
Import licenses and other nontariff measures

- Yes.

Positive list

- No.

Negative list

- Yes.

Open general licenses

- No.

Licenses with quotas

- Yes. There are no import quotas on steel imports from Russia since its accession to the WTO. International sanctions imposed by the UN or EU may include trade restrictions, such as import restrictions (see II.B.1. above).

Other nontariff measures

- No.

Import taxes and/or tariffs

- No.

Taxes collected through the exchange system

- No.

State import monopoly

- No.

References to legal instruments and hyperlinks

- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

- No.

Surrender requirements

- No.

- Surrender to the central bank
  - No.

- Surrender to authorized dealers
  - No.

Financing requirements

- No.

Documentation requirements

- No.

Letters of credit

- No.

Guarantees

- No.

Domiciliation

- No.

Preshipment inspection

- No.

Other

- No.

Export licenses

- Yes. Export licenses are required only for exports of goods related to international export control regimes or international sanctions imposed by the UN or EU (see II.B.1. above) and are administered by the Ministry for Foreign Affairs. The sale of arms is strictly controlled by the Ministry of Defense.

- Without quotas
  - Yes.

- With quotas
  - No.

Export taxes

- No.

Collected through the exchange system

- No.

Other export taxes

- No.
## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th>Controls on these transfers</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>

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### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td></td>
<td></td>
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<td><strong>Surrender requirements</strong></td>
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<tr>
<td>Surrender to authorized dealers</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

Controls apply to the purchase of shares and other securities of a participating nature, which may be affected by laws on inward direct investment and establishment.

There are no limitations concerning life and non-life-insurance companies with the implementation of the Solvency II Directive. Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the purchase of securities issued by non-EU residents if those assets were to cover more than 10% of the technical reserves of an insurance company.

There are no limitations concerning life and non-life-insurance companies with the implementation of the Solvency II Directive.
Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the purchase of securities issued by non-EU residents if those assets were to cover more than 10% of the technical reserves of an insurance company.

**Sale or issue abroad by residents**
- Yes.

**On money market instruments**
- Yes.

**Purchase locally by nonresidents**
- No.

**Sale or issue locally by nonresidents**
- No.

**Purchase abroad by residents**
- Yes.

There are no limitations concerning life and non-life-insurance companies with the implementation of the Solvency II Directive. Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the purchase of securities issued by non-EU residents if those assets were to cover more than 10% of the technical reserves of an insurance company.

**Sale or issue abroad by residents**
- No.

**On collective investment securities**
- Yes.

**Purchase locally by nonresidents**
- No.

**Sale or issue locally by nonresidents**
- No.

**Purchase abroad by residents**
- Yes.

There are no limitations concerning life and non-life-insurance companies with the implementation of the Solvency II Directive. Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the purchase of securities issued by non-EU residents if those assets were to cover more than 10% of the technical reserves of an insurance company.

**Sale or issue abroad by residents**
- No.

**Controls on derivatives and other instruments**
- Yes.

**Purchase locally by nonresidents**
- No.

**Sale or issue locally by nonresidents**
- No.

**Purchase abroad by residents**
- Yes.

There are no limitations concerning life and non-life-insurance companies with the implementation of the Solvency II Directive. Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the purchase of securities issued by non-EU residents if those assets were to cover more than 10% of the technical reserves of an insurance company.

**Sale or issue abroad by residents**
- No.
voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the purchase of securities issued by non-EU residents if those assets were to cover more than 10% of the technical reserves of an insurance company.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are no limitations concerning life and non-life-insurance companies with the implementation of the Solvency II Directive. Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the purchase of securities issued by non-EU residents if those assets were to cover more than 10% of the technical reserves of an insurance company.
gives the person majority voting rights in the company; and (8) the extent that under EU Directive 85/611/EEC, a depository of UCITS must have its registered office either in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country. Acquisition of shares giving at least one-third of the voting rights in a Finnish defense enterprise to a single foreign owner requires approval by the Ministry of Defense and may be denied if national security is jeopardized.

Controls on liquidation of direct investment No.

Controls on real estate transactions Yes.

Purchase abroad by residents Yes. There are no limitations concerning life and non-life-insurance companies with the implementation of the Solvency II Directive. Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area. Previously, controls applied to the acquisition of real estate located outside EU if those assets were to cover more than 5% of the technical reserves of an insurance company.

Purchase locally by nonresidents Yes. Regulations apply to the acquisition and holding of real property on the Aaland Islands by legal or natural persons who do not enjoy regional citizenship in Aaland, without permission of the relevant authorities of the Aaland Islands.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans No.

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No.
<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prudential regulations that are harmonized with EU directives apply.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>There are no limitations concerning life and non-life-insurance companies</td>
<td></td>
</tr>
<tr>
<td>with the implementation of the Solvency II Directive.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>There are no limitations concerning life and non-life-insurance companies</td>
<td></td>
</tr>
<tr>
<td>with the implementation of the Solvency II Directive.</td>
<td></td>
</tr>
<tr>
<td>Previously, restrictions applied to the purchase of capital or money</td>
<td></td>
</tr>
<tr>
<td>market instruments and collective investment securities issued by non-EU</td>
<td></td>
</tr>
<tr>
<td>residents if those assets were to cover more than 10% of the technical</td>
<td></td>
</tr>
<tr>
<td>reserves of an insurance company.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>There are no limitations concerning life and non-life-insurance companies</td>
<td></td>
</tr>
<tr>
<td>with the implementation of the Solvency II Directive.</td>
<td></td>
</tr>
<tr>
<td>Previously, regulations applied to the (1) purchase of or swap operations</td>
<td></td>
</tr>
<tr>
<td>in instruments and claims issued by or contracted with non-EU residents,</td>
<td></td>
</tr>
<tr>
<td>(2) credits and loans granted to non-EU residents, and (3) deposits of</td>
<td></td>
</tr>
<tr>
<td>funds with financial institutions regulated by non-EU authorities if those</td>
<td></td>
</tr>
<tr>
<td>assets were to cover more than 10% of the technical reserves of an insurance</td>
<td></td>
</tr>
<tr>
<td>company.</td>
<td></td>
</tr>
</tbody>
</table>
### FINLAND

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td>Statutory and voluntary pension schemes are provided by pension funds or special pension insurance companies. Regulations governing these companies are reported in this section.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
<td>Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
<td>Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td>Controls apply to the purchase of assets issued by non-ETA or non-OECD residents if these assets account for more than 20% of assets covering technical reserves of private pension fund administering voluntary occupational pension schemes. For assets traded on the regulated market inside ETA area, there are no controls even if the assets are issued outside ETA area.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
FRANCE

(Position as of October 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |

In accordance with the relevant UNSC resolutions and EU regulations, certain restrictions are maintained on the making of certain payments and transfers for current international transactions with respect to the following:
- Belarus: (1) origin: implementation of EU measures; (2) nature of the restrictions: (a) freeze on the assets of certain individuals and entities; (b) military and paramilitary embargo; and (c) embargo on goods intended for internal repression. Myanmar: (1) origin: implementation of EU measures; (2) nature of the restrictions: (a) freeze on the assets of certain individuals and entities; (b) military and paramilitary embargo; (c) embargo on goods intended for internal repression; and (d) embargo on industrial sectors constituting sources of funding for the regime (wood, gems). Most of the restrictions are suspended because of political changes in the country.
- Central African Republic: (1) origin: implementation of mix of UNSC resolutions and additional EU measures; (2) nature of the restrictions: (a) freeze on the assets of persons and entities responsible for threatening peace and stability of the Central African Republic and for involving children in wars; and (b) military and paramilitary embargo.
- Côte d’Ivoire (former government): (1) origin: implementation of mix of UNSC resolutions and additional EU measures; (2) nature of the restrictions: (a) freeze on the assets of certain individuals and entities belonging to the former government of Côte d’Ivoire; and (b) military and paramilitary embargo for nongovernmental entities.
- Democratic Republic of the Congo: (1) origin: implementation of mix of UNSC resolutions and additional EU measures; (2) nature of the restrictions: (a) freeze on the assets of certain individuals and entities; and (b) military and paramilitary embargo.
- Egypt (former government): (1) origin: EU measures; (2) nature of the restrictions: freeze on the assets of individuals responsible for misappropriation of government funds.
- Eritrea: (1) origin: implementation of mix of UNSC resolutions and additional EU measures; (2) nature of the restrictions: (a) freeze on the assets of certain individuals and entities; and (b) military and paramilitary embargo.
- Guinea: (1) origin: implementation of EU measures; (2) nature of the restrictions: (a) freeze on the assets of certain individuals and entities; and (b) military and paramilitary embargo.
- Guinea-Bissau: (1) origin: implementation of EU measures; (2)
nature of the restrictions: (a) freeze on the assets of certain persons.
Islamic Republic of Iran: (1) origin: implementation of mix of
UNSC resolutions and additional EU measures; (2) nature of the
restrictions: (a) freeze on the assets of certain individuals and
entities; (b) military and paramilitary embargo; (c) embargo on goods
intended for internal repression; (d) embargo on goods and services
related to nuclear proliferation and to ballistic vectors; (e) embargo
on technologies related to the oil industry; (f) implementation of
strengthened financial monitoring measures; and (g) prior
administrative approval of financial transactions over €40,000. An
interim agreement signed with Iran allows the suspension of some
restrictions from January 2014 until July 2014 (renewable).
Democratic People’s Republic of Korea: (1) origin: implementation
of EU measures; (2) nature of the restrictions: (a) freeze on the assets
of certain individuals and entities; (b) military and paramilitary
embargo; (c) embargo on goods and services related to nuclear
proliferation and to ballistic vectors; and (d) embargo on luxury
goods.
Lebanon (persons responsible for the assassination of former
Lebanese Prime Minister Rafik Hariri): (1) origin: EU measures; (2)
nature of the restrictions: (a) asset freeze.
Liberia (former government): (1) origin: Implementation of UNSC
resolutions and additional EU-specific measures; (2) nature of the
restrictions: (a) freeze on the assets of certain individuals and
entities; (b) military and paramilitary embargo; and (c)
implementation of the Kimberley Process Certification Scheme
(KPCS).
Libya (former government): (1) origin: implementation of mix of
UNSC resolutions and additional EU measures; (2) nature of the
restrictions: (a) freeze on the assets of certain individuals and
entities; (b) military and paramilitary embargo; and (c) embargo on
goods related to internal repression. Restrictions will be canceled on
request from the government of Libya.
Somalia: (1) origin: implementation of mix of UNSC resolutions and
additional EU measures; (2) nature of the restrictions: (a) freeze on
the assets of certain individuals and entities; and (b) military and
paramilitary embargo.
Sudan and South Sudan: (1) origin: implementation of mix of UNSC
resolutions and additional EU measures; (2) nature of the restrictions:
(a) military and paramilitary embargo.
Syria: (1) origin: implementation of EU measures; (2) nature of the
restrictions: (a) freeze on the assets of certain individuals and
entities; (b) military and paramilitary embargo; (c) embargo on goods
related to internal repression; and (d) embargo on oil.
Tunisia (former government): (1) origin: EU measures; (2) nature of
the restrictions: freeze on the assets of individuals responsible for
misappropriation of government funds.
Ukraine (former government): (1) origin: implementation of EU
measures; (2) nature of the restrictions: freeze on the assets of certain
individuals and entities responsible for misappropriation of
government funds.
Zimbabwe: (1) origin: Implementation of EU measures; (2) nature of
the restrictions: (a) freeze on the assets of certain individuals and
entities; (b) military and paramilitary embargo; and (c) embargo on
goods related to internal repression.
Taliban terrorist asset freeze: (1) origin: implementation of UN
measures (Resolution No. 1267); (2) freeze on the assets of
individuals.
Al-Qaida terrorist asset freeze: (1) origin implementation of UN
measures; (2) freeze on the assets of individuals.
Afghanistan terrorist asset freeze: (1) origin: implementation of UN measures; 2) freezes on the assets of individuals.

EU external action on terrorist asset freeze: (1) origin: implementation of mix of UNSC resolutions and additional EU measures; (2) freeze on the assets of individuals.

Nicaragua
COUNCIL REGULATION (EU) 2019/1716 of October 14, 2019, concerning restrictive measures in view of the situation in Nicaragua

Turquie
COUNCIL REGULATION (EU) 2019/1890 of November 11, 2019, concerning restrictive measures in view of Turkey's unauthorized drilling activities in the Eastern Mediterranean

Mali
COUNCIL REGULATION (EU) 2017/1770 of September 28, 2017, concerning restrictive measures in view of the situation in Mali

Violation droits de l'homme
COUNCIL REGULATION (EU) 2020/1998 of December 7, 2020, concerning restrictive measures against serious human rights violations and abuses

Burundi
COUNCIL REGULATION (EU) 2015/1755 of October 1, 2015, concerning restrictive measures in view of the situation in Burundi

Iraq

Regulation repealed:
Côte d'Ivoire

Regulation (EC) No 560/2005 imposing certain specific restrictive measures directed against certain persons and entities in view of the situation in Côte d'Ivoire

Liberia

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

The currency of France is the euro.

Other legal tender
No.

Exchange rate structure
Unitary
Yes.

Dual

Multiple

Classification
No separate legal tender

Currency board

FRANCE

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Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating Yes. The exchange rate arrangement of the euro area is free floating. France participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of CBs. The publication time of the euro foreign exchange reference rates is around 14:30 Central European Time to around 16:00 Central European Time. The reference rate against the euro is the average of the buying and selling rates.

Monetary policy framework
Exchange rate anchor
U.S. dollar
Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank
Inflation target
Target number
Point target
<table>
<thead>
<tr>
<th><strong>Target with tolerance band</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Band/Range</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target measure</strong></td>
<td></td>
</tr>
<tr>
<td><strong>CPI</strong></td>
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<tr>
<td><strong>Core inflation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target horizon</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating target (policy rate)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Policy rate</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target corridor band</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Open letter</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Parliamentary hearings</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of votes</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of minutes</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of inflation forecasts</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Other monetary framework

- **Yes.**

To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term.

### Exchange tax

- **No.**

### Exchange subsidy

- **No.**

### Foreign exchange market

- **Yes.**

ADs may freely set their exchange rates and commissions in foreign exchange transactions with their clients. Registered banks in France and Monaco, which may also act on behalf of banks abroad or in Operations Account countries, are permitted to deal spot or forward in the foreign exchange market in France. Registered banks may also deal spot or forward with their correspondents in foreign markets in all currencies.

### Spot exchange market

- **Yes.**

Currency exchange offices (“changeurs manuels”) are allowed to operate in France; they must obtain a license from the Autorité de contrôle prudentiel et de résolution (ACPR—Prudential Control Authority and Resolution) before starting their activity. As of
December 31, 2018, 179 currency exchange offices were registered in France. They are authorized to conduct foreign exchange activities following Article L524-1 of the Monetary and Financial Code: “A money-changing transaction entails the immediate exchange of bills or banknotes denominated in different currencies. The fact of accepting, in exchange for cash delivered to a client, a settlement via another means of payment, also constitutes a money-changing transaction, provided it is denominated in a different currency.”

To conduct money transfer activities, companies must either obtain a license to operate as a credit, electronic money, or payment institution or be an agent of an authorized credit, electronic money, or payment institution. The ACPR is in charge of on-site and off-site control of currency exchange offices’ compliance with the Anti-Money Laundering/Combating the Financing of Terrorism regulations. Accounts in foreign countries are not prohibited. Currency exchange offices submit to the ACPR their total foreign currency sales and purchases annually.

**Operated by the central bank** | No.  
--- | ---  
**Foreign exchange standing facility** | No.  
**Allocation** | No.  
**Auction** | No.  
**Fixing** | No.  

**Interbank market** | Yes.  
There are no limits on the bid-ask spreads and commissions of market participants. As of December 31, 2018, there were five major French banking groups active in the interbank foreign exchange market in France. In addition, subsidiaries of foreign banks provide quotes for foreign exchange transactions. The CB intervenes directly with market participants at their quoted rates.

**Over the counter** | Yes.  
The foreign exchange market operates over the counter.

**Brokerage** | Yes.  
Brokerage is used marginally.

**Market making** | Yes.  
The interbank foreign exchange market operates on the basis of a market-making agreement, under which participants commit to a maximum spread and a minimum amount to trade.

**Forward exchange market** | Yes.  
All residents, including private persons, may purchase and sell foreign exchange forward without restriction. Forward sales of foreign currency are not restricted, whether or not they are for hedging purposes. The Bank of France participates in the foreign exchange market on its own account. Under Article L151-2 of the Monetary and Financial Code, the government may, in the national interest, by decree subject to authorization, control, or declaration regulate exchange operations between France and foreign countries.

**Official cover of forward operations** | No.  

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** | No.  

**Controls on the use of domestic currency** | No.  

**For current transactions and payments** | No.
For capital transactions
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents No.

Payments arrangements
Bilateral payments arrangements No.
Operative No.
Inoperative No.
Regional arrangements No.
Clearing agreements No.
Barter agreements and open accounts No.

Administration of control
The Ministry of Economy and Finance is the coordinating agency for financial relations with foreign countries. It is responsible for all matters relating to inward and outward direct investment and has authority over matters relating to insurance, reinsurance, annuities, and so on. The execution of all transfers has been delegated to registered banks and stockbrokers and to the postal administration.

Payments arrears
Official No.
Private No.

Controls on trade in gold (coins and/or bullion)
On domestic ownership and/or trade No.
On external trade No.

Controls on exports and imports of banknotes Yes.

In accordance with EU Regulation No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash (domestic or foreign currency) entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EU regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on
mutual administrative assistance, information obtained under the EU regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EU regulation does not apply to physical cross-border transportation from one EU country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EU regulation; the EU regulation only harmonizes the system for the EU’s external borders.

### Resident Accounts

#### Foreign exchange accounts permitted
- **Yes.**

#### Domestic currency accounts
- **Yes.**

#### Approval required
- **No.**

#### Convertible into foreign currency
- **Yes.**

### Nonresident Accounts

#### Foreign exchange accounts permitted
- **Yes.**

#### Approval required
- **No.**

#### Domestic currency accounts
- **Yes.**

#### Convertible into foreign currency
- **Yes.**

### Imports and Import Payments

At the request of Algeria, Morocco, and Tunisia, banknotes issued by these countries may not be exchanged in France.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
</tbody>
</table>

Licenses are required for some countries and some products. Imports of goods that originate outside the EU and are subject to quantitative restrictions require individual licenses. Common EU regulations are also applied to imports from non-EU countries. Imports of certain goods originating in the EU that are of a strategic nature or of national interest (for example, works of art) require licensing.

Some imports from non-EU countries require administrative visas issued by the Central Customs Administration or the appropriate ministry. Imports of products of the ECSC originating in non-ECSC countries require such administrative visas. Products governed by Common Market regulations require import certificates. Imports from countries under international sanctions may be subject to licensing.

Duties are collected at the time of entry into the EU based on the origin of the products and the tariff structure. An agricultural levy (within the CAP) and, if necessary, an antidumping levy may be added.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
</tbody>
</table>
Surrender to authorized dealers No.

Financing requirements No.

Documentation requirements No.

Letters of credit No.

Guarantees No.

Domiciliation No.

Preshipment inspection No.

Other No.

Export licenses Yes.

Without quotas Yes. Certain prohibited goods may be exported only under a special license or in accordance with international sanctions.

With quotas No.

Export taxes No. Exports are not taxed, except for precious metals, works of art, jewelry, and collections of jewels and antiques, which are subject to a levy.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes.

Trade-related payments Yes.

Prior approval Yes. As a result of international sanctions, payments to some countries may require a special license.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments Yes.

Prior approval Yes. As a result of international sanctions, payments to some countries may require a special license.

Quantitative limits No.

Indicative limits/bona fide test No.

Payments for travel No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Personal payments Yes.
Prior approval

Quantitative limits

Indicative limits/bona fide test

Foreign workers’ wages

Prior approval

Quantitative limits

Indicative limits/bona fide test

Credit card use abroad

Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

As a result of international sanctions, payments to some countries may require a special license.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

On capital market securities

As a result of international sanctions, some capital movements and transactions are not allowed or are subject to specific restrictions.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Notes:**
- Controls apply to the purchase and sale of shares or other securities of a participating nature, with particular emphasis on nonresidents.
- Controls apply to the purchase by non-EU residents of securities not quoted on a recognized securities market that may be affected by laws on inward direct investment and establishment.
- Controls apply to the issuance of certificates of deposit (CDs) by nonresident banks.
- Controls apply to foreign collective investment securities, except those that are of EU origin and comply with EU Directive No. 2009/65/EC.
By residents to nonresidents
No.

To residents from nonresidents
No.

Guarantees, sureties, and financial backup facilities
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Controls on direct investment
Yes.

Outward direct investment
No.

Inward direct investment
Yes.

Controls apply to (1) the establishment of an agricultural business by citizens of countries that are not EU members and the acquisition of vineyards; (2) investment in airlines, which must be established in France and majority owned and effectively controlled by EU countries and/or EU citizens, unless otherwise provided for through an international agreement to which the EU is a signatory; (3) the ownership after acquisition of more than 49% of a French flag vessel, except through a company incorporated in the EU; moreover, citizens of countries that are not EU members may not engage in cabotage; (4) the establishment of branches of insurance companies not headquartered in the EU, which are subject to special authorization with respect to their representatives and to specific requirements relating to the deposit, withdrawal, and transfer of funds; (5) the extent that under EU Directive No. 2009/65/EC, a depository of a UCITS must either have its registered office in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country; and (6) the acquisition by non-EU residents of more than 20% in the voting rights or the authorized capital of a company holding a license for radio or television services via terrestrial hertzian channels broadcast in French.

Pursuant to articles L.151-1 and R.151-1 et seq. of the financial and monetary code, foreign investments in France in sectors listed in article R.151-3 of the financial and monetary code are subject to prior approval from the Minister for the Economy.

Effective April 1, 2020, decree n° 2019-1590 of December 31, 2019, came into effect, which expanded the scope of the FDI review and introduced major changes to the FDI review process. Effective May 1, 2020, biotechnology was added to the list of critical technologies subject to the foreign investment screening procedure.

Effective July 23, 2020, in the specific context of COVID-19 crisis, the voting rights threshold in sensitive companies which triggers screening procedure was lowered from 25% to 10%, only for listed companies and according to a special procedure. EU and EEA investors are exempted from this measure, which is set to end on December 31, 2020, but is expected to be extended until the end of 2021. Effective October 11, 2020, the FDI screening regulation adopted in March 2019 established an EU-wide framework in which the European Commission and the Member States can coordinate their actions on foreign investments.

Controls on liquidation of direct investment
No.

The proceeds from liquidating FDI in France may be freely transferred abroad, provided the corresponding funds are reported to the Bank of France. The liquidation must be reported also to the Ministry of Economy and Finance within 20 days.
**FRANCE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td><em>Loans</em></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><em>Gifts, endowments, inheritances, and legacies</em></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><em>Settlement of debts abroad by immigrants</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Transfer of assets</em></td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td><em>Transfer of gambling and prize earnings</em></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Provisions specific to commercial banks and other credit institutions</em></td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td><em>Reserve requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Liquid asset requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Interest rate controls</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Credit controls</em></td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><em>Reserve requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Liquid asset requirements</em></td>
<td>No.</td>
</tr>
</tbody>
</table>
Interest rate controls No.
Credit controls No.
Investment regulations No.
Abroad by banks No.
In banks by nonresidents No.
Open foreign exchange position limits Yes.
On resident assets and liabilities Yes.

Pursuant to European Directive No. 2013/36/EU and Regulation (EU) No. 575/2013, if the sum of an institution’s overall net foreign-exchange position and net gold position, calculated as set out in Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. This requirement is the sum of its overall net foreign-exchange position and net gold position in the reporting currency, multiplied by 8% (Article 351 of the above-mentioned regulation).

Institutions’ own funds requirements against positions in relevant closely correlated currencies may be lower. Two currencies are deemed closely correlated if the likelihood of a loss—based on daily exchange rate data for the preceding three or five years—of 4% or less of the value of the matched position in question (in terms of the reporting currency) on equal and opposite positions in such currencies over the following 10 working days has a probability of at least 99% for a three-year observation period and of 95% for a five-year observation period. The own funds requirement on the matched position in two closely correlated currencies is 4% of the value of the matched position (Article 354 of the above-mentioned regulation).

On nonresident assets and liabilities Yes.

Pursuant to European Directive No. 2013/36/EU and Regulation (EU) No. 575/2013, if the sum of an institution’s overall net foreign-exchange position and net gold position, calculated as set out in Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. This requirement is the sum of its overall net foreign-exchange position and net gold position in the reporting currency, multiplied by 8% (Article 351 of the above-mentioned regulation).

Institutions’ own funds requirements against positions in relevant closely correlated currencies may be lower. Two currencies are deemed closely correlated if the likelihood of a loss—based on daily exchange rate data for the preceding three or five years—of 4% or less of the value of the matched position in question (in terms of the reporting currency) on equal and opposite positions in such currencies over the following 10 working days has a probability of at least 99% for a three-year observation period and of 95% for a five-year observation period. The own funds requirement on the matched position in two closely correlated currencies is 4% of the value of the matched position (Article 354 of the above-mentioned regulation).

Provisions specific to institutional investors Yes.
Insurance companies Yes.

Limits (max.) on securities issued by No.
nonresidents

Limits (max.) on investment portfolio held abroad  No.

Limits (min.) on investment portfolio held locally  No.

Currency-matching regulations on assets/liabilities composition  Yes. Insurance companies in the EU must cover their technical reserves with assets expressed in the same currency. In accordance with EU regulations, the French regulation requires insurance entities to cover their technical reserves with “congruent” assets. As a derogation, a maximum percentage of the technical reserves may be covered by “noncongruent” assets—that is, 20% for life insurance and non-life insurance (Insurance Code Articles R.332-1 and R.332-1-1).

Pension funds  Yes. Pension fund activity in France is performed by insurance companies (as allowed by European Directive No. 2003/41/EC on Institutions for Occupational Retirement Provisions). A specific “congruence” requirement applies to the technical reserves relating to occupational pension activities.

Limits (max.) on securities issued by nonresidents  No.

Limits (max.) on investment portfolio held abroad  No.

Limits (min.) on investment portfolio held locally  No.

Currency-matching regulations on assets/liabilities composition  Yes. Insurance companies in the EU are required to cover their technical reserves with assets expressed in the same currency (rule of congruence). In accordance with European regulations, the French regulation requires insurance entities to cover their technical reserves with congruent assets. As a derogation, a maximum percentage of the technical reserves may be covered by noncongruent assets—that is, 30% for the technical reserves specifically relating to occupational pension commitments (Insurance Code Article R.332-61).

Investment firms and collective investment funds  Yes. For investment firms, pursuant to European Directive No. 2013/36/EU and Regulation (EU) No. 575/2013, the institution must separately sum all its net long positions and net short positions in accordance with Article 327. The sum of the absolute values of the two figures is its overall gross position. The institution must calculate, separately for each market, the difference between the sum of the net long and net short positions. The sum of the absolute values of those differences is its overall net position (Article 341 of the above-mentioned regulation).

For undertakings for collective investment in transferable securities (UCITS) and money market funds, purchases of securities issued by nonresidents are subject to the same limits as securities issued by residents, namely for UCITS (1) diversification ratios (5/10/40)—that is, no more than 10% of the fund’s assets may be invested in transferable securities or money market instruments of the same issuer, and none of the fund’s holdings in single issuers that exceed 5% of the fund’s assets may cumulatively exceed 40%; and (2) borrowing ratios (10% an issuer). Specific categories of alternative investment funds shall fulfil a combination of rules defined in national law and at European level (AIFMD directive), including diversification and concentration rules, but no specific limits on securities issued by non-residents apply to these funds.
For investment firms, pursuant to European Directive No. 2013/36/EU and Regulation (EU) No. 575/2013, if the sum of the institution’s overall net foreign-exchange position and net gold position, calculated as set out in Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. This requirement is the sum of its overall net foreign-exchange position and net gold position in the reporting currency, multiplied by 8% (Article 351 of the above-mentioned regulation).

Institutions’ own funds requirements against positions in relevant closely correlated currencies may be lower. Two currencies are deemed closely correlated if the likelihood of a loss—based on daily exchange rate data for the preceding three or five years—of 4% or less of the value of the matched position in question (in terms of the reporting currency) on equal and opposite positions in such currencies over the following 10 working days has a probability of at least 99% for a three-year observation period and of 95% for a five-year observation period. The own funds requirement on the matched position in two closely correlated currencies is 4% of the value of the matched position (Article 354 of the above-mentioned regulation).

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## Changes during 2019 and 2020

### Capital Transactions

**Controls on capital transactions**

**Controls on direct investment**

**Inward direct investment**

- **04/01/2020** Decree nº 2019-1590 of December 31, 2019 came into effect, which expanded the scope of the Foreign direct investment (FDI) review and introduced major changes to the FDI review process.

- **05/01/2020** Biotechnology was added to the list of critical technologies subject to the foreign investment screening procedure.

- **07/23/2020** In the specific context of COVID-19 crisis, the voting rights threshold in sensitive companies which triggers screening procedure was lowered from 25% to 10%, only for listed companies and according to a special procedure. European Union and European Economic Area investors are exempted from this measure, which is set to end on December 31, 2020, but is expected to be extended until the end of 2021.

- **10/11/2020** The Foreign direct investment screening regulation adopted in March 2019 established an European Union-wide framework in which the European Commission and the Member States can coordinate their actions on foreign investments.
### GABON

*(Position as of June 30, 2020)*

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 10, 1963.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 1, 1996.</td>
</tr>
</tbody>
</table>

**Exchange Measures**

- **Restrictions and/or multiple currency practices**: Yes.
  - The IMF staff report for 2019 Article IV Consultation Fourth and Fifth Reviews under the Extended Arrangement under the Extended Fund Facility, and Request for Waiver of Nonobservance of Performance Criteria, and Rephasing of the Remaining Purchases with Gabon states that, as of December 4, 2019, Gabon maintained a 1.5% tax on wire transfers abroad that is not consistent with Gabon’s obligations under Article VIII, Section 2(a) of the Articles of Agreement. The proceeds of this tax are used to fund Gabon’s health insurance scheme. (Country Report No. 19/389)

- **Exchange measures imposed for security reasons**: Yes.
  - For security reasons, Gabon supports UNSC Resolution No. 1373 to combat money laundering and terrorism financing (Regulation No. 01/03/CEMAC/UMAC/CM of April 4, 2003).

**Exchange Arrangement**

- **Currency**: Yes.
  - The currency issued within the CEMAC, which is legal tender in Gabon and the other member countries, is the CFA franc.

- **Exchange rate structure**: Unitary Yes.
  - The exchange rate arrangement of the CAMU is a conventional peg. Gabon participates in the CAMU and has no separate legal tender. The Monetary Cooperation Agreement (MCA) between the CEMAC member countries and France is based on three principles: (1) a common CB; (2) fixed parity with the euro; and (3) an unlimited convertibility guarantee. Article 16 empowers the finance ministers
of signatory countries (Joint Monetary Committee) to amend the MCA. Article 17 permits signatories to renounce the agreement. Article 18 specifies that the expulsion of a member country from the BEAC automatically results in that country’s renunciation of the MCA.

Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate** Yes. The CFA franc is officially pegged to the euro, the intervention currency, at a fixed rate of CFAF 655.957 per euro. The exchange rate is fixed by Article 12 of the MCA of November 23, 1972, between the BEAC and France, which states that the par value may be modified following consultation among the signatory countries (BEAC members and France), taking into account the demands of the economic and financial situation of the member countries. Exchange transactions in euros between the BEAC and commercial banks are made at this rate. Buying and selling rates for certain other foreign currencies are also listed officially based on the fixed rate for the euro and the rates for these foreign currencies prevailing in the Paris foreign exchange market. The official rate is used for accounting and valuation.

**Monetary policy framework**

Exchange rate anchor Yes.

*U.S. dollar*

*Euro* Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank
Inflation target

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax Yes. Effective June 10, 2019, transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1% (previously 0.5%), excluding the turnover tax (VAT) and any other special tax. Licensed intermediaries may effect transfers with the rest of the world through the BEAC. Within the CEMAC, transfers of funds are subject to transfer fees determined freely by the market but not exceeding 0.25%, excluding the VAT and any other special tax.

Exchange subsidy No.

Foreign exchange market Yes. Licensing of exchange bureaus is the responsibility of the MOFs of the CEMAC member countries. Their operations are limited to OTC transactions. Licensed intermediaries, who set their own exchange rates with their customers for currencies other than the euro, may freely conduct foreign exchange transactions with their customers. The BEAC’s OTC foreign exchange transactions are conducted...
Gabon, nine banks are licensed to conduct foreign exchange transactions with the public.

**Operated by the central bank** Yes. The BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.

**Foreign exchange standing facility** Yes. Within the limits of available stocks, the BEAC’s OTC exchange transactions are conducted exclusively with national public accountants and treasuries.

**Allocation** No.

**Auction** No.

**Fixing** No.

**Interbank market** Yes. There are no restrictions on interbank foreign exchange transactions within the CEMAC. Exchange transactions are OTC transactions. The BEAC does not intervene in exchange transactions within the CEMAC. These transactions are freely conducted by operators licensed by the MOF with the approval of the Central African Banking Commission (COBAC). Effective June 10, 2019, a fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks. This fee covers all charges on OTC transactions and the intermediation margin. Nine banks are licensed, and all participate in the interbank market.

**Over the counter** Yes. Foreign exchange transactions are conducted on an OTC basis.

**Brokerage** No.

**Market making** No.

**Forward exchange market** Yes. There is no forward foreign exchange market in the CEMAC. However, licensed intermediaries may enter into forward exchange contracts up to a limit of CFAF 100 million on presentation of supporting documentation (invoices, debt repayment schedules, or other foreign-currency-denominated debt instruments) and must report such activities to the BEAC. For amounts over CFAF 100 million, requests for forward exchange contracts must be made to the BEAC so that their purpose may be verified.

**Official cover of forward operations** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** Yes.

**Controls on the use of domestic currency** No. Within the CEMAC, the CFA franc is used freely for payments and receipts relating to current and capital transactions and payments. Settlements with all countries other than CEMAC members must be made through correspondent banks in one of the currencies of the two parties or in any other currency agreed on by the two parties to the transaction.

*For current transactions and payments* No.

*For capital transactions* No.
Transactions in capital and money market instruments | No.
Transactions in derivatives and other instruments | No.
Credit operations | No.
Use of foreign exchange among residents | Yes.

The monetary unit is the CFA franc, which is the sole official currency and legal tender in all CEMAC member countries. Consequently, transactions among residents must be settled in domestic currency.

**Payments arrangements** | Yes.
Bilateral payments arrangements | No.
Operative | No.
Inoperative | No.
Regional arrangements | Yes.

An operations account links all the countries with the French Treasury. All purchases and sales of foreign currencies and euros in exchange for CFA francs are ultimately settled by a debit or credit to the operations account. Governments may maintain foreign currency deposits related to oil reserves at commercial banks and use them to meet their external debt service obligations. Exchange regulations in the CEMAC member countries are harmonized.

Clearing agreements | No.
Barter agreements and open accounts | Yes.

Administration of control | Yes.

Administration of the foreign exchange regulations is the responsibility of the MOFs of the CEMAC countries, which may delegate all or a portion of their authority to the BEAC, the COBAC, and licensed intermediaries. For example, authority is delegated to licensed intermediaries to carry out transactions with the rest of the world. They must verify the validity of transactions, collect statistics, and report these activities to the monetary authorities. However, certain types of transactions may not be delegated. The BEAC supervises the exchange regulations; evaluates foreign exchange hedging operations; reviews requests for approval of opening of foreign exchange accounts by resident legal entities; and monitors the repatriation of export proceeds. The COBAC ensures that licensed intermediaries comply with certain provisions of these regulations, especially to prevent weakening of the CEMAC banking system.

Payments arrears | No.

Licensed intermediaries may freely execute their customers’ payment orders. The related transfers may, at their request, be made through the BEAC. In this context, the MCA with France serves to guarantee the convertibility of the CFA franc. No payment arrears are allowed on the grounds that insufficient foreign exchange is available.

Official | No.
Private | No.

Controls on trade in gold (coins and/or bullion) | Yes.

CEMAC residents are free to hold, purchase, and sell gold in any form within the CEMAC.

Except in the case of manufactured articles containing small quantities of gold, CEMAC gold imports and exports are subject to approval by the appropriate authorities. The national treasuries and
the BEAC are exempt from this requirement.

Residents and nonresidents traveling from one country to another within the CEMAC may take with them an unlimited amount of CEMAC banknotes and coins.

### Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>On exports</th>
<th>Yes.</th>
</tr>
</thead>
</table>

### Domestic currency

| Yes. |

CFA francs issued by the BEAC may not be exported to countries outside the CEMAC. However, effective March 1, 2019, departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000). During their trips outside the CEMAC, travelers must use payment instruments other than BEAC banknotes (foreign currency, traveler’s checks, bank drafts, transfers, etc.).

### Foreign currency

| Yes. |

Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities. Nonresident travelers leaving the CEMAC may take with them foreign currency valued at up to the amount they declared on entering the CEMAC. If they made no declaration on entry or if they are carrying sums exceeding those they brought into the CEMAC, they must explain the source of the amount in excess of CFAF 1 million. Supporting documents include pay slips and work permits (wage income), student cards (parental assistance for students and trainees), and notarized instruments (donations), among others.

### On imports

| Yes. |

CFA francs issued by the BEAC may not be imported from countries outside the CEMAC. However, effective March 1, 2019, arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

### Foreign currency

| No. |

Effective March 1, 2019, resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

| Yes. |

Residents may not open foreign exchange accounts in local banks. However, the BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts.

| Yes. |

The BEAC may allow certain resident legal entities to open foreign exchange accounts. These accounts may not be credited with CFA francs or with debits from CFA franc accounts. Balances may be transferred abroad freely. Effective March 1, 2019, the authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

| Yes. |

Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM effective March 1, 2019. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying
foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

Approval required Yes. The BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019.

Accounts in domestic currency held abroad Yes. Effective March 1, 2019, accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

Accounts in domestic currency convertible into foreign currency No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. There are no restrictions on the opening of nonresident foreign exchange accounts within the CEMAC. Licensed intermediaries may open such accounts for any nonresident, on request, provided they inform the monetary authorities. Such accounts may not be overdrawn.

Approval required No.

Domestic currency accounts Yes. There are no restrictions on the opening of nonresident CFA franc accounts within the CEMAC. Licensed intermediaries may open such accounts for nonresidents, on request, provided they inform the monetary authorities. Such accounts may not be overdrawn.

Convertible into foreign currency No. Nonresidents may not convert the balances of their domestic currency accounts to foreign currency or transfer them abroad.

Approval required No.

Blocked accounts No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No. The exchange regulations do not limit access to foreign exchange. Payments for imports must be made regularly through licensed intermediaries.

Financing requirements for imports No. Economic agents may freely enter into commercial contracts with their partners abroad. These contracts are executed through the banking system, subject to compliance with the exchange regulations.

Minimum financing requirements No. There are no financing requirements.

Advance payment requirements No.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports Yes. For import payments of less than CFAF 100 million, the licensed intermediary must obtain a pro forma or original invoice, a bill of lading, or the commercial contract, along with the most recent tax receipt or a professional license. Payments of more than CFAF 100 million must be settled through a licensed intermediary, which must check the supporting documents. Legally registered legal entities and declared or certified professionals may be exempt from the requirement to produce supporting documents, provided they submit
an annual estimate of imports corroborated by a business forecast.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports valued at more than CFAF 5 million</td>
<td></td>
</tr>
<tr>
<td>must be domiciled with a resident licensed</td>
<td></td>
</tr>
<tr>
<td>intermediary.</td>
<td></td>
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<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are no specific provisions for inspections</td>
<td></td>
</tr>
<tr>
<td>at the CEMAC level.</td>
<td></td>
</tr>
<tr>
<td>The member countries may freely apply their own</td>
<td></td>
</tr>
<tr>
<td>regulations in this regard.</td>
<td></td>
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<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>The use of LCs by economic agents for the</td>
<td></td>
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<tr>
<td>settlement of transactions is allowed but</td>
<td></td>
</tr>
<tr>
<td>optional.</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses are not used in the CEMAC</td>
<td></td>
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<tr>
<td>countries to restrict the availability of foreign</td>
<td></td>
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<tr>
<td>exchange for legitimate trade, as defined in the</td>
<td></td>
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<tr>
<td>Compilation Guide. When such licenses exist, they</td>
<td></td>
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<tr>
<td>are used for trade policy purposes.</td>
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<tr>
<td>Other</td>
<td>Yes.</td>
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<tr>
<td>For import payments of less than CFAF 100 million</td>
<td></td>
</tr>
<tr>
<td>the licensed intermediary must obtain a pro</td>
<td></td>
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<tr>
<td>forma or original invoice, a bill of lading, or</td>
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<tr>
<td>the commercial contract, along with the most</td>
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<tr>
<td>recent tax receipt or a professional license</td>
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<tr>
<td>(registration number, professional ID card,</td>
<td></td>
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<tr>
<td>extract from the commercial registry, or tax</td>
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<tr>
<td>clearance). Payments of more than CFAF 100</td>
<td></td>
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<tr>
<td>million must be settled through a licensed</td>
<td></td>
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<tr>
<td>intermediary, which must check the supporting</td>
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<tr>
<td>documents. Effective March 1, 2019, legal entities</td>
<td></td>
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<tr>
<td>and certified professionals can no longer use</td>
<td></td>
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<tr>
<td>annual estimates of imports and must produce all</td>
<td></td>
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<tr>
<td>supporting documents to carry out transactions.</td>
<td></td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>In general, CEMAC countries no longer use</td>
<td></td>
</tr>
<tr>
<td>quantitative restrictions as a means of</td>
<td></td>
</tr>
<tr>
<td>protecting local production. Merchandise</td>
<td></td>
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<tr>
<td>originating from all countries may be freely</td>
<td></td>
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<tr>
<td>imported, with the exception of gold, to which</td>
<td></td>
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<tr>
<td>special regulations apply.</td>
<td></td>
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<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of some products may be prohibited,</td>
<td></td>
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<tr>
<td>restricted, or require national authorization</td>
<td></td>
</tr>
<tr>
<td>for humanitarian, security, or health reasons.</td>
<td></td>
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<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>There is no system of OGLs at the CEMAC level.</td>
<td></td>
</tr>
<tr>
<td>Imports are subject to declaration.</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>The CEMAC CET applies to imports from non-CEMAC</td>
<td></td>
</tr>
<tr>
<td>countries, at four rates: 5% for staple goods,</td>
<td></td>
</tr>
<tr>
<td>10% for raw materials and capital goods, 20%</td>
<td></td>
</tr>
<tr>
<td>for intermediate goods, and 30% for consumer</td>
<td></td>
</tr>
<tr>
<td>goods. The taxes are imposed by the national</td>
<td></td>
</tr>
<tr>
<td>customs administration in CFA francs at the</td>
<td></td>
</tr>
<tr>
<td>merchandise point of entry.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licensed intermediaries are responsible for</td>
<td></td>
</tr>
<tr>
<td>withholding all taxes and related fees</td>
<td></td>
</tr>
<tr>
<td>established by law and surrendering them to the</td>
<td></td>
</tr>
<tr>
<td>monetary authority.</td>
<td></td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER</td>
<td></td>
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<tr>
<td>ONLINE database:</td>
<td></td>
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<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

Exports and Export Proceeds

Repatriation requirements

Export-related transactions must be reported to the appropriate administrative authorities, and all those exceeding CFA 5 million must be domiciled at a licensed CEMAC bank. Effective March 1, 2019, export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

Surrender requirements

Yes.
Effective March 1, 2019, export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

Economic agents and their partners abroad may enter freely into commercial contracts, which are executed through the banking system, subject to compliance with the exchange regulations. There are no financing requirements.

Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank. Each domiciliation file must contain an export contract, a foreign exchange declaration under which the exporter agrees to repatriate all export earnings within a month of the payment due date, and a customs export certificate duly signed by a customs officer.

The use of LCs by economic agents for the settlement of transactions is allowed but optional.

Guarantees are required.

Transactions related to exports to non-CEMAC countries valued at more than CFAF 5 million must be domiciled with a local licensed bank.

There are no specific provisions for inspections at the CEMAC level. The member countries may freely apply their own regulations in this regard.

Export taxes established by the budget laws are levied by the Customs Directorate or via licensed intermediaries.

Licensed intermediaries are responsible for withholding all taxes and fees established in the law and surrendering them to the monetary authority.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

There are no exchange restrictions on service-related transactions. Payments for such transactions are subject to the same requirements as the underlying commercial transactions.

All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through
<table>
<thead>
<tr>
<th></th>
<th>Yes.</th>
<th>No.</th>
<th>Yes.</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
income from wages, subject to a declaration for statistical purposes. On presentation of a pay slip, resident foreign wage earners may transfer a portion of their net remuneration.

<table>
<thead>
<tr>
<th>Credit card use abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The use of credit cards is considered equivalent to a transfer and is not subject to specific regulations in the context of invisible transactions and current transfers. Residents may use credit cards within the CEMAC and abroad.

<table>
<thead>
<tr>
<th>Other payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

These are treated the same as trade-related payments.

Indicative limits/bona fide test: Yes.

The use of credit cards is considered equivalent to a transfer and is not subject to specific regulations in the context of invisible transactions and current transfers. Residents may use credit cards within the CEMAC and abroad.

Other payments: Yes. These are treated the same as trade-related payments.

Indicative limits/bona fide test: Yes.

All service-related expenditures must be declared, and amounts exceeding CFAF 5 million must also be domiciled with a resident licensed intermediary. Supporting documents must be provided, and amounts exceeding CFAF 100 million must be settled through licensed intermediaries. Licensed intermediaries must obtain a pro forma invoice or other supporting documents for payments for service-related expenditures under CFAF 10 million.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

Effective March 1, 2019, amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

Effective March 1, 2019, amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

| Controls on capital transactions | Yes.       |

Capital flows within the CEMAC are not subject to exchange controls. There are no restrictions on most capital flows between CEMAC and non-CEMAC countries, provided they comply with the laws and regulations prohibiting drug financing and trafficking. Certain loans, direct investments, and the issuance, advertisement, and sale of foreign securities within the CEMAC are subject to administrative controls and require approval from the appropriate authorities. Controls on these transactions are applied to countries in the CFA franc area, other than CEMAC member countries, and to all non-CFA franc area countries. Moreover, Article 61 of the General Regulations of the Central African Financial Market Supervisory Commission (COSUMAF), from January 15, 2009, specifies that...
when a nonresident legal entity plans a public offering on the Central African regional financial market, it must prepare a disclosure document and submit it to COSUMAF for approval prior to dissemination. The prior approval of the exchange control authority in the various countries concerned must also be obtained."

The article also states that “the issuer must appoint a correspondent (securities dealer) established in a CEMAC member state, where it elects domicile. This correspondent must be responsible for: (1) receiving correspondence from COSUMAF and (2) forwarding to COSUMAF all documents and information required under the laws and regulations or requested by COSUMAF.”

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the context of the centralization of foreign exchange reserves, effective March 1, 2019, foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective March 1, 2019, amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Surrender to the central bank</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective March 1, 2019, amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Surrender to authorized dealers</th>
<th>No.</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The issuance, advertisement, and sale of foreign securities (shares and bonds issued by foreign enterprises) whose value exceeds CFAF 10 million are subject to MOF approval. Under CEMAC exchange regulations, transactions in capital market securities are treated in the same way as simple borrowing and lending operations, as opposed to direct investments, when the shares or equity held by the individual or legal entity represent less than 10% of the enterprise’s total equity. Borrowing and lending are not regulated by type of instrument or maturity.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Shares or other securities of a participating nature</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.</td>
<td></td>
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</tbody>
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<thead>
<tr>
<th>Sale or issue locally by nonresidents</th>
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<td>Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.</td>
<td></td>
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<td>Banks may verify and make payment for purchases of securities abroad by residents. Effective March 1, 2019, transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.</td>
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was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.

<table>
<thead>
<tr>
<th>Securities Type</th>
<th>Yes</th>
<th>Details</th>
</tr>
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<tbody>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td></td>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval. There is a minimum holding period requirement for such bonds.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td></td>
<td>Effective March 1, 2019, the issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.</td>
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<td>Banks may verify and make payment abroad for the sale or issuance of securities by residents. Transactions must be reported within 30 days. When the total outstanding liabilities of a single borrower exceed CFAF 100 million, transactions are subject to MOF approval.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td></td>
<td>Banks may verify and make payment for purchases of securities by nonresidents. Effective March 1, 2019, transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.</td>
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<td>Effective March 1, 2019, the issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million). Transactions must be reported to the BEAC within 30 days.</td>
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<td><strong>Purchase abroad by residents</strong></td>
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<td>Banks may verify and make payment abroad for purchases of money market instruments by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval.</td>
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<td>Banks may verify and make payment abroad for the sale or issuance of securities by residents. Effective March 1, 2019, transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above this amount, the prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amounts. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.</td>
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<tr>
<td><strong>On collective investment securities</strong></td>
<td></td>
<td>Banks may verify and make payment for purchases of securities by...</td>
</tr>
<tr>
<td>Control Area</td>
<td>Status</td>
<td>Notes</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
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<td>Sale or issue locally by nonresidents</td>
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<td>Sale or issue abroad by residents</td>
<td>Yes</td>
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</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>n.r.</td>
<td>These instruments are not regulated.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.r.</td>
<td>There is no derivatives market in the CEMAC.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.r.</td>
<td>There is no derivatives market in the CEMAC.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>Licensed banks are free to deal in derivatives, subject to compliance with the prudential rules issued by the Banking Commission, which is responsible for supervision of the banking system.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.r.</td>
<td>There is no derivatives market in the CEMAC.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td>There are no specific regulations on borrowing and lending by instrument type or by maturity.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
<td>Borrowing directly related to the financing of commercial transactions and borrowing and lending contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Banks may verify and then execute commercial credits granted to nonresidents, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case such credits must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>Only banks are authorized to verify and then execute commercial credits received by residents, which they must declare to the appropriate MOF and BEAC departments within 30 days of each transaction.</td>
</tr>
</tbody>
</table>
**Financial credits**

Yes. Loans contracted or granted by resident licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Banks may verify and execute borrowing and lending transactions for their customers, as well as their repayment, except when the customer’s total outstanding debt exceeds CFAF 100 million, in which case they must be reported to the MOF and BEAC for approval 30 days before the transaction. The repayment of borrowing and lending subject to such approval must also be reported within 30 days of the transaction. Supporting documents for such borrowing and lending include the repayment schedule and a copy of the debt security.

By residents to nonresidents Yes. For these loans, a statement to the MOF and to the BEAC needs to be submitted.

To residents from nonresidents Yes. For these loans, a statement to the MOF and to the BEAC needs to be submitted.

**Guarantees, sureties, and financial backup facilities**

n.r. Guarantees, sureties, and financial backup facilities are not restricted or specifically regulated in the CEMAC. Their execution derives from the performance of contracts entered into with nonresidents.

By residents to nonresidents n.r.

To residents from nonresidents n.r.

**Controls on direct investment**

Yes. Effective March 1, 2019, outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance. Only licensed banks may verify and execute such transactions. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Inward direct investment**

Yes. Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Controls on liquidation of direct investment**

Yes. The total or partial liquidation of CEMAC countries’ outward (and inward) direct investment in amounts exceeding CFAF 100 million must be reported to the MOF 30 days before execution.

**Controls on real estate transactions**

Yes. This category of transaction is not subject to specific regulations. It is implicitly subject to the same regulations as FDI.

**Purchase abroad by residents**

Yes. Outward direct investment by CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the
MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Purchase locally by nonresidents** Yes.

Inward direct investment to CEMAC countries is unrestricted when the related transactions do not exceed CFAF 100 million. Only licensed banks may verify and execute such transactions. Transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance, except for capital increases resulting from the reinvestment of undistributed earnings. The following may serve as supporting documents: (1) the list of registered shareholders of the direct investment enterprise; (2) a copy of the decision to create the enterprise or increase its capital; (3) a description of the enterprise’s type of business; (4) the balance sheets, income statements, and auditors’ reports for the previous three years, if the investment exceeds CFAF 100 million; and (5) projected balance sheets and income statements, in cases of new enterprises.

**Sale locally by nonresidents** n.r.

**Controls on personal capital transactions** Yes.

**Loans**

By residents to nonresidents Yes.

Residents may grant loans to nonresidents, as long as the total outstanding amount does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

To residents from nonresidents Yes.

Residents may contract loans from nonresidents, provided a single borrower’s total outstanding debt does not exceed CFAF 100 million. Such loans must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

**Gifts, endowments, inheritances, and legacies** Yes.

Receipts from abroad related to gifts must be reported to the appropriate administrative authorities, and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

By residents to nonresidents n.r.

To residents from nonresidents Yes.

Receipts from abroad related to gifts must be reported to the appropriate administrative authorities, and all such items exceeding CFAF 5 million must be domiciled with a licensed CEMAC bank.

**Settlement of debts abroad by immigrants** Yes.

Residents’ settlement of debts abroad of up to CFAF 100 million must be reported to the MOF and the BEAC within 30 days of the transaction. Transactions exceeding CFAF 100 million are subject to MOF approval.

**Transfer of assets** n.r.

This type of transaction is not restricted or specifically regulated in the CEMAC.

**Transfer abroad by emigrants** n.r.

**Transfer into the country by immigrants** n.r.

**Transfer of gambling and prize earnings** n.r.

This type of transaction is not restricted or specifically regulated in the CEMAC.

**References to legal instruments and**

This information can be found at the AREAER ONLINE database:
# Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
<th>Banks’ capital transactions must be reported after their execution. The business and accounting regulations applicable in the banking sector are based on the application of the COBAC regulations and instructions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
<td>Borrowing by resident licensed banks from nonresidents and repayment of such loans are not subject to prior approval, but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
<td>Licensed banks may, without prior approval, open accounts with their correspondent banks abroad for their business purposes. Such accounts are monitored by the COBAC in the context of its supervision of the banking system.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
<td>Lending by resident licensed banks to nonresidents and repayment of such loans are not subject to approval but must be reported within 30 days of their execution to the MOF and the BEAC. Licensed banks may undertake such operations, subject to the COBAC prudential rules.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
<td>Transactions between residents must be effected in domestic currency. Residents may purchase foreign currency for the settlement of their transactions with nonresidents.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
<td>Securities issued within the CEMAC are denominated in domestic currency.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
<td>The books of licensed banks are maintained in CFA francs. No specific requirements apply to foreign currency deposit accounts.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td>No specific requirements apply to these accounts.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td>There is no difference in the treatment of deposit accounts held by nonresidents.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
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<tr>
<td>Interest rate controls</td>
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<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
<td>Investment operations of licensed banks are unrestricted and must be reported to the appropriate MOF and BEAC departments within 30 days of each transaction. Moreover, these transactions must be executed in compliance with the COBAC prudential rules. Investment operations of licensed banks are unrestricted and must be reported to the appropriate MEFB and BEAC departments within 30 days of each transaction. Moreover, these transactions must be executed in compliance with the COBAC prudential rules. All these operations must be declared to the BEAC.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Open foreign exchange position limits | Yes. | The monitoring and control of the foreign exchange positions of local banks are described in COBAC Regulation No. R-2003/03 on the Supervision of Foreign Exchange Positions. All operations above CFAF 100 million should request authorization from the BEAC.

On resident assets and liabilities | Yes. | All operations above CFAF 100 million should request authorization from the BEAC.

On nonresident assets and liabilities | Yes. | All operations above CFAF 100 million should request authorization from the BEAC.

Provisions specific to institutional investors | Yes. | In the exchange regulations, the applicable provisions are the same as those for borrowing and lending by the private sector.

Insurance companies | Yes. | Insurance companies’ capital transactions must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for the insurance sector are based on the Code of the Inter-African Conference on Insurance Markets (CIMA Code) of the CFA franc area member countries.

Limits (max.) on securities issued by nonresidents | Yes. | All operations above CFAF 100 million should request authorization from the BEAC.

Limits (max.) on investment portfolio held abroad | Yes. | All operations above CFAF 100 million should request authorization from the BEAC.

Limits (min.) on investment portfolio held locally | Yes. | The minimum is CFAF 10 million.

Currency-matching regulations on assets/liabilities composition | No. |

Pension funds | n.a. |

Limits (max.) on securities issued by nonresidents | n.a. |

Limits (max.) on investment portfolio held abroad | n.a. |

Limits (min.) on investment portfolio held locally | n.a. |

Currency-matching regulations on assets/liabilities composition | n.a. |

Investment firms and collective investment funds | Yes. | The capital transactions of investment firms and collective investment funds must be reported within 30 days to the MOF and the BEAC. Transactions exceeding CFAF 100 million are subject to approval by the appropriate authorities. The business and accounting regulations for this sector are based on the regulations and instructions of the COSUMAF.

Limits (max.) on securities issued by nonresidents | Yes. |

Limits (max.) on investment portfolio held abroad | Yes. |

Limits (min.) on investment portfolio held locally | No. |

Currency-matching regulations on assets/liabilities composition | No. |

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Arrangement**

**Exchange tax**

06/10/2019 | Transfers of funds with the rest of the world are subject to transfer fees determined freely by the market but not exceeding 1%
(previously 0.5%), excluding the turnover tax (VAT) and any other special tax.

### Foreign exchange market

- **Spot exchange market**

### Interbank market

06/10/2019

A fee of no more than 3% for CFA franc area notes (previously no more than 4%) and 5% for other currencies (previously no more than 10%), not including the VAT and any other specific tax, is collected by licensed intermediaries on transactions in foreign banknotes and traveler’s checks.

### Arrangements for Payments and Receipts

#### Controls on exports and imports of banknotes

**On exports**

- **Domestic currency**
  - 03/01/2019
  - Departing resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

- **Foreign currency**
  - 03/01/2019
  - Resident and nonresident travelers crossing CEMAC borders must, on exit, declare any foreign currency, securities, or instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

**On imports**

- **Domestic currency**
  - 03/01/2019
  - Arriving resident travelers may have in their possession up to CFAF 5 million (previously 100,000).

- **Foreign currency**
  - 03/01/2019
  - Resident and nonresident travelers crossing CEMAC borders must, on entry, declare foreign currency, securities, and instruments valued at more than CFAF 5 million (previously 1 million) to the customs authorities.

### Resident Accounts

**Foreign exchange accounts permitted**

- Held domestically
  - Approval required
  - 03/01/2019
  - The authorization to open bank accounts in foreign currency is granted by the BEAC. Previously, authorizations were granted by the MOF after consulting the BEAC.

- Held abroad
  - 03/01/2019
  - Resident legal entities, except credit institutions, are prohibited from opening foreign currency bank accounts outside the CEMAC in accordance with Regulation No. 02/18/CEMAC/UMAC/CM. However, the BEAC may allow a resident legal entity to open a foreign currency account outside the CEMAC in accordance with the terms and conditions set out in a BEAC directive in June 2019. Previously, although the principle underlying foreign currency transactions was the systematic repatriation and surrender of foreign exchange to the BEAC and residents were not allowed to maintain foreign exchange accounts abroad, the opening of such accounts was not explicitly regulated by law.

- Accounts in domestic currency held abroad
  - 03/01/2019
  - Accounts in domestic currency held abroad are permitted. Previously these accounts were not permitted except within the CEMAC.

### Imports and Import Payments

**Documentation requirements for release of foreign exchange for imports**

- Other
  - 03/01/2019
  - Legal entities and certified professionals can no longer use annual estimates of imports and must produce all supporting documents to carry out transactions.
Exports and Export Proceeds

**Repatriation requirements**

03/01/2019  
Export proceeds originating in non-CEMAC countries must be collected and repatriated immediately (previously within 30 days of the date stipulated in the contract), through the domiciling bank, with the BEAC acting as intermediary.

**Surrender requirements**

Surrender to the central bank 03/01/2019  
Export proceeds collected in foreign currencies must be surrendered to the BEAC within 3 days (previously 30 days) of collection.

Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Payments for travel

Indicative limits/bona fide test 03/01/2019  
A single indicative threshold of CFAF 5 million is set for all travels. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission).

Personal payments

Indicative limits/bona fide test 03/01/2019  
A single indicative limit of CFAF 5 million is established for OTC foreign exchange allocations to residents traveling outside the CEMAC. Previously, indicative thresholds were set according to the type of travel (CFAF 10 million for business, CFAF 4-5 million for leisure, study, medical treatment, official mission).

Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

03/01/2019  
Amounts owed by nonresidents for services and all income from foreign assets earned outside the CEMAC must be collected through a licensed bank and repatriated immediately (previously within 30 days).

**Surrender requirements**

Surrender to the central bank 03/01/2019  
Amounts collected in foreign currency must be surrendered to the BEAC within 3 days (previously 30 days) of receipt.

Capital Transactions

**Controls on capital transactions**

Repatriation requirements 03/01/2019  
Foreign currency collected from capital transactions must be repatriated immediately after collection (previously within 30 days).

Surrender requirements  
Surrender to the central bank 03/01/2019  
Amounts collected in foreign currencies must be surrendered to the BEAC no later than 3 days (previously 30 days) after receipt.

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 03/01/2019  
Transactions must be reported 30 days before the transaction when the transaction is less than CFAF 20 million. Above this amount, the transaction is subject to prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval. The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).
<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>03/01/2019</td>
<td>Transactions must be declared 30 days before the transaction when the amount is less than CFAF 20 million. Above this amount, it requires prior CB approval. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding debt of the issuer exceeded CFAF 100 million, transactions were subject to MOF and BEAC approval.</td>
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<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>03/01/2019</td>
<td>Prior approval by the Banking Commission is required in all occasions. Previously, MOF approval was required when the total outstanding liabilities of a single borrower exceeded CFAF 100 million.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>03/01/2019</td>
<td>The issuance, advertisement, and sale of securities within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).</td>
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</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>03/01/2019</td>
<td>Transactions must be declared 30 days before when the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. When the total outstanding liabilities of a single borrower exceeded CFAF 100 million, transactions were subject to MOF approval.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>03/01/2019</td>
<td>The issuance, advertisement, and sale of money market instruments within the CEMAC are subject to CB approval when the amount involved exceeds CFAF 50 million (previously CFAF 10 million).</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>03/01/2019</td>
<td>Transactions must be declared to the CB 30 days before if the transaction is less than CFAF 20 million. Above that amount, prior CB approval is required. Previously, transactions must be reported within 30 days regardless of the amount. If the customer’s total outstanding debt exceeds CFAF 100 million, the transaction is subject to MOF and BEAC approval.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>03/01/2019</td>
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<tr>
<td><strong>On collective investment securities</strong></td>
<td></td>
<td></td>
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<tr>
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<td><strong>Purchase abroad by residents</strong></td>
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</tr>
<tr>
<td>Controls on direct investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>03/01/2019</td>
<td>Outward direct investment by CEMAC countries is subject to prior approval by the CB. Previously, transactions exceeding CFAF 100 million must be reported to the MOF 30 days in advance.</td>
</tr>
</tbody>
</table>
THE GAMBIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
September 21, 1967.

Article VIII
Yes. Date of acceptance: January 21, 1993.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes. The Gambia maintains exchange restrictions in accordance with UNSC resolutions. These include restrictions on financial transactions, listing and freezing of accounts of individuals and all financial and non-financial institutions and designated non-financial businesses and persons (DNFBPs) in support of (1) UNSC Resolutions Nos. 1267 (1999) and 1373 (2001); and (2) the US State Department’s updated list of organizations associated with terrorism. In addition, pursuant to UNSC resolutions, The Gambia enacted the Anti-Terrorism Act of 2012 and the Money Laundering Act of 2012.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of The Gambia is the Gambian dalasi.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement Yes. The de jure exchange rate arrangement is free floating. The exchange rate is determined in the foreign exchange market. The Gambia participates in the W-ERM II of the WAMZ, which requires that the spot exchange rate between the dalasi and the US dollar be maintained within ±15% of the central rate; however, the authorities have not yet implemented these measures. The Central Bank of The Gambia (CBG) periodically intervenes in the foreign exchange market by selling and buying foreign exchange to augment international reserves and ensure market orderliness.

The de facto exchange rate arrangement is classified as other managed. The CBG does not publish intervention data, but informs market makers on the results of each auction including prices.

Floating
Free floating

Official exchange rate Yes. The daily interbank exchange rates are computed after the close of each business day. The CBG collects actual buying and selling rates of all participants in the foreign exchange market (between banks, microfinance institutions, and foreign exchange bureaus, and their respective customers) for each traded currency and calculates the average midmarket rate. The exchange rate for government transactions is the average of the midmarket interbank rates of the previous week. The CBG conducts a foreign exchange market review session on the last business day of each week with the participation of the commercial banks, microfinance institutions, and foreign exchange bureaus. During this session, the average market rate of the week is announced as the rate to be applied to government transactions and customs valuations the following week.

Monetary policy framework
Exchange rate anchor
  U.S. dollar
  Euro
  Composite
  Other
Monetary aggregate target Yes. The CBG’s monetary operational target is reserve money.
Inflation-targeting framework
Target setting body
  Government
  Central Bank
  Monetary Policy Committee
  Central Bank Board
  Other
  Government and Central Bank
**Inflation target**

Target number

**Point target**

**Target with tolerance band**

**Band/Range**

Target measure

**CPI**

**Core inflation**

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

Other

**Accountability**

Open letter

Parliamentary hearings

Other

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** No.

**Exchange subsidy** No.

**Foreign exchange market** Yes. All ADs are allowed to determine their rates in line with market fundamentals. Foreign exchange bureaus are subject to annual license renewal by the CBG. As of June 2020, there were 116 licensed bureaus. Because of their involvement in international money transfer operations, licensed foreign exchange bureaus may choose to open accounts abroad; however, they shall not open accounts for their customers. The CBG has been authorized to deal with microfinance institutions and foreign exchange bureaus, as stipulated in the Reserve Management Guidelines. Currently, the CBG deals only with commercial banks because the volumes involved in the intervention are not available to foreign exchange bureaus.

**Spot exchange market** Yes.

**Operated by the central bank** Yes.
Foreign exchange standing facility
No.

Allocation
No.

Auction
Yes.
CBG auctions (purchase/sale) are conducted by written invitations/solicitation through email to all banks (only banks can participate because of volume) and requesting bids to be submitted in writing. The auction preannounces the foreign exchange amount, currency, bid submission deadline, and the requirement to submit bids in sealed envelopes to the CBG. The most competitive bid, that is, the best rate (lowest buying, highest selling rate), is selected in these auctions. While the cutoff rate is determined by the best bid rate, it is subject to the rate range set by the CBG intervention policy, which limits awarding rates within intervention trading limits of the policy as at trade date. The auctions are sanctioned by the Intervention Committee. Winning bids are limited to 20% of the amount floated. Bids must be settled by T+2. The CBG only settled the Dalasi component when swift confirmations are received to mitigate credit risk.

Fixing
No.

Interbank market
Yes.
Commercial banks and foreign exchange bureaus are free to engage in transactions among themselves or with customers at exchange rates agreed on by the parties to these transactions. The daily interbank exchange rates are computed after the close of each business day. The CBG collates actual buying and selling exchange rates of all participants in the foreign exchange interbank (banks, finance companies, and foreign exchange bureaus) for each traded currency and calculates the average midmarket rate. Hence, the interbank exchange rates only include rates between banks, finance companies, and foreign exchange bureaus, and their respective customers. All 12 commercial banks and licensed foreign exchange bureaus and microfinance institutions take part in the interbank foreign exchange market. There is no restriction on the market trading spread. The spread continues to be determined by the fundamentals of demand and supply.

Over the counter
Yes.

Brokerage
No.

Market making
n.a.
The foreign exchange market continues to operate on the fundamentals of demand and supply. All the participants quote their respective prices and consummate deals base on agreements with their customers.

Forward exchange market
No.

Official cover of forward operations
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements
No.

Controls on the use of domestic currency
No. There are no limitations on the use of domestic currency in international payments for current or capital transactions, but the dalasi is not readily accepted for international transactions.

For current transactions and payments
No.

For capital transactions
No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market</td>
<td>instruments No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other</td>
<td>instruments No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><em>Operative</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Inoperative</em></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>**Controls on trade in gold (coins and/or</td>
<td>bullion) No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>**Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td><em>Domestic currency</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Foreign currency</em></td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td><em>Domestic currency</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Foreign currency</em></td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

- **Foreign exchange accounts permitted** Yes.
- **Held domestically** Yes.
- **Approval required** No.

Commercial banks may open foreign currency deposit accounts for their clients, provided the banks have demonstrated to the CBG that they have well-developed internal risk-control systems in place.
### The Gambia

<table>
<thead>
<tr>
<th>Held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

#### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

#### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
</tbody>
</table>

Imports of certain goods are subject to authorization for health or security reasons.
Other nontariff measures

Import taxes and/or tariffs

Yes. Customs duty rates range from 0\% to 20\%. In January 2013, VAT replaced the sales tax, with the exception of rice imports, which were subject to a sales tax of 5\%. Imports by the government, diplomatic missions, and charitable organizations are exempt.

Taxes collected through the exchange system

No.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Financing requirements

No.

Documentation requirements

No.

Letters of credit

No.

Guarantees

No.

Domiciliation

No.

Preshipment inspection

No.

Other

No.

Export licenses

Yes.

Without quotas

Yes. The exportation of forestry products is subject to Forestry Department of The Gambia authorization.

With quotas

No.

Export taxes

Yes. A 2.05\% administrative fee is levied on all items, except diamonds, which are taxed at 3\%; exports of fish, fish products, peanuts and their by-products, as well as exports to the EU are exempt.

Collected through the exchange system

n.a.

Other export taxes

Yes. A 2.05\% administrative fee is levied on all items, except diamonds, which are taxed at 3\%; exports of fish, fish products, peanuts and their by-products, as well as exports to the EU are exempt.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

No.

Trade-related payments

No.

Prior approval

No.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
### Surrender to authorized dealers
No.

### Restrictions on use of funds
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

#### Controls on capital transactions
Yes.

#### Repatriation requirements
No.

#### Surrender requirements
No.

- Surrender to the central bank
  - No.

- Surrender to authorized dealers
  - No.

#### Controls on capital and money market instruments
No.

#### On capital market securities
No.

- Shares or other securities of a participating nature
  - No.

  - Purchase locally by nonresidents
    - No.

  - Sale or issue locally by nonresidents
    - No.

  - Purchase abroad by residents
    - No.

  - Sale or issue abroad by residents
    - No.

- Bonds or other debt securities
  - No.

  - Purchase locally by nonresidents
    - No.

  - Sale or issue locally by nonresidents
    - No.

  - Purchase abroad by residents
    - No.

  - Sale or issue abroad by residents
    - No.

#### On money market instruments
No.

- Purchase locally by nonresidents
  - No.

- Sale or issue locally by nonresidents
  - No.

- Purchase abroad by residents
  - No.

- Sale or issue abroad by residents
  - No.

#### On collective investment securities
No.

- Purchase locally by nonresidents
  - No.

- Sale or issue locally by nonresidents
  - No.

- Purchase abroad by residents
  - No.

- Sale or issue abroad by residents
  - No.
Controls on derivatives and other instruments

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>These instruments do not exist in The Gambia.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on credit operations

<table>
<thead>
<tr>
<th>Type</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on direct investment

<table>
<thead>
<tr>
<th>Type</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on liquidation of direct investment

<table>
<thead>
<tr>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on real estate transactions

<table>
<thead>
<tr>
<th>Type</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on personal capital transactions

<table>
<thead>
<tr>
<th>Type</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
</tbody>
</table>
### Transfer of assets
- No.

### Transfer abroad by emigrants
- No.

### Transfer into the country by immigrants
- No.

### Transfer of gambling and prize earnings
- No.

### References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
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</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Category</td>
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</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
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<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
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<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
GEORGIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes.  Date of acceptance: December 20, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes.  The currency of Georgia is the Georgian lari.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Yes.  The de jure and de facto exchange rate arrangements of Georgia are floating. The National Bank of Georgia (NBG) intervenes in the foreign exchange market through foreign exchange auctions, but
does not make any explicit or implicit commitment with respect to an exchange rate target or path. Considering the market conditions, interventions are aimed at filling international reserves or smoothing excessive volatility to avoid inflationary expectations. The amount bought/sold at NBG’s foreign exchange auctions and the average exchange rates are posted on the NBG website the same day, shortly after each auction.

Effective January 31, 2019, the NBG introduced a new instrument—foreign exchange options. The main goal of using foreign exchange options is filling the international reserves. Foreign exchange option is a financial instrument, which gives the right to a holder (but not obligation) to buy national currency in exchange for foreign exchange (US dollar or EUR) during the predetermined period at the official exchange rate. The condition of using the options is that the lari exchange rate should be stronger than the average of the previous 20 days. However, this foreign exchange option instrument has not been used since July 2019, given the market conditions.

Effective March 1, 2020, the NBG introduced a new foreign exchange trading system—Bloomberg’s BMatch. This foreign exchange trading platform is based on the principle of automatic “matching” of transactions. Market participants will place foreign currency buying and selling applications on the BMatch platform, and if the exchange rates between the buyer and seller of the currency coincide, then the currency transactions between the parties will be concluded automatically. At the first stage, only commercial banks will participate in the BMatch platform. Companies are expected to participate at a later stage (from October 1, 2020) and will be able to access the BMatch platform in two ways: directly through Bloomberg terminal and indirectly through a commercial bank.

In the first half of 2019, the economic improvement in trading partner countries resulted in increased demand on Georgian exports and led to significant improvement in current account deficit. Exports of goods and services (especially tourism) increased substantially, as well as money transfers grew significantly. Such developments gave the NBG the possibility to purchase US$216.3 million on foreign exchange market. However, the Russian embargo on air travel to Georgia (since July 2019) alleviated the negative expectations and put the pressure on the exchange rate. To limit excessive foreign exchange volatility, the NBG sold US$92.8 million in the second half of 2019. Overall, the net purchases by the NBG amounted US$123.5 million in 2019. During the year, the nominal effective exchange rate depreciated annually by 7.9%, while the real effective exchange rate depreciated by 5.3%.

In the first half of 2020, the COVID-19 prevention measures and deteriorated global economic conditions negatively affected Georgia’s trade balance and business sentiments, which induced upward pressure on exchange rate depreciation. To counter excessive volatility on exchange rate market, the NBG sold US$221.0 million (as of June 30, 2020). Overall, the nominal effective exchange rate depreciated by 4.3%, while the real effective exchange rate depreciated by 2.1% in June 2020, annually.

The press release about the foreign exchange interventions is published on the day of the auction and also in the statistics section.
Free floating

**Official exchange rate**

| Yes. |

The official exchange rate for the US dollar is determined daily and may be used (not mandatory) for state budget and tax accounting and for payments between the government and businesses and other legal entities. The official exchange rates for other currencies are based on the cross-rates for the dollar and other currencies in the international market. (1) The calculation period for the official exchange rate of the lari against the US dollar is from 4:30 p.m. of the previous business day to 4:30 p.m. of the calculation day within the Bloomberg trading platform (“trade platform”), taking into account all registered foreign exchange spot trades. The official exchange rate of the lari vis-à-vis the US dollar is calculated as the average weighted exchange rate on the interbank market during the calculation period within the trade platform for registered trades. Trades concluded with the NBG as counterparty are considered interbank trades. (2) The following instances are not considered in the determination of the official exchange rate of the lari vis-à-vis the US dollar: (a) trades at rates significantly different from other registered trades: A rate is considered significantly different if it is either 2.5% higher or lower than the average weighted exchange rate of all the other registered trades within the calculation period (in practice, since the introduction of the new system in 2009, there have been only a few cases for excluding outliers) and (b) opposite trades between two counterparties with similar rates and amounts. (3) Trades used in the calculation of the official exchange rate of the lari vis-à-vis the US dollar for the previous day may be used in the calculation of the official exchange rate during the calculation period if (a) the number of registered trades within the trade platform during the calculation period that may be used in the calculation of the official exchange rate is three or fewer than three or (b) the total amount of the trades within the trade platform during the calculation period that may be used in the calculation of the official exchange rate is less than US$1.5 million. (4) The official exchange rate of the lari vis-à-vis other foreign currencies is determined according to the rate in international markets or the issuer country’s domestic interbank currency market on the basis of cross-currency exchange rates. (5) The list of market segments for foreign currencies (interbank or CB rate) used in the determination of the cross-currency exchange rate is determined by the NBG. (6) The sources for exchange rates are the Reuters and Bloomberg Information systems and CBs’ websites. (7) In the determination of cross-currency exchange rates, the latest available exchange rates are used. (8) Cross-currency exchange rates, the rates of foreign currencies (other than the lari) vis-à-vis the US dollar, are determined by the CB each business day from 2:45 p.m. to 3:00 p.m. In case of technical difficulties, a delay in the determination of exchange rates is permitted until the problems are resolved. Official exchange rate calculation is automated, using in-house software.

### Monetary policy framework

#### Exchange rate anchor

**U.S. dollar**

**Euro**
### Composite

#### Other

<table>
<thead>
<tr>
<th>Monetary aggregate target</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation-targeting framework</td>
<td>Yes. In December 2009, the NBG adopted an inflation-targeting framework.</td>
</tr>
<tr>
<td>Target setting body</td>
<td>Yes. The target inflation is set by the NBG and submitted to the parliament. The MPC decisions are submitted, in the form of recommendations, to the governor of the NBG who will make the final decision. The MPC sets the target inflation and can also decide to set the type of target. The NBG is independent in its decision to set the inflation target and utilize its instruments to conduct the monetary policy.</td>
</tr>
</tbody>
</table>

### Government

<table>
<thead>
<tr>
<th>Central Bank</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary Policy Committee</td>
<td>Yes. The MPC consists of 13 NBG staff members and is led by the governor of the NBG. The meetings are held eight times in a year according to a preannounced calendar. (But in extraordinary circumstances, unplanned meetings can also be arranged.) The MPC is responsible for determining the target rate of inflation and setting monetary policy rate. The committee is also responsible for discussing and making decisions on issues regarding open market operations and other monetary and exchange rate operations, the issuance of certificates of deposit, setting the interest rate on NBG loans, minimum reserve requirement norms, other lending/deposit operations, and monetary policy instruments (except for the lender of last resort).</td>
</tr>
</tbody>
</table>

### Central Bank Board

#### Other

<table>
<thead>
<tr>
<th>Government and Central Bank</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation target</td>
<td>Yes.</td>
</tr>
<tr>
<td>Target number</td>
<td>Yes.</td>
</tr>
<tr>
<td>Point target</td>
<td>Yes. Inflation target was set at 3% since 2018 (and for 2020–2022), which is also NBG’s long-term target.</td>
</tr>
</tbody>
</table>

### Band/Range

<table>
<thead>
<tr>
<th>Target measure</th>
<th>Yes. The monetary policy of the NBG is forward looking and is based not on the current level of inflation, but, rather, on the forecasted level of inflation and the expectations of economic agents. For this reason, economic conditions are constantly evaluated and inflation forecasts are developed which consider those risks that can influence the price level. Inflation target is expressed in terms of the annual inflation rate.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI</td>
<td>Yes. The CPI annual inflation is used as the point inflation target for the medium term.</td>
</tr>
</tbody>
</table>

### Core inflation

<p>| Target horizon | Yes. The target horizon is three years. |</p>
<table>
<thead>
<tr>
<th>Operating target (policy rate)</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy rate</td>
<td>Yes.</td>
</tr>
<tr>
<td>Target corridor band</td>
<td>Yes.</td>
</tr>
<tr>
<td>Effective September 5, 2019, the interest rate corridor is 1.5%—symmetric around policy rate ±75 basis points (bps). Previously, the interest rate corridor was 2.0%—symmetric around policy rate ±100 bps. The corridor is created by using standing facilities: overnight loans and overnight deposits.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Accountability</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open letter</td>
<td>No.</td>
</tr>
<tr>
<td>Parliamentary hearings</td>
<td>Yes.</td>
</tr>
<tr>
<td>Once a year, the NBG presents its annual report to the parliament.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>In practice, the deviation of inflation from its target is explained in the Quarterly Monetary Policy Reports.</td>
<td></td>
</tr>
<tr>
<td>Transparency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Publication of votes</td>
<td>No.</td>
</tr>
<tr>
<td>No information is published regarding voting.</td>
<td></td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Press releases on the MPC’s decisions about changes to the main monetary policy (refinancing) rate are immediately published on the NBG website. Press releases include information about the reasons of monetary policy decisions and forward guidance. In addition, deviation of the current inflation from the targeted level is explained.</td>
<td></td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
</tr>
<tr>
<td>The NBG publishes quarterly inflation forecasts and forecasted path of the policy rate in the Monetary Policy Reports.</td>
<td></td>
</tr>
<tr>
<td>Other monetary framework</td>
<td></td>
</tr>
<tr>
<td>Exchange tax</td>
<td>No.</td>
</tr>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market participants are allowed to freely determine their bid-ask spreads and foreign exchange commissions in transactions with their clients.</td>
<td></td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>All financial institutions may deal in foreign exchange with the public, and no special licenses are required. As of June 30, 2020, there were 15 commercial banks, 2 nonbank depository institutions (credit unions), 42 microfinance organizations, 201 loan issuing entities, 854 foreign exchange bureaus, 2 stock exchanges, 18 insurance companies, and 4 pension agency and schemes. Banks, microfinance organizations, and foreign exchange bureaus may buy and sell foreign currency banknotes. Their potential clients could be individuals and legal entities. Foreign exchange bureaus must be registered and may not enter into foreign exchange transactions directly with the NBG. They may transact only with banknotes. They may maintain accounts abroad on their own behalf, but may not maintain foreign accounts or make transfers on behalf of their clients.</td>
<td></td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
</tbody>
</table>
Auction: Yes.

The main goal of foreign exchange auctions is to build international reserves, eliminate the pressure on the exchange rate because of high temporary inflows/outflows of foreign capital, and/or balance a private or government financing gap. The multiple price foreign exchange auction (introduced in 2009) is held occasionally at the discretion of the NBG in US dollars. The NBG defines the type of intervention (sale/purchase), the amount of currency to be sold/purchased, and minimum and/or maximum acceptable exchange rates for bidding. The amount is announced using the Bloomberg system, at least one hour in advance of the auction. Participants may bid within a corridor around the official exchange rate. Corridor is defined by NBG for each auction, and it depends on current market condition. There are no limits on bid amounts; each bank may place only one bid. The settlement of currency exchange operations with successful bidders takes place on $t + 1$—that is, on the first business day following the trade date in Georgia and in the country whose currency was traded. The volume sold/purchased at the auction and the average exchange rates are posted on the NBG website immediately after the auction. In case of default, the NBG applies a fine. In case of a foreign currency sale auction, if a winning bank does not have sufficient funds in its national currency settlement account before the second cutoff of the real-time gross settlement on the auction settlement date, settlement will take place on the following business day. In case of foreign currency purchase auction, if a winning bank is unable to transfer sufficient foreign currency to its foreign currency correspondent account at the NBG before the end of business day of the issuer country of the foreign currency, the bank must pay a surcharge equal to 2% of the nominal value of purchased foreign currency. The value date of this transaction is the same as the foreign exchange auction settlement date. If a bank does not have sufficient funds in its settlement account at the NBG before the second cutoff of the real-time gross settlement on the business day following the auction settlement date, the winning bids of the bank are annulled. There is a surcharge on the national currency settlement account of a bank: If a bank does not have sufficient funds in its national currency settlement account, the surcharge is taken from the bank’s US dollar correspondent account and/or another foreign currency correspondent account at the NBG. The surcharge is calculated and charged using the official foreign exchange rates on the day of the transaction. Auction participants are not required to finance specific international transactions. Auctions are conducted in the interbank foreign exchange market in the Bloomberg system. All commercial banks licensed in Georgia may participate in this auction after receiving participating bank status from the NBG at their request.

Effective January 31, 2019, the NBG introduced a new instrument—foreign exchange options. Foreign exchange options are sold via auctions in exchange for a fee. The auction mechanism for options is based on multiple price auction. Foreign exchange option is a financial instrument, which gives the right to a holder (but not obligation) to buy national currency in exchange for foreign exchange (US dollar or EUR) during the predetermined period (usually the following month) at the official exchange rate. The condition of using the options is that the lari exchange rate should be stronger than the average of the previous 20 days. The strike price of the option is the official exchange rate of the day when an option is exercised, that is, average exchange rate of the previous day. The foreign exchange option instrument is not used since July 2019.
Fixing

No.

Interbank market

Yes.

The interbank spot exchange market, part of the foreign exchange spot market in Georgia, is based on the Bloomberg trading platform and is not operated by the CB. Any institution (financial and non-financial) that has the Bloomberg system can participate. There are no limits on bid-ask spread and commissions of market participants. As of June 30, 2020, 15 commercial banks and 4 microfinance organizations are participating in interbank foreign exchange market. There are also non-financial organizations that have Bloomberg terminals and can trade between themselves and with financial institutions, but they are not much active. Non-financial institutions are not part of interbank foreign exchange market.

Effective March 1, 2020, the NBG introduced a new foreign exchange trading system—BMatch. BMatch is Bloomberg’s foreign exchange trading platform that is based on the principle of automatic “matching” of transactions. Market participants will place foreign currency buying and selling applications on the BMatch platform, and if the exchange rates between the buyer and seller of the currency coincide, then the currency transactions between the parties will be concluded automatically. At the first stage, only commercial banks will participate in the BMatch platform. Companies are expected to participate at a later stage (from October 1, 2020) and will be able to access the BMatch platform in two ways: directly through Bloomberg terminal and indirectly through a commercial bank.

Over the counter

Yes. Any organization (financial and non-financial) may trade over the counter at freely determined rates.

Brokerage

No. There is no restriction for brokers, but in practice there are no foreign exchange brokers; banks and other participants use the Bloomberg trading platform and participate in the foreign exchange market directly.

Market making

Yes. The market operates on the basis of market makers. Participants are not obligated to serve as market makers.

Forward exchange market

Yes. This market is not active. The NBG does not participate in the forward foreign exchange market. Foreign exchange turnover in outright forward and swap transactions is very shallow.

Effective January 31, 2019, the NBG introduced one-month put options that give banks the right to purchase the Georgian lari in exchange for US dollars or euros. Banks would exercise the option when the Georgian lari rate is above its average during the previous 20 working days. The foreign exchange option instrument is not used since July 2019, given the market conditions.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market

No.
transactions

Transactions in derivatives and other instruments: No.

Credit operations: No.

Use of foreign exchange among residents: Yes. All domestic settlements that are related to provision of goods and services must be made in lari.

**Payments arrangements**: No.

- Bilateral payments arrangements: No.
- **Operative**: No.
- **Inoperative**: No.
- Regional arrangements: No.
- Clearing agreements: No.
- Barter agreements and open accounts: No.

**Administration of control**: No.
The NBG is responsible for the supervision of foreign exchange bureaus with the purposes of protection of consumer rights and anti-money-laundering (AML). The NBG does not give any guidance regarding the exchange rates that they use. The exchange rate bureaus serve the sole purpose of exchanging currencies.

**Payments arrears**: No.

- Official: No.
- Private: No.

**Controls on trade in gold (coins and/or bullion)**: No.

- On domestic ownership and/or trade: No.
- On external trade: No.

**Controls on exports and imports of banknotes**: No.

- On exports: No. No controls apply to the amounts that may be exported and imported, but exports and imports of cash above lari 30,000 or its equivalent must be declared for AML purposes.
  - Domestic currency: No. No controls apply to the amounts that may be exported, but exports of cash above lari 30,000 or its equivalent must be declared for AML purposes.
  - Foreign currency: No. No controls apply to the amounts that may be exported, but exports of cash above lari 30,000 or its equivalent must be declared for AML purposes.
- On imports: No. No controls apply to the amounts that may be imported, but imports of cash above lari 30,000 or its equivalent must be declared for AML purposes.
  - Domestic currency: No. No controls apply to the amounts that may be imported, but imports of cash above lari 30,000 or its equivalent must be declared for AML purposes.
  - Foreign currency: No. No controls apply to the amounts that may be imported, but imports of cash above lari 30,000 or its equivalent must be declared for AML purposes.

**References to legal instruments and**

This information can be found at the AREAER ONLINE database:
### Resident Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
<td>Foreign exchange accounts held domestically may be opened, and the foreign exchange may be transferred abroad freely. If the foreign exchange transfer amount exceeds lari 30,000 or its equivalent in foreign currency, the bank must request documents verifying the objective of the transfer for AML purposes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes</td>
<td>Foreign exchange accounts held domestically may be opened, and the foreign exchange may be transferred abroad freely. If the foreign exchange transfer amount exceeds lari 30,000 or its equivalent in foreign currency, the bank must request documents verifying the objective of the transfer for AML purposes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes</td>
<td>Foreign exchange accounts held abroad may be opened and the foreign exchange transferred to Georgia freely.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes</td>
<td>There are no restrictions. In practice, lari accounts are not serviced by foreign banks abroad.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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### Nonresident Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
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<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
<td>Foreign exchange accounts are permitted, and foreign exchange may be transferred abroad freely. If the foreign exchange transfer amount exceeds lari 30,000 or its equivalent in foreign currency, the bank must request documents verifying the objective of the transfer for AML purposes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
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</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes</td>
<td>Domestic currency accounts may be opened and operated, and balances may be transferred abroad freely.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
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<tr>
<td>Blocked accounts</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
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<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
<td></td>
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<tr>
<td>Advance payment requirements</td>
<td>No</td>
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<tr>
<td>Advance import deposits</td>
<td>No</td>
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<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
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<tr>
<td>Domiciliation requirements</td>
<td>No</td>
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<tr>
<td>Preshipment inspection</td>
<td>No</td>
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</tr>
<tr>
<td>Section</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes. Under the Law of Georgia on Licenses and Permits, there are no nontariff limits on imports (licenses, quotas, prohibitions, and other), except regulations that are necessary for health, security, or environmental protection. In these latter cases, licenses and permits are issued by the relevant ministries, such as the Ministry of Internal Affairs, Ministry of Environmental Protection and Agriculture, Ministry of Defense, Ministry of Health Care, Ministry of Education, Science, Culture and Sport, and State Security Service.</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes. The tariff structure consists of three rates (0%, 5%, 12%). Items exempt from customs duty include (1) machinery and equipment; (2) imports related to humanitarian aid and reconstruction after natural disasters; (3) imports related to grant agreements; (4) imports under foreign-financed projects; (5) imports related to oil and natural gas projects; (6) embassy imports; (7) travelers’ baggage; (8) special food for babies; (9) food, glucose meters, and other articles for diabetics; (10) creative and scientific works of Georgian citizens published abroad; (11) certain pharmaceutical products; (12) special stamps of Georgia; (13) hops; and (14) raw materials and intermediate products destined for production of goods to be exported, within certain limits. Different customs clearance fees (revenue service fees) are applied based on various services.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No. There is no state monopoly on imports of any goods.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Under the Law of Georgia on Licenses and Permits, there are no nontariff limits on exports (licenses, quotas, prohibitions, and other), except regulations that are necessary for health, security, or environmental protection. In these later cases, licenses and permits are issued by the relevant ministries, such as the Ministry of Internal Affairs, Ministry of Environmental Protection and Agriculture, Ministry of Defense, Ministry of Health Care, Ministry of Education, Science, Culture and Sport, and State Security Service. Exports of goods of cultural value, which are on a list prepared by the Ministry of Culture and Monument Protection, are prohibited.

Different customs clearance fees (revenue service fees) are applied based on various services.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Certain transactions are monitored for AML purposes.

Controls on these transfers

Trade-related payments
  Prior approval
  Quantitative limits
  Indicative limits/bona fide test

Investment-related payments
  Prior approval
  Quantitative limits
  Indicative limits/bona fide test

Payments for travel
  Prior approval
  Quantitative limits
  Indicative limits/bona fide test

Personal payments
  Prior approval
  Quantitative limits
<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Capital Transactions**

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
Yes.  
Prudential limits apply to insurance companies and pension funds. Generally, insurance companies and pension funds may invest freely abroad. Decree No. 04 of the Head of the Insurance State Supervision Service is the regulation governing insurance companies and pension funds. Under prudential limits established by the decree, up to 20% of assets covering insurance technical provisions and pension liabilities may be placed abroad. Additional relevant limits apply as follows: (1) Up to 15% may be in corporate bonds, preferred stock, and equity securities traded in the organized securities markets of Georgia and OECD members. (2) Up to 3% may be in corporate bonds and preferred stock by the same issuer in Georgia and OECD member countries, and up to 2% may be in equity securities. (3) Up to 10% may be in corporate bonds, preferred stock, and equity securities issued by legal entities registered in Georgia, OECD members, and/or developed economies and traded outside the organized securities markets of Georgia and OECD members. (4) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members, and up to 1% may be in equity securities. (5) Up to 15% may be in securities mentioned in parts (1) and (3).

Purchase globally by residents  
Yes.  
Generally, insurance companies and pension funds may invest freely abroad. Decree No. 04 of the Head of the Insurance State Supervision Service is the regulation governing insurance companies and pension funds. Under prudential limits established by the decree, up to 20% of assets covering insurance technical provisions and pension liabilities may be placed abroad. Additional relevant limits apply as follows: (1) Up to 30% may be placed in debt securities (including treasury bills issued by the MOF) issued by Georgia and OECD member countries. (2) Up to 30% may be in debt securities issued by local self-governance agencies of OECD member countries and/or developed economies. (3) Up to 50% may be in debt securities in (1) and (2). (4) Up to 15% may be in corporate bonds, preferred stock, and equity securities traded in the organized securities markets of Georgia and OECD members. (5) Up to 3% may be in corporate bonds and preferred stock by the same issuer in Georgia and OECD member countries. (6) Up to 10% may be in corporate bonds, preferred stock, and equity securities issued by legal entities registered in Georgia, OECD members, and/or developed economies and traded outside the organized securities markets of Georgia and OECD members. (7) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members. (8) Up to 15% may be in securities in (4) and (6).

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Sale or issue abroad by residents  
No.

Bonds or other debt securities  
Yes.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
Yes.
Only general prudential limits apply to financial institutions, which are similar for residents and nonresidents. The NBG has set limits on (1) credits issued by commercial banks to individual borrowers, groups of borrowers, insider borrowers, and all large borrowers and (2) unsecured credits.

Under the Foreign Investment Law, the taxation and promotion of investment activities by joint ventures and foreign enterprises are regulated by the current tax legislation.

The Law on Promotion and Guarantees of Investment Activity guarantees investors national treatment or MFN treatment, whichever is better, in the establishment, operation, and sale of their investments. There is no restriction on foreign direct investments in any sector of the economy.
### Purchase abroad by residents
No.

### Purchase locally by nonresidents
Yes. Nonresidents may purchase real estate freely. Effective July 2, 2019, nonresidents are allowed to purchase agricultural land on the ground of investment plan approved by the government. (Previously, selling agricultural land to foreigners was prohibited.)

### Sale locally by nonresidents
No.

### Controls on personal capital transactions
No.

### Loans
No.
- By residents to nonresidents
  No.
- To residents from nonresidents
  No.

### Gifts, endowments, inheritances, and legacies
No.
- By residents to nonresidents
  No.
- To residents from nonresidents
  No.

### Settlement of debts abroad by immigrants
No.

### Transfer of assets
No.
- Transfer abroad by emigrants
  No.
- Transfer into the country by immigrants
  No.

### Transfer of gambling and prize earnings
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

#### Provisions specific to commercial banks and other credit institutions
Yes. The NBG has set limits on (1) credits issued by commercial banks to individual borrowers, groups of borrowers, insider borrowers, and all large borrowers and (2) unsecured credits.

- Borrowing abroad
  No.

- Maintenance of accounts abroad
  No.

- Lending to nonresidents (financial or commercial credits)
  No.

### Lending locally in foreign exchange
Yes. Higher capital is required for loans issued in foreign exchange. Effective January 23, 2019, banks are allowed to lend in foreign currency only if the loan amount is equivalent to more than 200,000 lari. (Previously, this limit was 100,000 lari.) This rule is applicable to resident debtors.

- Purchase of locally issued securities denominated in foreign exchange
  No.

- Differential treatment of deposit accounts in foreign exchange
  Yes.

### Reserve requirements
Yes. The reserve requirements on funds borrowed in the national currency amount to 5%. Borrowed funds with a remaining maturity of over one year in the national currency are exempt from reserve requirements. Effective May 16, 2019, the reserve requirements on funds borrowed...
in the foreign currency were increased to:
- 30% from 25% for the borrowed funds with the remaining maturity up to one year and
- 15% from 10% for the borrowed funds with the remaining maturity between 1 and 2 years. Effective October 17, 2019, the reserve requirements on funds borrowed in the foreign currency with the remaining maturity up to one year were decreased to 25% from 30%.

Borrowed funds with a remaining maturity of over 2 years in the foreign currency are exempt from reserve requirements. Capital and funds equalized to capital are exempt from the required reserve norms.

There is also differentiation in remuneration. The interest rate remunerated on national currency required reserves is equal to the monetary policy rate. Effective October 3, 2019, the required reserves denominated in US dollar are remunerated at a rate equal to the US Federal Reserve System policy rate minus 0.5 percentage points (pps). The interest rates on euro reserves are 0.2 pps lower than the policy rate on deposit of the ECB. (Previously, the required reserves denominated in US dollar were remunerated at a rate equal to the US Federal Reserve System policy rate minus 2 pps but not less than 0%. The interest rates on euro reserves were 2 pps lower (but not less than 0.6%) than the policy rate on deposit of the ECB.)

Liquid asset requirements
Yes.

Effective January 1, 2020, liquid asset requirement was abolished. (Previously, the minimum average monthly liquid asset ratio was 30% of average monthly liabilities with maturities of less than six months. The requirement applied to the total amount of deposits in lari and foreign exchange.)

According to the LCR regulation, banks should maintain 100% LCR in foreign currency, while local currency LCR can be as low as 75%, given that LCR in all currencies in total exceeds 100%.

Interest rate controls
No.

Credit controls
No.

Differential treatment of deposit accounts held by nonresidents
Yes.

Reserve requirements
No.

Liquid asset requirements
Yes.

Effective January 1, 2020, liquid assets requirement including for nonresident deposits was abolished. (Previously, nonresidents’ deposits exceeding 10% of their share of total deposits are subtracted from average liquid assets, which must equal at least 30% of average monthly liabilities.)

According to the LCR regulation, banks should maintain 100% LCR in foreign currency, while local currency LCR can be as low as 75%, given that LCR in all currencies in total exceeds 100%. Outflow rates for nonresident deposits are higher than for deposits of residents, on average, by about 20 pps.
<table>
<thead>
<tr>
<th>Section</th>
<th>Limit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
<td>The limit on the total open foreign exchange position set by the NBG is defined with respect to the amount of all long foreign exchange positions for all currencies or the amount of all short foreign exchange positions for all currencies, whichever is higher. The open position of balance sheet and consolidated balance sheet (including off-balance-sheet) items must not exceed 20% of regulatory capital. Foreign exchange position limit is the same for resident and nonresident banks. It applies equally to the resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
<td>The limit on the total open foreign exchange position set by the NBG is defined with respect to the amount of all long foreign exchange positions for all currencies or the amount of all short foreign exchange positions for all currencies, whichever is higher. The open position of balance sheet and consolidated balance sheet (including off-balance-sheet) items must not exceed 20% of regulatory capital. Foreign exchange position limit is the same for resident and nonresident banks. It applies equally to the resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
<td>The limit on the total open foreign exchange position set by the NBG is defined with respect to the amount of all long foreign exchange positions for all currencies or the amount of all short foreign exchange positions for all currencies, whichever is higher. The open position of balance sheet and consolidated balance sheet (including off-balance-sheet) items must not exceed 20% of regulatory capital. Foreign exchange position limit is the same for resident and nonresident banks. It applies equally to the resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
<td>Only general prudential limits apply to financial institutions, which are similar for residents and nonresidents. Generally, insurers may invest freely abroad. Insurance supervision is under the jurisdiction of the Insurance State Supervision Service. Decree No. 04 of the Head of the Insurance State Supervision Service is the regulation governing insurance companies. Under prudential limits established by the decree, up to 20% of assets covering insurance technical provisions may be placed abroad. Further limits apply as follows: (1) Up to 30% of the total amount of technical provisions may be placed in debt securities (including treasury bills issued by the MOF) issued by Georgia and OECD member countries. (2) Up to 30% may be in debt securities issued by local self-governance agencies of OECD member countries and/or developed economies. (3) Up to 50% may be in debt securities in (1) and (2). (4) Up to 15% may be in corporate bonds, preferred stock, and equity securities traded in the organized securities markets of Georgia and OECD members. (5) Up to 3% may be in corporate bonds and preferred stock of the same issuer in Georgia and OECD member countries, and up to 2% may be in equity securities. (6) Up to 10% may be in corporate bonds, preferred stock, and equity securities issued by legal entities registered in Georgia, OECD members, and/or developed economies and traded outside the organized securities markets of Georgia and OECD members. (7) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members, and up to 1% may be in equity securities. (8) Up to 15% may be in securities in (4) and (6). (9) Up to 20% may be in mortgage loans secured with property registered in Georgia, OECD members, and other developed economies. (Loans to a single person may not exceed 10%). (10) Up to 20% may be in loans to banking institutions. (Loans to a single person may not exceed 10%).</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
<td>Only general prudential limits apply to financial institutions, which are similar for residents and nonresidents. Generally, insurers may invest freely abroad. Insurance supervision is under the jurisdiction of the Insurance State Supervision Service. Decree No. 04 of the Head of the Insurance State Supervision Service is the regulation governing insurance companies. Under prudential limits established by the decree, up to 20% of assets covering insurance technical provisions may be placed abroad. Further limits apply as follows: (1) Up to 30% of the total amount of technical provisions may be placed in debt securities (including treasury bills issued by the MOF) issued by Georgia and OECD member countries. (2) Up to 30% may be in debt securities issued by local self-governance agencies of OECD member countries and/or developed economies. (3) Up to 50% may be in debt securities in (1) and (2). (4) Up to 15% may be in corporate bonds, preferred stock, and equity securities traded in the organized securities markets of Georgia and OECD members. (5) Up to 3% may be in corporate bonds and preferred stock of the same issuer in Georgia and OECD member countries, and up to 2% may be in equity securities. (6) Up to 10% may be in corporate bonds, preferred stock, and equity securities issued by legal entities registered in Georgia, OECD members, and/or developed economies and traded outside the organized securities markets of Georgia and OECD members. (7) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members, and up to 1% may be in equity securities. (8) Up to 15% may be in securities in (4) and (6). (9) Up to 20% may be in mortgage loans secured with property registered in Georgia, OECD members, and other developed economies. (Loans to a single person may not exceed 10%). (10) Up to 20% may be in loans to banking institutions. (Loans to a single person may not exceed 10%).</td>
</tr>
</tbody>
</table>
### Limits (max.) on securities issued by nonresidents

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decree No. 04 of the Head of the Insurance State Supervision Service is the regulation governing insurance companies. Under prudential limits established by the decree, up to 20% of assets covering insurance technical provisions may be placed abroad. Further relevant limits apply as follows:</td>
<td></td>
</tr>
<tr>
<td>(1) Up to 30% of the total amount of technical provisions may be placed in debt securities (including treasury bills issued by the MOF) issued by Georgia, OECD member countries, and/or developed economies.</td>
<td></td>
</tr>
<tr>
<td>(2) Up to 30% may be in debt securities issued by local self-governance agencies of OECD member countries and/or developed economies.</td>
<td></td>
</tr>
<tr>
<td>(3) Up to 50% may be in debt securities in (1) and (2).</td>
<td></td>
</tr>
<tr>
<td>(4) Up to 15% may be in corporate bonds, preferred stock, and equity securities traded in the organized securities markets of Georgia, OECD members, and/or developed countries.</td>
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<tr>
<td>(5) Up to 3% may be in corporate bonds and preferred stock of the same issuer in Georgia and OECD member countries, and up to 2% may be in equity securities.</td>
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<tr>
<td>(6) Up to 10% may be in corporate bonds, preferred stock, and equity securities issued by legal entities registered in Georgia, OECD members, and/or developed economies and traded outside the organized securities markets of Georgia and OECD members.</td>
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</tr>
<tr>
<td>(7) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members, and up to 1% may be in equity securities.</td>
<td></td>
</tr>
<tr>
<td>(8) Up to 15% may be in securities in (4) and (6).</td>
<td></td>
</tr>
</tbody>
</table>

### Limits (max.) on investment portfolio held abroad

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generally, insurers may invest freely abroad. However, under prudential limits regarding assets covering technical provisions, up to 20% of assets covering insurance technical provisions may be placed abroad.</td>
<td></td>
</tr>
</tbody>
</table>

### Limits (min.) on investment portfolio held locally

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only general prudential limits apply to financial institutions, which are similar for residents and nonresidents. Generally, funds may be invested freely abroad. The supervision of pension funds is under the jurisdiction of the Insurance State Supervision Service. Decree No. 04 of the Head of the Insurance State Supervision Service is the regulation governing pension funds. Under prudential limits established by the decree, up to 20% of assets covering pension liability may be placed abroad. Further limitations apply as follows:</td>
<td></td>
</tr>
<tr>
<td>(1) Up to 30% of the total amount may be placed in debt securities (including treasury bills issued by the MOF) issued by Georgia and OECD member countries.</td>
<td></td>
</tr>
<tr>
<td>(2) Up to 30% may be in debt securities issued by local self-governance agencies of OECD member countries and/or developed economies.</td>
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</tr>
<tr>
<td>(3) Up to 50% may be in debt securities in (1) and (2).</td>
<td></td>
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<tr>
<td>(4) Up to 15% may be in corporate bonds, preferred stock, and equity securities traded in the organized securities markets of Georgia and OECD members.</td>
<td></td>
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<tr>
<td>(5) Up to 3% may be in corporate bonds and preferred stock of the same issuer in Georgia and OECD member countries, and up to 2% may be in equity securities.</td>
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<td>(6) Up to 10% may be in corporate bonds, preferred stock, and equity securities issued by legal entities registered in Georgia, OECD members, and/or developed economies.</td>
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<td>(7) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members, and up to 1% may be in equity securities.</td>
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<td>(8) Up to 15% may be in securities in (4) and (6).</td>
<td></td>
</tr>
</tbody>
</table>

### Currency-matching regulations on assets/liabilities composition

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only general prudential limits apply to financial institutions, which are similar for residents and nonresidents. Generally, funds may be invested freely abroad. The supervision of pension funds is under the jurisdiction of the Insurance State Supervision Service. Decree No. 04 of the Head of the Insurance State Supervision Service is the regulation governing pension funds. Under prudential limits established by the decree, up to 20% of assets covering pension liability may be placed abroad. Further limitations apply as follows:</td>
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<tr>
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<tr>
<td>(3) Up to 50% may be in debt securities in (1) and (2).</td>
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<tr>
<td>(4) Up to 15% may be in corporate bonds, preferred stock, and equity securities traded in the organized securities markets of Georgia and OECD members.</td>
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<tr>
<td>(5) Up to 3% may be in corporate bonds and preferred stock of the same issuer in Georgia and OECD member countries, and up to 2% may be in equity securities.</td>
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</tr>
<tr>
<td>(6) Up to 10% may be in corporate bonds, preferred stock, and equity securities issued by legal entities registered in Georgia, OECD members, and/or developed economies.</td>
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<tr>
<td>(7) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members, and up to 1% may be in equity securities.</td>
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<tr>
<td>(8) Up to 15% may be in securities in (4) and (6).</td>
<td></td>
</tr>
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</table>
Georgia, OECD members, and/or developed economies and traded outside the organized securities markets of Georgia and OECD members. (7) Up to 2.5% may be in corporate bonds and preferred stocks of the same issuer traded on securities exchanges other than those of Georgia and OECD members, and up to 1% may be in equity securities. (8) Up to 15% may be in securities in (4) and (6). (9) Up to 20% may be in mortgage loans secured with property registered in Georgia, OECD members, and other developed economies. (Loans to a single person may not exceed 10%). (10) Up to 20% may be in loans to banking institutions. (Loans to a single bank may not exceed 10%). (11) Up to 10% may be in loans secured by securities in (1) and (2). (Loans to a single person may not exceed 2%). (12) Up to 10% may be in real estate registered in Georgia, OECD members, and/or developed economies. (13) Up to 90% may be in bank deposits. (Deposits in a single bank may not exceed 30%). (14) Up to 10% may be in cash in vault and on the current account, not exceeding 20% in a single bank.

<table>
<thead>
<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>
Changes during 2019 and 2020

Exchange Arrangement

Classification

Floating

The National Bank of Georgia introduced a new instrument—foreign exchange options. The main goal of using foreign exchange options is filling the international reserves. Foreign exchange option is a financial instrument, which gives the right to a holder (but not obligation) to buy national currency in exchange for foreign exchange (US dollar or EUR) during the predetermined period at the official exchange rate. The condition of using the options is that the lari exchange rate should be stronger than the average of the previous 20 days.

03/01/2020

The National Bank of Georgia introduced a new foreign exchange trading system—Bloomberg’s BMatch. This foreign exchange trading platform is based on the principle of automatic “matching” of transactions. Market participants will place foreign currency buying and selling applications on the BMatch platform, and if the exchange rates between the buyer and seller of the currency coincide, then the currency transactions between the parties will be concluded automatically. At the first stage, only commercial banks will participate in the BMatch platform. Companies are expected to participate at a later stage (from October 1, 2020) and will be able to access the BMatch platform in two ways: directly through Bloomberg terminal and indirectly through a commercial bank.

Monetary policy framework

Inflation-targeting framework

Operating target (policy rate)

Target corridor band

09/05/2019

The interest rate corridor is 1.5%—symmetric around policy rate ±75 basis points (bps). Previously, the interest rate corridor was 2.0%—symmetric around policy rate ±100 bps.

Foreign exchange market

Spot exchange market

Operated by the central bank

Auction

01/31/2019

The National Bank of Georgia introduced a new instrument—foreign exchange options. Foreign exchange options are sold via auctions in exchange for a fee. The auction mechanism for options is based on multiple price auction. Foreign exchange option is a financial instrument, which gives the right to a holder (but not obligation) to buy national currency in exchange for foreign exchange (US dollar or EUR) during the predetermined period (usually the following month) at the official exchange rate. The condition of using the options is that the lari exchange rate should be stronger than the average of the previous 20 days. The strike price of the option is the official exchange rate of the day when an option is exercised, that is, average exchange rate of the previous day.

03/01/2020

The National Bank of Georgia introduced a new foreign exchange trading system—BMatch. BMatch is Bloomberg’s foreign exchange trading platform that is based on the principle of automatic “matching” of transactions. Market participants will place foreign currency buying and selling applications on the BMatch platform, and if the exchange rates between the buyer and seller of the currency coincide, then the currency transactions between the parties will be...
concluded automatically. At the first stage, only commercial banks will participate in the BMatch platform. Companies are expected to participate at a later stage (from October 1, 2020) and will be able to access the BMatch platform in two ways: directly through Bloomberg terminal and indirectly through a commercial bank.

The National Bank of Georgia introduced one-month put options that give banks the right to purchase the Georgian lari in exchange for US dollars or euros. Banks would exercise the option when the Georgian lari rate is above its average during the previous 20 working days.

Capital Transactions

Nonresidents are allowed to purchase agricultural land on the ground of investment plan approved by the government. (Previously, selling agricultural land to foreigners was prohibited.)

Provisions Specific to the Financial Sector

The loan amount banks are allowed to lend in foreign currency to a resident was increased to the equivalent of more than 200,000 lari from the previous 100,000 lari.

The reserve requirements on funds borrowed in the foreign currency were increased to:
- 30% from 25% for the borrowed funds with the remaining maturity up to one year and
- 15% from 10% for the borrowed funds with the remaining maturity between 1 and 2 years.

The required reserves denominated in US dollar were remunerated at a rate equal to the US Federal Reserve System policy rate minus 0.5 percentage points (pps). The interest rates on euro reserves are 0.2 pps lower than the policy rate on deposit of the European Central Bank (ECB). (Previously, the required reserves denominated in US dollar were remunerated at a rate equal to the US Federal Reserve System policy rate minus 2 pps but not less than 0%. The interest rates on euro reserves were 2 pps lower (but not less than 0.6%) than the policy rate on deposit of the ECB.)

The reserve requirements on funds borrowed in the foreign currency with the remaining maturity up to one year were decreased to 25% from 30%.

Liquid assets requirement was abolished. (Previously, the minimum average monthly liquid asset ratio was 30% of average monthly liabilities with maturities of less than six months. The requirement applied to the total amount of deposits in lari and foreign exchange.)

Liquid assets requirement including for nonresident deposits was abolished. (Previously, nonresidents’ deposits exceeding 10% of their share of total deposits are subtracted from average liquid assets, which must equal at least 30% of average monthly liabilities.)
GERMANY
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Date of membership</th>
<th>Date of acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII</td>
<td>August 14, 1952</td>
<td>February 15, 1961</td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. | No restrictions as reported in the latest IMF staff report as of December 31, 2019. |
| Exchange measures imposed for security reasons | Yes. | In accordance with EU regulations and the relevant UNSC resolutions, restrictions are maintained with respect to certain persons, entities, and bodies in view of the situation in Afghanistan; certain persons and entities associated with the Al-Qaeda network and ISIL (Da’esh; amended as of July 16, 2018), and other individuals and organizations associated with terrorism; certain persons, entities, and bodies with respect to Belarus; certain persons in view of the situation in Burundi; certain persons, entities, and bodies in view of the situation in the Central African Republic; certain persons acting in violation of the arms embargo with regard to the Democratic Republic of the Congo. From October 16, 2018, restrictive measures were imposed against certain persons, entities, and bodies in connection with proliferation and use of chemical weapons. Effective May 18, 2019, restrictive measures were imposed against certain persons, entities, and bodies in connection with cyber-attacks threatening the Union or its Member States; certain persons, entities, and bodies in view of the situation in Egypt; certain persons, entities, and bodies with respect to Guinea; certain persons, entities, and bodies threatening the peace, security, or stability of Guinea-Bissau; certain persons, organizations, and entities in view of the situation in the Islamic Republic of Iran and in association with nuclear-proliferation-related activities there; individuals and entities associated with the former government of Iraq; individuals and entities in the Democratic People’s Republic of Korea (DPRK); certain persons suspected of involvement in the assassination of former Lebanese Prime Minister Rafiq Hariri; certain persons, entities, and bodies in view of the situation in Libya (Council Regulation (EU) No. 2016/44); certain persons, entities, and organizations in view of the situation in Mali; certain persons, entities, and bodies in view of the situation in the Republic of Maldives pursuant to Council Regulation (EU) No. 2018/1001 (from July 17, 2018), repealed with Council Regulation (EU) No. 2019/985 (effective June 17, 2019); restrictive measures were imposed against certain persons, entities, and bodies in view of the situation in Nicaragua by Council Regulation (EU) No. 2019/1716 (effective October 16, 2019); certain persons, entities, and bodies in view of the situation in Somalia; certain persons, entities, or bodies in view of the situation in South Sudan; certain persons, entities, or bodies impeding the peace process and breaking international law in the conflict in the Darfur region in Sudan; certain persons, entities, and |
bodies in view of the situation in Syria; certain persons, entities, and bodies with a view to combating terrorism; certain persons, entities, and bodies in view of the situation in Tunisia; certain persons in view of the situation in Ukraine; certain persons, entities, and bodies with respect to actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine; restrictive measures were imposed against certain persons, organizations, and bodies in view of Turkey’s unauthorized drilling activities in the Eastern Mediterranean by Council Regulation (EU) No. 2019/1890 (effective November 13, 2019); certain persons, organizations, and bodies in view of the situation in Venezuela; certain persons, entities, and bodies in view of the situation in Yemen; certain persons, entities, and bodies with respect to Zimbabwe. Restrictions against certain persons, entities, and bodies with respect to Eritrea were repealed by Council Regulation (EU) No. 2018/1932 (effective December 12, 2019).

Additional exchange measures:
Exchange restrictions related to Iran include the provision of financing or financial assistance related to certain military goods and technology to any natural or legal person, entity, or body in or for use in Iran. Also, the provision of financing or financial assistance to Iranian persons, entities, or bodies or for use in Iran related to the following is restricted: goods that could contribute to enrichment-related, reprocessing, or heavy-water-related activities; the development of nuclear weapon delivery systems, graphite and raw or semifinished metals, such as aluminum and steel investment in Iranian persons, entities, or bodies engaged in the manufacture of certain military goods or in enrichment-related, reprocessing, or heavy-water-related activities remains restricted. Restrictions apply to the provision of financing and financial assistance related to certain military goods and technology or related to equipment that could be used for internal repression.

Exchange restrictions related to Syria include restrictions on the provision of financing and financial assistance related to military goods and technology or to equipment that could be used for internal repression of any person, entity, or body in or for use in Syria. Financing and financial assistance related to equipment that can be used for telecommunications surveillance or for the construction of new power plants are restricted. Exports and imports of gold, diamonds, and precious metals are restricted. Financing and financial assistance related to imports, purchases, or transportation of crude oil and petroleum products imported from Syria are restricted. Investment in Syrian persons, entities, or bodies engaged in the exploration or production of crude oil or in the construction or installation of new power plants is restricted.

Restrictions regarding Belarus apply to the provision of financing and financial assistance related to certain military goods and technology or related to equipment that could be used for internal repression of any person, entity, or body in or for use in Belarus.

Restrictions regarding the Central African Republic apply to the provision of financing and financial assistance related to certain military goods and technology to any person, entity, or body in or for use in the Central African Republic. The provision of financing and financial assistance related to military activities is restricted.
Restrictions regarding the Democratic Republic of the Congo apply to the provision of financing and financial assistance related to military goods.

Restrictions regarding Guinea apply to financing and financial assistance related to certain military goods and technology or related to equipment that could be used for internal repression of any person, entity, or body in or for use in Guinea.

Restrictions regarding the DPRK apply to financing or financial assistance related to certain military goods and technology to any natural or legal person, entity, or body in or for use in the DPRK. Exports and imports of precious metals and diamonds and related financing or financial assistance are restricted. The sale of banknotes and government bonds is restricted. Restrictive measures concerning the opening and maintenance of bank accounts and correspondent banking relationships are in force. Restrictions concerning investments in any commercial activity in the territory of the EU, joint ventures, cooperative entities, and certain investment services are in effect. Restrictive measures concerning real property regarding persons, entities, or bodies of the government of the DPRK are in force. Restrictions on transfers of funds and financial service and also on financing or financial assistance for trade with the DPRK are in force.

Restrictions regarding Lebanon apply to the provision of financing and financial assistance related to certain military goods and technology to any person, entity, or body in or for use in Lebanon. The provision of financing and financial assistance related to military activities in Lebanon is restricted.

Restrictions regarding Libya apply to the provision of certain military goods and technology to any person, entity, or body in or for use in Libya. Financing and financial assistance related to military activities are restricted.

Restrictions regarding Myanmar apply to financing and financial assistance related to certain military goods and technology or related to equipment that could be used for internal repression of any person, entity, or body in or for use in Myanmar. Financing and financial assistance related to military activities are restricted. Restrictions concerning financing or financial assistance of equipment, technology, or software for monitoring or interception of Internet or telephone communications are in effect. Restrictive measures were imposed against certain natural persons from the Myanmar Armed Forces (Tatmadaw) and the Border Guard Police responsible for serious human rights violations, responsible for obstructing the provision of humanitarian assistance to civilians in need, and responsible for obstructing the conduct of independent investigations into alleged serious human rights violations or abuses, as well as persons, entities, or bodies associated with them (Council Regulation (EU) No. 2018/647 amended Regulation (EU) No. 401/2013, effective April 27, 2018).

Restrictions regarding Somalia apply to the provision of financing and financial assistance related to imports, transportation, or purchases of charcoal from Somalia. The provision of financing and financial assistance related to military activities is restricted.
Restrictions regarding South Sudan apply to the provision of financing and financial assistance related to military activities, which is restricted.

Restrictions regarding Sudan apply to the provision of financing and financial assistance related to certain military goods and technology to any person, entity, or body in or for use in Sudan. The provision of financing and financial assistance related to military activities is restricted.

Restrictions regarding Ukraine apply to the creation of joint ventures with entities in Crimea or Sevastopol, the provision of financing to entities in Crimea or Sevastopol, and the acquisition or extension of a participation in real estate and entities in Crimea or Sevastopol.

Restrictions regarding Zimbabwe apply to the provision of financing and financial assistance related to certain military goods and technology or related to equipment that could be used for internal repression of any person, entity, or body in or for use in Zimbabwe. Financing and financial assistance related to military activities are restricted.

Restrictions regarding Russia apply to the access to European capital markets for certain Russian government-owned banks, certain companies engaged in major activity in the military sector, and certain government-owned companies with at least 50% of estimated revenues from the sale or transportation of crude oil or petroleum products. Restrictions apply to the provision of financing or financial assistance related to the trade in arms, military goods, and dual-use goods and the provision of financing or financial assistance related to trade in certain items or in services suitable for the exploration of crude oil in deep water, in areas north of the Arctic Circle or by means of fracking.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Germany is the euro.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement
The exchange rate arrangement of the euro area is free floating. Germany participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:30 Central European Time to around 16:00 Central European Time. The reference rate against the euro is the average of the buying and selling rates.

Monetary policy framework

Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

- Government
- Central Bank
  - Monetary Policy Committee
  - Central Bank Board
- Other
- Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range
<table>
<thead>
<tr>
<th>Target measure</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI</td>
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<tr>
<td>Core inflation</td>
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</tr>
<tr>
<td>Target horizon</td>
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</tr>
</tbody>
</table>

**Operating target (policy rate)**

<table>
<thead>
<tr>
<th>Policy rate</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target corridor band</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

**Accountability**

<table>
<thead>
<tr>
<th>Open letter</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parliamentary hearings</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

**Transparency**

| Publication of votes | Yes. |
| Publication of minutes |      |
| Publication of inflation forecasts |      |
| Other monetary framework | Yes. |

To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is commonly defined as inflation rates at levels below, but close to, 2% over the medium term.

**Exchange tax**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**Exchange subsidy**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**Foreign exchange market**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

ADs may determine freely their exchange rates and foreign exchange commissions in transactions with their clients.

**Spot exchange market**

| Yes. |

Conducting banking business and providing financial services require a license from the ECB (see Article 4 (1)(a) Regulation No. 1024/2013). Providing financial services requires a license from the Federal Financial Supervisory Authority (Section 32 of the Banking Act). Dealing in foreign notes and coins requires a license because of the risk of money laundering. This refers primarily to exchange bureaus as specialized financial institutions: a license to conduct the overall banking business already includes permission to deal in foreign currency. Hotels, travel agencies, and department stores dealing in foreign currency only as a secondary business do not need a license. As of June 30, 2020, about 1,401 deposit-taking credit institutions and 11 financial services institutions (non-microfinance institutions), and 5 other non-microfinance institutions were...
permitted to deal in foreign currency.

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permitted to deal in foreign currency.</td>
<td>No.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
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<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
</tbody>
</table>

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**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
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<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
<tr>
<td>---------------------------</td>
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</tr>
<tr>
<td>Payments arrears</td>
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<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
</tbody>
</table>
## Domestic currency

In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. According to Section 1(3a) Zollverwaltungsgesetz (ZollVG) – Customs Administration Act (German national law) additionally intra-EU cash flows must be monitored. Section 12a Zollverwaltungsgesetz stipulates an obligation to disclose cash verbally on request of the relevant authorities, when travelers enter or leave Germany from or to another EU-member country carrying cash or equivalent means of payment with a value of €10,000 or more.

## Foreign currency

In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. According to Section 1(3a) Zollverwaltungsgesetz (ZollVG) – Customs Administration Act (German national law) additionally intra-EU cash flows must be monitored. Section 12a Zollverwaltungsgesetz stipulates an obligation to disclose cash verbally on request of the relevant authorities, when travelers enter or leave Germany from or to another EU-member country carrying cash or equivalent means of payment with a value of €10,000 or more.

## On imports

In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. According to Section 1(3a) Zollverwaltungsgesetz (ZollVG) – Customs Administration Act (German national law) additionally intra-EU cash flows must be monitored. Section 12a Zollverwaltungsgesetz stipulates an obligation to disclose cash verbally on request of the relevant authorities, when travelers enter or leave Germany from or to another EU-member country carrying cash or equivalent means of payment with a value of €10,000 or more.

Pursuant to Article 12 of Council Regulation (EU) No. 2017/1509, it is prohibited to sell, supply, transfer, or export, directly or indirectly, newly printed or unissued DPRK-denominated banknotes and minted coinage, to or for the benefit of the Central Bank of DPRK.

Pursuant to Article 11 of Council Regulation (EU) No. 36/2012, it is prohibited to sell, supply, transfer, or export, directly or indirectly, new Syrian-denominated banknotes and coinage, printed or minted in the Union, to the Central Bank of Syria.
leave Germany from or to another EU-member country carrying cash or equivalent means of payment with a value of €10,000 or more.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

According to the Regulation on the Investment of Restricted Assets of “Pensionskassen,” Death Benefit Funds and Small Insurance Undertakings (Anlageverordnung – AnlV), Regulation on the Supervision of Pension Funds (Pensionsfonds-Aufsichtsverordnung – PFAV), and Circular No. 11/2017 (VA)– Guidance Notes on the Investment of Restricted Assets of Insurance Undertakings, investment companies’ and pension funds’ investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts. Credit and financial institutions headquartered in the EU and financial institutions incorporated or instituted under the law of a member country may not open accounts with banks or credit or financial institutions domiciled in the DPRK or Syria.

| Approval required                  | No.  |
| Accounts in domestic currency held abroad | Yes. |

According to the Regulation on the Investment of Restricted Assets of “Pensionskassen,” Death Benefit Funds and Small Insurance Undertakings (Anlageverordnung – AnlV), Regulation on the Supervisions of Pension Funds (Pensionsfonds-Aufsichtsverordnung – PFAV), and Circular No. 11/2017 (VA)– Guidance Notes on the Investment of Restricted Assets of Insurance Undertakings, investment companies’ and pension funds’ investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts.

| Accounts in domestic currency convertible into foreign currency | Yes. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

| Foreign exchange accounts permitted | Yes. |
| Approval required                  | No.  |
| Domestic currency accounts         | Yes. |

Credit and financial institutions headquartered in the EU and financial institutions incorporated or instituted under the law of a member country may not establish correspondent banking relationships with credit or financial institutions domiciled in the DPRK or Syria.

Pursuant to Articles 28 and 29 of Council Regulation (EU) No.
2017/1509, restrictions apply to the opening of accounts for DPRK diplomatic missions or consular posts, and their DPRK members.

<table>
<thead>
<tr>
<th>Convertible into foreign currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
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<tr>
<td>Blocked accounts</td>
<td>Yes.</td>
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</tbody>
</table>

Reference to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>

Import licenses and other nontariff measures: Yes.

Positive list: No.

Negative list: Yes.

Open general licenses: No.

License with quotas: Yes. The importation of certain textile goods products is subject to the EU’s annual global quota.

Other nontariff measures: No.

Import taxes and/or tariffs: No.

Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>
Surrender to the central bank: No.
Surrender to authorized dealers: No.
Financing requirements: No.
Documentation requirements: Yes.
Letters of credit: No.
Guarantees: No.
Domiciliation: No.
Preshipment inspection: No.
Other: Yes.
Export licenses: Yes.
Without quotas: Yes. Certain exports (mostly military and dual-use goods) are subject to individual, global, or general licensing. The customs authorities exercise control over export declarations.
With quotas: No.
Export taxes: No.
Collected through the exchange system: No.
Other export taxes: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: No.
Trade-related payments: No.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.
Investment-related payments: No.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.
Payments for travel: No.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.
Personal payments: No.
Prior approval | No.
---|---
Quantitative limits | No.
Indicative limits/bona fide test | No.
Foreign workers' wages | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Credit card use abroad | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Other payments | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements | No.
Surrender requirements | No.
Surrender to the central bank | No.
Surrender to authorized dealers | No.
Restrictions on use of funds | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions | Yes. Controls apply to the following capital transactions with certain government-owned enterprises in Syria: (1) financial loans or credits; (2) acquisition or extension of participation in these enterprises; (3) joint ventures; and (4) intentional participation in activities that aim to circumvent the prohibitions referred to in (1), (2), or (3). Controls apply to the following capital transactions with certain government-owned enterprises in Myanmar: (1) financial loans or credits; (2) acquisition of these enterprises’ bonds, CDs, warrants, or debentures; and (3) acquisition or extension of participation in these enterprises, including their acquisition in full or the acquisition of their shares or securities of a participating nature. Prohibitions and authorization requirements apply to investment in Iranian businesses that manufacture goods and technology listed under the Nuclear Suppliers

GERMANY

Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Foreign workers' wages | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Credit card use abroad | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Other payments | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements | No.
Surrender requirements | No.
Surrender to the central bank | No.
Surrender to authorized dealers | No.
Restrictions on use of funds | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions | Yes. Controls apply to the following capital transactions with certain government-owned enterprises in Syria: (1) financial loans or credits; (2) acquisition or extension of participation in these enterprises; (3) joint ventures; and (4) intentional participation in activities that aim to circumvent the prohibitions referred to in (1), (2), or (3). Controls apply to the following capital transactions with certain government-owned enterprises in Myanmar: (1) financial loans or credits; (2) acquisition of these enterprises’ bonds, CDs, warrants, or debentures; and (3) acquisition or extension of participation in these enterprises, including their acquisition in full or the acquisition of their shares or securities of a participating nature. Prohibitions and authorization requirements apply to investment in Iranian businesses that manufacture goods and technology listed under the Nuclear Suppliers

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

INTERNATIONAL MONETARY FUND

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Group or the Missile Technology Control Regime or goods and technology that could contribute to enrichment, reprocessing, or heavy-water-related activities and to the development of nuclear weapon delivery systems. Credit to Iranian businesses that manufacture goods and technology on the Common Military List of the EU is prohibited.

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

The regulations governing shares or other securities of a participating nature apply.

Controls are applied for security reasons. For a more detailed description, see Section XI.A above.

According to the Investment Regulation—Regulation on the Investment of the Restricted Assets of “Pensionskassen,” Death Benefit Funds and Small Insurance Undertakings and the Regulation on the Supervision of Pension Funds, the investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts. Exemptions from that rule are laid down in the annex to Section 5 of the Investment Regulation, respectively, Section 20 of the Regulation on the Supervision of Pension Funds.
According to the Investment Regulation—Regulation on the Investment of the Restricted Assets of “Pensionskassen,” Death Benefit Funds and Small Insurance Undertakings and the Regulation on the Supervision of Pension Funds, the investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts. Exemptions from that rule are laid down in the annex to Section 5 of the Investment Regulation, respectively, Section 20 of the Regulation on the Supervision of Pension Funds.
Financial credits

<table>
<thead>
<tr>
<th>Financial credits</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

To residents from nonresidents

| To residents from nonresidents | No. |

Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on direct investment

| Controls on direct investment | Yes. |

Outward direct investment

| Outward direct investment | Yes. |

Inward direct investment

| Inward direct investment | Yes. |

Controls apply (1) to investment in air transportation enterprises, which (in accordance with Regulation (EC) No. 1008/2008) must be more than 50% owned directly or indirectly through one or more intermediate companies by members and/or nationals of EU members; an enterprise must notify its licensing authority within 14 days of any change in ownership of a single shareholding that represents 10% or more of the total; (2) to the acquisition of a German flag vessel, except through an enterprise incorporated in Germany or in another member of the EU; (3) to investment in the broadcasting (radio and television) sector, except through a subsidiary incorporated in Germany, as required for both residents and nonresidents; (4) to the use of depository banks for investment funds of capital investment companies, which is (in accordance with Directive No. 2009/65/EC) not permitted for branches of nonresident financial institutions whose head office is outside the EU, except for funds not covered under Directive No. 2009/65/EC and not sold in other EU-member countries; (5) to a depository of a UCITS, which (under EC Directive No. 2009/65) must have its registered office either in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country; (6) to investments in certain arms or cryptographic systems manufacturers, which (under Section 60 et seq. of the German Foreign Trade Ordinance) require notification if the transaction will give a foreign investor at least, from December 29, 2018, 10% (previously 25%) of the voting rights; restrictions may be imposed to secure the “material security interests” of Germany; and (7) under Section 55 et seq. of the German Foreign Trade Ordinance, which may, to secure “public order or security,” restrict investments in any other German enterprise by an investor from outside the EU or EFTA that will give the investor at least 25% of the voting rights and, from December 29, 2018, at least 10% of the voting rights in case of an enterprise of a sensitive civil sector (that is, critical infrastructure). Effective June 3, 2020, the following products and services were brought under the regime of critical infrastructure: (1) in healthcare sector, personal protective equipment, essential drugs, in vitro
diagnostics in the field of infectious diseases and medical devices, and (2) in the media sector, services necessary to ensure the freedom from interference and functionality of state communications infrastructures of the Federal Agency for Digital Radio Safety. The government also clarified that asset deals are in the scope of the FDI screening regime and that the review may take into account whether an acquirer is directly or indirectly controlled by foreign government or its agencies.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| **Purchase abroad by residents** | Yes. |

According to the Investment Regulation—Regulation on the Investment of the Restricted Assets of “Pensionskassen,” Death Benefit Funds and Small Insurance Undertakings and the Regulation on the Supervision of Pension Funds, the investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts. Exemptions from that rule are laid down in the annex to Section 5 of the Investment Regulation, respectively, Section 20 of the Regulation on the Supervision of Pension Funds. Land and land rights are deemed denominated in the currency of the country in which they are located.

| Purchase locally by nonresidents | No. |
| Sale locally by nonresidents | No. |
| Controls on personal capital transactions | No. |
| **Loans** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Gifts, endowments, inheritances, and legacies** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Settlement of debts abroad by immigrants** | No. |
| **Transfer of assets** | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| **Transfer of gambling and prize earnings** | No. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Provisions Specific to the Financial Sector**

<p>| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad | No. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Commission Delegated Regulation (EU) No. 2015/61 of October 10, 2014, (Liquidity Coverage Ratio (LCR) DR) provides criteria to identify less stable retail deposits, for the purposes of liquidity reporting, by defining the characteristics that may lead to higher outflows during the next 30 days under stress conditions. Deposits denominated in a currency other than the euro or the domestic currency of a Member State are according to Article 25(2)(e) of LCR DR one criterion for applying a higher outflow rate according to Article 25(3) of LCR DR.

Commission Delegated Regulation (EU) 2015/61 of October 10, 2014, (LCR DR) provides criteria to identify less stable retail deposits, for the purposes of liquidity reporting, by defining the characteristics that may lead to higher outflows during the next 30 days under stress conditions. Deposits where the depositor is resident in a third country are according to Article 25(2)(e) of LCR DR one criterion for applying a higher outflow rate according to Article 25(3) of LCR DR.

Regulation (EU) No. 575/2013 on Prudential Requirements for Credit Institutions and Investment Firms (Capital Requirements Regulation (CRR)) does not impose an explicit limit on open foreign exchange positions. However, CRR Article 351 prescribes that if the sum of an institution’s overall net foreign exchange position and its net gold position, calculated in accordance with the procedure set out in CRR Article 352, exceeds 2% of its total own funds, the institution must calculate an own funds requirement of 8% in general for foreign exchange risk (for exemptions to this rule, see CRR Article 354).
<table>
<thead>
<tr>
<th>Provisions specific to institutional investors</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insurance companies</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Limits (max.) on securities issued by nonresidents**

Yes. According to the Investment Regulation—Regulation on the Investment of the Restricted Assets of “Pensionskassen,” Death Benefit Funds and Small Insurance Undertakings, the investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts. Exemptions from that rule are laid down in the annex to Section 5 of the Investment Regulation.

**Limits (max.) on investment portfolio held abroad**

Yes. “Pensionskassen,” Death Benefit Funds, and Small Insurance Undertakings may acquire investments in all investment categories in any OECD or EEA country. Investments must be with some exemptions in the same currency as liabilities under the pension or insurance contracts. According to the Act on the Supervision of Insurance Undertakings Section 125(4), investments of the restricted assets are to be held within the EEA. Exemptions may be granted on application.

**Limits (min.) on investment portfolio held locally**

No.

**Currency-matching regulations on assets/liabilities composition**

Yes. Restricted assets must be, with some exemptions, invested in assets in the same currency as liabilities under insurance contracts (matching rules). Land and land rights are deemed denominated in the currency of the country in which they are located, and shares and participating interests in the currency in which they are included in an organized market. Shares and participating interests not traded in an organized market are deemed denominated in the currency of the issuer’s home country.

**Pension funds**

Yes.

**Limits (max.) on securities issued by nonresidents**

Yes. According to the Regulation on the Supervision of Pension Funds, the investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts. Exemptions from that rule are laid down in the annex to Section 20 of the Regulation.

**Limits (max.) on investment portfolio held abroad**

Yes. According to the Regulation on the Supervision of Pension Funds, the investment of restricted and guarantee assets in EEA countries, other OECD countries, and countries outside the OECD is allowed, with certain requirements. Investments must be in the same currency as liabilities under the pension or insurance contracts. Exemptions from that rule are laid down in the annex to Section 20 of the Regulation. According to the Act on the Supervision of Insurance Undertakings Section 125(4), investments of the restricted assets are to be held within the EEA. Exemptions may be granted on application.

**Limits (min.) on investment portfolio held locally**

n.a.

**Currency-matching regulations on assets/liabilities composition**

Yes. Restricted assets must be invested in assets in the same currency as liabilities under insurance contracts (matching rules). Up to 30% of restricted assets may be invested in nonmatching assets. Land and land rights are deemed denominated in the currency of the country in which they are located, and shares and participating interests in the currency in which they are included in an organized market. Shares and participating interests not traded in an organized market are...
Currency-matching regulations on assets/liabilities composition deemed denominated in the currency of the issuer’s home country.

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents No.

Limits (max.) on investment portfolio held abroad No.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition Yes.

There are currency-matching regulations for real estate investment funds.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures


Restrictive measures were imposed against certain persons, entities, and bodies in view of the situation in Nicaragua by Council Regulation (EU) No. 2019/1716.

Restrictive measures were imposed against certain persons, organizations, and bodies in view of Turkey’s unauthorized drilling activities in the Eastern Mediterranean by Council Regulation (EU) No. 2019/1890.

Restrictions against certain persons, entities, and bodies with respect to Eritrea were repealed by Council Regulation (EU) No. 2018/1932.

Capital Transactions

The following products and services were brought under the regime of critical infrastructure: (1) in healthcare sector, personal protective equipment, essential drugs, in vitro diagnostics in the field of infectious diseases and medical devices, and (2) in the media sector, services necessary to ensure the freedom from interference and functionality of state communications infrastructures of the Federal Agency for Digital Radio Safety. The government also clarified that asset deals are in the scope of the FDI screening regime and that the review may take into account whether an acquirer is directly or indirectly controlled by foreign government or its agencies.
GHANA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

September 20, 1957.

Article VIII


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

Yes.  The IMF staff report for the 2019 Article IV Consultation with Ghana states that, as of November 21, 2019, Ghana maintained one exchange restriction and an MCP subject to IMF approval. The exchange restriction arises from the limitation/prohibition in purchasing and transferring foreign exchange for import transactions by importers who have not submitted to the commercial bank customs entry forms for any past foreign exchange transactions related to imports, and which are unrelated to the underlying transaction. An MCP also arises, because the Bank of Ghana (BOG) requires the use of its internal rate (that is, the previous day’s weighted average interbank exchange rate) for government transactions and the surrender of foreign exchange proceeds from cocoa exports funded through the cocoa syndicated loan without having a mechanism in place to ensure that, at the time of the transaction, this exchange rate does not differ from the rate prevailing in the market rate (that is, the interbank exchange rate) and the rates used by banks in their transactions with their customers by more than 2%. (Country Report No. 19/367)

Exchange measures imposed for security reasons

No.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes.  The currency of Ghana is the Ghanaian cedi (GHC).

Other legal tender

No.

Exchange rate structure

Unitary

Dual

Yes.  The BOG uses a reference rate for certain official transactions. This rate does not involve a mechanism to ensure that it does not differ from the prevailing market rate by more than 2%, thus giving rise to an MCP. The BOG publishes daily reference foreign exchange rates against cedis. The US dollar–cedi reference midrate is the weighted average of all the daily spot foreign exchange market transactions of at least US$10,000 reported by all banks until 2:30 p.m. to the BOG, excluding transactions where the BOG was a counterparty. The other
currencies’ reference rate to cedis is based on the current cross-rates in the international foreign exchange market from Reuters.

Multiple

Classification

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement

Floating Yes. The de jure and de facto exchange rate arrangements are floating. The exchange rate of the cedi is determined by market forces. Ghana joined the W-ERM II of the WAMZ, which requires that the spot exchange rate between the cedi and the US dollar be maintained within a margin of ±15% around the central rate. However, the authorities are yet to implement these measures. The BOG does not publish information on its interventions.

During 2019, the following factors impacted the exchange rate:

1. Market uncertainties surrounding Ghana’s successful completion of the IMF Emergency Credit Facility (ECF) program during the first quarter of 2019.

2. Relatively high energy-related foreign exchange demand combined with demand for foreign exchange to cover nonresident bond investor coupons and bond maturities’ repatriation.


Free floating

Official exchange rate Yes. The BOG publishes daily reference foreign exchange rates against the cedi. The US dollar–cedi reference midrate is the weighted average of all the daily spot foreign exchange market transactions of at least US$10,000 reported by all banks until 2:30 p.m. to the BOG excluding, effective January 18, 2019, transactions where the BOG was a counterparty. All bank-bank and bigger size (above US $10,000) bank-customer deals concluded and reported are included. The other currencies’ reference rate to the cedi is based on the current cross-rates in the international foreign exchange market from Reuters. The previous day’s reference rate as computed is used for all transactions involving the BOG, except market intervention.

Monetary policy framework

Exchange rate anchor

- U.S. dollar
- Euro
### Monetary aggregate target

**Inflation-targeting framework**

Yes. The Inflation-Targeting Framework was formally adopted for the conduct of the Bank’s monetary policy in 2007 and remains the monetary policy framework.

### Target setting body

**Government**

**Central Bank**

**Monetary Policy Committee**

**Central Bank Board**

**Other**

Yes. The inflation target is set by consensus between the Central Bank and the Government (Ministry of Finance), taking into consideration prevailing macroeconomic conditions and policy consistency, and the need to provide certainty in the outlook. The current target of 8% was set in 2014 and has not been revised since. Prior to that, annual targets were set, given the prevalence of high inflation rates in the country.

### Inflation target

**Target number**

Yes.

**Point target**

Yes.

**Target with tolerance band**

Yes. For 2020, the medium-term inflation target remains 8±2% with a forecast horizon over four quarters ahead.

### Band/Range

**Target measure**

Yes.

**CPI**

Yes. The CB targets inflation, which is defined as the year-on-year (y-o-y) change in the CPI. The CPI measures the change in the general price level of goods and services with August 2018 as the revised base year.

### Core inflation

**Target horizon**

Yes. The target horizon is four quarters ahead.

### Operating target (policy rate)

**Policy rate**

Yes. The policy rate was used in fixed-rate full allotment auctions of 14-day BOG bills. The monetary policy rate is currently at 14.5% (August 2020). The interest rate corridor is the monetary policy rate ±1%.

**Target corridor band**

n.a.

**Other**

n.a.

**Accountability**

Yes.

**Open letter**

n.a.
The Bank is accountable to the legislature and is required to submit monetary and financial stability reports that provide extensive details on the monetary policy course of action to parliament in February and August each year. As conditions determine, the legislature may issue summons to the governor to appear before its Finance Committee to address specific issues bordering on the conduct of monetary policy and financial stability.

Transparency

Yes.

Publication of votes

No. The BOG does not publish the votes.

Publication of minutes

No. The BOG does not publish policy meeting minutes but after each policy meeting the BOG publishes a Monetary Policy Committee statement and transcript of the press conference.

Publication of inflation forecasts

Yes. The BOG publishes the inflation forecasts six times a year in the Inflation Outlook and Analysis Report after Monetary Policy Committee meetings.

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. Commercial banks may freely set the exchange rate in transactions with their clients; however, for funds sourced from the BOG, a 25 basis point (bp) cap on banks' subsequent trades with customers is expected. Offshore foreign exchange deals by resident and nonresident companies, including exporters, are strictly prohibited (BG/GOV/SEC/2014/03).

Spot exchange market

Yes. Foreign exchange bureaus may operate and must be licensed by the BOG. As of December 31, 2019, there were 419 authorized foreign exchange bureaus. They do not engage in foreign exchange transactions directly with the BOG. However, foreign exchange bureaus may deposit and withdraw foreign exchange from their foreign exchange account with their commercial banks. They may make spot transactions but may not hold accounts abroad or accept deposits in cedis or foreign exchange from any person or corporate body with the intent of obtaining or supplying foreign exchange or the cedi equivalent either wholly or in part at a future date, and their operations are limited to purchases and sales of banknotes. ADs may quote spot interbank exchange rates for trades settled within two business days or as agreed by counterparties. Foreign exchange bureaus quote rates for the same-day settlement. Foreign exchange bureaus may not sell or buy more than US$10,000 or its equivalent a transaction (BG/GOV/SEC/2014/01).

Operated by the central bank

Yes. The BOG buys and sells foreign exchange at the interbank market average rates based on its annual cash flow projection.

Foreign exchange standing facility

No.

Allocation

Yes. The BOG has since July 2015 ceased to provide support to local banks to meet LC requirements for crude oil imports.

Auction

No.

Fixing

No.

Interbank market

Yes. A formal interbank foreign exchange market has been developing since 2006. Banks may trade among themselves at freely determined rates, and the market operates over the counter. As of December 31,
2018, there were 24 major banks participating in the market. There is a limit of 25 pips between the bid-ask exchange rate. ADs must show two-way quotes with a maximum spread of 25 basis points (bps). The BOG buys and sells foreign currency to the banks at the interbank exchange rates.

Over the counter: Yes. A formal interbank foreign exchange market has been developing since 2006. Banks may trade among themselves at freely determined rates on the interbank Reuters dealing platform.

Brokerage: No.

Market making: No.

Forward exchange market: Yes. ADs may engage in forward foreign exchange transactions. The BOG has conducted a number of swaps with AD banks as a means of promoting and developing foreign exchange products on the market.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: Yes. Settlements related to transactions covered by bilateral payments agreements are made through government nostro accounts maintained at the BOG and other countries’ CBs and commercial banks. All convertible currencies are accepted for all transactions.

Controls on the use of domestic currency: Yes. Local currency may not be used in international current and capital transactions. All transactions in Ghana must be conducted in cedis, which is the sole legal tender (BOG/GOV/SEC/2012/12).

For current transactions and payments: Yes.

For capital transactions: Yes.

Transactions in capital and money market instruments: Yes.

Transactions in derivatives and other instruments: Yes.

Credit operations: Yes.

Use of foreign exchange among residents: Yes. Cash withdrawals over the counter from Foreign Exchange Accounts (FEAs) and Foreign Currency Accounts (FCAs) are permitted. For travel outside Ghana, cash withdrawals may not exceed US$10,000 or its equivalent in convertible foreign currency, a person, a trip (BG/GOV/SEC/2014/09 and BOG Press Release of August 8, 2014).

Transactions among residents in foreign currency are prohibited, unless the BOG gives prior authorization to do so.

Payments arrangements: Yes.

Bilateral payments arrangements: Yes.

Operative: No.

Inoperative: Yes. Ghana has bilateral payments agreements with Bulgaria, China, Cuba, the Czech Republic, Poland, Romania, and the Slovak Republic. There have been delays in the settlement of clearing balances on these agreements.

Regional arrangements: Yes. Ghana is a member of the WAMA, WAMZ, and ECOWAS.
Barter agreements and open accounts No.

Administration of control Yes. The BOG records and confirms foreign capital inflows and administers foreign exchange for official payments and travel. All other foreign exchange transactions by the private sector are approved and effected by ADs without reference to the BOG.

Payments arrears No.
Official No.
Private No.

Controls on trade in gold (coins and/or bullion) No.
On domestic ownership and/or trade No. Residents may purchase, sell, and hold gold in all forms.
On external trade No. Gold bullion exports must be reported to the BOG.

Controls on exports and imports of banknotes Yes.
On exports Yes.

Domestic currency Yes. The exportation of Ghanaian banknotes is permitted up to GHC500.

Foreign currency Yes. Residents and nonresidents traveling abroad are permitted to carry up to the equivalent of US$10,000 in cash, traveler’s checks, or bank drafts for direct purchases. Nonresident travelers may reexport foreign currency in excess of US$10,000, provided the amount was declared on entry. ADs may freely export foreign currency but must provide documentation. Any person arriving in or departing from Ghana is permitted to carry up to US$10,000.00 or its equivalent in any monetary instruments without declaration. Any amount in excess of US$10,000.00 must be declared indicating the source and purpose for carrying such an amount.

On imports Yes.

Domestic currency Yes. Travelers may reimport up to GHC500 they initially exported.

Foreign currency No. Commercial banks are allowed to import foreign currency with notice to the BOG indicating the amount and currencies, for monitoring purposes only. Any person arriving in or departing from Ghana is permitted to carry up to US$10,000.00 or its equivalent in any monetary instruments without declaration. Any amount in excess of US$10,000.00 must be declared indicating the source and purpose for carrying such an amount.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically Yes. Residents and nonresidents may open FEAs and FCAs. Balances in these accounts are held in foreign currency.

FEAs may be opened by Ghana residents and nonresidents with any AD bank in Ghana. FEAs can be credited with foreign exchange generated from activities in Ghana such as proceeds from exports of goods and services and any other foreign exchange earnings not
subject to surrender requirements. Balances on these accounts cannot be freely transferred without the necessary supporting documentation to back the underlying transaction. Holders of the account can transfer up to US$10,000.00 per annum from these accounts to meet payment obligations abroad without documentation. The thresholds for transfers abroad by importers without initially submitting documentation to their bankers are US$50,000.00.

FCAs may be opened by residents, nonresidents, and non-Ghanaians with any AD bank in Ghana. These accounts can be credited only with unrequited transfers such as transfers from abroad for investment or embassy transfers. Balances are freely transferrable in Ghana and abroad in convertible currencies. These accounts may be debited for payment, for transfers to other foreign accounts, and for purchases of external currencies. These accounts are free from any restrictions, besides being fed only with unrequited transfers. Documentation for transfers from FCAs is the regular form used by the banks, which also indicates the purpose of the transfer.

Transfers from FEAs and FCAs to cedi accounts are permitted. Except for transfers from FEA to FCA which are prohibited, all other transfers between accounts are permitted. Checks and checkbooks may be issued by banks to holders of FEAs and FCAs (BOG Press Release of August 8, 2014).

External transfers from FEAs and FCAs and electronic card payments by importers up to US$50,000 are permitted without initial documentation. Where documentation in respect of a transfer remains outstanding, any subsequent import transaction by the importer, irrespective of value, can only be made on prior provision of documentation required for the current import transaction. Importers were allowed to continue to use the margin account (managed by banks on their behalf) to build up foreign exchange to be used exclusively for the purpose for which the account was opened (BG/GOV/SEC/2014/09).

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes. FEs and FCAs could be held abroad. FEs are subject to BOG approval, while FCA may be opened without the BOG approval.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes. BOG approval is required for FEAs.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes. Conversion is allowed for approved purposes, subject to a documentation requirement. Conversion is not allowed to a FCA.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Nonresident Accounts

Foreign exchange accounts permitted Yes. Residents and nonresidents may open FEAs and FCAs. Balances in these accounts are held in foreign currency.

FEAs may be opened by Ghana residents and nonresidents with any AD bank in Ghana. FEAs can be credited with foreign exchange generated from activities in Ghana such as proceeds from exports of goods and services and any other foreign exchange earnings not subject to surrender requirements. Balances on these accounts cannot be freely transferred without the...
necessary supporting documentation to back the underlying transaction. Holders of the account can transfer up to US$10,000.00 per annum from these accounts to meet payment obligations abroad without documentation. The thresholds for transfers abroad by importers without initially submitting documentation to their bankers are US$50,000.00.

FCAs may be opened by residents, nonresidents, and non-Ghanaians with any AD bank in Ghana. These accounts can be credited only with unrequited transfers such as transfers from abroad for investment or embassy transfers. Balances are freely transferrable in Ghana and abroad in convertible currencies. These accounts may be debited for payment, for transfers to other foreign accounts, and for purchases of external currencies. These accounts are free from any restrictions, besides being fed only with unrequited transfers. Documentation for transfers from FCAs is the regular form used by the banks, which also indicates the purpose of the transfer.

Transfers from FEAs and FCAs to cedi accounts are permitted. Except for transfers from FEA to FCA which are prohibited, all other transfers between accounts are permitted. Checks and checkbooks may be issued by banks to holders of FEAs and FCAs (BOG Press Release of August 8, 2014). External transfers from FEAs and FCAs and electronic card payments by importers up to US$50,000 are permitted without initial documentation (BG/GOV/SEC/2014/09).

| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. Nonresidents may have cedi accounts freely convertible to foreign currency and may make transfers abroad with relevant supporting documents. |
| Approval required | No. No approval is required. |
| Blocked accounts | No. These are not applicable. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | Yes. Clients must submit documentation of the underlying transaction for all payments and complete applicable bank forms for monitoring purposes. The threshold for transfers abroad without initial documentation is US$50,000 and the limit on electronic cards is US$50,000 for importers. Documentation according to the terms of the transaction must be submitted to the bank to qualify for subsequent transfers. Imports valued at the equivalent of US$50,000 or more are subject to a documentation requirement and destination inspection. |
| Domiciliation requirements | No. |
Preshipment inspection: No.

Letters of credit: No.

Most imports are effected with confirmed LCs established through ADs on a sight basis. The use of LCs is not mandatory. Imports on a collection basis and with direct transfers are also permitted.

Import licenses used as exchange licenses: No.

Importers are allowed to continue to use the margin account (managed by banks on their behalf) to build up foreign exchange to be used exclusively for the purpose for which the account was opened (BG/GOV/SEC/2014/09).

Other: Yes.

Import licenses and other nontariff measures: Yes.

Positive list: No.

Negative list: Yes.

Imports of narcotic drugs are prohibited, and imports of small weapons are restricted.

Open general licenses: No.

Licenses with quotas: No.

Other nontariff measures: No.

Import taxes and/or tariffs: Yes.

The maximum tariff rate is 20% of the c.i.f. value of imports, in addition to a VAT of 15% and a national health insurance levy of 2.5%. Importers without a taxpayer identification number are subject to a 5% withholding tax on the value of their imports.

Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: Yes.

All exporters, except exporters who operate in accordance with retention agreements and who have been permitted to operate accounts offshore, would be required to repatriate in full all their export receipts to banks in Ghana, within a maximum repatriation period not exceeding 60 days from the day of shipment of goods.

Surrender requirements: Yes.

Surrender to the central bank: Yes.

The proceeds of the cocoa syndicated loan are subject to be surrendered to the BOG. Subject to agreements between each mining company and the MOF, a proportion of gold export proceeds must be surrendered to the BOG in accordance with the Minerals and Mining Act (Act No. 703) of 2006.

Surrender to authorized dealers: Yes.

Exporters are required to sell foreign exchange receipts from the export of minerals and cocoa (other than the proceeds of the cocoa syndicated loan) directly to the commercial banks within three working days from the date when export proceeds are repatriated. Export proceeds subject to surrender requirement are allowed to be sold by the exporter to any local bank, regardless of where export proceeds are repatriated.

Financing requirements: No.

Documentation requirements: Yes.
Letters of credit: No.
Guarantees: No.
Domiciliation: No.
Preshipment inspection: Yes. Exports are subject to customs inspection.
Other: Yes.
Export licenses: No.
Without quotas: No.
With quotas: No.
Export taxes: Yes.
Collected through the exchange system: No.
Other export taxes: Yes. Cocoa exports are subject to a tax that is calculated as the difference between export proceeds and payments to farmers, together with the Cocoa Board’s costs if proceeds exceed payments. Lumber exports are subject to a 10%–30% tax depending on the species.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers
Controls on these transfers: Yes.
Trade-related payments: Yes. Freight charges may be paid to the local shipping agents; the transfer of funds to cover such charges is normally permitted, provided the application is properly documented.

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: Yes. Payments are subject to proper documentation.
Investment-related payments: No. No restrictions apply to the payment of amortization of loans or depreciation of direct investments. Banks are required to submit a report of the transaction to the BOG. There are no restrictions on transfers abroad of nonresidents’ profits, dividends, interest payments, and rent payments. Banks request for underlying supporting documents.

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.
Payments for travel: Yes.
Prior approval: No.
Quantitative limits: Yes. Residents and nonresidents traveling abroad may carry up to the equivalent of US$10,000 in cash or traveler’s checks or any other instrument. Nonresident travelers may reexport foreign currency in excess of US$10,000, provided the amount was declared on entry. Without prejudice to the limit of US$10,000 withdrawal for travel and the US$10,000 annual transfer without documentation, over-the
counter (OTC) cash withdrawals from FCAs and FEAs are permitted. OTC cash withdrawals, that is, withdrawing cash from the bank, are permitted up to a limit of US$10,000.

<table>
<thead>
<tr>
<th>Section</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
</tr>
<tr>
<td>Payments for travel</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
</tr>
<tr>
<td>Other payments</td>
<td>No</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
</tr>
</tbody>
</table>

These payments are allowed up to US$10,000 a year without documentation. Transfers in excess of the mandatory US$10,000.00 are not permitted, unless they are supported with the relevant underlying documents.

Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Section</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No</td>
</tr>
</tbody>
</table>

All receipts from invisible transactions must be sold to ADs or held in foreign-exchange-denominated bank accounts in resident banks.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions
<table>
<thead>
<tr>
<th><strong>Controls on capital transactions</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repatriation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

No controls apply, except in the banking sector, where nonresidents' acquisition of a stake exceeding 10% is subject to BOG approval.

These transactions require approval from the BOG and the Securities and Exchange Commission. The transfer or repatriation of proceeds from sales must be reported to the BOG.

Banks must report these transactions to the BOG.

These transactions are not allowed.

These transactions are permitted, but banks must report them to the BOG.

These transactions are permitted, but banks must report them to the BOG.

These transactions require approval from the BOG.

These transactions, as well as the transfer abroad of proceeds associated with these sales, including those derived from the liquidation of such securities, require BOG and SEC approval.

Banks must report these transactions to the BOG.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Banks must report these transactions to the BOG.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td>Currently, there is only a limited local market in derivatives.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>Banks must report these transactions to the BOG.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>These transactions require BOG approval.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>Banks must report these transactions to the BOG.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Banks must report these transactions to the BOG.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>These transactions are permitted, but banks must report them to the BOG.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>These transactions are permitted, but banks must report them to the BOG. Documentary is required.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>Banks must report these transactions to the BOG.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td>Banks must report these transactions to the BOG.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
<td>Banks must report these transactions to the BOG.</td>
</tr>
</tbody>
</table>
| Inward direct investment                                  | Yes.   | Certain areas of economic activity (hairdressing, barbering, lottery) are not open to foreigners. Foreign investors in Ghana must register and comply with the requirements of the Ghana Investment Promotion Center, if they are to benefit from the incentives available under the Ghana Investment Promotion Center Act 2013 (Act No. 865), such as tax holidays and initial capital allowances. The minimum qualifying amounts of investment by a non-Ghanaian are as follows: (1) US$200,000 or its equivalent in capital goods by way of equity participation in a joint-venture enterprise with a Ghanaian partner; (2) US$500,000 or its equivalent in capital goods by way of equity capital when the enterprise is wholly owned by a non-Ghanaian; and (3) US$1 million or its equivalent in goods by way of equity capital when the enterprise is either wholly or partly owned by a non-Ghanaian, employs at least 20 Ghanaians, and is involved in the purchase and sale of goods. BOG approval is required for an equity stake of more than 10% in the banking sector by nonresidents. The minimum capital requirement for all banks is GH₵400 million. In accordance with Section 10(2) C of Act No. 930 of 2016, where the applicant for a banking license is a subsidiary of a foreign company, the applicant will maintain within the country, the required capital in the form of funds transferred from abroad together with other funds that may be determined by the BOG. There are no restrictions on the repatriation of capital, dividends, or
The Ghana Investment Promotion Center Act stipulates that the assets of foreign investors may not be expropriated. Disputes over the amount of compensation are settled in accordance with the established procedure for conciliation (for example, through arbitration by the International Center for Settlement of Investment Disputes or the UN Commission on International Trade and Law).

Banks must report all transactions to the BOG.
denominated in foreign exchange

### Differential treatment of deposit accounts

<table>
<thead>
<tr>
<th>Type</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Reserve requirements

Banks are required to maintain a mandatory, 10% reserve requirement on domestic and foreign deposit liabilities in cedis only (BOG letter # SF. 28 of November 17, 2014, on Revised Monetary Policy Measure). Banks do not hold reserves in different currencies.

#### Liquid asset requirements

#### Interest rate controls

#### Credit controls

#### Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Type</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
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<td>Liquid asset requirements</td>
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</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Reserve requirements

#### Liquid asset requirements

#### Interest rate controls

#### Credit controls

### Investment regulations

**Yes.**

#### Abroad by banks

**No.**

#### In banks by nonresidents

**Yes.**

BOG approval is required for an equity stake of more than 10% in the banking sector by nonresidents. In accordance with Section 10(2) C of Act No. 930 of 2016, where the applicant for a banking license is a subsidiary of a foreign company, the applicant will maintain within the country, the required capital in the form of funds transferred from abroad together with other funds that may be determined by the BOG.

#### Open foreign exchange position limits

**Yes.**

The daily single foreign currency net open position is 5%, and the aggregate net open position is 10% of the capital base (BG/GOV/SEC/2014/08 of April 3, 2014).

#### On resident assets and liabilities

**Yes.**

The daily single foreign currency net open position is 5%, and the aggregate net open position is 10% of the capital base (BG/GOV/SEC/2014/08 of April 3, 2014).

#### On nonresident assets and liabilities

**Yes.**

The daily single foreign currency net open position is 5%, and the aggregate net open position is 10% of the capital base (BG/GOV/SEC/2014/08 of April 3, 2014).

#### Provisions specific to institutional investors

**Yes.**

**Insurance companies**

**Yes.**

**Limits (max.) on securities issued by nonresidents**

At least 50% of life insurance premiums and 25% of non–life insurance premiums must be held in government securities. The rest may be invested in other local instruments, subject to the National Insurance Commission approval.

**Limits (max.) on investment portfolio held abroad**

The National Insurance Commission approval is required.

**Limits (min.) on investment portfolio held locally**

At least 50% of life insurance premiums and 25% of non–life insurance premiums must be held in government securities. The rest may be invested in other local instruments, subject to the National Insurance Commission approval.

**Currency-matching regulations on assets/liabilities composition**

**No.**
Pension funds

| Limits (max.) on securities issued by nonresidents | No. | These transactions must be reported to the BOG. |
| Limits (max.) on investment portfolio held abroad | No. | These transactions must be reported to the BOG. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

Investment firms and collective investment funds

| Limits (max.) on securities issued by nonresidents | No. | These transactions must be reported to the BOG. |
| Limits (max.) on investment portfolio held abroad | No. | These transactions must be reported to the BOG. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

**Exchange Arrangement**

**Official exchange rate**

01/18/2019

The reference rate computation excluding Bank of Ghana transactions where the Bank of Ghana was a counterparty started.
## GREECE

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: July 7, 1992.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Restrictive measures against persons, entities, groups, countries, and territories are in place for security reasons (including but not limited to combating terrorism and its financing, proliferation of nuclear technology and weapons of mass destruction and its financing, genocide, and piracy), in accordance with (1) financial sanctions against officials of Belarus responsible for the crackdown on civil society and democratic opposition; (2) freezing of funds and economic resources of persons in the Democratic Republic of the Congo, Côte d'Ivoire, and Lebanon, as designated by the UN Sanctions Committee; (3) restrictive measures on persons and entities identified as responsible for the misappropriation of government funds in Egypt and Tunisia; (4) freezing of funds and economic sanctions on persons in Eritrea designated by the UN Sanctions Committee; (5) restrictive measures with respect to Guinea concerning members of the National Council for Democracy and Development and persons associated with them, including an asset freeze; (6) financial sanctions against the Islamic Republic of Iran in accordance with Regulation (EU) No. 961/2010 and against the Democratic People’s Republic of Korea in accordance with Regulation (EU) No. 329/2007 and all relevant UNSC resolutions; (7) restrictive measures on persons responsible for serious human rights violations in the Islamic Republic of Iran; (8) prohibition against the satisfaction of Iraqi claims with regard to contracts and transactions whose performance was affected by UNSC Resolution No. 661 (1990) and related resolutions; (9) measures with respect to Liberia implemented in UNSC Resolution No. 1532 (2004) in the EU; (10) relevant measures with respect to Libya in UNSC Resolution No. 1970 (2011) in the EU and additional EU measures; (11) restrictions on investment in companies owned or controlled by persons associated with the military regime of Myanmar and the freezing of funds and economic resources of all senior serving members of the Myanmar military; (12) measures with respect to Somalia implemented under various EU Council regulations; (13) the freezing of assets of persons identified as responsible for the violent repression of the civilian population in Syria, in accordance with Regulation (EU) No. 36/2012; (14) financial sanctions on persons from the former Yugoslavia indicted by the International Criminal Tribunal for the Former Yugoslavia; (15) measures in UN Security Council Resolution No. 1591 (2005) in the EU; (16) measures against certain persons and entities with a view to combating terrorism; (17) a ban
on technical assistance, financing, and financial assistance related to military activities, a ban on exports of equipment that might be used for international repression, and the freezing of funds and economic resources of members of the government of Zimbabwe and of natural and legal persons, entities, and bodies associated with them; (18) restrictive measures directed at certain persons, entities, and bodies in view of the situation in Ukraine, in accordance with Regulation (EU) No. 208/2014, and with respect to actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine, in accordance with Regulation (EU) No. 269/2014; (19) a ban on provision of certain services, prohibition against satisfying certain claims made by certain persons, entities, or bodies and a ban on investment in entities in Crimea and Sevastopol, in accordance with Regulation (EU) No. 692/2014; and (20) prohibition against financing the travel of individuals who travel to a country other than their country of residence or nationality for the purpose of the perpetration, planning, preparation of, or participation in terrorist acts or providing or receiving terrorism training, in accordance with UNSC Resolution No. 2178 (2014), with the necessary implementing measures in progress.

Other security restrictions No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency Yes. The currency of Greece is the euro.

Other legal tender No.
Exchange rate structure
Unitary Yes.
Dual
Multiple
Classification
No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating Yes. The exchange rate arrangement of the euro area is free floating.
Greece participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the
The official exchange rate is Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 2:15 p.m. Central European Time. On July 1, 2016, the ECB changed the publication time of the euro foreign exchange reference rates (ECB reference rates) from around 2.30 p.m. Central European Time to around 4.00 p.m. Central European Time. The reference rate against the euro is the average of the buying and selling rates. These rates are used by the BOG in its foreign currency transactions, subject to transaction limits and predetermined buy/sell spreads.

**Monetary policy framework**

Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

- Government
- Central Bank
  - Monetary Policy Committee
  - Central Bank Board
- Other

Government and Central Bank

**Inflation target**

- Target number
  - Point target
  - Target with tolerance band
  - Band/Range

Target measure

- CPI
- Core inflation

Target horizon
Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2%.

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.

Spot exchange market Yes. Credit institutions are authorized to carry out activities in the spot exchange markets, and they are the major participants in this market, either on their own account or on behalf of their customers. In addition to credit institutions, foreign exchange bureaus are legal entities also authorized to carry out OTC spot activities with any natural person, keeping up with the general and specific money-laundering legal and regulatory framework. They are supervised by the BOG. The volume of their activities is insignificant. There is no parallel market. The requirements for the establishment and operation of exchange bureaus as sociétés anonymes (public limited companies) other than credit institutions are stipulated in Law No. 2515/1997, BOG Governor’s Act No. 2541/27 of February 2004, as amended by BOG Governor’s Act No. 2641/20 of April 2011. Pursuant to Article 15 of Law No. 2515/1997, as amended, the BOG is responsible for authorizing the establishment, operation, and supervision of exchange bureaus. As of June 30, 2020, there were 10 foreign exchange bureaus authorized to engage in foreign exchange transactions directly with the BOG. They engage in purchasing and selling foreign banknotes and traveler’s checks, money transfer intermediation, promotion of and intermediation in the supply of bank products and services (excluding commitments on behalf of credit institutions and the execution of payments or receipts on
behalf of such institutions), advance payments to credit card holders, payment of bills issued by noncredit institutions, and so on. Subject to certain conditions, such companies may cooperate with credit institutions in the transfer of funds that (1) are credited to deposit accounts of the principals or beneficiaries; (2) maintained with the cooperating credit institution, either directly or through deposit accounts maintained by these companies with the cooperating credit institutions; or (3) concern the payment of bills/liabilities of the principals to credit institutions. Some of these conditions do not apply to cooperation with a parent credit institution based in Greece or another EEA country.

Operated by the central bank: No.
Foreign exchange standing facility: No.
Allocation: No.
Auction: No.
Fixing: No.

Interbank market: Yes. Credit institutions (currently 24) are regulated and licensed by the BOG; their licenses authorize them to participate in the foreign exchange market. There are no limits on the bid-ask spreads and commissions of market participants.
Over the counter: Yes. The foreign exchange market operates over the counter.
Brokerage: Yes. The foreign exchange market operates on a brokerage system.
Market making: Yes. The interbank market operates on the basis of a market-making agreement, where participants commit to a maximum spread and a minimum amount to trade.
Forward exchange market: Yes. Forward cover is provided by resident credit institutions to their customers in all major currencies at freely negotiable terms and market rates. The BOG has so far participated only in euro-related foreign exchange forward and swap transactions involving major currencies.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: No.
Controls on the use of domestic currency: No.
For current transactions and payments: No.
For capital transactions: No.
Transactions in capital and money market instruments: No.
Transactions in derivatives and other instruments: No.
Credit operations: No.
Use of foreign exchange among residents: No.
Payments arrangements: No.
<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Administration of control**
Yes. Effective September 1, 2019, there are no exchange controls. Previously, from July 20, 2015, temporary controls were implemented on certain cross-border and domestic payments and transfers. Resident credit institutions are authorized to carry out all the necessary formalities for the settlement of all transactions with nonresidents and are required to provide to the BOG the statistical information necessary to compile balance of payments information.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on trade in gold (coins and/or bullion)**
No.

On domestic ownership and/or trade
No. Natural and juridical persons, residents, and nonresidents are free to purchase and sell gold coins and/or bars that are not used for commercial and industrial purposes. This gold must be purchased by and sold to the BOG or another credit institution operating in Greece that is authorized to carry out transactions in foreign exchange.

<table>
<thead>
<tr>
<th>On external trade</th>
<th>No.</th>
</tr>
</thead>
</table>

**Controls on exports and imports of banknotes**
Yes.

On exports
Yes. Travelers may take €10,000 a person a trip abroad. Greek customs authorities are the designated authorities for exercising such controls regarding natural persons entering or leaving the country. The customs department has the legal authority to impose sanctions—a fine equal to 25% of the amount not declared—against those who do not submit a declaration or submit information that is incorrect or incomplete.

**Domestic currency**
Yes. Travelers may take €10,000 a person a trip abroad. Greek customs authorities are the designated authorities for exercising such controls regarding natural persons entering or leaving the country. The customs department has the legal authority to impose sanctions—a fine equal to 25% of the amount not declared—against those who do not submit a declaration or submit information that is incorrect or incomplete.

<table>
<thead>
<tr>
<th>On imports</th>
<th>No.</th>
</tr>
</thead>
</table>

**Domestic currency**
No. A mandatory declaration system for amounts of cash or other assets entering or leaving the EU with a value of €10,000 or more has been implemented in accordance with Regulation (EC) No. 1889/2005. Greek customs authorities are the designated authorities for exercising such controls regarding natural persons entering or leaving the country. The customs department has the legal authority to
impose sanctions—a fine equal to 25% of the amount not declared—against those who do not submit a declaration or submit information that is incorrect or incomplete.

Foreign currency

No. A mandatory declaration system for amounts of cash or other assets entering or leaving the EU with a value of €10,000 or more has been implemented in accordance with Regulation (EC) No. 1889/2005. Greek customs authorities are the designated authorities for exercising such controls regarding natural persons entering or leaving the country. The customs department has the legal authority to impose sanctions—a fine equal to 25% of the amount not declared—against those who do not submit a declaration or submit information that is incorrect or incomplete.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes. All remaining limits on the use of funds deposited in Greek bank accounts and the opening of accounts in Greek banks, which were first introduced on June 28, 2015, and July 18, 2015, were lifted on September 1, 2019.

Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, transfers by individuals abroad were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions: Individuals could transfer the cost of medical treatment and tuition fees for study abroad without limit—€5,000 a quarter for living expenses (€8,000 if transferred directly to the educational institution)—and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad, subject to documentation. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Depositors could use their deposits to buy domestic financial instruments without limit. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Effective September 1, 2019, all restrictions on cash withdrawals abroad were lifted. Previously, there was a monthly limit of €5,000 either from a debit, credit, or prepaid card. Effective September 1, 2019, all restrictions on transfers of funds of businesses (legal persons and entrepreneurs) abroad were lifted. Previously, such transfers were subject to approval by the subcommittees of the banks established for that purpose based on documentary evidence and declaration that the documents were original and had not been submitted to another bank for processing. From October 1, 2018, transfers of businesses (legal persons and entrepreneurs) abroad exceeding €1,000,000 (previously €700,000 from November 27, 2017) a depositor a day in a bank and transfers for purposes other than imports of goods had to be approved by the BTAC. Amounts below this limit could be approved by the bank’s subcommittee, while amounts below, from October 1, 2018, €100,000 a day (previously €40,000, from May 31, 2018, and €20,000, from November 27, 2017) could be executed by branches without prior approval by the bank’s subcommittee and did not require fulfillment of the so-called past historical data criteria (see below). Daily

Held domestically

Yes.
transfers by depositors (legal persons and entrepreneurs) approved by the bank’s subcommittee were also subject to monthly limits based on the previous years’ monthly imports (48 months). Total monthly transfers approved by the bank’s subcommittee for a depositor (legal persons, entrepreneurs) could not exceed the maximum monthly imports plus 60% of those of the previous 48 months. The past historical data import requirement did not apply to transfers for the acquisition of fixed assets and subscriptions and transfers by businesses established after October 1, 2014. Approvals by the BTAC and the subcommittees for transfers abroad were valid for 12 business days. Banks had to prioritize the transfers according to the due date of payment and types of goods imported and to safeguard public and social interest.

Effective September 1, 2019, all restrictions on banks’ transfers abroad on their own behalf and on behalf of their customers were lifted. Previously, banks were subject to weekly limits on the total amount of their transfers abroad on their own behalf and on behalf of their customers. Banks’ payments and transfers abroad for their own liquidity and risk management were exempt from the overall daily/weekly limit allocated to them by the BTAC. Exempt from the limit were the following transfers: (1) individuals’ tuition fee, student living expenses, and medical expenses and (2) interbank transactions of domestic banks, including with foreign banks—exempt from their overall BTAC limits. The weekly limit on transfers abroad for the banking system was gradually increased from €352 million to €1,060 million.

Effective September 1, 2019, all restrictions on resident insurance companies’ transfer abroad were lifted (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015. Capital transfers were subject to BTAC approval. Early termination of deposits, early repayment of loans, and early redemption of time deposits were allowed.

| Approval required | No. | There are no restrictions on opening of new accounts, adding of coholders, or revival of dormant accounts. |
| Held abroad       | Yes. | According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated. Effective September 1, 2019, all restrictions on the investment of the assets of insurance companies were lifted (in the same way as other (noninsurance) companies). Previously, there were temporary capital controls in place. |
| Approval required | No. | According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated. Effective September 1, 2019, all restrictions on the investment of the assets of insurance companies were lifted (in the same way as other (noninsurance) companies). Previously, there were temporary capital controls in place. |

Residents are permitted to convert domestic currency deposits held with resident credit institutions to foreign currency deposits.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted | Yes. |
Approval required | No. |
Domestic currency accounts  Yes. All remaining limits on the use of funds deposited in Greek bank accounts and the opening of accounts in Greek banks that were first introduced on June 28, 2015, and July 18, 2015, were lifted on September 1, 2019.

Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, transfers by individuals abroad were subject to BTAC approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fees for study abroad without limit—€5,000 a quarter for living expenses (€8,000 if transferred directly to the educational institution)—and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad, subject to documentation. Nonresident depositors could transfer abroad proceeds from their investments in Greek financial instruments including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

Depositors could use their deposits to buy domestic financial instruments without limit. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Effective September 1, 2019, all restrictions on cash withdrawals abroad were lifted. Previously, there was a monthly limit of €5,000 either from a debit, credit, or prepaid card.

Effective September 1, 2019, all restrictions on transfers of funds of businesses (legal persons and entrepreneurs) abroad were lifted. Previously, such transfers were subject to approval by the subcommittees of the banks established for that purpose based on documentary evidence and declaration that the documents were original and had not been submitted to another bank for processing. From October 1, 2018, transfers of businesses (legal persons and entrepreneurs) abroad exceeding €1,000,000 (previously €700,000 from November 27, 2017) a depositor a day in a bank and transfers for purposes other than imports of goods had to be approved by the BTAC. Amounts below this limit could be approved by the bank’s subcommittee, while amounts below, from October 1, 2018, €100,000 a day (previously €40,000, from May 31, 2018, and €20,000, from November 27, 2017) could be executed by branches without prior approval by the bank’s subcommittee and did not require fulfillment of the so-called past historical data criteria (see below). Daily transfers by depositors (legal persons and entrepreneurs) approved by the bank’s subcommittee were also subject to monthly limits based on the previous years’ monthly imports (48 months). Total monthly transfers approved by the bank’s subcommittee for a depositor (legal persons, entrepreneurs) could not exceed the maximum monthly imports plus 60% of those of the previous 48 months. The past historical data import requirement did not apply to transfers for the acquisition of fixed assets and subscriptions and transfers by businesses established after October 1, 2014. Approvals by the BTAC and the subcommittees for transfers abroad were valid for 12 business days. Banks had to prioritize the transfers according to the due date of payment and types of goods.
imported and to safeguard public and social interest. Effective September 1, 2019, all restrictions on banks’ transfers abroad on their own behalf and on behalf of their customers were lifted. Previously, banks were subject to weekly limits on the total amount of their transfers abroad on their own behalf and on behalf of their customers. Banks’ payments and transfers abroad for their own liquidity and risk management were exempt from the overall daily/weekly limit allocated to them by the BTAC. Exempt from the limit were the following transfers: (1) individuals’ tuition fee, student living expenses, and medical expenses and (2) interbank transactions of domestic banks, including with foreign banks—exempt from their overall BTAC limits. The weekly limit on transfers abroad for the banking system was gradually increased from €352 million to €1,060 million. Effective September 1, 2019, all restrictions on resident insurance companies’ transfer abroad were lifted (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015. Capital transfers were subject to BTAC approval. Early termination of deposits, early repayment of loans, and early redemption of time deposits were allowed.

Depositors are permitted to convert domestic currency deposits held with resident credit institutions to foreign currency deposits. There are no restrictions on opening of new accounts or adding of co-holders.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>

All remaining limits on the use of funds deposited in Greek bank accounts and the opening of accounts in Greek banks that were first introduced on June 28, 2015, and July 18, 2015, were lifted on September 1, 2019. Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, from July 18, 2015, transfers of funds of businesses (legal persons and entrepreneurs) abroad were subject to approval by the subcommittees of the banks established for that
purpose based on documentary evidence and declaration that the
documents were original and had not been submitted to another bank
for processing. From October 1, 2018, transfers of businesses (legal
persons and entrepreneurs) abroad exceeding €1,000,000 (previously
€700,000 from November 27, 2017) a depositor a day in a bank and
transfers for purposes other than imports of goods had to be approved
by the BTAC. Amounts below this limit could be approved by the
bank’s subcommittee, while amounts below, from October 1, 2018,
€100,000 a day (previously €40,000, from May 31, 2018, and
€20,000, from November 27, 2017) could be executed by branches
without prior approval by the bank’s subcommittee and did not
require fulfillment of the so-called past historical data criteria (see
below).

Daily transfers by depositors (legal persons and entrepreneurs)
approved by the bank’s subcommittee were also subject to monthly
limits based on the previous years’ monthly imports (39 months).
Total monthly transfers approved by the bank’s subcommittee for a
depositor (legal persons, entrepreneurs) could not exceed the
maximum monthly imports plus 40% of those of the previous 39
months. The past historical data import requirement did not apply to
transfers for the acquisition of fixed assets and subscriptions and
transfers by businesses established after October 1, 2014. Approvals
by the BTAC and the subcommittees for transfers abroad were valid
for 12 business days. Banks had to prioritize the transfers according
to the due date of payment and types of goods imported and to
safeguard public and social interest.

Effective September 1, 2019, all restrictions on banks’ transfers
abroad on their own behalf and on behalf of their customers were
lifted. Previously, banks were subject to weekly limits on the total
amount of their transfers abroad on their own behalf and on behalf of
their customers. The weekly limit on transfers abroad for the banking
system was gradually increased from €352 million to €1,055 million,
until abolished.

Effective September 1, 2019, all restrictions on transfers by
individuals abroad were lifted. Previously, they were subject to
BTAC approval with some exceptions. From July 1, 2018, the
acceptance and execution by credit institutions of orders of fund
transfers abroad was allowed up to €4,000 a customer ID a calendar
two-month period without documentation up to an aggregate monthly
ceiling in euro to be determined and allocated among credit
institutions by decision of the BTAC. Before, the limit was increased
to €2,000 a calendar two-month period from €1,000 a month, from
March 1, 2018. Credit and debit cards issued by Greek banks could
be used for payments abroad with specific limits granted to banks
from the BTAC.

Effective September 1, 2019, all restrictions on cash withdrawals
abroad were lifted. Previously, there was a monthly limit of €5,000
either from a debit, credit, or prepaid card.

| Import licenses and other nontariff measures | Yes. |
| Positive list | No. |
| Negative list | No. |
| Open general licenses | No. |
| Licenses with quotas | Yes. |
Other nontariff measures | Yes.
--- | ---
Import taxes and/or tariffs | No.
Taxes collected through the exchange system | No.
State import monopoly | No.
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements | No.
Surrender requirements | No.
Surrender to the central bank | No.
Surrender to authorized dealers | No.
Financing requirements | No.
Documentation requirements | No.
Letters of credit | No.
Guarantees | No.
Domiciliation | No.
Preshipment inspection | No.
Other | No.

Export licenses | Yes.
Without quotas | Yes.
For security reasons in accordance with EU regulations or UNSC resolutions, export licenses are required for weapons of mass destruction, nuclear, and dual-use items (Regulation (EC) No. 1334/2000, as last amended), and so on. Exports of conventional arms to any country are also subject to requirements based on national legislation (Law No. 2168/1993).

With quotas | No.

Export taxes | No.
Collected through the exchange system | No.
Other export taxes | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

Controls on these transfers | No.
Trade-related payments | No.
Prior approval | No.
Quantitative limits

No. All remaining limits on the use of funds deposited in Greek bank accounts and the opening of accounts in Greek banks, which were first introduced on June 28, 2015, and July 18, 2015, were lifted on September 1, 2019.

Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, from July 18, 2015, transfers of funds of businesses (legal persons and entrepreneurs) abroad were subject to approval by the subcommittees of the banks established for that purpose based on documentary evidence and declaration that the documents are original and have not been submitted to another bank for processing. From October 1, 2018, transfers of businesses (legal persons and entrepreneurs) abroad exceeding €1,000,000 (previously €700,000 from November 27, 2017) a depositor a day in a bank and transfers for purposes other than imports of goods had to be approved by the BTAC. Amounts below this limit could be approved by the bank’s subcommittee, while amounts below, from October 1, 2018, €100,000 a day (previously €40,000, from May 31, 2018, and €20,000, from November 27, 2017) could be executed by branches without prior approval by the bank’s subcommittee and did not require fulfillment of so-called past historical data criteria (see below).

Daily transfers by depositors (legal persons and entrepreneurs) approved by the bank’s subcommittee were also subject to monthly limits based on the previous years’ monthly imports (39 months). Total monthly transfers approved by the bank’s subcommittee for a depositor (legal persons, entrepreneurs) could not exceed the maximum monthly imports plus 40% of those of the previous 39 months. The past historical data import requirement does not apply to transfers for the acquisition of fixed assets and subscriptions and transfers by businesses established after October 1, 2014. Approvals by the BTAC and the subcommittees for transfers abroad were valid for 12 business days. Banks had to prioritize the transfers according to the due date of payment and types of goods imported and to safeguard public and social interest. Banks were subject to weekly limits on the total amount of their transfers abroad on their own behalf and on behalf of their customers. The weekly limit on transfers abroad for the banking system was gradually increased from €352 million to €1,055 million, until abolished.

Effective September 1, 2019, all restrictions on transfers by individuals abroad were lifted. Previously, they were subject to BTAC approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fees for study abroad without limit—€5,000 a quarter for living expenses (€8,000 if transferred directly to the educational institution)—and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad, subject to documentation. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Effective September 1, 2019, all restrictions on cash withdrawals abroad were lifted. Previously, they were at the monthly limit of €5,000 either from a debit, credit, or prepaid card.
### GREECE

<table>
<thead>
<tr>
<th>Category</th>
<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
<th>Payments for travel</th>
<th>Personal payments</th>
<th>Prior approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
<td></td>
<td></td>
<td>No.</td>
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<td>No.</td>
</tr>
<tr>
<td>Effective September 1, 2019, all restrictions on investment-related transfers were lifted. Previously, they were subject to BTAC approval. From, October 1, 2018, all sums of money deposited in Greece consisting of profits and dividends from investing activities could be transferred abroad up to 100% of the invested capital for each calendar year provided these funds had been transferred from abroad after October 1, 2018.</td>
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<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
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<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
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<tr>
<td>Payments for travel</td>
<td>No.</td>
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<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
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<td>No.</td>
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</tr>
<tr>
<td>Effective September 1, 2019, all restrictions on payments for travel were lifted. Previously, the biweekly cash withdrawal limit of €840 a depositor (customer ID) a credit institution was increased to €1,800 a month (from September 1, 2017), to €2,300 a month (from March 1, 2018), to €5,000 a month (from June 4, 2018) from any branch or ATM or credit institutions in Greece and abroad. Certain institutions, transactions, and funds transferred from abroad are exempt. There is no limit on cash withdrawals from the amount deposited after July 22, 2016, and the amount of cash that may be withdrawn from amounts transferred from abroad after July 22, 2016, is 30%. Cash withdrawal via credit cards or prepaid cards was prohibited. On October 1, 2018, all restrictions related to domestic cash withdrawals were lifted. This includes credit and prepaid cards too. Effective September 1, 2019, all restrictions on cash withdrawals abroad were lifted. Previously, they remained at the monthly limit of €5,000 either from a debit, credit, or prepaid card. Effective September 1, 2019, all restrictions on transfers abroad were lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks may be used for payments abroad with specific limits granted to banks from the BTAC.</td>
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<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
<td></td>
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<td>No.</td>
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</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
<td></td>
<td></td>
<td>No.</td>
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<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
<td></td>
<td></td>
<td>No.</td>
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<td>No.</td>
</tr>
<tr>
<td>Effective September 1, 2019, all restrictions on transfers by individuals abroad were lifted. Previously, they were subject to BTAC approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fee for study abroad without limit and €5,000 a quarter for students’ living expenses (€8,000 a quarter if transferred directly to the educational institution) and could withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad subject to documentation. Transfers for medical treatment, tuition fees, and student living expenses were not subject to the weekly limit set on banks’ overall transfers abroad. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks may be used for payments abroad with specific limits granted to banks from the BTAC.</td>
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</tbody>
</table>
period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Quantitative limits

Effective September 1, 2019, all restrictions on transfers by individuals abroad were lifted. Previously, they were subject to BTAC approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fees for study abroad without limit and €5,000 a quarter for students’ living expenses (€8,000 if transferred directly to the educational institution) and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad subject to documentation. Transfers for medical treatment, tuition fees, and student living expenses were not subject to the weekly limit set on banks’ overall transfers abroad. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Indicative limits/bona fide test

No.

Foreign workers’ wages

No.

Effective September 1, 2019, all restrictions on transfers by individuals abroad were lifted. Previously, there were limits on the transfer of funds by both Greek and foreign employees. Foreign employees could not transfer their salaries abroad as long as they are credited to a Greek bank account.

Prior approval

No.

Effective September 1, 2019, all restrictions on transfers by individuals abroad were lifted. Previously, prior approval was required to transfer wages abroad that have been credited to a Greek bank account.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Credit card use abroad

No.

Prior approval

No.

Effective September 1, 2019, all restrictions on cash withdrawals via credit cards and prepaid cards were lifted. Previously, they were prohibited. On October 1, 2018, this restriction was lifted. Withdrawal by credit cards abroad was under ceiling of €5,000. Cashless purchase of goods and services abroad was permitted up to the amount specified by the BTAC. Credit and debit cards issued by Greek banks could be used for payments abroad with specific BTAC limits for banks.

Indicative limits/bona fide test

No.

Other payments

No.

Effective September 1, 2019, all limits on the use of funds deposited in Greek bank accounts, the opening of accounts in Greek banks and
transfers by individuals abroad were lifted. Previously, transfers were subject to BTAC approval with some exceptions. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

<table>
<thead>
<tr>
<th>Quantitative limits</th>
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<tbody>
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<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Proceeds from Invisible Transactions and Current Transfers

| Repatriation requirements | No. |
| Surrender requirements | No. |
| Surrender to the central bank | No. |
| Surrender to authorized dealers | No. |
| References on use of funds | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Capital Transactions

| Controls on capital transactions | Yes. |
| Repatriation requirements | No. |
| Surrender requirements | No. |
| Surrender to the central bank | No. |
| Surrender to authorized dealers | No. |
| Controls on capital and money market instruments | Yes. |
| On capital market securities | Yes. |
| Shares or other securities of a participating nature | Yes. |
| Purchase locally by nonresidents | Yes. |

Effective September 1, 2019, restrictions on transfer abroad of securities held by custodian and acquired after the start of the bank holiday or traded in regulated markets or multilateral trading platforms in Greece or abroad were lifted. Previously, they were prohibited. Controls apply to the purchase of shares and other securities of a participating nature in the broadcasting and maritime sectors that may be affected by the laws on inward direct investment and establishment. Effective September 1, 2019, all restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through a nonresident’s investment account before June 28, 2015, or by
transferring funds from abroad.

Effective September 1, 2019, all restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through a nonresident’s investment account before June 28, 2015, or by transferring funds from abroad. Otherwise, all other transfers related to the sale or issuance of foreign securities in Greece were subject to BTAC approval.

Second-pillar occupational pension funds (OPFs) may invest only in shares listed on regulated markets and issued in Greece or in another member of the EU or the EEA. Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Effective September 1, 2019, restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors could not use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad or (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds. Resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015. According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated, and there are no restrictions on the investment of the assets of the insurance companies. Effective September 1, 2019, temporary capital controls were lifted and no longer affect the investment of the assets of the insurance companies (in the same way as other (noninsurance) companies).

Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

Effective September 1, 2019, all restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to BTAC approval.

Effective September 1, 2019, all restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments,
including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale or issuance of foreign securities in Greece were subject to Bank Transactions Approval Committee approval.

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Effective September 1, 2019, restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors could not use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds. Resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015. According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated, and there are no restrictions on the investment of the assets of the insurance companies. Effective September 1, 2019, temporary capital controls were lifted and no longer affect the investment of the assets of the insurance companies (in the same way as other (noninsurance) companies).

Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.
transfers was lifted. Effective September 1, 2019, all restrictions on transfers abroad were lifted. Previously, an exception to the ban on transfers abroad, allowed transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, and depositors could not use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated, and there are no restrictions on the investment of the assets of the insurance companies. Effective September 1, 2019, temporary capital controls were abolished and no affect the investments of the assets of the insurance companies (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as existed June 28, 2015.

Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

Sale or issue abroad by residents No.

On collective investment securities Yes.

Purchase locally by nonresidents No. Effective September 1, 2019, all restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to BTAC approval.

Sale or issue locally by nonresidents No. Effective September 1, 2019, all restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to BTAC approval.

Purchase abroad by residents Yes. OPFs may invest only in shares in mutual funds and UCITS that fall under Directive No. 2009/65/EC and operate in an EU or EEA member country. Effective September 1, 2019, the need for BTAC approval for capital transfers was abolished. Effective September 1, 2019, restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek
banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds. Resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as existed June 28, 2015. According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated, and there are no restrictions on the investment of the assets of the insurance companies. Effective September 1, 2019, temporary capital controls were lifted and no longer affect the investment of the assets of the insurance companies (in the same way as other (noninsurance) companies). Effective September 1, 2019, all restrictions on fund transfers abroad were lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

| Sale or issue abroad by residents | No. |
| Controls on derivatives and other instruments | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
there are no restrictions on the investment of the assets of the insurance companies. Effective September 1, 2019, temporary capital controls were lifted and no longer affected the investments of the assets of the insurance companies (in the same way as other (noninsurance) companies).

Effective September 1, 2019, all restrictions on investment-related transfers were lifted. Previously, they were subject to BTAC approval. From October 1, 2018, all sums of money deposited in Greece consisting of profits and dividends from investing activities could be transferred abroad up to 100% of the invested capital for each calendar year provided that these funds have been transferred from abroad after October 1, 2018. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
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<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
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<tr>
<td>Financial credits</td>
<td>No.</td>
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<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, banks could effect payments and transfers for their own liquidity and risk management, without being subject to the overall weekly limit allocated to them by the BTAC. According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated, and there are no restrictions on the investment of the assets of the insurance companies. Effective September 1, 2019, temporary capital controls were lifted and no longer affect the investment of the assets of the insurance companies (in the same way as other (noninsurance) companies).

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, all capital transfers were subject to BTAC approval except banks could effect payments and transfers for their own liquidity and risk management without being subject to the overall weekly limit allocated to them by the BTAC.

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, all capital transfers were subject to BTAC approval except banks could effect payments and transfers for their own liquidity and risk management without being subject to the overall weekly limit allocated to them by the BTAC.
<table>
<thead>
<tr>
<th><strong>Outward direct investment</strong></th>
<th>No.</th>
<th>Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
<td>Controls apply to non-EU investors regarding (1) acquisition of real estate in border regions; (2) investment in the mining sector, unless concession of mineral rights is granted; (3) establishment of a representative office or a branch of a non-EEA foreign bank, unless authorization is granted; (4) investment in airlines established in the country that must be majority owned and effectively controlled by EU members and/or nationals of EU members, unless otherwise provided for through an international agreement to which the EU is a signatory; (5) ownership of more than 49% of a Greek flag vessel for maritime transportation or fishing purposes; (6) ownership of more than 25% of the capital of a television (including cable television) company or a radio broadcasting company; (7) investment in the accounting sector; and (8) to the extent that under Directive (EU) No. 85/611, a depositary of a UCITS must either have its registered office in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country.</td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct investment</strong></td>
<td>No.</td>
<td>Effective September 1, 2019, the need for BTAC approval for repatriation of proceeds and capital from inward investments was lifted. Previously, from October 1, 2018, all sums of money deposited in Greece consisting of profits and dividends from investing activities could be transferred abroad up to 100% of the invested capital for each calendar year provided these funds had been transferred from abroad after October 1, 2018.</td>
</tr>
<tr>
<td><strong>Controls on real estate transactions</strong></td>
<td>Yes.</td>
<td>Controls apply to the acquisition of real estate in border regions by non-EU residents.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
<td>Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated, and there are no restrictions on the investments of the assets of the insurance companies. Effective September 1, 2019, temporary capital controls were lifted and no longer affect the investments of the assets of the insurance companies (in the same way as other (noninsurance) companies).</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on personal capital transactions</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>No.</td>
<td>Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
<td>Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
<td>Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.</td>
</tr>
</tbody>
</table>
Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

**Gifts, endowments, inheritances, and legacies**

<table>
<thead>
<tr>
<th>By residents to nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

**Transfer of assets**

| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

**References to legal instruments and hyperlinks**

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**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad | No. |
| Maintenance of accounts abroad | Yes. |
| Lending to nonresidents (financial or commercial credits) | No. |

Card acquisition agreements were banned if payment is cleared via the foreign payment service provider’s account abroad.

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.
Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Previously, banks’ payments and transfers abroad for their own liquidity and risk management were exempt from the overall weekly limit allocated to them by the BTAC.

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
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<td>Liquid asset requirements</td>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>


There are certain prudential provisions that differ according to the type of institutional investor.

Insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015. According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves...
and those that do not was eliminated, and there were no specific restrictions on the investment of the assets of insurance companies. Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Effective September 1, 2019, restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds. Resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as existed June 28, 2015. According to Law No. 4364/2016, the distinction between assets that form part of the technical reserves and those that do not was eliminated, and there were no specific restrictions on the investment of the assets of the insurance companies.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

Yes.

According to Article 104 (prudent person principle) of Law No. 4364/2016 (Transposition of Directive No. 2009/138/EC of the European Parliament and of the Council of 25 November 2009, on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) into Greek legislation), the following apply: Insurance and reinsurance companies invest all their assets in accordance with the prudent person principle, as specified in Paragraphs 2, 3, and 4 of this article. With respect to the whole portfolio of assets, insurance and reinsurance companies must invest only in assets and instruments whose risks the investor can properly identify, measure, monitor, manage, control, and report and appropriately take into account in the assessment of its overall solvency needs in accordance with Article 33 Paragraph 1 (a). All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole. In addition, the localization of those assets must be such as to ensure their availability. Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries, taking into account any disclosed policy objective. In the case of a conflict of interest, insurance companies, or the entity that manages their asset portfolio, must ensure that the investment is made in the best interest of policyholders and beneficiaries. Without prejudice to Paragraph 2, with respect to assets held with respect to life insurance contracts where the investment risk is borne by the policyholders, the second, third, and fourth subparagraphs of this paragraph apply. Where the benefits provided by a contract are directly linked to the value of units in a UCITS as defined in l. 4099/2012 (Government Gazette A 250) or in Directive No. 2009/65/EC, or to the value of assets contained in an internal fund held by the insurance companies, usually divided into units, the technical provisions with respect to those benefits must be represented as closely as possible by those units or, if units are not established, by those assets. Where the benefits provided by a contract are directly linked to a share index or some other reference value other than those referred to in the second subparagraph, the technical provisions with respect to those benefits must be represented as closely as possible either by the units deemed to represent the reference value or, if units are not established, by assets of appropriate security and marketability that correspond as
closely as possible with those on which the particular reference value is based. Where the benefits referred to in the second and third subparagraphs include a guarantee of investment performance or some other guaranteed benefit, the assets held to cover the corresponding additional technical provisions are subject to Paragraph 4. Without prejudice to Paragraph 2, with respect to assets other than those covered by Paragraph 3, the second to fifth subparagraphs of this paragraph apply. The use of derivative instruments is possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management. Investment and assets that are not admitted to trading on a regulated financial market must be kept to prudent levels. Assets must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of companies, or geographical area and excessive accumulation of risk in the portfolio as a whole. Investments in assets issued by the same issuer, or by issuers belonging to the same group, must not expose the insurance companies to excessive risk concentration.

**Currency-matching regulations on assets/liabilities composition**

No. According to Article 105 (freedom of investment) of Law No. 4364/2016, insurance and reinsurance companies must invest in accordance with this law without any other restriction, and their investment decisions must not be subject to the prior approval or systematic notification the Supervisory Authority. Effective September 1, 2019, temporary capital controls were lifted and no longer affect the investments of the assets of the insurance companies, which were previously affected in the same way as other (noninsurance) companies.

**Pension funds**

Yes.

**Limits (max.) on securities issued by nonresidents**

Yes. Special controls apply to second-pillar OPFs in accordance with Law No. 3586/2007 in the form of portfolio diversification limits. These funds are allowed to invest in shares, bonds, and corporate bonds listed on regulated markets and issued in Greece or in another member of the EU or the EEA; shares in mutual funds and UCITS that fall under Directive No. 2009/65/EC, as amended, and operate in any EU or EEA member country; and government securities, bank deposits, and real estate. OPFs, as long-term institutional investors, may invest in the above-mentioned financial instruments within prudential limits, according to Law No. 3586/2007 and the associated ministerial decrees. Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Effective September 1, 2019, restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors could not use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

**Limits (max.) on investment portfolio held abroad**

Yes. Controls apply to the purchase of securities issued by non-EU residents and not listed on the Athens Exchange. Special controls apply to second-pillar OPFs in accordance with Law No. 3586/2007 in the form of portfolio diversification limits. These funds may invest in shares, bonds, and corporate bonds listed on regulated markets and issued in Greece or in another member of the EU or the EEA; shares in mutual funds and UCITS that fall under Directive No. 2009/65/EC, as amended, and operate in any EU or EEA member country; and government securities, bank deposits, and real estate. OPFs, as long-term institutional investors, may invest in the above-mentioned financial instruments within prudential limits, according
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Previously, depositors could not use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

**Limits (min.) on investment portfolio held locally**

- Yes. Controls apply if equity investments are to form more than 23% of a public pension fund’s reserves.

**Currency-matching regulations on assets/liabilities composition**

- Yes. In the case of second-pillar OPFs, each fund is allowed to invest up to 30% of the assets that form part of the technical reserves in assets denominated in currencies other than those of its liabilities.

**Investment firms and collective investment funds**

- No.

**Limits (max.) on securities issued by nonresidents**

- No.

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Effective September 1, 2019, restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

**Limits (max.) on investment portfolio held abroad**

- No.

Effective September 1, 2019, the need for BTAC approval for capital transfers was lifted. Effective September 1, 2019, restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

**Limits (min.) on investment portfolio held locally**

- No.

**Currency-matching regulations on assets/liabilities composition**

- No.

**References to legal instruments and hyperlinks**

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**Changes during 2019 and 2020**

**Arrangements for Payments and Receipts**

**Administration of control**

- 09/01/2019

There are no exchange controls from this date. Previously, from July 20, 2015, temporary controls were implemented on certain cross-border and domestic payments and transfers.

**Resident Accounts**

**Foreign exchange accounts permitted**

- Held domestically

09/01/2019

All restrictions on cash withdrawals abroad were lifted. Previously, there was a monthly limit of €5,000 either from a debit, credit, or
prepaid card.

**09/01/2019**

All restrictions on resident insurance companies’ transfer abroad were lifted (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015. Capital transfers were subject to Bank Transactions Approval Committee approval. Early termination of deposits, early repayment of loans, and early redemption of time deposits were allowed.

**09/01/2019**

All restrictions on fund transfers abroad were lifted. Previously, transfers by individuals abroad were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fees for study abroad without limit—€5,000 a quarter for living expenses (€8,000 if transferred directly to the educational institution)—and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad, subject to documentation. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

Depositors could use their deposits to buy domestic financial instruments without limit. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

**09/01/2019**

All restrictions on transfers of funds of businesses (legal persons and entrepreneurs) abroad were lifted. Previously, such transfers were subject to approval by the subcommittees of the banks established for that purpose based on documentary evidence and declaration that the documents were original and had not been submitted to another bank for processing. From October 1, 2018, transfers of businesses (legal persons and entrepreneurs) abroad exceeding €1,000,000 (previously €700,000 from November 27, 2017) a depositor a day in a bank and transfers for purposes other than imports of goods had to be approved by the Bank Transactions Approval Committee (BTAC). Amounts below this limit could be approved by the bank’s subcommittee, while amounts below, from October 1, 2018, €100,000 a day (previously €40,000, from May 31, 2018, and €20,000, from November 27, 2017) could be executed by branches without prior approval by the bank’s subcommittee and did not require fulfillment of the so-called past historical data criteria (see below). Daily transfers by depositors (legal persons and entrepreneurs) approved by the bank’s subcommittee were also subject to monthly limits based on the previous years’ monthly imports (48 months). Total monthly transfers approved by the bank’s subcommittee for a depositor (legal persons, entrepreneurs) could not exceed the maximum monthly imports plus 60% of those of the previous 48 months. The past historical data import requirement did not apply to transfers for the acquisition of fixed assets and subscriptions and transfers by businesses established after October 1, 2014. Approvals by the BTAC and the subcommittees for transfers abroad were valid for 12 business days. Banks had to prioritize the transfers according to the due date of payment and types of goods imported and to safeguard public and social interest.

**09/01/2019**

All restrictions on banks’ transfers abroad on their own behalf and on behalf of their customers were lifted. Previously, banks were subject
to weekly limits on the total amount of their transfers abroad on their own behalf and on behalf of their customers. Banks’ payments and transfers abroad for their own liquidity and risk management were exempt from the overall daily/weekly limit allocated to them by the Bank Transactions Approval Committee (BTAC). Exempt from the limit were the following transfers: (1) individuals’ tuition fee, student living expenses, and medical expenses and (2) interbank transactions of domestic banks, including with foreign banks—exempt from their overall BTAC limits. The weekly limit on transfers abroad for the banking system was gradually increased from €352 million to €1,060 million.

Held abroad 09/01/2019 All restrictions on the investment of the assets of insurance companies were lifted (in the same way as other (noninsurance) companies). Previously, there were temporary capital controls in place.

Accounts in domestic currency held abroad 09/01/2019 All restrictions on the investment of the assets of insurance companies were lifted (in the same way as other (noninsurance) companies). Previously, there were temporary capital controls in place.

Nonresident Accounts

Domestic currency accounts 09/01/2019 All restrictions on cash withdrawals abroad were lifted. Previously, there was a monthly limit of €5,000 either from a debit, credit, or prepaid card.

09/01/2019 All restrictions on fund transfers abroad were lifted. Previously, transfers by individuals abroad were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions: Individuals could transfer the cost of medical treatment and tuition fees for study abroad without limit—€5,000 a quarter for living expenses (€8,000 if transferred directly to the educational institution)—and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad, subject to documentation. Nonresident depositors could transfer abroad proceeds from their investments in Greek financial instruments including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Depositors could use their deposits to buy domestic financial instruments without limit. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

09/01/2019 All restrictions on transfers of funds of businesses (legal persons and entrepreneurs) abroad were lifted. Previously, such transfers were subject to approval by the subcommittees of the banks established for that purpose based on documentary evidence and declaration that the documents were original and had not been submitted to another bank for processing. From October 1, 2018, transfers of businesses (legal persons and entrepreneurs) abroad exceeding €1,000,000 (previously €700,000 from November 27, 2017) a depositor a day in a bank and transfers for purposes other than imports of goods had to be approved by the Bank Transactions Approval Committee (BTAC). Amounts below this limit could be approved by the bank’s subcommittee,
while amounts below, from October 1, 2018, €100,000 a day (previously €40,000, from May 31, 2018, and €20,000, from November 27, 2017) could be executed by branches without prior approval by the bank’s subcommittee and did not require fulfillment of the so-called past historical data criteria (see below). Daily transfers by depositors (legal persons and entrepreneurs) approved by the bank’s subcommittee were also subject to monthly limits based on the previous years’ monthly imports (48 months). Total monthly transfers approved by the bank’s subcommittee for a depositor (legal persons, entrepreneurs) could not exceed the maximum monthly imports plus 60% of those of the previous 48 months. The past historical data import requirement did not apply to transfers for the acquisition of fixed assets and subscriptions and transfers by businesses established after October 1, 2014. Approvals by the BTAC and the subcommittees for transfers abroad were valid for 12 business days. Banks had to prioritize the transfers according to the due date of payment and types of goods imported and to safeguard public and social interest.

09/01/2019 All restrictions on banks’ transfers abroad on their own behalf and on behalf of their customers were lifted. Previously, banks were subject to weekly limits on the total amount of their transfers abroad on their own behalf and on behalf of their customers. Banks’ payments and transfers abroad for their own liquidity and risk management were exempt from the overall daily/weekly limit allocated to them by the Bank Transactions Approval Committee (BTAC). Exempt from the limit were the following transfers: (1) individuals’ tuition fee, student living expenses, and medical expenses and (2) interbank transactions of domestic banks, including with foreign banks—exempt from their overall BTAC limits. The weekly limit on transfers abroad for the banking system was gradually increased from €352 million to €1,060 million.

09/01/2019 All restrictions on resident insurance companies’ transfer abroad were lifted (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015. Capital transfers were subject to Bank Transactions Approval Committee approval. Early termination of deposits, early repayment of loans, and early redemption of time deposits were allowed.

Imports and Import Payments

| Documentation requirements for release of foreign exchange for imports | 09/01/2019 | All restrictions on cash withdrawals abroad were lifted. Previously, there was a monthly limit of €5,000 either from a debit, credit, or prepaid card. |
| Other | 09/01/2019 | All restrictions on fund transfers abroad were lifted. Previously, from July 18, 2015, transfers of funds of businesses (legal persons and entrepreneurs) abroad were subject to approval by the subcommittees of the banks established for that purpose based on documentary evidence and declaration that the documents were original and had not been submitted to another bank for processing. From October 1, 2018, transfers of businesses (legal persons and entrepreneurs) abroad exceeding €1,000,000 (previously €700,000 from November 27, 2017) a depositor a day in a bank and transfers for purposes other than imports of goods had to be approved by the Bank Transactions Approval Committee (BTAC). Amounts below this limit could be approved by the bank’s subcommittee, while amounts below, from October 1, 2018, €100,000 a day (previously €40,000, from May 31,
2018, and €20,000, from November 27, 2017) could be executed by branches without prior approval by the bank’s subcommittee and did not require fulfillment of the so-called past historical data criteria (see below).

Daily transfers by depositors (legal persons and entrepreneurs) approved by the bank’s subcommittee were also subject to monthly limits based on the previous years’ monthly imports (39 months). Total monthly transfers approved by the bank’s subcommittee for a depositor (legal persons, entrepreneurs) could not exceed the maximum monthly imports plus 40% of those of the previous 39 months. The past historical data import requirement did not apply to transfers for the acquisition of fixed assets and subscriptions and transfers by businesses established after October 1, 2014. Approvals by the BTAC and the subcommittees for transfers abroad were valid for 12 business days. Banks had to prioritize the transfers according to the due date of payment and types of goods imported and to safeguard public and social interest.

09/01/2019 All restrictions on transfers by individuals abroad were lifted. Previously, they were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

09/01/2019 All restrictions on banks’ transfers abroad on their own behalf and on behalf of their customers were lifted. Previously, banks were subject to weekly limits on the total amount of their transfers abroad on their own behalf and on behalf of their customers. The weekly limit on transfers abroad for the banking system was gradually increased from €352 million to €1,055 million, until abolished.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Trade-related payments

Quantitative limits

09/01/2019 All restrictions on fund transfers abroad were lifted. Previously, from July 18, 2015, transfers of funds of businesses (legal persons and entrepreneurs) abroad were subject to approval by the subcommittees of the banks established for that purpose based on documentary evidence and declaration that the documents are original and have not been submitted to another bank for processing. From October 1, 2018, transfers of businesses (legal persons and entrepreneurs) abroad exceeding €1,000,000 (previously €700,000 from November 27, 2017) a depositor a day in a bank and transfers for purposes other than imports of goods had to be approved by the Bank Transactions Approval Committee (BTAC). Amounts below this limit could be approved by the bank’s subcommittee, while amounts below, from October 1, 2018, €100,000 a day (previously €40,000, from May 31, 2018, and €20,000, from November 27, 2017) could be executed by branches without prior approval by the bank’s subcommittee and did not require fulfillment of so-called past historical data criteria (see below).

Daily transfers by depositors (legal persons and entrepreneurs) approved by the bank’s subcommittee were also subject to monthly
limits based on the previous years’ monthly imports (39 months). Total monthly transfers approved by the bank’s subcommittee for a depositor (legal persons, entrepreneurs) could not exceed the maximum monthly imports plus 40% of those of the previous 39 months. The past historical data import requirement does not apply to transfers for the acquisition of fixed assets and subscriptions and transfers by businesses established after October 1, 2014. Approvals by the BTAC and the subcommittees for transfers abroad were valid for 12 business days. Banks had to prioritize the transfers according to the due date of payment and types of goods imported and to safeguard public and social interest. Banks were subject to weekly limits on the total amount of their transfers abroad on their own behalf and on behalf of their customers. The weekly limit on transfers abroad for the banking system was gradually increased from €352 million to €1,055 million, until abolished.

09/01/2019 All restrictions on cash withdrawals abroad were lifted. Previously, they were at the monthly limit of €5,000 either from a debit, credit, or prepaid card.

09/01/2019 All restrictions on transfers by individuals abroad were lifted. Previously, they were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fees for study abroad without limit—€5,000 a quarter for living expenses (€8,000 if transferred directly to the educational institution)—and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad, subject to documentation. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Investment-related payments

Prior approval

09/01/2019 All restrictions on investment-related transfers were lifted. Previously, they were subject to Bank Transactions Approval Committee approval. From October 1, 2018, all sums of money deposited in Greece consisting of profits and dividends from investing activities could be transferred abroad up to 100% of the invested capital for each calendar year provided these funds had been transferred from abroad after October 1, 2018.

Payments for travel

Quantitative limits

09/01/2019 All restrictions on payments for travel were lifted. Previously, the biweekly cash withdrawal limit of €840 a depositor (customer ID) a credit institution was increased to €1,800 a month (from September 1, 2017), to €2,300 a month (from March 1, 2018), to €5,000 a month (from June 4, 2018) from any branch or ATM or credit institutions in Greece and abroad. Certain institutions, transactions, and funds transferred from abroad are exempt. There is no limit on cash withdrawals from the amount deposited after July 22, 2016, and the amount of cash that may be withdrawn from amounts transferred from abroad after July 22, 2016, is 30%. Cash withdrawal via credit cards or prepaid cards was prohibited. On October 1, 2018, all restrictions related to domestic cash withdrawals were lifted. This includes credit and prepaid cards too.

09/01/2019 All restrictions on cash withdrawals abroad were lifted. Previously,
they remained at the monthly limit of €5,000 either from a debit, credit, or prepaid card.

09/01/2019 All restrictions on transfers abroad were lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the Bank Transactions Approval Committee (BTAC). Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks may be used for payments abroad with specific limits granted to banks from the BTAC.

Personal payments

Prior approval 09/01/2019 All restrictions on transfers by individuals abroad were lifted. Previously, they were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fee for study abroad without limit and €5,000 a quarter for students’ living expenses (€8,000 a quarter if transferred directly to the educational institution) and could withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad subject to documentation. Transfers for medical treatment, tuition fees, and student living expenses were not subject to the weekly limit set on banks’ overall transfers abroad. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Quantitative limits 09/01/2019 All restrictions on transfers by individuals abroad were lifted. Previously, they were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions: individuals could transfer the cost of medical treatment and tuition fee for study abroad without limit and €5,000 a quarter for students’ living expenses (€8,000 if transferred directly to the educational institution) and withdraw in cash or transfer €2,000 for the expenses of the person escorting the person undergoing medical treatment abroad subject to documentation. Transfers for medical treatment, tuition fees, and student living expenses were not subject to the weekly limit set on banks’ overall transfers abroad. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018. Credit and debit cards issued by Greek banks could be used for payments abroad with specific limits granted to banks from the BTAC.

Foreign workers’ wages 09/01/2019 All restrictions on transfers by individuals abroad were lifted. Previously, there were limits on the transfer of funds by both Greek and foreign employees. Foreign employees could not transfer their salaries abroad as long as they are credited to a Greek bank account.
Previously, prior approval was required to transfer wages abroad that have been credited to a Greek bank account.

**Credit card use abroad**

**Quantitative limits**

09/01/2019

All restrictions on cash withdrawals via credit cards and prepaid cards were lifted. Previously, they were prohibited. On October 1, 2018, this restriction was lifted. Withdrawal by credit cards abroad was under ceiling of €5,000. Cashless purchase of goods and services abroad was permitted up to the amount specified by the Bank Transactions Approval Committee (BTAC). Credit and debit cards issued by Greek banks could be used for payments abroad with specific BTAC limits for banks.

**Other payments**

**Prior approval**

09/01/2019

All limits on the use of funds deposited in Greek bank accounts, the opening of accounts in Greek banks and transfers by individuals abroad were lifted. Previously, transfers were subject to Bank Transactions Approval Committee (BTAC) approval with some exceptions. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

**Capital Transactions**

**Controls on capital transactions**

Controls on capital and money market instruments

09/01/2019

Restrictions on transfer abroad of securities held by custodian and acquired after the start of the bank holiday or traded in regulated markets or multilateral trading platforms in Greece or abroad were lifted. Previously, they were prohibited.

**On capital market securities**

**Shares or other securities of a participating nature**

**Purchase locally by nonresidents**

09/01/2019

All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through a nonresident’s investment account before June 28, 2015, or by transferring funds from abroad.

**Sale or issue locally by nonresidents**

09/01/2019

All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through a nonresident’s investment account before June 28, 2015, or by transferring funds from abroad. Otherwise, all other transfers related to the sale or issuance of foreign securities in Greece were subject to Bank Transactions Approval Committee approval.

**Purchase abroad by residents**

09/01/2019

Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors could not use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad or (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.
Temporary capital controls were lifted and no longer affect the investment of the assets of the insurance companies (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as existed June 28, 2015.

All restrictions on fund transfers abroad were lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the Bank Transactions Approval Committee. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to Bank Transactions Approval Committee approval.

All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale or issuance of foreign securities in Greece were subject to Bank Transactions Approval Committee approval.

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Approval Committee. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

**On money market instruments**

**Purchase locally by nonresidents**

09/01/2019 All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to Bank Transactions Approval Committee approval.

**Sale or issue locally by nonresidents**

09/01/2019 All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to Bank Transactions Approval Committee approval.

**Purchase abroad by residents**

09/01/2019 The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

09/01/2019 All restrictions on transfers abroad were lifted. Previously, an exception to the ban on transfers abroad, allowed transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, and depositors could not use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

09/01/2019 Temporary capital controls were abolished and no affect the investments of the assets of the insurance companies (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as existed June 28, 2015.

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**On collective investment securities**

**Purchase locally by nonresidents**

09/01/2019 All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to Bank Transactions Approval Committee approval.
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Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

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The need for Bank Transactions Approval Committee approval for capital transfers was abolished.

All restrictions on transfers abroad of proceeds from nonresident investments in Greek financial instruments were lifted. Previously, an exception to the ban on transfers abroad, allowed nonresident depositors to transfer abroad proceeds from their investments in Greek financial instruments, including income if the investment was made through the nonresidents’ investment account before June 28, 2015, or if the investment was made by transferring funds from abroad. All other transfers related to the sale of securities in Greece were subject to Bank Transactions Approval Committee approval.

Restrictions on transfers of funds abroad for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and...
depositors could not use their deposits with Greek banks to purchase or sell foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

09/01/2019 The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

09/01/2019 Temporary capital controls were lifted and no longer affected the investments of the assets of the insurance companies (in the same way as other (noninsurance) companies). Previously, resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as existed June 28, 2015.

09/01/2019 All restrictions on investment-related transfers were lifted. Previously, they were subject to Bank Transactions Approval Committee (BTAC) approval. From October 1, 2018, all sums of money deposited in Greece consisting of profits and dividends from investing activities could be transferred abroad up to 100% of the invested capital for each calendar year provided that these funds have been transferred from abroad after October 1, 2018. From July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

Controls on credit operations

Financial credits

By residents to nonresidents

09/01/2019 The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, banks could effect payments and transfers for their own liquidity and risk management, without being subject to the overall weekly limit allocated to them by the BTAC.

09/01/2019 Temporary capital controls were lifted and no longer affect the investment of the assets of the insurance companies (in the same way as other (noninsurance) companies).

To residents from nonresidents

09/01/2019 The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, banks could effect payments and transfers for their own liquidity and risk management without being subject to the overall weekly limit allocated to them by the BTAC.

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

09/01/2019 The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, all capital transfers were subject to BTAC approval except banks could effect payments and transfers for their own liquidity and risk management without being subject to the overall weekly limit allocated to them by the BTAC.

To residents from nonresidents

09/01/2019 The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, all capital transfers were subject to BTAC approval except banks could effect payments and transfers for their own liquidity and risk management without being subject to the overall weekly limit allocated to them by the BTAC.

Controls on direct investment

Outward direct investment

09/01/2019 The need for Bank Transactions Approval Committee approval for
capital transfers was lifted. The need for Bank Transactions Approval Committee approval for repatriation of proceeds and capital from inward investments was lifted. Previously, from October 1, 2018, all sums of money deposited in Greece consisting of profits and dividends from investing activities could be transferred abroad up to 100% of the invested capital for each calendar year provided these funds had been transferred from abroad after October 1, 2018.

Temporary capital controls were lifted and no longer affect the investments of the assets of the insurance companies (in the same way as other (noninsurance) companies).

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

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Provisions Specific to the Financial Sector

Transfer of gambling and prize earnings 09/01/2019

The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, from July 1, 2018, the acceptance and execution by credit institutions of orders of fund transfers abroad was allowed up to €4,000 a customer ID a calendar two-month period without documentation up to an aggregate monthly ceiling in euro to be determined and allocated among credit institutions by decision of the BTAC. Before, the limit was increased to €2,000 a calendar two-month period from €1,000 a month, from March 1, 2018.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Lending to nonresidents (financial or commercial credits) 09/01/2019

The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, banks’ payments and transfers abroad for their own liquidity and risk management were exempt from the overall weekly limit allocated to them by the BTAC.

Investment regulations

Abroad by banks 09/01/2019

The need for Bank Transactions Approval Committee (BTAC) approval for capital transfers was lifted. Previously, banks’ payments and transfers abroad for their own liquidity and risk management were exempt from the overall weekly limit allocated to them by the BTAC.

In banks by nonresidents 09/01/2019

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

Provisions specific to institutional investors

Insurance companies

Limits (max.) on securities issued by nonresidents 09/01/2019

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase domestic or foreign financial instruments, except (1) with cash or new funds transferred from abroad, (2) for the acquisition of newly issued bonds and shares for capital increase of Greek entities, and (3) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds. Resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015.

Limits (max.) on investment portfolio held abroad 09/01/2019

Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase domestic or foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.
Resident insurance companies could transfer abroad periodic payments related to unit-linked investments based on contractual obligations as of June 28, 2015.

09/01/2019

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

Pension funds

Limits (max.) on securities issued by nonresidents

09/01/2019

Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase domestic or foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

09/01/2019

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

Limits (max.) on investment portfolio held abroad

09/01/2019

Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase domestic or foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

09/01/2019

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents

09/01/2019

Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase domestic or foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

09/01/2019

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.

Limits (max.) on investment portfolio held abroad

09/01/2019

Restrictions on transfers abroad of funds for the acquisition of financial instruments and of securities held by custodian if acquired after June 28, 2015, were lifted. Previously, they were prohibited, and depositors were not permitted to use their deposits with Greek banks to purchase domestic or foreign financial instruments, except (1) with cash or new funds transferred from abroad and (2) for the reinvestment of the proceeds from the sale or liquidation of foreign investments in foreign instruments or domestic stocks and bonds.

09/01/2019

The need for Bank Transactions Approval Committee approval for capital transfers was lifted.
Status under IMF Articles of Agreement

Date of membership
August 27, 1975.

Article VIII
Yes. Date of acceptance: January 24, 1994.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes. Restrictions apply to trade with Libya.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Grenada is the Eastern Caribbean dollar, issued by the ECCB.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
Yes. The exchange rate arrangement is a currency board. Grenada participates in a currency union with seven other members of the ECCU and has no separate legal tender. The ECCB officially covers at least 60% of base money with its foreign reserves. The operational guideline is set at 80%, although in practice the coverage has been in excess of 95%.

The Eastern Caribbean dollar (XCD) is pegged to the US dollar at EC$2.70 = US$1.

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at ECS2.70 per US dollar. This rate applies to accounting and valuation.

The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.
Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes. The ECCB sets an indicative rate for commercial banks to follow. This rate has been EC$2.6882 – EC$2.7169 per US dollar for a long time. Commercial banks may freely set their foreign exchange commissions in transactions with their clients for non-US currencies.

Spot exchange market  Yes. The ECCB trades US currency with Bank of America.

Operated by the central bank  Yes.

Foreign exchange standing facility  Yes. The ECCB is committed to buying and selling US dollars at a fixed exchange rate of EC$2.7 per US dollar. Actual rates may differ slightly so that the ECCB can cover its administrative expenses. There is no bid-ask spread.

Allocation  No.

Auction  No.

Fixing  No.

Interbank market  Yes. Banks may trade with each other, but there is no formal interbank foreign exchange market. As of December 31, 2019, five banks have been licensed. The ECCB grants the licenses.

Over the counter  Yes.

Brokerage  No.

Market making  No.

Forward exchange market  No.

Official cover of forward operations  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts
<table>
<thead>
<tr>
<th>Prescription of currency requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlements with residents of the CARICOM countries must be made through external accounts in Eastern Caribbean dollars, in the currency of the CARICOM country concerned, or in US dollars. Settlements with residents of the former sterling area, other than the CARICOM countries, may be made in pounds sterling, in any other former sterling area currency, or in Eastern Caribbean dollars through external accounts. Settlements with residents of other countries are made in any foreign currency or through an external account in Eastern Caribbean dollars.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on the use of domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use of foreign exchange among residents</th>
<th>No.</th>
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</table>

### Payments arrangements

<table>
<thead>
<tr>
<th>Bilateral payments arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
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<table>
<thead>
<tr>
<th>Regional arrangements</th>
<th>Yes.</th>
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<table>
<thead>
<tr>
<th>Clearing agreements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Administration of control

<table>
<thead>
<tr>
<th>Yes.</th>
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<tbody>
<tr>
<td>The Trade and Industry Unit of the MOF administers trade control.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
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</tbody>
</table>

### Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>Yes.</th>
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<tbody>
<tr>
<td>Residents other than the monetary authorities, ADs, and industrial users are not permitted to hold or acquire gold in any form other than jewelry or coins for numismatic purposes. Imports of gold are permitted for industrial purposes only and are subject to customs duties and charges. The MOF issues licenses to import gold. The exportation of gold is not usually permitted.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On domestic ownership and/or trade</th>
<th>Yes.</th>
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</thead>
</table>

<table>
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<tr>
<th>On external trade</th>
<th>Yes.</th>
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</table>

### Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports of domestic currency, Eastern Caribbean dollar notes and coins, outside the ECCU are limited to EC$10,000 as prescribed by the ECCB.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On exports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

| Foreign currency | No. |
### On imports

<table>
<thead>
<tr>
<th>Type</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted** Yes.

| Held domestically | Yes. |
| Approval required | No.  |
| Held abroad       | Yes. |
| Approval required | No.  |

**Accounts in domestic currency held abroad** Yes.

**Accounts in domestic currency convertible into foreign currency** n.r.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes.

**Domestic currency accounts** Yes.

| Convertible into foreign currency | Yes. |
| Approval required                 | Yes. |
| Blocked accounts                  | No.  |

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Documentation requirements for release of foreign exchange for imports** Yes.

<table>
<thead>
<tr>
<th>Domiciliation requirements</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
</tr>
</tbody>
</table>

Payments for documented imports are free of restrictions; those for restricted imports require the MOF permission.
Preshipment inspection  No.

Letters of credit  Yes.

Import licenses used as exchange licenses  No.

Other  No.

**Import licenses and other nontariff measures**  Yes.

Positive list  No.

Negative list  Yes. Prohibited goods include whole chickens, chicken eggs, live breeding poultry, war toys, animal skins, Styrofoam, and various drugs deemed to be dangerous.

Open general licenses  Yes. There are quantitative restrictions on certain items imported from non-CARICOM sources, including arms and ammunition, carbonated beverages, flour, industrial gas, paint, and miscellaneous items associated with the furniture and construction industries. Items imported from the CARICOM countries that require licenses include curry products, industrial gas, furniture, and solar water heaters.

Licenses with quotas  No.

Other nontariff measures  No.

**Import taxes and/or tariffs**  Yes. Grenada applies the fourth phase of the CARICOM CET. Imports from non-CARICOM countries are subject to the following CET rates: 40% for most agricultural imports and 5%–20% for most other items. Most imports are subject to a 6% customs service charge. Imports not exempt from customs duties are subject to a VAT regime with a standard rate of 15%, a reduced rate for hotel accommodation and dive activity of 10%, and a rate of 0% for certain goods and services. There are environmental levies of EC$0.25 on each imported glass bottle and EC$0.50 on each plastic bottle containing liquid (including carbonated and noncarbonated beverages and syrups). Other levies include a 1% charge on the c.i.f. value of certain durable consumer items, a 2% charge on the c.i.f. value of imported used cars less than five years old, a 30% charge on the c.i.f. value of imported cars five years old or older, and a 5%–20% charge on the c.i.f. value of imported used trucks. Imports of capital equipment are subject to a minimum charge of 5% under the CET and 15% under the VAT. However, most capital imports are granted exemptions from import duties, and all capital imports by domestic commodity boards involved in the growing or packaging of bananas, cocoa, or nutmeg are exempt from import duties, provided the imports are used for improvements in these industries.

Taxes collected through the exchange system  No.

State import monopoly  Yes. The Marketing and National Importing Board is the sole authorized importer of bulk purchases of whole milk, white and brown sugar, and brown rice.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements  Yes.

Surrender requirements  Yes.
Surrender to the central bank: No.
Surrender to authorized dealers: Yes. Proceeds must be surrendered to ADs (commercial banks).

Financing requirements: No.
Documentation requirements: n.a.
Letters of credit: No.
Guarantees: No.
Domiciliation: No.
Preshipment inspection: No.
Other: n.a.

Export licenses: Yes. Licenses are required for traditional export crops (bananas, cocoa, nutmeg, minor spices) and for exports of fresh fruit, fish, and plants for the establishment or expansion of an agricultural industry in Grenada, gas cylinders, coral, all minerals, and live sheep. Certain exports, such as birds; live goats; and fauna, flora, and items considered part of Grenada’s national heritage, are prohibited.

Without quotas: Yes.
With quotas: No.

Export taxes: No.
Collected through the exchange system: No.
Other export taxes: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: Yes.
Trade-related payments: No.

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.

Investment-related payments: Yes.

Prior approval: Yes. Approval is granted if all related liabilities have been discharged and the investment is registered with the MOF.
Quantitative limits: No.
Indicative limits/bona fide test: No.

Payments for travel: No.
Prior approval: No.
Quantitative limits: No.
For study abroad, the MOF approval is required, and permission is usually granted on presentation of documentation of registration and the costs of tuition and other expenses. For the transfer of pensions, approval is granted on proof of immigrant status. For family maintenance and alimony payments, approval is granted on proof of established liabilities.

Approval is granted on proof of immigrant status.

The MOF approval is required and is granted on the basis of agreements incorporating payments for consulting services and legal fees. Payments may be made up to the amount approved, subject to withholding of income tax, where applicable.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

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Earnings from investments in certain securities must be repatriated.
Surrender requirements

| No. | Surrender to the central bank | No. | Surrender to authorized dealers | No. |

Controls on capital and money market instruments

| Yes. | On capital market securities |

| Shares or other securities of a participating nature |

| Yes. | Purchase locally by nonresidents |

| Yes. | Sale or issue locally by nonresidents |

| Yes. | Purchase abroad by residents |

| No. | Sale or issue abroad by residents |

| Yes. | Bonds or other debt securities |

| Yes. | Purchase locally by nonresidents |

| Yes. | Sale or issue locally by nonresidents |

| No. | Purchase abroad by residents |

| No. | Sale or issue abroad by residents |

On money market instruments

| Yes. | Purchase locally by nonresidents |

| Yes. | Sale or issue locally by nonresidents |

| Yes. | Purchase abroad by residents |

| Yes. | Sale or issue abroad by residents |

On collective investment securities

| Yes. | Purchase locally by nonresidents |

| Yes. | Sale or issue locally by nonresidents |

| Yes. | Purchase abroad by residents |

| Yes. | Sale or issue abroad by residents |

Certificates of title to foreign currency securities held by residents must be deposited with an authorized depository in Grenada, and earnings on these securities must be repatriated. Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) must not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), must not exceed 25% of its capital base. As per Section 10 of the new Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity).

The MOF approval is required.

Public issuances of securities are regulated by the Eastern Caribbean Securities Regulatory Commission as prescribed by the Securities Act.
<table>
<thead>
<tr>
<th>Controls on derivatives and other instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Derivatives are not allowed in Grenada under the Securities Act.

Local currency financing requires the MOF approval and is not usually permitted.

Cabinet approval via the Grenada Industrial Development Corporation is usually required for nonresidents to engage in manufacturing and hotel operations, and an alien landholding license is required for nonresidents to hold financial and physical property. Nonresident labor services are usually allowed with work permits, which are issued by the Ministry of Labor.

Remittances of proceeds are permitted, provided all related liabilities have been discharged and the original investment has been registered with the MOF.

An alien landholding license must be issued by the office of the prime minister.

Borrowing abroad by nationals to finance their domestic operations generally requires the MOF approval.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**ADs may freely assume short-term liability positions in foreign currencies to finance approved transfers for both trade and nontrade transactions.**

**Borrowing abroad by ADs to finance their domestic operations requires the MOF approval.**

**Local currency financing does not require the MOF approval. There are no controls on lending to nonresidents in foreign currency.**

**The purchase of locally issued securities denominated in foreign currencies does not require the MOF approval.**

**Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) must not exceed 10% of the capital base.**

**The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), must not exceed 25% of its capital base.**

As per Section 10 of the new Banking Act,
financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity).

The Banking Act further specifies and strengthens the conditions dealing with fit and proper tests under which the CB can grant a license to nonresidents to operate in the ECCU (whether through a branch, subsidiary, or newly acquired bank).

<table>
<thead>
<tr>
<th>In banks by nonresidents</th>
<th>No.</th>
</tr>
</thead>
</table>

Open foreign exchange position limits

<table>
<thead>
<tr>
<th>On resident assets and liabilities</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>On nonresident assets and liabilities</th>
<th>No.</th>
</tr>
</thead>
</table>

Provisions specific to institutional investors

<table>
<thead>
<tr>
<th>Insurance companies</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Limits (max.) on investment portfolio held abroad</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Currency-matching regulations on assets/liabilities composition</th>
<th>No.</th>
</tr>
</thead>
</table>

Pension funds

<table>
<thead>
<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Limits (max.) on investment portfolio held abroad</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Currency-matching regulations on assets/liabilities composition</th>
<th>No.</th>
</tr>
</thead>
</table>

Investment firms and collective investment funds

<table>
<thead>
<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Limits (max.) on investment portfolio held abroad</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Currency-matching regulations on assets/liabilities composition</th>
<th>No.</th>
</tr>
</thead>
</table>

References to legal instruments and hyperlinks

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Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
GUATEMALA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>January 27, 1947.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

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Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
</tr>
<tr>
<td>Stabilized arrangement</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The de jure exchange arrangement is floating. In accordance with the Monetary Law and the Free Foreign Exchange Convertibility Law, Guatemala has a flexible exchange rate arrangement under which the rate is determined in the foreign exchange market by supply and demand. However, the Bank of Guatemala (BOG) may intervene in the foreign exchange market to limit volatility in the nominal exchange rate, without affecting its trend. The BOG intervenes through foreign exchange auctions based on a transparent rule, which limits daily volatility. The fluctuation band (added to or subtracted from the moving average exchange rate from the past five days) used to determine whether the BOG can participate in the foreign exchange market is 0.80%. The maximum amount of daily currency purchases or sales is US$50.0 million, which has served to adjust the
amounts auctioned to the increased volumes traded on the foreign exchange market. The BOG may also intervene when the nominal exchange rate shows unusual volatility, but this instrument has only been used once (during the international financial crisis). The BOG’s intervention on the foreign exchange market during 2019 led to net foreign exchange purchases of US$1,328.9 million under the intervention rule, whereas in 2020 (with data as on June 30) this generated net foreign exchange purchases of US$755.00 million under the international reserve accumulation mechanism. The mechanism for the accumulation of international monetary reserves and foreign exchange purchases was not used during 2019; however, during the first half of 2020 this mechanism recorded purchases in the amount of US$258.0 million. While the international monetary reserve accumulation mechanism has been part of foreign exchange policy since 2014, it had not been used until 2018 (during the first five months of the year and between August 17 and October 31). This mechanism was incorporated into monetary policy to reduce the surplus of foreign exchange on the foreign exchange market and to strengthen the country’s external position, when feasible, and specifically to address any challenges that may arise from adverse international economic cycles in which the BOG might be required to use its foreign exchange reserves to dampen excessive exchange rate volatility to prevent the adverse effects of this volatility from being transmitted into economic activity and prices. Data on each intervention are available on the BOG’s website on a daily basis, at the time of each intervention.

The nominal exchange rate on December 31, 2019, recorded an appreciation of 0.49% year on year, as indicated, in connection with the shift in the fundamentals. In fact, in 2019, the flow of household remittances remained substantial, showing a rate of growth slightly lower than the previous year, which put pressure on appreciation. In addition, the observed increase in the value of imports and exports contributed to the fact that the nominal exchange rate behaved in relatively stable fashion throughout 2019. On June 30, 2020, the nominal exchange rate showed a year on year of 0.16% (cumulative depreciation of 0.02%); the rate’s behavior was associated with its fundamentals. Although for most of the first half of the year, the exchange rate continued to perform in accordance with its seasonal behavior and fundamentals, in the third week of March, the exchange rate over-reacted in response to the high levels of uncertainty associated with the global spread of COVID-19 and concerns regarding the latter’s potential impact on health and the economy. Against this backdrop, economic agents reacted by displaying excessive demand for foreign currency on the institutional foreign exchange market (IFEM) on March 24 and 25, generating exceptionally high levels of volatility. Accordingly, the BOG’s Execution Committee found that although the criteria governing the foreign exchange rules for participation in sales had been complied with, on that occasion it was appropriate to use the intervention authority on an exceptional basis to be able to offer a quantity that exceeded the amount specified under the intervention rule in cases of unusually high levels of volatility. In fact, the total amount offered on March 25 was US$230.0 million, and with that intervention, the BOG successfully mitigated the excess volatility observed in the nominal exchange rate, albeit without changing the long-term trend in that variable associated with its fundamentals (decline in household remittances, imports, and exports). The de facto exchange rate arrangement is classified as a stabilized arrangement.
Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Official exchange rate  Yes.  The BOG calculates and publishes the reference exchange rate, which is equal to the weighted average of the exchange rates corresponding to all the foreign exchange buying and selling operations engaged in by the institutions in the IFEM. The reference exchange rate is applicable to, among other things, the settlement of tax and other obligations entailing payments to or from the government and its entities and the resolution of administrative and/or legal disputes.

Monetary policy framework

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework  Yes.  

Target setting body  Yes.

Government

Central Bank  Yes.

Monetary Policy Committee

Central Bank Board  Yes.  The target setting body is the Monetary Board (Junta Monetaria). Since 2005, the implementation of monetary, exchange rate, and credit policies in Guatemala has been based on the explicit inflation-targeting framework, which consists, in general terms, of a monetary policy strategy based on a commitment by the monetary authority and the CB to set an explicit target for inflation, taking into account one or more time frames to reach the said target. Against this background, as a result of the inflation-targeting framework consolidation process, the Monetary Board (Junta Monetaria) set a medium-term inflation target, as of 2013, of 4.0% ±1 percentage point, with the aim of achieving the inflation convergence process to reach the said target by anchoring the inflationary expectations of economic agents. The decisions taken by the Monetary Board are adopted by a majority vote of those members present. In practice, the majority of Monetary Board decisions are taken by consensus (Organic Law of the BOG, Article 21).

Other

Government and Central Bank
Inflation target | Yes.  
---|---
Target number | Yes.  
Point target |  
Target with tolerance band | Yes. The annual inflation target is announced as a central figure with a fluctuation band that it is set at 4.0% ±1 percentage point, which has been the medium-term target since January 2013.  
Band/Range |  
Target measure | Yes.  
CPI | Yes. The BOG’s mission is to promote general price stability, measured with year-on-year changes in the CPI at the end of each year. The main monetary policy tool is the lead rate, which is determined through the comprehensive analysis of the balance of medium-term inflation risks. According to the 2009–2010 National Survey of Household Income and Expenditure, the CPI is defined as the measurement of the weighted average of prices of a basket of consumer goods and services corresponding to the largest items of final consumption expenditure. The base month for this index is December 2010.  
Core inflation |  
Target horizon | Yes. The target horizon is medium term and has been applied since 2013.  
Operating target (policy rate) | Yes.  
Policy rate | Yes. The monetary policy rate used by the BOG is the lead rate, corresponding to the reference rate for overnight operations, that the BOG uses to indicate its monetary policy stance. On June 30, 2020, the monetary policy rate was 1.75%. The Monetary Board decided to reduce the monetary policy lead rate by 75 basis points in March 2020 and by 25 basis points in June 2020, to maintain an accommodating stance for that policy, which should help to moderate the economic impact connected with the public health measures aimed at curbing the COVID-19 pandemic and which should foster more rapid economic recovery through reduced credit costs.  
Target corridor band | No.  
Other | No.  
Accountability | Yes.  
Open letter | No.  
Parliamentary hearings | Yes. There are two parliamentary hearings in January and July of each year.  
Other | No.  
Transparency | Yes.  
Publication of votes | Yes. The number of votes for and against the decision is included in the summary of the arguments taken into account by the Monetary Board to determine the level of the monetary policy rate, although details of each member’s decision are not provided.  
Publication of minutes | No.  
Publication of inflation forecasts | Yes. In the days following the meeting to decide on the monetary policy
interest rate (held eight times a year), the BOG holds briefings with representatives from the financial sector, columnists, journalists, think tanks, and universities. Information disclosed includes the projection for inflation. This information is published on the BOG website.

Other monetary framework

**Exchange tax**  No.
**Exchange subsidy**  No.
**Foreign exchange market**  Yes.  In accordance with Article 1 of the Free Foreign Exchange Convertibility Law, commercial banks may freely set the exchange rate and commissions for transactions with their customers.

**Spot exchange market**  Yes.  In accordance with Article 1 of the Free Foreign Exchange Convertibility Law (Libre Negociación de Divisas), foreign exchange availability, holding, contracting, remittance, transfer, purchase and sale, and collection and payment are unrestricted. Holding and managing deposits and accounts and financial intermediation operations in foreign currency are unrestricted both in domestic banks and in banks abroad. The issuance of credit instruments or securities denominated in foreign currency requires authorization by the Monetary Board. Article 2 of the Free Foreign Exchange Convertibility Law stipulates that the IFEM comprises the BOG, banks, private financial companies, stock exchanges, and foreign exchange bureaus. Currently, there are 16 banking institutions, 12 private financial companies, and 3 foreign exchange bureaus. Article 3 of the Free Foreign Exchange Convertibility Law defines foreign exchange bureaus as nonbank institutions authorized by the Monetary Board to operate in the IFEM. In accordance with the Annex to Resolution No. JM-131-2001, foreign exchange bureaus may buy foreign currency in the form of banknotes, traveler’s checks, bank drafts, electronic fund transfers, postal orders, and in other forms of payment denominated in foreign currency as well as in the form of documents drawn against their own accounts; such transactions are executed at prices freely agreed by the individuals and legal entities concerned.

**Operated by the central bank**  Yes.

**Foreign exchange standing facility**  No.  Pursuant to Article 54 of the Organic Law of the BOG, the Executive Branch, autonomous and decentralized institutions and, in general, government entities and dependencies, unless otherwise specified by law, must conduct their financial transactions in domestic or foreign currencies, both within and outside of the country, through the CB.

**Allocation**  No.

**Auction**  Yes.  The BOG can intervene on the foreign exchange market if the reference exchange rate reaches or exceeds the fluctuation band of ±0.80% around the moving average of the reference exchange rates from the past five business days (Resolution No. JM-128-2019). In such cases, effective January 1, 2020, the BOG initiates an auction to buy or sell up to US$10 million in foreign currency (previously US$8 million). No more than five auctions a day are allowed (previously four auctions a day), and the maximum daily intervention is US$50 million (previously US$40 million). The BOG may also intervene in the foreign exchange market by buying or selling foreign currency whenever the nominal exchange rate shows unusual volatility. Auction participants are not required to finance specific international transactions. The IFEM is made up of the BOG, other banks, private finance companies, securities exchanges, and foreign
exchange bureaus referred to in Article 3 of the Free Foreign Exchange Convertibility Law, as well as any other institutions designated by the Monetary Board. Noncompliance by any of the parties is deemed a serious sanctionable violation by the National Securities Exchange of Guatemala (Bolsa de Valores Nacional de Guatemala, S.A.). The sanction consists in a suspension for eleven to twenty trading days, plus a fine equivalent to 150 “fine units” for each trading day of suspension.

The results of public auctions are disclosed to the public by publication on the website of the BOG and through print mass media.

Fixing

No.

**Interbank market**

Yes. The IFEM comprises the BOG, banks, private financial companies, stock exchanges, and foreign exchange bureaus (mentioned in Article 3 of the Free Foreign Exchange Convertibility Law), and other institutions designated by the Monetary Board. Currently, there are 32 such institutions. As of December 31, 2019, 16 banks participated in the interbank market. For statistical control purposes, they are required to report all foreign exchange operations to the BOG daily, in a manner established by the Monetary Board. The Superintendency of Banks supervises and inspects the institutions with regard to their foreign exchange operations, and they must comply with all pertinent Monetary Board rules. No limits are set on the spreads between buying and selling prices. The BOG is not directly involved in the exchange rates quoted between market participants. Authorization to operate on this market is granted by the Monetary Board.

Over the counter

Yes.

Brokerage

No.

Market making

No.

**Forward exchange market**

Yes. The National Securities Exchange of Guatemala is responsible for operating and administering the forward exchange market, which is very small and conducts neither routine nor significant operations. The BOG does not participate in the foreign exchange derivatives market. Pursuant to the Free Foreign Exchange Convertibility Law, financial intermediation operations in foreign currency have been unrestricted since January 17, 2001.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

Prescription of currency requirements

No. Most transactions in foreign exchange are denominated in US dollars, in accordance with special payments agreements.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.
Use of foreign exchange among residents  No.

Payments arrangements  Yes.

Bilateral payments arrangements  Yes.

Operative  Yes. The Panama-Guatemala Clearing and Credit Reciprocal Agreement is in effect.

Inoperative  Yes. The Clearing and Credit Reciprocal Agreement between Guatemala and Costa Rica, El Salvador, and Honduras was in effect until 1995, and the Mexico-Guatemala Clearing and Credit Reciprocal Agreement was in effect until 2002.

Regional arrangements  Yes. Guatemala has signed the following treaties and agreements: CACM, CAFTA-DR (Dominican Republic-Central American Free Trade Agreement, customs union with Honduras and El Salvador; Partial Scope Agreement with Cuba; Partial Scope Agreement with Belize; Unilateral Partial Scope Agreement with Venezuela; Central America-Mexico, Triangle of Northern Guatemala, El Salvador, Honduras-Colombia, Central America-Panama; Protocol admitting Panama to the Central American Economic Subsystem (Permanent Secretariat of the General Treaty on Central American Economic Integration—SIECA); Free Trade with Taiwan Province of China; Free Trade Agreement with Peru (approved by the Congress of the Republic of Guatemala; both countries decided to withdraw from the process initiated with the WTO related to the price band for sugar, agreeing to ratify its validity during 2019); Partial Scope Agreement with Ecuador; Partial Scope Agreement with Trinidad and Tobago, that has been signed but is still pending approval by the country’s Congress, and the Guatemala-Chile Free Trade Agreement. Association Agreement with the EU (Central America-European Union—in effect for Guatemala from December 1, 2013, only with respect to its trade pillar; the Guatemalan Congress has approved all three pillars. The EU and each of its parliaments have still to approve the other two pillars (which relate to political dialog and development cooperation) and a Central America-Mexico Convergence Treaty, which went into effect September 1, 2013. A trade agreement is currently being negotiated with Canada, the European Free Trade Association, and the United Kingdom.

Clearing agreements  Yes. There is a Clearing and Credit Reciprocal Agreement between Guatemala and Panama.

Barter agreements and open accounts  No.

Administration of control  Yes. The Monetary Board approves Guatemala’s exchange policy annually. The BOG administers the foreign exchange regime (Article 26 of the Organic Law of the BOG).

Payments arrears  No.

Official  No.

Private  No.

Controls on trade in gold (coins and/or bullion)  No.

On domestic ownership and/or trade  No.

On external trade  No.

Controls on exports and imports of banknotes  No.
On exports

**Domestic currency**
No.

**Foreign currency**
No.

On imports

**Domestic currency**
No.

**Foreign currency**
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted**
Yes.

**Held domestically**
Yes. Balances may be transferred abroad freely.

**Approval required**
No.

**Held abroad**
Yes. Balances may be transferred home freely with proof of the origin of the funds.

**Approval required**
No.

**Accounts in domestic currency held abroad**
No.

**Accounts in domestic currency convertible into foreign currency**
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted**
Yes.

**Approval required**
No.

**Domestic currency accounts**
Yes.

**Convertible into foreign currency**
No.

**Approval required**
No.

**Blocked accounts**
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

**Foreign exchange budget**
No.

**Financing requirements for imports**
No.

**Minimum financing requirements**
No.

**Advance payment requirements**
No.

**Advance import deposits**
No.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Guatemala</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports of most goods are unrestricted and require neither registration nor a license. However, imports of some agricultural commodities and animal products are subject to nontariff restrictions.

The list includes goods considered dangerous to society, such as weapons and certain chemicals and drugs. Weapons may be imported only with the approval of the appropriate agency.

In this regard, and in accordance with the provisions of Annex A of the General Treaty on Central American Economic Integration, the common regime for the five countries’ trade in unroasted coffee is subject to import tariffs. Refined and unrefined sugarcane, flavorings and dyes, and other items are subject to import controls. Under the bilateral arrangements concerning Guatemala, trade in roasted coffee between Guatemala and Costa Rica is subject to import duties.

Guatemala’s tariff structure exempts certain manufactured products. The tariff on imports of most footwear and textile products is 15%, and rates on tires range from 5% to 15%. In addition, safeguard provisions apply to certain agricultural products, which are subject to tariff rate quotas under WTO rules that allow for tariffs above the maximum rate for imports in excess of quota. Yellow corn is subject to a quota of 200,000 metric tons a year, with a tariff of 0% for imports within quota and 15% in excess of quota. Rice is subject to a quota of 19,000 metric tons a year, with a tariff of 0% for imports within quota and 23.7% in excess of quota. White corn is subject to a quota of 200,000 metric tons a year, with a tariff of 0% for imports within quota and 15% in excess of quota. These quotas are adjusted annually after discussions between the private sector and the government. Within the framework of commitments under the WTO, Guatemala has a consolidated ad valorem tariff ceiling of 40% for agricultural products and 45% for other products (50% for the categories indicated in Chapters 50–64 of the Central American Tariff System); both ceilings are subject to the exceptions mentioned in List No. LXXXVIII. There are also separate bilateral trade agreements with Colombia, the Dominican Republic, Panama, and Taiwan Province of China. Under the CAFTA, among Central American countries, the Dominican Republic, and the United States (CAFTA-DR), which took effect in 2006, import duties are imposed on 6,307 items in 10 categories, among which the following relate to goods traded between Guatemala and the United States: (1) Category B contains products such as chicken breasts, fish, and vegetables that are being phased in over a five-year period and that are not subject to
duty. (2) Category C contains 788 items for which duty will be eliminated in 10 equal annual phases, starting January 1 of year 1 of the treaty. (3) Category D contains products such as dairy products, green and decaffeinated coffee, and alcoholic beverages that will be phased in over 15 years, for which the duties are 6%, 9%, and 24%, respectively. (4) Category F contains products such as milk and yogurt, for which duties will remain the same for the first 10 years of the treaty; they will then be reduced in 10 equal annual phases and be duty free in year 20 of the treaty. (5) Category N contains products such as rum, precooked sausages, and wheat flour, for which duties will be reduced gradually until they are eliminated in 12 equal annual phases, starting on the date CAFTA-DR went into effect; duties applicable to rum, precooked sausages, and wheat flour are 20.0%, 6%, and 0%, respectively. (6) Category O contains black beans, for which duty will remain at its initial rate throughout the first six years of the treaty; on January 1 of year 7, the duty will be reduced by 8% of the base rate every year thereafter through year 11 of the treaty; on January 1 of year 12, the duty will be reduced further by 15% of the base rate and by an additional 15% of the base rate through year 14 of the treaty, and the goods will be duty free, on January 1 of year 15. (7) In addition, pursuant to the trade agreements, the following quotas are in force for 2016: vegetable oil (palm, sunflower, and soybean oil) 1,050 metric tons, dog and cat food 1,368 metric tons, chicken wings 12 metric tons, rice 96,100 metric tons, tuna 500 metric tons, beef 2,383 metric tons, pork 6,265 metric tons, preserved pig meat 1,035 units, white onions 351 metric tons, chicken leg quarters 9,970 metric tons, black beans 1,006.5, ice cream 261 metric tons, cured hams and bacon 1,035 units, condensed milk 625 metric tons, long-life milk 200,000 liters, powdered milk 1,744.5 metric tons, yellow corn 173,000 metric tons, white corn 24,400 metric tons, Manjar caramel spread 46 metric tons, butter 278 metric tons, cream 115 metric tons, other prepared or canned tomatoes 40 metric tons, potatoes 216 metric tons, cheeses 2,330.3 metric tons, and tomato sauce 143.8 metric tons.

Taxes collected through the exchange system  No.

State import monopoly  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Financing requirements  No.

Documentation requirements  No.

Letters of credit  No.

Guarantees  No.

Domiciliation  No.
Preshipment inspection  No.
Other  No.

**Export licenses**  Yes.
Without quotas  No.
With quotas  Yes.  Exports of sugar to the United States are subject to quotas; there are quotas for exports to the United States of the following: tuna loin, garlic, cassava starch, sweet corn, mushrooms, beef, rice, bulk rum, and sugar. Further, the agreement with the EU includes a banana stabilization clause for entry into EU markets.

**Export taxes**  No.
Collected through the exchange system  No.
Other export taxes  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**  No.
Trade-related payments  No.
  *Prior approval*  No.
  *Quantitative limits*  No.
  *Indicative limits/bona fide test*  No.
Investment-related payments  No.
  *Prior approval*  No.
  *Quantitative limits*  No.
  *Indicative limits/bona fide test*  No.
Payments for travel  No.
  *Prior approval*  No.
  *Quantitative limits*  No.
  *Indicative limits/bona fide test*  No.
Personal payments  No.
  *Prior approval*  No.
  *Quantitative limits*  No.
  *Indicative limits/bona fide test*  No.
Foreign workers' wages  No.
  *Prior approval*  No.
  *Quantitative limits*  No.
Indicative limits/bona fide test
No.
Credit card use abroad
No.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Other payments
No.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
No.
Surrender requirements
No.
Surrender to the central bank
No.
Surrender to authorized dealers
No.
Restrictions on use of funds
No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes.
Repatriation requirements
No.
Surrender requirements
No.
Surrender to the central bank
No.
Surrender to authorized dealers
No.
Controls on capital and money market instruments
Yes.
On capital market securities
Yes.
Shares or other securities of a participating nature
No.
Purchase locally by nonresidents
No.
Sale or issue locally by nonresidents
No.
Purchase abroad by residents
No.
Sale or issue abroad by residents
No.
Bonds or other debt securities
Yes.
The issue of credit instruments or securities denominated in foreign exchange by private financial companies and banks requires approval from the Currency Board, in accordance with Article 41 b.8 of the Law on Banks and Financial Groups adopted on May 13, 2002.

On collective investment securities

Controls on derivatives and other instruments

Controls on credit operations

Commercial credits

Financial credits

Guarantees, sureties, and financial backup facilities
Controls on direct investment: Yes.

Outward direct investment: No.

Inward direct investment: Yes.

FDI in the petroleum sector, financial sector, and in mining operations is regulated by special legislation (Hydrocarbons Law, Law on Banks and Financial Groups, and Mining Law).

Controls on liquidation of direct investment: No.

Controls on real estate transactions: No.

Purchase abroad by residents: No.

Purchase locally by nonresidents: No.

Sale locally by nonresidents: No.

Controls on personal capital transactions: No.

Loans: No.

By residents to nonresidents: No.

To residents from nonresidents: No.

Gifts, endowments, inheritances, and legacies: No.

By residents to nonresidents: No.

To residents from nonresidents: No.

Settlement of debts abroad by immigrants: No.

Transfer of assets: No.

Transfer abroad by emigrants: No.

Transfer into the country by immigrants: No.

Transfer of gambling and prize earnings: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector:

Provisions specific to commercial banks and other credit institutions: Yes.

Borrowing abroad: No.

Maintenance of accounts abroad: No.

Lending to nonresidents (financial or commercial credits): No.

Lending locally in foreign exchange: No.

Purchase of locally issued securities denominated in foreign exchange: Yes.

The purchase of privately issued securities, in domestic or foreign currency, requires prior approval from the Monetary Board (Article 41 b.8, Law on Banks and Financial Groups).

Differential treatment of deposit accounts in foreign exchange: No.
<table>
<thead>
<tr>
<th>Requirement</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
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<tr>
<td>Reserve requirements</td>
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</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Investment in privately issued securities in domestic or foreign currency requires prior approval from the Monetary Board (Article 41 b.8, Law on Banks and Financial Groups).

Abroad by banks
Investment in privately issued securities in domestic or foreign currency requires prior approval from the Monetary Board (Article 41 b.8, Law on Banks and Financial Groups).

In banks by nonresidents

Open foreign exchange position limits

On resident assets and liabilities
Banks are required to maintain foreign exchange positions in accordance with instructions issued by the monetary authorities. The difference between total assets and total liabilities (including future payments and contingencies in foreign currency) may not exceed 40% of book capital when the difference is positive and may not exceed 10% when the difference is negative. Resolution No. JM-113-2015.

On nonresident assets and liabilities
Banks are required to maintain foreign exchange positions in accordance with instructions issued by the monetary authorities. The difference between total assets and total liabilities (including future payments and contingencies in foreign currency) may not exceed 40% of book capital when the difference is positive and may not exceed 10% when the difference is negative. Resolution No. JM-113-2015.

Provisions specific to institutional investors

Insurance companies

Limits (max.) on securities issued by nonresidents
Deposits in banks abroad and investments in securities of foreign CBs and of central governments or private institutions in the rest of the world may not exceed 30% of technical reserves. Total deposits and investments in a single institution may not exceed 5% of total reserves or 15% of capital and reserves of an insurance or reinsurance company (Monetary Board Resolution No. JM-3-2011, Article 11, indent k).

Limits (max.) on investment portfolio held abroad
Deposits in banks abroad and investments in securities of foreign CBs and of central governments or private institutions in the rest of the world may not exceed 30% of technical reserves. Total deposits and investments in a single institution may not exceed 5% of total reserves or 15% of capital and reserves of an insurance or reinsurance company (Monetary Board Resolution No. JM-3-2011, Article 11, indent k).
Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Spot exchange market

Operated by the central bank

Auction 01/01/2020

The Bank of Guatemala can intervene on the foreign exchange market if the reference exchange rate reaches or exceeds the fluctuation band of ±0.80% around the moving average of the reference exchange rates from the past five business days. In such cases, the BOG initiates an auction to buy or sell up to US$10 million (previously US$8 million) in foreign currency. No more than five auctions a day are allowed (previously four auctions a day), and the maximum daily intervention is US$50 million (previously US$40 million).
Status under IMF Articles of Agreement

Date of membership: December 28, 1963.

Article VIII: Yes. Date of acceptance: November 17, 1995.

Exchange Measures

Restrictions and/or multiple currency practices: Yes.

Exchange measures imposed for security reasons: No.

In accordance with IMF Executive Board Decision No. 144-(52/51): No.

Other security restrictions: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Guinea is the Guinean franc. Silver commemorative coins are also legal tender.

Other legal tender: No.

Exchange rate structure

Unitary

Dual

Multiple: Yes. The exchange rate structure is classified as multiple, because the official exchange rate may differ from the market rate by more than 2%. Guinea maintains a MCP as the value of the official rate lags the weighted average commercial bank rate on which it is based by one day.

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg
Crawl-like arrangement | Yes.  
--- | ---  
The de jure exchange rate arrangement is managed floating. Guinea announced its participation in the exchange rate mechanisms (ERM and ERM II) of the WAMZ, which formally limits the fluctuation of the franc to ±15% around a central rate vis-à-vis the US dollar, but this has yet to be implemented. The BCRG replaced the previous weekly foreign exchange allocation with a biweekly competitive auction, reflecting market demand for foreign currency. The BCRG’s intervention policy is based on a budget of foreign exchange sales. Banks are allowed to negotiate freely foreign exchange sales and purchases with their clients. Since June 2018, the Guinean franc has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified retroactively to crawl-like from stabilized, effective June 14, 2018. While the exchange rate has stabilized since November 2019, more observations are necessary to determine its new trend. Until then, the de facto exchange rate arrangement remains classified as a crawl-like arrangement.

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate** | Yes.  
The official or reference exchange rate since July 2012 is calculated as the volume-weighted average of the previous day’s rates applied by the commercial banks with their customers. These rates are determined on the basis of supply and demand. The BCRG adopted a competitive foreign exchange auction. Banks may purchase and sell foreign exchange with their customers at freely negotiated rates. Effective January 1, 2019, the limit to ensure that one counterparty does not purchase more than 20% of the total allocated amount was eliminated. The rates of other currencies are calculated on the basis of their previous day’s rate vis-à-vis the SDR, as published by the IMF. The official rate is used by the government in its transactions.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target | Yes.  
The monetary policy framework aims to control monetary aggregates.

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

Central Bank Board
Other
Government and Central Bank

Inflation target
Target number

Point target
Target with tolerance band

Band/Range
Target measure
CPI
Core inflation

Target horizon

Operating target (policy rate)
Policy rate
Target corridor band

Other

Accountability
Open letter
Parliamentary hearings

Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax No.
Exchange subsidy No.
Foreign exchange market Yes.
Spot exchange market Yes.

There are 15 active commercial banks licensed to deal in foreign exchange and 39 foreign exchange bureaus in operation. The BCRG is the only institution authorized to grant licenses. Foreign exchange bureaus may not enter into foreign exchange transactions directly with the BCRG; their operations are limited to the purchase and sale of banknotes. Exchange bureaus are prohibited from engaging in the following operations: (1) taking deposits on account for their clients; (2) forward buying and selling of foreign currency banknotes or
traveler’s checks in exchange for national currency; (3) forward buying and selling of foreign currency banknotes and checks in exchange for other foreign currencies; (4) making money transfers of any amount, either abroad or domestically; (5) importing or exporting banknotes; and (6) extending loans to clients. Foreign exchange bureaus may not maintain accounts abroad. The BCRG introduced Instruction No. 068/DGCC/DCH/16, which limits transactions conducted through licensed exchange bureaus to retail transactions up to a ceiling of US$100,000 a day.

The BCRG transacts with commercial banks only through biweekly preannounced foreign exchange auctions.

The BCRG has a biweekly competitive foreign exchange auction system. Banks may purchase and sell foreign exchange with their customers at freely negotiated rates. On the business day preceding the day on which an operation is scheduled, the BCRG communicates the details of the given operation to all eligible participants in two-sided foreign exchange auctions by means of a public announcement, through the press, or by any other means (letter, e-mail). The foreign exchange is allocated to the best bidders at the price they bid, up to a limit of 20% of the auction for a given counterparty. The minimum volume of an offer to purchase or sell foreign exchange is US$50,000. The BCRG reserves the right to cancel an auction session or to reject unrealistic offers. Immediately after an auction session, the participating banks must be notified of the results pertaining to their respective transactions. The aggregated results of an auction session must be published at the same time on the BCRG website. A bank that does not honor its commitments arising from the two-sided foreign exchange auction market must be subject to sanctions provided for in the regulations, in addition to a suspension between one and four auction sessions. In certain exceptional cases, the BCRG may announce in advance that an auction will be a one-sided auction at which the BCRG will be selling US dollars. In these circumstances, no single participant may acquire more than 20% of the amount being sold by the BCRG.

Fifteen commercial banks licensed by the BCRG trade foreign currency among themselves. Banks can trade with each other through the two-way auction system operated by the BCRG.

The licensing commission is statutorily empowered to grant licenses to credit institutions.

These transactions are used for official missions abroad.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Arrangements for Payments and Receipts

| **Prescription of currency requirements** | Yes. | All current transactions effected in Guinea must be settled in Guinean francs. Settlements for transactions covered by bilateral payments agreements are made in currencies prescribed by, and through accounts established under, the provisions of the agreements. Settlements with countries other than members of the WAMZ are made in designated convertible currencies quoted by the BCRG. |
| Controls on the use of domestic currency | Yes. |
| **For current transactions and payments** | Yes. |
| **For capital transactions** | Yes. |
| Transactions in capital and money market instruments | Yes. |
| Transactions in derivatives and other instruments | Yes. |
| Credit operations | Yes. |
| **Use of foreign exchange among residents** | Yes. | All payments and transactions among residents in Guinea must be made or settled in Guinean francs. |
| **Payments arrangements** | Yes. |
| Bilateral payments arrangements | Yes. |
| **Operative** | No. |
| **Inoperative** | Yes. | Guinea maintains bilateral payments agreements with China. |
| Regional arrangements | No. |
| Clearing agreements | Yes. | Guinea is part of the multilateral clearing agreement between the WAEMU and WAMZ members. |
| Barter agreements and open accounts | No. |
| **Administration of control** | Yes. | Exchange control authority is vested in the BCRG, which has delegated to (1) the Ministry of Commerce the authority to sign import descriptions and import applications and (2) commercial banks the authority to (a) allocate foreign exchange to travelers holding airline tickets for travel abroad and (b) manage foreign exchange accounts. All international settlements, including payments for imports, may be effected by commercial banks. |
| **Payments arrears** | Yes. | There are payments arrears with various financial institutions. |
| Official | Yes. |
| Private | Yes. |
| **Controls on trade in gold (coins and/or bullion)** | Yes. | Gold exportation operations are regulated by the BCRG. |
| On domestic ownership and/or trade | Yes. | Transactions in nonmonetary gold are not restricted. |
| On external trade | Yes. | The exportation of gold is subject to BCRG authorization and applicable taxes. |
| **Controls on exports and imports of banknotes** | Yes. | |
| On exports | Yes. | |
| **Domestic currency** | Yes. | Regulations limit exports to GF 100,000 a person a trip. |
Foreign currency Yes. The exportation of foreign currency is subject to BCRG authorization. Instruction No. 041/DGCC/RCH/12 raises the allowable foreign exchange account withdrawal from US$5,000 to US$20,000 (and established the Directorate for the Control and Monitoring of Foreign Exchange Regulations). There is no limit on exports; however, travelers must document amounts exceeding the equivalent of US$20,000.

On imports Yes.

Domestic currency Yes. Regulations limit imports to GF 100,000 a person a trip.

Foreign currency No. Declaration on entry is required.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.

Held domestically Yes. Residents are free to open foreign exchange accounts with local banks. Exporters may hold all their earnings in foreign currency in local bank accounts. All withdrawals of funds in excess of US $20,000 require the presentation of appropriate supporting documents.

Approval required No.

Held abroad Yes. These accounts are permitted, but prior BCRG approval is required for juridical persons, and a simple notification to the BCRG is required for physical persons.

Approval required Yes.

Accounts in domestic currency held abroad No.

Accounts in domestic currency convertible into foreign currency Yes. Accounts in Guinean francs may be credited with deposits in foreign exchange, regardless of their origin. The accounts may be debited freely and converted by commercial banks to foreign currencies without BCRG authorization.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Nonresident Guinean nationals are required to notify the CB whenever they open or close an account abroad. All withdrawals of funds in excess of US$20,000 require the presentation of appropriate supporting documents.

Approval required No.

Domestic currency accounts Yes. The regulations governing resident accounts apply.

Convertible into foreign currency Yes.

Approval required No.

Blocked accounts No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Imports and Import Payments

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>Yes.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Documentation requirements for release of foreign exchange for imports**

Goods imports from any country with a cost, insurance, and freight (CIF) value equal to or greater than the minimum amount set by the competent authorities are required to be domiciled with a local bank.

**Domiciliation requirements**

Goods imports from any country with a cost, insurance, and freight (CIF) value equal to or greater than the minimum amount set by the competent authorities are required to be domiciled with a local bank.

**Preshipment inspection**

Goods imports from any country with a cost, insurance, and freight (CIF) value equal to or greater than the minimum amount set by the competent authorities are required to be domiciled with a local bank.

**Import licenses and other nontariff measures**

Goods imports from any country with a cost, insurance, and freight (CIF) value equal to or greater than the minimum amount set by the competent authorities are required to be domiciled with a local bank.

**Import taxes and/or tariffs**

Goods imports from any country with a cost, insurance, and freight (CIF) value equal to or greater than the minimum amount set by the competent authorities are required to be domiciled with a local bank.

Imports are subject to a VAT, fiscal import duty, excise taxes, and other applicable taxes and fees. The VAT rate is 18%, except for essential social and food products, which are exempt. The fiscal import duty has three rates: 5% for staples, crude raw materials, and capital goods; 10% for semifinished products and industrial inputs; and 15% for all other goods for final consumption, except essential social and food products, which are exempt. There are three excise rates: 5% for used cars more than five years old, perfumes, and cosmetics; 15% for tobacco products and jewelry; and 45% for alcohol. A temporary protection surtax applies to certain goods, with two rates: 10% and 15%. Some products (tobacco, sugar, flour, rice, tomatoes) are valued at reference rates.

**Taxes collected through the exchange system**

Taxes collected through the exchange system

**State import monopoly**

State import monopoly

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Private traders may retain all their proceeds to finance authorized imports. Gold exporters and vendors may retain all their proceeds.
Semipublic enterprises may retain abroad all their proceeds and may use them for import payments, operating expenses, and external debt service. The fiscal export duty rate for exports of gold and diamonds is 0.5% for individuals. Unless specifically authorized otherwise by the CB, the export proceeds must be repatriated by no later than 90 days after the date of expedition of the goods.

Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.
Financing requirements  No.
Documentation requirements  Yes.
Letters of credit  Yes.
Guarantees  Yes.
Domiciliation  Yes.
All private sector exports require domiciliation with a commercial bank or the BCRG. Unless specifically authorized otherwise by the CB, the export proceeds must be repatriated by no later than 90 days after the date of expedition of the goods.
Preshipment inspection  Yes.
Other  No.
Export licenses  Yes.
The exportation of wild animals (dead or alive), meat, articles of historic or ethnographic interest, jewelry, articles made of precious metals, and plants and seeds requires special authorization from designated agencies.
Without quotas  No.
With quotas  Yes.
There are quotas on exports of wild animals and articles of historic or ethnographic interest.
Export taxes  Yes.
Exports are subject to fiscal export duty and other taxes and fees for specific products. Fiscal export duty rates for exports of gold and diamonds are 5% for mining companies, 0.55% on behalf of the Treasury, and 1% for individuals. The rate for other exported commodities is 2%; agricultural and industrial products are exempt. Bauxite exports have specific rates, depending on the exporter and the product quality.
Collected through the exchange system  No.
Other export taxes  Yes.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers
Controls on these transfers  Yes.
Trade-related payments  Yes.
There are no controls on payment of unloading and storage costs.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.
For payments up to US$5,000, no documentation is required.
<table>
<thead>
<tr>
<th>Category</th>
<th>Allowance</th>
<th>Prior Approval</th>
<th>Approval</th>
<th>Quantitative Limits</th>
<th>Indictive Limits/Bona Fide Test</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment-related payments</td>
<td>Yes</td>
<td>Yes</td>
<td>Approval is required for government operations.</td>
<td>No</td>
<td>Yes</td>
<td>For payments up to US$5,000, no documentation is required.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes</td>
<td>No</td>
<td>Residents with a foreign exchange account may debit their accounts to cover their costs and those of their family on business or tourist travel abroad, education fees, and medical expenses.</td>
<td>No</td>
<td>No</td>
<td>According to Chapter 5 of Directive No. 112/DGAEM/RCH/00, residents who do not have foreign exchange accounts may purchase US$5,000 a person traveling abroad. The limit also applies to cash purchases or transfer of foreign exchange for business travel or tourism-related expenses.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes</td>
<td>Yes</td>
<td>Approval is required for pension payments.</td>
<td>No</td>
<td>No</td>
<td>There are no indicative limits or bona fide rates for pension payments.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes</td>
<td>Yes</td>
<td>Approval is granted only for contracts approved by the Ministry of Labor.</td>
<td>Yes</td>
<td>Yes</td>
<td>Foreign workers may transfer up to 50% of their taxable income.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>n.a.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

All capital transfers require BCRG authorization.

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On capital market securities</td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Currently, there are no transactions involving bonds.

<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

<p>| On collective investment securities            | Yes. |</p>
<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
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**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th><strong>Provisions specific to commercial banks and other credit institutions</strong></th>
<th><strong>Yes.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td><strong>Yes.</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Differential treatment of deposit accounts held by nonresidents</th>
<th><strong>Yes.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve requirements</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Category</td>
<td>Requirement</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The long foreign exchange positions of credit institutions may not exceed 35% of their net capital. Any excess over that 35% limit must be transferred to the CB within two days after being registered.

**Provisions specific to institutional investors**

- Insurers: No.
- Insurance companies: No.
- Limits (max.) on securities issued by nonresidents: No.
- Limits (max.) on investment portfolio held abroad: No.
- Limits (min.) on investment portfolio held locally: No.
- Currency-matching regulations on assets/liabilities composition: No.
- Pension funds: n.a.
- Limits (max.) on securities issued by nonresidents: n.a.
- Limits (max.) on investment portfolio held abroad: n.a.
- Limits (min.) on investment portfolio held locally: n.a.
- Currency-matching regulations on assets/liabilities composition: n.a.
- Investment firms and collective investment funds: n.a.
- Limits (max.) on securities issued by nonresidents: n.a.
- Limits (max.) on investment portfolio held abroad: n.a.
- Limits (min.) on investment portfolio held locally: n.a.
- Currency-matching regulations on assets/liabilities composition: n.a.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Arrangement**

- **Classification**: Crawl-like arrangement
Since June 2018, the Guinean franc has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified retroactively to crawl-like from stabilized, effective June 14, 2018. The change is reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s Annual Report on Exchange Arrangements and Exchange Restrictions.

The limit to ensure that one counterparty does not purchase more than 20% of the total allocated amount was eliminated.
GUINEA-BISSAU
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
March 24, 1977.

Article VIII
Yes.
Date of acceptance: January 1, 1997.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.
No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes.
A regional framework to fight money laundering (AML) and the financing of terrorism (AFT) was created at the regional level through two WAEMU Directives in 2002 (AML) and 2007 (AFT). This comprehensive framework facilitates the implementation of UNSC resolutions based on a list of persons and entities prepared by the Committee. It was updated in 2015 through a new regional WAEMU Directive.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Guinea-Bissau is the CFA franc (XOF).

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement of the WAEMU is a conventional peg. Guinea-Bissau participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The December 4, 1973, Monetary Cooperation Agreement between the WAEMU member countries and France is based on three pillars: (1) a common issuing institution, (2) fixed parity with the euro, and (3) an unlimited convertibility guarantee. In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings into the operations...
account with the French Treasury in accordance with the Amendment to the Operations Account Convention, which France and the BCEAO signed September 20, 2005.

Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

<table>
<thead>
<tr>
<th>Exchange rate anchor</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
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<tr>
<td>Euro</td>
<td>Yes.</td>
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</tbody>
</table>

The CFA franc is officially pegged to the euro, the anchor currency, at the fixed rate of CFAF 655.957 per euro. Exchange rates for other currencies are cross-rates derived from the rate for the currency concerned in the Paris foreign exchange market vis-à-vis the euro. The official rate is used for accounting and valuation purposes.

The Conference of Heads of State and Government may decide to amend the Monetary Cooperation Agreement between the WAEMU member countries and France.

**Monetary policy framework**

*Exchange rate anchor*

*U.S. dollar*

*Euro*

The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized Consumer Price Index is the benchmark rate to measure inflation.

*Composite*

*Other*

**Monetary aggregate target**

**Inflation-targeting framework**

*Target setting body*

Government
Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number
The commission rate charged on transfers to all countries that are not members of the WAEMU area is 0.6%. This commission must be surrendered to the National Treasury and is a portion of its tax revenue.

Authorized intermediaries may freely set their exchange rates in transactions with their clients, except for the euro, which must be traded against the CFA franc at the official fixed rate of CFAF 655.957 per euro. However, they can charge a commission of up to 2% of the transaction amount.

Instruction No. 013-11-2015 on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU went into force.

Authorized intermediaries must comply with the provisions in effect on the financial conditions for executing banknote foreign exchange transactions that involve foreign currencies and issue a transaction slip for all transactions with a client. Moreover, to provide satisfactory information to clients, they are required to (1) permanently post at their windows the rates actually charged for the different currencies and (2) post notification that a transaction slip must be issued for all foreign exchange transactions on presentation...
of the requestor’s identity document.

Banks and registered banknote exchange houses are intermediaries authorized by the Ministry of Economy and Finance (MEF) to conduct foreign exchange transactions with the public. As of December 31, 2017, there were 13 authorized banknote exchanges. Exchange houses are authorized to conduct operations with the BCEAO in any currency except the euro. Authorized exchange houses are not authorized to make transfers or payments in foreign currency to other countries or to hold accounts abroad.

Authorized intermediaries may freely set their exchange rates in transactions with their clients, except for the euro, which must be traded against the CFA franc at the official fixed rate of CFAF 655.957 per euro and may charge a commission of up to 2% of the transaction amount.

Operated by the central bank  Yes.

Foreign exchange standing facility  Yes. The BCEAO supplies, at the official rate, the foreign currency that each authorized intermediary needs to make payments abroad. The CB only purchases foreign exchange on request from the commercial banks, but does not sell foreign exchange to them.

Allocation  No.

Auction  No.

Fixing  No.

Interbank market  Yes. Transactions in CFA francs between authorized intermediaries are allowed. As of December 31, 2019, 4 banks were licensed for the domestic currency interbank market. There is no regulated foreign currency interbank market in the WAEMU.

Over the counter  Yes.

Brokerage  No.

Market making  No.

Forward exchange market  Yes. Residents of the WAEMU zone are permitted to conduct the following transactions in the foreign exchange derivatives market with authorized intermediary banks established in the WAMU or with foreign banks: outright forward foreign exchange contracts (over the counter), foreign exchange options, foreign exchange swaps, and cross-currency swaps.

Transactions in foreign exchange options are limited to the following two types of transactions: options to purchase foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign bank, and options to sell foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign credit institution. Authorized intermediary banks must simultaneously cover the exchange risk they incur with respect to derivative instruments traded with their customers.

The underlying commercial and financial operations must relate to imports and exports of goods and services by a resident, foreign borrowing operations by a resident (drawings and repayments), or direct foreign investment in a resident company.

All legitimate foreign currency needs are ultimately met by the BCEAO.

Official cover of forward operations  No.
## References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Arrangements for Payments and Receipts

### Prescription of currency requirements

Yes. Guinea-Bissau is linked to the French Treasury through an operations account, through which settlements with France, Monaco, and other operations account countries (WAEMU and CEMAC member countries and the Comoros) are made in euros or in the currency of any other operations account country. Payments with countries outside the WAEMU are made in foreign currencies.

### Controls on the use of domestic currency

Yes. The CFA franc may not be used as payment for current international transactions or capital transactions with countries outside the WAEMU.

### For current transactions and payments

Yes. There is a multilateral clearing agreement between the WAEMU countries and the other ECOWAS countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone) in the WAMA framework. Payments for current transactions between countries whose CBs are WAMU members may be made under the clearing arrangement.

### For capital transactions

Yes.

The CFA franc may not be used for capital transactions with countries outside the WAEMU. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

### Transactions in capital and money market instruments

Yes.

The CFA franc may not be used for capital transactions with countries outside the WAEMU. Foreign investment by residents of the WAEMU zone subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members do not require MEF authorization.

### Transactions in derivatives and other instruments

Yes.

Residents of WAEMU member countries may engage in the following operations on derivatives and other instruments with accredited banks established in the WAEMU or foreign banks: (1) forward contract, foreign exchange swaps, and options. Operation on derivatives with foreign banks outside the WAEMU can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

### Credit operations

Yes.

Loans of any kind, CFA franc overdrafts, and, in general, any advances granted by authorized intermediaries to nonresidents of the WAEMU zone subject to prior authorization by the Directorate of External Financial Relations of the MOF, after BCEAO approval.

### Use of foreign exchange among residents

Yes.

The CFA franc is the only legal tender, and residents are not permitted to use foreign exchange for domestic transactions.

### Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

Yes.

An operations account is maintained with the French Treasury that links operations account countries. All purchases and sales of foreign currencies and euros against CFA francs are settled through a debit or credit to the operations account.
Clearing agreements  Yes.  There is a multilateral clearing agreement in the context of the WAMA among the WAEMU countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Mauritania, Nigeria, Sierra Leone). Payments for current transactions between the member countries may be effected under the clearing arrangement. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.

Barter agreements and open accounts  No.

Administration of control  Yes.  The institutional reform of the WAEMU and the BCEAO went into effect April 1, 2010, with the adoption of the following new basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. All WAEMU residents are treated as residents of Guinea-Bissau for the purposes of preparing the external position of banks, domiciliation and repatriation of export revenue, issuance and sales of securities, gold imports and exports, investment and lending transactions, and physical exports of means of payment and securities by postal package or ordinary mail. However, for statistical purposes with regard to the balance of payments, all countries other than Guinea-Bissau are considered foreign countries. Moreover, all transfers with other countries must be made through authorized intermediary banks, the postal service, or the BCEAO.

Payments arrears  No.

Official  No.

Private  No.

Controls on trade in gold (coins and/or bullion)  Yes.

On domestic ownership and/or trade  No.

On external trade  Yes.  Gold imports and exports require MOF authorization, except (1) imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.

Controls on exports and imports of banknotes  Yes.

On exports  Yes.

Domestic currency  Yes.  Travelers may freely export CFA franc (XOF) banknotes from one WAEMU member country to another. Resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving CFA franc banknotes issued by the BCEAO.

Foreign currency  Yes.  The reexportation of foreign banknotes by nonresident travelers is permitted up to the equivalent of CFAF 500,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposit accounts in local banks. Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess the equivalent of CFAF 1 million. They may carry up to the equivalent of CFAF 2 million a person in...
banknotes not issued by the BCEAO. Larger amounts may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, or other means of payment. Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFAF 2 million a person. The issuance of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

<table>
<thead>
<tr>
<th>On imports</th>
<th>Yes.</th>
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</table>

**Domestic currency**

Residents of the WAEMU zone and nonresidents of the WAEMU zone may freely import domestic currency (CFA Franc XOF) banknotes. However, individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving banknotes in domestic currency. BCEAO redemption of banknotes exported outside its area of issuance has been suspended. Pursuant to this measure, registered intermediary banks are not authorized to receive shipments of CFA Franc XOF banknotes from their correspondents located outside the WAEMU area.

**Foreign currency**

Residents of the WAEMU zone and nonresidents of the WAEMU zone may freely import means of payment denominated in foreign currencies. Such means of payment in excess of the equivalent of CFAF 1 million must be declared to customs. Nonresident travelers must declare to customs foreign currency exceeding the equivalent of CFAF 1 million on entry and exit.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**

Residents may open foreign exchange accounts with MOF authorization, after BCEAO consent.

**Held domestically**

Yes.

**Approval required**

Yes.

Foreign exchange accounts in currencies other than the Euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such an account. These accounts are valid for a renewable term of up to one year. They cannot be credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

**Held abroad**

Yes.

**Approval required**

Yes.

Individuals who are residents of the WAEMU temporarily staying or traveling outside of WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF authorization by after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any
Accounts in domestic currency held abroad
No.

Accounts in domestic currency convertible into foreign currency
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
Yes. Nonresident accounts denominated in Euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

Domestic currency accounts
Yes.

Convertible into foreign currency
Yes. Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange...

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
Yes.

Financing requirements for imports
Yes.

Minimum financing requirements
No.

Advance payment requirements
Yes. Advance payments for imports require authorization, and importers may not acquire foreign exchange until the date of payment specified in the contract.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
Yes. Importers may purchase foreign exchange for import payments after establishing bank payment order accounts and submitting supporting documents, but not earlier than eight days before shipment if a documentary credit is opened, or on the due date of payment if the products have already been imported.

Domiciliation requirements
Yes. Import transactions from outside the CFA franc area exceeding CFAF 5 million must be effected through an authorized bank.

Preshipment inspection
Yes. An inspection is required to verify the quantity, quality, and price of imported merchandise.

Letters of credit
No.
| **Import licenses used as exchange licenses** | No. |
| **Other** | Yes. |
| **Exchange authorization, invoices, and export-import cards are required.** |
| **Import licenses and other nontariff measures** | Yes. |
| **Imports, regardless of whether they involve the use of official or free-market foreign exchange, require an import license issued by the Ministry of Commerce and Tourism, primarily for statistical purposes. Licenses are issued automatically after verification of the invoiced prices of taxable goods.** |
| **Positive list** | No. |
| **Negative list** | No. |
| **Open general licenses** | No. |
| **Licenses with quotas** | No. |
| **Other nontariff measures** | Yes. |
| **Quantitative restrictions may be applied to products for public health and security reasons.** |
| **Import taxes and/or tariffs** | Yes. |
| **The WAEMU CET consists of four tariff brackets: zero, 5%, 10%, and 20%. Imports from countries outside the WAEMU area are also subject to a 1% statistical tax and a community solidarity levy of 0.8%. Moreover, a cyclical import tax (taxe conjoncturelle à l’importation) and a degressive protection tax (taxe dégressive de protection) may at certain times be charged on some products. Neither tax had been applied as at end-2018. Imports from non-ECOWAS members are subject to a 0.5% community levy (CL/ECOWAS).** |
| **Taxes collected through the exchange system** | No. |
| **State import monopoly** | No. |
| **This information can be found at the AREAER ONLINE database:** |
| **http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.** |
| **Exports and Export Proceeds** |
| **Repatriation requirements** | Yes. |
| **Resident economic operators are required to collect and repatriate within one month of the payment due date the entire amount of sales of goods abroad in the country of origin with the bank with which the transaction is domiciled. The payment due date is specified in the trade agreement and normally falls within a period of 120 days after the goods are dispatched.** |
| **Surrender requirements** | Yes. |
| **Surrender to the central bank** | Yes. |
| **Export proceeds must be surrendered by ADs to the BCEAO within 30 days of the payment due date, which may not exceed 120 days after shipment of the goods. To cover its current foreign exchange needs, the domiciling bank may hold up to 20% of its export proceeds as own foreign exchange resources. However, it must ensure that its total foreign exchange resources to cover its requirements do not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.** |
| **Surrender to authorized dealers** | Yes. |
| **Proceeds must be surrendered to authorized banks within 30 days of the payment due date. Authorized intermediaries must then surrender the foreign exchange to the BCEAO by transfer through the bank of issue. Export revenue may be surrendered to intermediaries other than banks with which the transaction is domiciled if authorized by the BCEAO.** |
Financing requirements

No.

Documentation requirements

Yes.

Letters of credit

No.

Guarantees

No.

Domiciliation

Yes. Export transactions of more than CFAF 10 million or its equivalent, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

Preshipment inspection

No.

Other

Yes. A customs declaration is required.

Export licenses

Yes.

Without quotas

Yes. Exports require an export license. Only exporters registered with the Ministry of Commerce and Tourism may obtain these licenses, which are granted automatically in most cases and are for statistical purposes. No products are reserved for exportation by the public sector.

With quotas

No.

Export taxes

Yes.

Collected through the exchange system

No.

Other export taxes

Yes. There is an individual processing fee of 1%.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 500,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.

Trade-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Payments abroad relating to freight and insurance (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees are permitted in general, subject to the presentation of supporting documentation to the authorized intermediary.

Investment-related payments

Yes.

Prior approval

Yes. Payments for depreciation of direct investments require MOF authorization, because this type of depreciation is not specifically mentioned in the legislation.
### Quantitative limits

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
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<td>No.</td>
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### Indicative limits/bona fide test

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
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<tr>
<td>Yes.</td>
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Outward transfers of proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.

### Payments for travel

<table>
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<th>Category</th>
<th>Requirement</th>
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<td>Yes.</td>
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### Prior approval

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### Quantitative limits

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<td>Yes.</td>
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Residents traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a person; larger amounts may be taken out in the form of traveler’s checks, certified checks, or other means of payment. The limit is applied to each trip.

### Indicative limits/bona fide test

<table>
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<th>Category</th>
<th>Requirement</th>
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<td>Yes.</td>
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Resident travelers must present a travel document and a valid passport or a national identity card to an AD (authorized intermediary bank or exchange bureau) before foreign exchange will be issued.

### Personal payments

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<th>Category</th>
<th>Requirement</th>
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<td>Yes.</td>
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</table>

Approval is required for payment of family maintenance expenses abroad.

### Prior approval

<table>
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### Quantitative limits

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All personal payments may be conducted through an authorized bank, subject to presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.

### Foreign workers' wages

<table>
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<th>Category</th>
<th>Requirement</th>
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<td>Yes.</td>
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### Quantitative limits

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### Indicative limits/bona fide test

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Payments abroad related to wages, salaries, and honoraria; contributions and benefits; pensions and work-related activities; and service contracts are generally authorized on presentation of appropriate documentation.

### Credit card use abroad

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The use of credit cards is allowed when issued by specialized institutions which, where applicable, must report such transactions on a quarterly basis to the BCEAO.

### Prior approval

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### Quantitative limits

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### Indicative limits/bona fide test

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For travelers, allocations of foreign currency in the form of debit and payment card must be justified by requirements related to travel and personal expenses if they exceed the equivalent of CFAF 2 million.

### Other payments

<table>
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<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

### Prior approval

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### Quantitative limits

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### Indicative limits/bona fide test

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

As a general rule, payments abroad in amounts greater than CFAF 500,000 are subject to the presentation of supporting documentation.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements** Yes. Proceeds from invisible transactions with non-WAEMU countries must be repatriated.

**Surrender requirements** Yes.

**Surrender to the central bank** Yes. Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

**Surrender to authorized dealers** Yes. All proceeds from invisible transactions with non-WAEMU countries must be surrendered to an AD within one month of the due date of payment. On their return to Guinea-Bissau, resident travelers must file a customs declaration for all means of payment greater than CFAF 300,000 and surrender them to a registered bank or to the BCEAO no later than one week after their return.

**Restrictions on use of funds** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions** Yes. Capital transactions between WAEMU countries are unrestricted. Outward capital transfers require MOF authorization, except in the case of (1) amortization of debts and repayment of short-term loans granted to finance industrial and commercial operations; (2) payments for the purchase of options; and (3) transfers of the proceeds of liquidated investments or the sale of foreign securities by nonresidents of the WAEMU zone. Capital receipts from non-WAEMU countries, however, are generally permitted.

**Repatriation requirements** Yes. Proceeds from the sale or liquidation of investments of a resident abroad must be repatriated, if the resident has no reinvestment authorization, within one month through an authorized intermediary.

**Surrender requirements** Yes.

**Surrender to the central bank** Yes. Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

**Surrender to authorized dealers** Yes. Proceeds from the sale or liquidation of investments of a resident abroad must be repatriated and surrendered to an AD within one month, if the resident has no reinvestment authorization. The surrender requirement applies to proceeds from all capital transactions.

**Controls on capital and money market instruments** Yes. RCPSFM (Regional Council on Public Savings and Financial Markets) authorization is required for the following operations: (1) issuance or marketing of securities and real assets of foreign entities, (2) canvassing, and (3) publicity or advertising for investment abroad. Securities and mutual funds issued outside the WAEMU by a private or public entity that is not a resident of a member country.
may not be listed on a regional securities exchange. Soliciting the public of the WAEMU by nonresident entities is subject to authorization by the BCEAO in its capacity as the authority responsible for regulating the external financial relations of WAEMU countries. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

### On capital market securities

<table>
<thead>
<tr>
<th>Shares or other securities of a participating nature</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Purchases in the country by nonresidents of the WAEMU zone are unrestricted. However, these purchases must be declared to the MOF and the BCEAO for statistical purposes.

### Purchase locally by nonresidents

| Yes. |

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

These purchases are subject to declaration to the MOF for statistical purposes. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>The purchase of foreign securities by residents and the transfer abroad of funds for this purpose are subject to MOF authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The CIMA Code of the CFA franc area member countries does not allow insurance companies to invest abroad.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td>Residents may sell local corporate securities abroad. If these operations result in foreign control of domestic establishments, foreign investors must declare them to the MOF. The sale of securities to liquidate an investment abroad is subject to declaration to the MOF for statistical purposes. Residents may also issue securities abroad, unless the securities constitute a loan. Issuance of the latter to nonresidents must be made through an authorized bank and must be reported to the MOF for statistical purposes.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes</td>
<td>The regulations governing shares or other securities of a participating nature apply.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td>These purchases must be declared to the MOF for statistical purposes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>The issuance of money market instruments and the sale of corporate or foreign securities by nonresidents are subject to RCPSFM authorization. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires an exchange authorization to be submitted to the MOF for approval, accompanied by supporting documentation.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>The purchase of foreign securities by residents and the transfer abroad of funds for this purpose are subject to MOF authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The CIMA Code of the CFA franc area member countries does not allow insurance companies to invest abroad.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td>Residents of the WAEMU zone may sell local money market instruments abroad. The sale of money market instruments to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue money market instruments abroad, unless they constitute a loan.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes</td>
<td>The regulations governing shares or other securities of a participating nature apply.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td>These purchases must be declared to the MOF for statistical purposes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>The purchase of foreign securities by residents and the transfer abroad of funds for this purpose are subject to MOF authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The CIMA Code of the CFA franc area member countries does not allow insurance companies to invest abroad.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td>Residents may sell local corporate securities abroad. If these operations result in foreign control of domestic establishments, foreign investors must declare them to the MOF. The sale of</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td>Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Foreign exchange derivatives can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone call or put options on primary commodities or securities transactions. Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAEMU or from a foreign credit institution.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Residents are permitted to purchase foreign currency sell options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAEMU or from a foreign (that is, nonresident of WAEMU) credit institution.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td>Borrowing by residents from nonresidents must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the MOF.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
<td>There are no controls, and repayments of commercial credits are generally conducted without prior authorization, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date, to the licensed intermediary bank responsible for handling the repayment.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>There are no controls, and repayments of commercial credits are generally approved by the BCEAO, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered as well as the payment due date.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>There are no controls, and repayments of commercial credits are generally approved by the BCEAO, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered as well as the payment due date.</td>
</tr>
</tbody>
</table>
**Financial credits**

| By residents to nonresidents | Yes. | These credits require MOF approval. Outward transfers necessary to service such facilities require an exchange authorization, subject to approval by the BCEAO acting on behalf of the MOF and substantiated by documentation. |
| To residents from nonresidents | No. | There are no controls on these credits, but they must be reported for statistical purposes to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance. The necessary funds must be transferred from abroad through an authorized agent. There are no controls on repayment of loans, provided the authorized agent handling the settlement is furnished with documentation attesting to the validity of the transaction. Borrowing abroad is unrestricted. |

**Guarantees, sureties, and financial backup facilities**

| By residents to nonresidents | Yes. | The granting of guarantees and sureties is subject to MOF approval. Transfers abroad of funds to service these facilities require the issuance of an exchange authorization, subject to MOF approval, and the submission of supporting documents. |
| To residents from nonresidents | No. | These facilities may be granted freely, although the funds required for servicing them must be transferred abroad by an authorized bank. If, however, these transactions take place between a resident direct investment company and its parent company located abroad, they are considered to be direct investments and therefore require declaration to the MEF and the BCEAO for statistical purposes. |

**Controls on direct investment**

| Yes. | Direct investment implies control of a company or enterprise. Mere participation is not considered direct investment, unless it exceeds 10% of the capital of a company whose shares are quoted on a stock exchange. All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of WAEMU residents and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MEF authorization. |

**Outward direct investment**

| Yes. | All investment abroad by residents is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. |

**Inward direct investment**

| Yes. | FDI, including by resident companies that are directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the MOF for statistical purposes. An equity holding is not considered a direct investment unless it exceeds 10% of the capital of the company in question. |

**Controls on liquidation of direct investment**

| No. | The liquidation of investments abroad must be reported to the MOF and the CB for statistical purposes. Reinvestment of the liquidation proceeds is subject to MOF authorization. If reinvestment is not authorized, the liquidation proceeds must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents is unrestricted but must be reported to the MOF and the CB for statistical purposes. |

**Controls on real estate transactions**

<p>| Yes. |  |</p>
<table>
<thead>
<tr>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
</tr>
<tr>
<td><strong>Controls on personal capital transactions</strong></td>
</tr>
<tr>
<td><strong>Loans</strong></td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
</tr>
<tr>
<td><strong>Transfer abroad by emigrants</strong></td>
</tr>
<tr>
<td><strong>Transfer into the country by immigrants</strong></td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions** | Yes. The Uniform Law on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU by the Council of Ministers of the Union took effect September 28, 2012. Decision No. CM/UMOA/023/2012 sets the deadline (December 31, 2013) for including this law in the domestic legislation of the WAMU members. It remains to be confirmed that
Borrowing abroad | No. | Loans abroad are unrestricted. For statistical purposes, these transactions must be declared to the MOF when they are granted and when they are repaid.

Maintenance of accounts abroad | Yes. | Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions for their own account or the accounts of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements. A bank’s current requirement is calculated in relation to its equity and takes account of its history of fund movements abroad. The amount is used to meet the bank’s short-term cash needs.

Lending to nonresidents (financial or commercial credits) | Yes. | Commercial lending is allowed. Financial credits are subject to MOF authorization, after BCEAO approval.

Lending locally in foreign exchange | Yes. | There are no explicit regulations regarding these transactions, but MOF authorization and BCEAO approval are required.

Purchase of locally issued securities denominated in foreign exchange | Yes. | These purchases require RCPSFM authorization, after MOF approval.

Differential treatment of deposit accounts in foreign exchange | Yes. | A reserve requirement of 3% (previously 5%) applies to WAEMU banks. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes customer foreign currency deposits.

Reserve requirements | No. | Banking regulations make no distinction among resident accounts, nonresident accounts, and foreign currency deposit accounts.

Liquid asset requirements | No. |

Interest rate controls | No. |

Credit controls | Yes. | Overdrafts and advances granted to nonresidents require MOF authorization and BCEAO approval.

Investment regulations | Yes. | The regulations governing direct investment apply.

Abroad by banks | Yes. | All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM.

In banks by nonresidents | Yes. | These transactions may require MOF authorization, depending on their volume. The banking law stipulates that investment by any person in a bank that would have the effect of changing the minority and/or majority voting rights requires MOF authorization.

Open foreign exchange position limits | No. | No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow
banks to keep working balances in their correspondent accounts for the smooth completion of international payments, up to the equivalent of 5% of total customer demand deposits. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

On resident assets and liabilities  No.
On nonresident assets and liabilities  No.

Provisions specific to institutional investors

Insurance companies

Limits (max.) on securities issued by nonresidents  Yes. Controls are imposed by the CIMA Code.

Limits (max.) on investment portfolio held abroad  Yes. The CIMA Code allows insurance companies of each CIMA member country to invest up to 50% of resources collected locally in other CIMA member countries.

Limits (min.) on investment portfolio held locally  Yes. According to the CIMA Code, a minimum of 50% of resources collected by insurance companies in a CIMA member country must be invested locally.

Currency-matching regulations on assets/liabilities composition  Yes. The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.

Pension funds

Limits (max.) on securities issued by nonresidents  Yes. The issuance, presentation, and floating of securities of any kind by foreign governments, local authorities, foreign companies, or international institutions are subject to authorization by the RCPSFM.

Limits (max.) on investment portfolio held abroad  Yes. With the exception of foreign securities issued or sold with RCPSFM authorization in WAEMU member countries, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.

Limits (min.) on investment portfolio held locally  No.

Currency-matching regulations on assets/liabilities composition  No.

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents  Yes. The issuance, presentation, and floating of securities of any kind from foreign governments, local authorities, foreign companies, or international institutions are subject to RCPSFM authorization.

Limits (max.) on investment portfolio held abroad  Yes. With the exception of foreign securities issued or sold in WAEMU member countries with RCPSFM authorization, all investment abroad by WAEMU residents is subject to MEF authorization and must be at least 75% financed with foreign borrowing.

Limits (min.) on investment portfolio held locally  No.

Currency-matching regulations on assets/liabilities composition  No.

References to legal instruments and

This information can be found at the AREAER ONLINE database:
Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
**GUYANA**

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 26, 1966.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>December 27, 1966.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Guyana maintains certain exchange restrictions solely for the preservation of national and international security. Financial transactions are restricted, and accounts are frozen of individuals and organizations on the lists of individuals associated with terrorism pursuant to (1) UNSC Resolution No. 1333 and (2) organizations associated with terrorism identified by the 1267 Committee. In accordance with UNSC resolutions, restrictions are applied to financial transactions and assets of the Taliban, Al-Qaida, individuals associated with those organizations, and persons and groups associated with terrorism.

Other security restrictions | No. |
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exchange rate structure**

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

| No separate legal tender | |
| Currency board | |
| Conventional peg | |
| Stabilized arrangement | Yes. |

The de jure exchange rate arrangement is floating. The exchange rate of the Guyanese dollar is determined in the foreign exchange market. The Bank of Guyana (BOG) periodically purchases foreign currency from foreign exchange dealers to maintain international reserves at acceptable levels. In accordance with bilateral agreements with the
CARICOM CBs, the BOG quotes weekly rates for certain CARICOM currencies. The de facto exchange rate arrangement is classified as a stabilized arrangement. The CB publishes interventions on a monthly basis on the BOG website – “Statistical Abstract Reports Table 2.16 (a).” This data is published on a one month lag.

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**

- Yes. The official exchange rate is used to calculate the public debt, customs and excise taxes, and external payments for goods and services. The official exchange rate is determined by calculating the weighted average rate of the three largest foreign exchange dealers.

**Monetary policy framework**

- Exchange rate anchor

  - Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

  - **U.S. dollar**

  - Yes.

  - **Euro**

  - **Composite**

  - **Other**

- Monetary aggregate target

- Inflation-targeting framework

  - **Target setting body**

    - Government

    - Central Bank

    - Monetary Policy Committee

    - Central Bank Board

    - Other

    - Government and Central Bank

  - **Inflation target**

    - Target number

    - Point target

    - Target with tolerance band

    - Band/Range
In addition to transactions between ADs and their clients, a significant share of foreign exchange transactions takes place between the BOG and public entities with large export earnings. To reduce segmentation and facilitate price discovery, the authorities recently moved some official transactions to the foreign exchange market. Transactions between foreign exchange dealers and their customers represent a smaller share of the foreign exchange market and include conversion of remittances to people without bank accounts. All commercial banks have cambios; however, not all nonbank financial institutions are cambios. As of December 31, 2019, 13 nonbank financial institutions and 6 commercial banks were licensed to deal in foreign currency. The BOG grants licenses after consultation with the minister of finance. Nonbank foreign exchange dealers may sell specified CARICOM currencies to the CB; their operations are limited to the purchase and sale of banknotes and traveler’s checks. These institutions may have accounts abroad. There is a cap on the bid-ask spread of G$1.50 for wires and G$3.00 for cash. This is applicable to all transactions conducted by both the bank and nonbank cambios with their customers.

Operated by the central bank Yes.

Foreign exchange standing facility Yes. The BOG conducts its transactions on the basis of the foreign exchange market.
GUYANA

exchange rate obtained by periodically averaging quotes from the three largest dealers. In response to heightened pressure resulting from seasonal factors, the BOG on occasion intervenes in the foreign exchange market.

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The BOG exercises discretion with regard to its purchases of foreign exchange from exports of sugar and gold by the Guyana Sugar Corporation (GuySuCo, the government-owned sugar company) and the Gold Board and uses a “hard currency budget” for official transactions.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Auction</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Fixing</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Interbank market</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks may trade with each other freely. There are six commercial banks, but the interbank market has not been very active. Direct BOG intervention in the market is rare. The BOG occasionally processes requests from commercial banks for the sale of foreign currency at the average market rate. Interbank trades are infrequent, and the volume is insignificant. Six banks participate when necessary. The market does not operate on a commission basis nor does the cap on the bid-ask spread apply to interbank transactions.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interbank transactions take place over the counter.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brokerage</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Market making</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Forward exchange market</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Official cover of forward operations</th>
<th>No.</th>
</tr>
</thead>
</table>

| References to legal instruments and hyperlinks  | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Prescription of currency requirements</th>
<th>Yes.</th>
</tr>
</thead>
</table>

| Controls on the use of domestic currency  | Yes. |

<table>
<thead>
<tr>
<th>For current transactions and payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency may not be used for current transactions and payments.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency may not be used for capital transactions.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transactions in capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Transactions in derivatives and other instruments</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Credit operations</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Use of foreign exchange among residents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic payments are restricted to the Guyanese dollars.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
</table>

| Bilateral payments arrangements  | Yes. |

<table>
<thead>
<tr>
<th>Operative</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are arrangements with all the CARICOM CBs.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inoperative</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Regional arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guyana is a member of CARICOM.</td>
<td></td>
</tr>
</tbody>
</table>
Clearing agreements No.
Barter agreements and open accounts No.
Administration of control No.
Payments arrears Yes.

Official Yes. As a consequence of ongoing negotiations, technical arrears are owed to the following bilateral creditors: Argentina, China, India, Italy, Kuwait, Libya, Serbia, Trinidad and Tobago, the United Arab Emirates, and Venezuela. Technical arrears are also owed to commercial creditors in the United States.
Private Yes. Arrears exist on certain dormant accounts holding domestic currency deposits equivalent in value to pending applications for foreign exchange.

Controls on trade in gold (coins and/or bullion) Yes.
On domestic ownership and/or trade Yes. Residents other than the monetary authorities, ADs, producers of gold, and authorized industrial users may not hold or acquire gold in any form, at home or abroad – except for numismatic purposes and jewelry – without special permission.
On external trade Yes. Imports and exports of gold in any form by, or on behalf of, the monetary authorities, ADs, producers of gold, and industrial users require permits endorsed by the Guyana Gold Board.

Controls on exports and imports of banknotes No.
On exports No.
Domestic currency No.
Foreign currency No. Travelers leaving Guyana must declare foreign currency in excess of the equivalent of US$10,000. This is only a declaration requirement, and there is no limit on the amount.
On imports No.
Domestic currency No.
Foreign currency No. Travelers entering Guyana must declare foreign currency in excess of the equivalent of US$10,000. This is only a declaration requirement, and there is no limit on the amount.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically Yes. Exporters are allowed to maintain and operate foreign exchange accounts. These accounts are approved on merit but are generally granted to bona fide exporters who require imported inputs for production and/or have external loan obligations. These accounts may be credited with all or a portion of retained export proceeds and proceeds of foreign currency loans. They may be debited freely for payments at the discretion of the account holder.

Approval required Yes.
Held abroad Yes.
Approval required No.
Accounts in domestic currency held abroad  No.

Accounts in domestic currency convertible into foreign currency  Yes. The Foreign Exchange (Miscellaneous Provisions) Act No. 8 of 1996 specifies that “Except with the permission of the Minister, no person resident in Guyana, other than an AD, must in Guyana operate a foreign currency account.”

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted  Yes. External accounts may be opened by commercial banks, without CB approval, for citizens of Guyana residing permanently abroad, citizens of other countries temporarily residing in Guyana, nonresidents attached to diplomatic missions or international organizations, branches of companies incorporated outside Guyana, and companies incorporated in Guyana but controlled by nonresidents abroad. These accounts may be maintained in US dollars, pounds sterling, Canadian dollars, or euros and may be credited with noncash instruments of convertible foreign currencies transferred through the banking system. These accounts may also be credited freely with all authorized payments by residents of Guyana to nonresidents; other credits require approval. They may be debited freely for payments for any purpose to residents of any country, transfers to other external accounts, withdrawals by the account holder in Guyana, and transfers to nonresident accounts.

Approval required  No.

Domestic currency accounts  Yes.

Convertible into foreign currency  Yes. Domestic currency accounts can only be converted to foreign currency accounts with approval by the MOF through the CB. With effect June 02, 2017, “applications for foreign currency accounts are determined on their merit but generally granted to: Bona fide exporters who require imported inputs for production, or with external loan obligations; certain service providers, including travel agents, hotels, shipping agents and airlines; large importers of essential goods and services.”

Approval required  Yes.

Blocked accounts  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget  No. The BOG prepares a statement of convertible currency receipts and payments to monitor projected flows.

Financing requirements for imports  No. Import transactions effected through the foreign exchange market are permitted without restriction. Most imports of consumer goods take place on this basis.

Minimum financing requirements  No.

Advance payment requirements  No.

Advance import deposits  No.

Documentation requirements for release of foreign exchange for imports  Yes. Documentation requirements are for all official imports – petroleum, machinery and equipment, goods, etc.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
</tbody>
</table>
| Import licenses and other nontariff measures     | Yes.  
Documents required include invoices, bills of lading, and certificates of origin. |
| Positive list                                    | No.                                                                         |
| Negative list                                    | Yes.  
Imports of unprocessed meat, poultry, fruit, and processed fruit items from non-CARICOM sources are restricted and subject to import-licensing controls. |
| Open general licenses                            | No.                                                                         |
| Licenses with quotas                              | No.                                                                         |
| Other nontariff measures                         | No.                                                                         |
| Import taxes and/or tariffs                      | Yes.  
The fourth phase of the CARICOM CET is applied to imports from non-CARICOM sources. Duty rates range from 5% to 20%, except for agricultural products, for which the rate is 40%. A duty rate of 100% applies to imports of chicken from non-CARICOM sources, but those from CARICOM countries are exempt. The duty on evaporated milk is 20%. |
| Taxes collected through the exchange system      | No.                                                                         |
| State import monopoly                            | No.                                                                         |
| References to legal instruments and hyperlinks   | This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>
Export licenses

Yes. Licenses are required for exports of gold and wildlife.

Without quotas

Yes. Exports of gold are not subject to quotas.

With quotas

Yes. There are quotas for the preferential supply of some commodities to certain markets and for exports of wildlife.

Export taxes

Yes. There is a levy on rice exports, which is reinvested in the rice industry. Sugar exports are not taxed, but there is a duty of G$1 a ton on unrefined sugar exports outside the region. Exports of timber, bauxite, live birds, aquarium fish, greenheart, raw gold, and precious stones are subject to export duty.

Collected through the exchange system

No.

Other export taxes

Yes. There is a levy on rice exports, which is reinvested in the rice industry. Sugar exports are not taxed, but there is a duty of G$1 a ton on unrefined sugar exports outside the region. Exports of timber, bauxite, live birds, aquarium fish, greenheart, raw gold, and precious stones are subject to export duty.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

No.

Trade-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Investment-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Payments for travel

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Personal payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Foreign workers' wages

No.

Prior approval

No.

Quantitative limits

No.
### Indicative limits/bona fide test
No.

### Credit card use abroad
No.

### Prior approval
No.

### Quantitative limits
No.

### Indicative limits/bona fide test
No.

### Other payments
No.

### Prior approval
No.

### Quantitative limits
No.

### Indicative limits/bona fide test
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Money transfer agencies must sell their monthly net inflows to licensed bank cambios with a maximum of 25% of such inflows being sold to any one of such cambios. This only applies to current transfers.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Capital Transactions

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Shares or other securities of a participating nature</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Sale of existing shares can be traded freely; however, new issuance by nonresidents requires approval.</td>
</tr>
<tr>
<td>Activity</td>
<td>Regulated</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>All types of credit operations are controlled.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Residents to nonresidents

Commercial banks are required to obtain approval from the MOF before lending to nonresident enterprises (corporate entities).

To residents from nonresidents

Companies are required to obtain approval from the MOF before borrowing from nonresident enterprises.

Controls on direct investment

No.

Outward direct investment

No.

Inward direct investment

No.

Controls on liquidation of direct investment

No.

Controls on real estate transactions

No.

Purchase abroad by residents

No.

Purchase locally by nonresidents

No.

Sale locally by nonresidents

No.

Controls on personal capital transactions

No.

Loans

No.

By residents to nonresidents

No.

To residents from nonresidents

No.

Gifts, endowments, inheritances, and legacies

No.

By residents to nonresidents

No.

To residents from nonresidents

No.

Settlement of debts abroad by immigrants

No.

Transfer of assets

No.

Transfer abroad by emigrants

No.

Transfer into the country by immigrants

No.

Transfer of gambling and prize earnings

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

Borrowing abroad

No.

Maintenance of accounts abroad

No.

Lending to nonresidents (financial or commercial credits)

Yes.

Lending locally in foreign exchange

Yes. Banks are required to obtain approval from the MOF before lending locally in foreign exchange, except for lending to ADs.

Purchase of locally issued securities denominated in foreign exchange

No. Purchases of locally issued securities denominated in foreign exchange are not restricted, once the issuance is authorized by the...
Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
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</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

Investment regulations

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Open foreign exchange position limits

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
</tbody>
</table>

Provisions specific to institutional investors

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

Pension funds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twenty percent of pension assets, provided for each percentage point of its assets invested in the common stock or long-term debt of a company in Guyana, the 80% minimum may be increased by one percentage point, up to a maximum of a ten percentage point increase.</td>
<td></td>
</tr>
<tr>
<td>Eighty percent of pension plan’s total assets, provided for each percentage point of its assets invested in the common stock or long-term debt of a company in Guyana, the 80% minimum may be reduced by one percentage point, up to a maximum of a ten percentage point reduction.</td>
<td></td>
</tr>
</tbody>
</table>

Currency-matching regulations on assets/liabilities composition

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open foreign exchange positions are monitored.</td>
<td></td>
</tr>
</tbody>
</table>

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### GUYANA

<table>
<thead>
<tr>
<th>assets/liabilities composition</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
HAITI

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 8, 1953.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: December 22, 1953.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>-</td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | No. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | No. |
| Other security restrictions | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange rate structure

| Unitary | Yes. |
| Dual    | - |
| Multiple| - |

Classification

| No separate legal tender | - |
| Currency board | - |
| Conventional peg | - |
| Stabilized arrangement | - |
| Crawling peg | - |
| Crawl-like arrangement | Yes. |

Pegged exchange rate within horizontal

The de jure exchange rate arrangement is floating. The Bank of the Republic of Haiti (BRH) intervenes in the foreign exchange market to avoid excessive volatility. The de facto exchange rate arrangement is classified as a crawl-like arrangement. The BRH publishes information on foreign exchange interventions monthly on its website after two months.
bands
Other managed arrangement
Floating
Free floating

Official exchange rate: Yes. The reference rate is officially used by banks to convert US dollar amounts to gourdes on their books and in their financial statements and other reports. The CB does this to prevent banks from using different rates for the same date. As a result, financial and nonfinancial institutions have used this rate for their exchange transactions. The reference rate is published on the BRH website.

Monetary policy framework
Exchange rate anchor
U.S. dollar
Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank
Inflation target
Target number
Point target
Target with tolerance band
Band/Range
Target measure
CPI
Core inflation
Target horizon
Operating target (policy rate)
Although base money is an indicative target for monetary policy, the CB looks at exchange rate movements (given the high pass-through to inflation), liquidity conditions, and growth.

The Haitian foreign exchange market is divided into a formal and an informal sector. According to an estimate by the CB, the global volume of transactions is divided up as follows: 60% is traded in the formal sector and 40% in the informal sector. Thus, the average rate used in the banking system and the average rate in the informal market are weighted by their sector weights to calculate the reference rate. ADs are allowed to determine freely their bid-ask spread and foreign exchange commissions with their clients.

The BRH operates a US dollar clearinghouse mainly for checks drawn on local banks. Commercial banks quote buying and selling rates for certain other currencies based on the buying and selling rates of the US dollar for those currencies in exchange markets abroad. The market is dominated by banks, followed by money changers. According to the monetary authorities, all banks and certain nonbank financial institutions may conduct foreign exchange transactions. Foreign exchange bureaus must obtain licenses, following a process coordinated by the Ministry of Commerce and Industry (MCI), CB, and the Ministry of Economy and Finance. Authorized foreign exchange bureaus may conduct foreign exchange transactions directly with the CB. These bureaus may not hold accounts abroad and may not make foreign currency payments or transfers on behalf of their clients.

The CB buys and sells foreign exchange. Interventions are made in an effort to contain exchange rate fluctuations, to supply the market and build up reserves.

The CB does not allocate foreign exchange to finance-specific transactions.
Banks trade among themselves on a small scale; the interbank market is not well developed. The CB may intervene directly with banks. In case of sales of foreign currency, the CB proposes its own quotes, and there are limits on the bid-ask spreads. For procurement operations, however, the CB negotiates the quotes with banks. The CB does not intervene via market makers. The CB has issued licenses to eight commercial banks, all of which are active in the foreign exchange market.

Over the counter
Yes.

Brokerage
No.

Market making
No.

Forward exchange market
No.

Official cover of forward operations
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements
No.

Controls on the use of domestic currency
No.

For current transactions and payments
No.

For capital transactions
No.

Transactions in capital and money market instruments
No.

Transactions in derivatives and other instruments
No.

Credit operations
No.

Use of foreign exchange among residents
No.

Payments arrangements
Yes.

Bilateral payments arrangements
No.

Operative
No.

Inoperative
No.

Regional arrangements
Yes.

Haiti is a member of CARICOM.

Clearing agreements
No.

Barter agreements and open accounts
No.

Administration of control
No.

Payments arrears
No.

Official
No.

Private
No.
Controls on trade in gold (coins and/or bullion)  Yes.

On domestic ownership and/or trade  Yes. Residents may hold and acquire gold coins in Haiti for numismatic purposes.

On external trade  Yes. The BRH has the exclusive right to purchase gold domestically and to export gold in the form of coins, mineral dust, or bars. Exports of gold require authorization from the MCI and the Ministry of Economy and Finance, as well as MCI endorsement, before customs clearance. However, commercial imports of articles containing small amounts of gold, such as gold watches, are freely permitted and do not require an import license or other authorization.

Controls on exports and imports of banknotes  No.

On exports  No.

Domestic currency  No.

Foreign currency  No.

On imports  No.

Domestic currency  No.

Foreign currency  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted  Yes. These accounts may be credited with export proceeds, transfers from abroad received by exchange houses, or receipts from maritime agencies and nongovernmental organizations. However, for any deposit of or above 400,000 gourdes or the equivalent in foreign currency, a certificate of origin of funds is required.

Held domestically  Yes. Foreign currency accounts must be held in US dollars. Clients may hold various types of foreign currency accounts (for example, checking, savings, time). Clients may make deposits and withdrawals, including through wire transfers. There are no restrictions on the transfer of balances abroad.

Approval required  No.

Held abroad  Yes. Any type of account (for example, checking, savings, time) may be held abroad. There are no restrictions on the transfer of balances to the home country.

Approval required  No.

Accounts in domestic currency held abroad  No.

Accounts in domestic currency convertible into foreign currency  Yes. An account in local currency can be converted to foreign currency deposit.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted  Yes.

Approval required  No.
<table>
<thead>
<tr>
<th>Domestic currency accounts</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
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<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Documentation requirements for release of foreign exchange for imports**
- Domiciliation requirements: No.
- Preshipment inspection: No.
- Letters of credit: No.
- Import licenses used as exchange licenses: No.
- Other: No.

**Import licenses and other nontariff measures**
- Positive list: No.
- Negative list: Yes. Licenses are only required for import of firearms, pharmaceutical and chemical products, petroleum products, alcoholic products, arms, and meat products. These are issued by the MCI. The import of some fruits and coffee from the Dominican Republic is prohibited. The import of cucumbers and pickles, eggplants, tomatoes, and certain types of peppers is prohibited.
- Open general licenses: No.
- Licenses with quotas: No.
- Other nontariff measures: No.

**Import taxes and/or tariffs**
Yes. The four standard tariff rates are 0%, 5%, 10%, and 15%. Some goods have special tariff rates: gasoline, 57.8%; and cement, rice, sugar, dried onions, dried mushrooms, dried truffles, and vegetables with a dry hull, 3%. There is a domestic turnover tax on the c.i.f. value plus import duties. There are two specific rates: (1) G 0.82 a kilogram for grated, powdered, or melted cheese; and (2) G 0.71 a kilogram for dried garlic. Imports, except inputs for certain export industries, are subject to a 5% verification fee. Haiti is a member of CARICOM.

| Taxes collected through the exchange system | No. |
State import monopoly  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Financing requirements  No.

Documentation requirements  Yes.

Letters of credit  No.

Guarantees  No.

Domiciliation  No.

Preshipment inspection  Yes.

Other  No.

Export licenses  No.

Without quotas  No.

With quotas  No.

Export taxes  No.

Collected through the exchange system  No.

Other export taxes  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers  No.

Trade-related payments  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Investment-related payments  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.
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<thead>
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<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
<th>Personal Payments</th>
<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
<th>Foreign Workers' Wages</th>
<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
<th>Credit Card Use Abroad</th>
<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
<th>Other Payments</th>
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<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
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<td>Proceeds from Invisible Transactions and Current Transfers</td>
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<tr>
<td>Surrender to the central bank</td>
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<tr>
<td>Surrender to authorized dealers</td>
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<tr>
<td>Restrictions on use of funds</td>
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Capital Transactions

<table>
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<tr>
<th>Transaction Type</th>
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<tr>
<td>Controls on capital transactions</td>
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<tr>
<td>Repatriation requirements</td>
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</table>

References to legal instruments and hyperlinks

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<table>
<thead>
<tr>
<th><strong>Surrender requirements</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
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<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
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<tr>
<td><strong>Bonds or other debt securities</strong></td>
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<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
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<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
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<tr>
<td><strong>Purchase abroad by residents</strong></td>
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<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
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<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
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<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
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<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
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<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
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</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Provisions Specific to the Financial Sector</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to commercial</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks:
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<table>
<thead>
<tr>
<th>banks and other credit institutions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>The required reserves are calculated based on demand deposits, time deposits, and foreign currency deposits, and may be met with bank reserves denominated in domestic or foreign currency. The required reserves are not remunerated. Effective February 4, 2019, the method of constitution of reserves on US dollar-denominated deposits changed to 87.5% in US dollar and 12.5% in gourde (previously, it changed from 95% in US dollar and 5% in gourde to 92.5% in US dollar and 7.5% in gourde, and to 90% in US dollar and 10% in gourde). On December 10, 2018, the reserve requirement on gourde-denominated deposits at commercial banks changed to 45% from 44% and on deposits at savings and housing banks to 33.5% from 32.5%. Effective February 4, 2019, the reserve requirement on US dollar deposits for commercial banks changed to 51% from 49.5% and to 39.5% from 38% for savings and housing banks.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
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<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
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<tr>
<td>Liquid asset requirements</td>
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<tr>
<td>Interest rate controls</td>
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<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
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<tr>
<td>Provisions specific to institutional investors</td>
<td>No.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
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<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
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<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
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<tr>
<td>Pension funds</td>
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<td>Limits (max.) on securities issued by nonresidents</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
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<td>Investment firms and collective investment funds</td>
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<td>Limits (max.) on securities issued by nonresidents</td>
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### Changes during 2019 and 2020

#### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**

- **Differential treatment of deposit accounts in foreign exchange**

  **Reserve requirements**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/04/2019</td>
<td>The reserve requirement on US dollar deposits for commercial banks changed to 51% from 49.5% and to 39.5% from 38% for savings and housing banks.</td>
</tr>
<tr>
<td>02/04/2019</td>
<td>The method of constitution of reserves on US dollar-denominated deposits changed from 90% in US dollar and 10% in gourde to 87.5% in US dollar and 12.5% in gourde.</td>
</tr>
</tbody>
</table>
HONDURAS

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
December 27, 1945.

Article VIII
Yes. Date of acceptance: July 1, 1950.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
Yes. The IMF Staff Report for the 2019 Article IV Consultation and Request for a Stand-By Arrangement and an Arrangement under the Standby Credit Facility, states that, as of June 21, 2019, maintained two multiple currency practices subject to IMF approval under Article VIII, Section 3: One MCP arises because there is no mechanism to prevent a potential deviation of more than 2% between the Reference Exchange Rate (TCR) of the day at which certain transactions take place and the exchange rates at which foreign exchange is sold at the foreign exchange auction or the foreign exchange interbank market at that day. A second MCP arises from the possible use of previous days’ official exchange rates (TCR) in certain exchange rate transactions (e.g. in foreign exchange sales by authorized dealers to the Central Bank of Honduras (BCH) of amounts bought from customers or amounts that exceed the limits set by the BCH for such dealers) which rates may potentially deviate by more than 2% from the TCR and the interbank market rate on the day when foreign exchange rate transactions take place. (Country Report No. 19/236)

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Honduras is the Honduran lempira.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification
No separate legal tender
The de jure exchange rate arrangement is classified as a crawling band. The exchange rate for the lempira is determined with the weighted average (by amounts) of the prices from the last foreign exchange auction and the last interbank foreign exchange market (MID) event, and the TCR of the day of the foreign currencies held by the banks, for the payment of their own expenses and direct sales to private sector clients. The BCH requires bids for the purchase of foreign exchange at auction to be within a band of 1% above and below the average base rate prevailing at the seven previous auctions. (Resolution No. 531-12/2019 of the BCH.) In addition, in accordance with Resolution No. 140-3/2019, which stipulates the guidelines for selecting successful bids in BCH foreign exchange auctions, only bids greater than or equal to the TCR from the previous day will be eligible for selection, and when this value exceeds the foreign exchange band ceiling, only bids submitted at the ceiling of the foreign exchange band will be eligible for selection. The base price is calculated on a weekly basis, in accordance with a procedure established by the Board of Directors of the BCH for that purpose, which includes the following variables: (1) the differential between the domestic and external inflation rate; the external inflation rate is defined as the weighted average estimated inflation rates of Honduras’s key trading partners; and domestic inflation will be measured with the consumer price index (CPI). The inflation differential will be determined by comparing the year-on-year change in the CPI recorded during the past month with external inflation weighted to reflect the external trade structure, to be subject to periodic review; (2) the nominal effective exchange rate index, that is, changes in the exchange rate of the key trading partners against the US dollar; and (3) international reserve coverage, number of months of imports covered by the official reserve assets of the BCH. The BCH publishes the results of the foreign exchange trading carried out in the foreign exchange auction and on the MID on a daily basis at its website. The de facto exchange rate arrangement is a crawling peg arrangement.

The official or reference exchange rate is the TCR, which is defined as the weighted average (by amounts) of the prices from the last foreign exchange auction and from the last interbank foreign exchange market (MID) event, and effective January 6, 2020, the Reference Exchange Rate (TCR) of the day of the foreign currencies held by the banks, for the payment of their own expenses and direct sales to private sector clients. The TCR is used for foreign exchange transactions. Previously, the prices registered in the Electronic Foreign Exchange Trading System (SENDI) were part of the calculation of the TCR.
Monetary policy framework

Exchange rate anchor

Yes.

U.S. dollar

Yes. The monetary policy framework is primarily an exchange rate anchor vis-à-vis the US dollar. The BCH uses an internationally accepted indicator to determine its adequate minimum reserve targets as part of its wider monetary programming framework.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings
Other Transparencies

Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax No.
Exchange subsidy No.
Foreign exchange market Yes. Foreign exchange buying and selling operations carried out by foreign exchange dealers authorized by the BCH and by public sector institutions are conducted at the TCR. Commissions for buying and selling are set by the BCH board of directors.

ADs may determine the foreign exchange commission within the limits stipulated in Resolution No. 531-12/2019, supplementary to the Regulations on the Trading of Foreign Currency in the Organized Market, Numeral 7.2: foreign exchange dealers (1) may collect a foreign exchange commission from their private sector clients for the sale of foreign exchange, which may not exceed 0.7%; (2) may collect a foreign exchange commission of 0.3% for foreign exchange sold on the interbank foreign exchange market (MID); (3) may not collect a commission for the purchase of foreign exchange from their private sector clients.

Spot exchange market Yes. Any individual or legal entity that is not a foreign exchange dealer may hold foreign exchange assets but may sell them only to the BCH or ADs. The BCH and ADs must buy foreign exchange at the TCR. The only institutions eligible to participate in electronic foreign exchange auctions are banks in the financial system (15), savings and loan associations (none), and exchange bureaus (2), this number of exchange agents remains accurate. Under the law and regulations, exchange bureaus may purchase the foreign exchange received by the private sector from any source, except what by law or resolution of the BCH board of directors must be traded in the domestic financial system. Exchange bureaus may sell foreign exchange for outward payments. To that end, they may manage deposit accounts abroad with first-class institutions. The BCH may establish maximum and minimum limits on their foreign exchange holdings. There is also one state bank. Under the Regulations, all banks can trade foreign currencies, including state-owned banks, as long as they meet the operational requirements to act as a foreign exchange broker.

Operated by the central bank Yes.
Foreign exchange standing facility No.
Allocation No.
Auction Yes. The sale of foreign exchange by the BCH to authorized foreign exchange dealers must be conducted via public auction through the SENDI. Daily foreign exchange auctions are held weekdays, excluding holidays. Only dealers authorized by the BCH may participate in the SENDI. Individuals and legal entities participating in foreign exchange auctions within the amounts and limits...
established by the BCH board of directors must do so through an authorized foreign exchange dealer. Effective July 3, 2019, the prices of bids for the purchase of foreign exchange must be within a range of 1% above or below the average base price prevailing in the last seven (7) Auctions. Previously, the bid prices to purchase foreign exchange were within a band of 7% above or below the established base price, provided the bid was not greater than 1% of the average base price of the auctions held over the previous seven business days. The amount of foreign exchange offered by the BCH at each auction must be at least 60% of the average BCH foreign exchange purchases from foreign exchange dealers during the past five business days. The minimum amount of foreign exchange to be offered and the base exchange rate price are announced in advance. The base exchange rate is calculated every five business days, in accordance with a procedure established by the Board of Directors of the BCH for that purpose, which includes the following variables: (1) the differential between the domestic and external inflation rate; the external inflation rate will be defined as the weighted average estimated inflation rates of Honduras’s key trading partners; and domestic inflation will be measured with the CPI. The inflation differential will be determined by comparing the year-on-year change in the CPI recorded during the past month with external inflation weighted to reflect the external trade structure, to be subject to periodic review; (2) the nominal effective exchange rate index, that is, changes in the exchange rates for the key trading partners against the US dollar; and (3) international reserve coverage, number of months of imports covered by the official reserve assets of the BCH. The maximum daily amounts that can be purchased in the auctions are US$3,00,000 for individuals, only through exchange bureaus, and US$1.2 million for legal entities, including both banks and exchange bureaus. Nonresidents may not participate, either directly or through authorized foreign exchange dealers, in BCH foreign exchange auctions. Foreign individuals and legal entities participating in foreign exchange auctions through an AD must present a valid residence card issued by the Ministry of Governance and Justice. Foreign exchange dealers may charge a commission of up to 0.7% on sales to the public. Only foreign exchange dealers may participate in the auction. In practice, this includes all commercial banks and exchange bureaus. Foreign exchange is allocated at the bid price. Bids will be rejected if the price is below the minimum limit determined by the BCH. Auction notices and results are announced at the BCH website. BCH management must report noncompliance with the Regulation on the trading on the organized foreign exchange market to the National Banking and Insurance Commission (CNBS), which will impose the penalties provided under current law. The currencies auctioned can be used for any purpose as determined by the applicant in its bid submitted to the exchange agent, so there are no restrictions in that regard within the Regulations.

Fixing

No.

Interbank market

Yes.

In 2018 and 2019, 15 banks participated in the interbank foreign exchange market (MID). Fifteen exchange agents were authorized by the BCH. The MID does not operate according to a system of dealers; banks participate directly using a price for foreign exchange buying and selling bids within an exchange band of 1% above or below the average base price prevailing during the past seven auctions. The average weighted exchange rate (TCPP) of the bids registered in the MID is part of the calculations to determine the TCR, and the maximum commission collected for purchases is 0.4% of the TCR (0.1% for the BCH and 0.3% for the selling bank. Only
the BCH itself can grant authorization to exchange agents; however, during 2019 there were no new exchange agent authorizations.

The exchange market operates directly between individuals and legal entities and the exchange agents; there are no intermediary companies between the participants, and the market maker role is not entirely identified, although some banks, because of their trading volume in the market, become highly prominent.

The purchase price of foreign currency is established by the TCR in force for the day and the sale price for amounts less than or equal to US$520,000 is given by the TCR of the day plus an exchange commission of up to 0.7%; on the other hand, the sale price of the transactions carried out at the Foreign Currency Auction is determined by the prices of the awarded foreign currency presented by the bidders plus a commission of up to 0.7%.

<table>
<thead>
<tr>
<th>Over the counter</th>
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</tr>
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<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>No.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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### Arrangements for Payments and Receipts

**Prescription of currency requirements** Yes.

**Controls on the use of domestic currency** No.

**For current transactions and payments** No.

**For capital transactions** No.

**Transactions in capital and money market instruments** No.

**Transactions in derivatives and other instruments** No.

**Credit operations** No.

**Use of foreign exchange among residents** Yes.

All payment obligations to be made in Honduras must be settled in lempiras, except payments that fall within the category of cross-border payments from or to Honduras because they relate to international transactions (Articles 3 and 4 of the Monetary Law). Remittances can be paid in US dollars, only by crediting a foreign currency deposit account. (or in lempiras at the choice of those who receive the funds). If the remittances’ original contract in the source country does not specify the currency in which the funds should be paid, they are paid out in the equivalent of the amount of the remittance sent multiplied by the TCR of the day the remittance is collected by the beneficiary; effective January 6, 2020, in cases where the contract stipulates the exchange rate, the remittance must be paid out in lempiras for the equivalent of the remittance sent multiplied by the TCR of the day the sender posted the remittance.

**Payments arrangements** Yes.

**Bilateral payments arrangements** Yes.
The Reciprocal Clearing and Credit Agreement between Honduras and Costa Rica, El Salvador, and Guatemala was in effect until 1995. Honduras has signed the following treaties: (1) CAFTA-DR (Central America-Dominican Republic) Free Trade Agreement, (2) CACM, (3) CA-Mexico, CA3-Colombia, and CA-Panama, (4) Free Trade Agreement between the Republic of El Salvador, the Republic of Honduras, and the Taiwan Province of China, and (5) Central America-Chile. It has also signed an association agreement with the EU (CA-EU).

The CA4 Treaty with Canada, the Costa Rica, El Salvador, Honduras, and Peru; the Central America-Korea; and the EFTA treaties are currently under negotiation. Import tariff quotas in metric tons for 2014 under the free trade treaty between Central America, the Dominican Republic, and the United States were as follows: pork, 3,350; powdered milk, 443; butter, 148; cheese, 606; granza rice, 1,06,200; yellow corn, 2,54,012; white corn, 26,680; milled rice, 11,900; ice cream, 141; other dairy products, 197; and chicken (thighs, legs), 3,206. There are also import quotas in other treaties, including for such products as beef, palm oil, stockings and socks, dog and cat food, textiles and garments, sugar, and cured ham.

Individuals entering or leaving Honduras are required to declare under the anti-money-laundering law amounts exceeding US$10,000.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

The Law on the Financial System states that banks may receive foreign currency deposits in the form of demand, savings, and fixed-

References to legal instruments and hyperlinks

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term deposits and may contract foreign currency obligations with the
BCH and other banks or institutions in the financial system of
Honduras or abroad. To comply with the foreign currency reserve
requirement, depository institutions must open special accounts at
correspondent banks abroad and invest in high-liquidity foreign
instruments. Insurance institutions may also maintain investments
abroad.

Held domestically
Yes. Residents may freely open foreign exchange accounts in local banks.
Financial system institutions may accept funds in US dollars, euros,
Swiss francs, Japanese yen, renminbi (yuan), pounds sterling, and
Canadian dollars.

Approval required
No.

Held abroad
Yes. Banks may hold accounts with first-class banks abroad in US dollars,
yen, euro, Swiss francs, sterling, yuan, and Canadian dollars. Foreign
currency deposits may be made in banks or financial institutions
domiciled in countries with sovereign credit ratings of Aa3, except in
Central America, Dominican Republic, and Panama, in which
deposits may not exceed 10% of the local bank’s total exposure in
foreign currency.

Approval required
No.

Accounts in domestic currency held
abroad
No.

Accounts in domestic currency
convertible into foreign currency
No.

References to legal instruments and
hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes. Banks may receive deposits in foreign exchange in the form of
checking accounts, demand deposits, savings deposits, and time
deposits in US dollars, yen, euro, Swiss francs, yuan, sterling, and
Canadian dollars.

Approval required
No.

Domestic currency accounts
No.

Convertible into foreign currency
No.

Approval required
No.

Blocked accounts
No.

References to legal instruments and
hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for
No.
**release of foreign exchange for imports**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Import licenses and other nontariff measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Other nontariff measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Import taxes and/or tariffs**

<table>
<thead>
<tr>
<th>Measure</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Exports and Export Proceeds**

**Repatriation requirements**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 8 of the Law on Entry of Foreign Exchange Derived from Exports states that exporters are required to repatriate all of the foreign exchange generated by their exports and must comply with the time periods set out in Article 5, which vary between 20 and 85 business days. Exports of goods originating in free trade zones or EPZs, as well as low-volume exports and exports by offshore processing enterprises, are exempt.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Pursuant to the provisions of Articles 1, 8, and 10 of the Law on the Entry of Foreign Exchange derived from Exports, individuals and legal entities that export goods must declare to the BCH, before exportation for each export operation, the quality, value, and destination of the goods to be exported, as well as the probable date of exportation and the currency in which payment will be received. Under Resolution No. 406-7/94, the BCH board may allow exporters to retain up to 30% of their foreign exchange proceeds for priority purchases abroad of inputs, machinery, and parts used in production of their exports and to pay authorized external debt obligations.

Effective January 6, 2020, pursuant to Resolution No. 531-12/2019 of December 5, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 40% of it to the BCH (previously 60%) no later than the business day following their purchase, and that 60% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts less than or equal to five hundred twenty thousand US dollars (US$520,000.00); and (3) sale in the MID.

Previously, effective July 1, 2019, pursuant to Resolution No. 293-6/2019 of June 20, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 60% of it to the BCH no later than the business day following their purchase, and that 40% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenditure; (2) sales to private sector clients in amounts less than or equal to US$140,000; and (3) for sale on the MID. Previously, effective April 1, 2019, pursuant to Resolution No. 139-3/2019 of March 21, 2019, Paragraph 1, Numerals 1.2 and 1.3, foreign exchange dealers that purchase foreign exchange from their private sector customers were required to transfer 70% of said foreign exchange to the BCH no later than the business day following the purchase, and 30% of the foreign exchange purchased and not transferred to the BCH by the foreign exchange dealers had to be used for (1) payment of their own expenses; (2) sales to private sector clients in amounts smaller than US$90,000; and (3) for sale in the MID. Previously, pursuant to Resolution No. 20-1/2018 of January 24, 2018, Paragraph 1, Numeral 1.2, exchange agents that purchase foreign exchange from their private sector customers must transfer 80% of it to the BCH no later than the business day following their purchase, and that 20% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses and (2) sale on the interbank market. However, exchange bureaus must transfer 100% of their purchases to the BCH. According to Paragraph 5, Numeral 5.1, they may also use foreign exchange earnings for non-exchange activities and for banking sector capital and financial transactions.

Under Article 5 of the Regulation of the Law on Foreign Exchange from Exports, deadlines ranging from 20 to 85 business days have been set for the surrender of foreign exchange, depending on the product.
Guarantees

No.

Domiciliation

Yes. Before submitting an export declaration, all exporters must have updated the form “Exporter Identification Data”; any individual or legal entity that is legally constituted may export goods.

Preshipment inspection

No.

Other

No.

Export licenses

No. Licenses are not required, but exports must be reported to the BCH in compliance with the Law on the Entry of Foreign Exchange, which requires repatriation of foreign exchange. To expedite authorization, the BCH participates in the Centro de Trámites de Exportación (Export Documentation Center—CENTREX). Since November 15, 2016, the BCH authorizes applicants to submit export declarations through the Electronic Foreign Trade System (SECEH).

Without quotas

No.

With quotas

No.

Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.

References to legal instruments and hyperlinks

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Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. There are no controls on these payments, but all buyers of foreign exchange are required to fill out a form under the anti-money-laundering law for amounts exceeding US$10,000. In addition, enterprises remitting cash to or from Honduras must register and report to the CNBS the amounts transferred. Remittances in cash to or from Honduras are limited to US$2,000 or its equivalent in other foreign currency or in lempiras.

To define the scope of the Special Anti-Money-Laundering Law, covered entities (institutions supervised by the CNBS) must generate the corresponding records and reports in the following instances: (1) cash transactions in foreign currency performed by their clients in the amount of US$4,000 or equivalent in foreign currency; (2) cash transactions in national currency by their clients in the amount of L 2,00,000; (3) non-cash transactions with their clients in the amount of L 2,00,000 or equivalent in foreign currency; (4) remittance transactions of US$2,000 in foreign currency or national currency; multiple cash transactions in legal tender or foreign currency made on behalf of a single individual or legal entity during one calendar month must be considered as a single transaction. Moreover, the maximum amount receivable from non-clients during one calendar month is US$4,000.

Trade-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Investment-related payments

Yes.
Nonresidents may not participate in the BCH’s foreign exchange auctions and, effective January 6, 2020, may buy foreign exchange directly from ADs only up to US$520,000 a day (previously, effective July 1, 2019, US$140,000). (Articles 13 and 18 of the Regulations on the Trading of Foreign Currency in the Organized Market states that the only foreigners who may participate in foreign exchange auctions through an AD are foreign residents with a residence card issued by the Ministry of Governance and Justice.) There are no limits regarding the payment of dividends or interest.
Effective January 6, 2020, pursuant to Resolution No. 531-12/2019 of December 5, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers, including from capital transactions, must transfer 40% of it to the BCH no later than the business day following their purchase, and that 60% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts less than or equal to five hundred twenty thousand US dollars (US$520,000.00); and (3) for sale in the MID.

Previously, effective July 1, 2019, pursuant to Resolution No. 293-6/2019 of June 20, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 60% of it to the BCH no later than the business day following their purchase, and that 40% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenditure; (2) sales to private sector clients in amounts less than or equal to US$140,000; and (3) for sale on the MID. Previously, effective April 1, 2019, pursuant to Resolution No. 139-3/2019 of March 21, 2019, Paragraph 1, Numerals 1.2 and 1.3, foreign exchange dealers that purchase foreign exchange from their private sector customers were required to transfer 70% of said foreign exchange to the BCH no later than the business day following the purchase, and 30% of the foreign exchange purchased and not transferred to the BCH by the foreign exchange dealers had to be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts smaller than US$90,000; and (3) for sale in the MID. Previously, pursuant to Resolution No. 20-1/2018 of January 24, 2018, Paragraph 1, Numeral 1.2, exchange agents that purchase foreign exchange from their private sector customers must transfer 80% of it to the BCH no later than the business day following their purchase, and that 20% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses and (2) sale on the interbank market. However, exchange bureaus must transfer 100% of their purchases to the BCH.

According to Paragraph 5, Numeral 5.1, they may also use foreign exchange earnings for non-exchange activities and for banking sector capital and financial transactions.

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### Capital Transactions

All transactions involving an exchange of foreign currency from US dollars to Lempiras by the foreign exchange dealers' private sector clients are subject to the foreign exchange surrender requirements imposed on foreign exchange dealers by the BCH, including capital flows. However, capital flows from the banking sector are not subject to the foreign exchange surrender requirements, but if they are
required to be converted from US dollars to Lempiras, they can only be traded on the interbank foreign exchange market (MID).

Effective January 6, 2020, pursuant to Resolution No. 531-12/2019 of December 5, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 40% of it to the BCH no later than the business day following their purchase, and that 60% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts less than or equal to five hundred twenty thousand US dollars (US$520,000.00); and (3) for sale in the MID.

Previously, effective July 1, 2019, pursuant to Resolution No. 293-6/2019 of June 20, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 60% of it to the BCH no later than the business day following their purchase, and that 40% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenditure; (2) sales to private sector clients in amounts less than or equal to US$140,000; and (3) for sale on the MID. Previously, effective April 1, 2019, pursuant to Resolution No. 139-3/2019 of March 21, 2019, Paragraph 1, Numerals 1.2 and 1.3, foreign exchange dealers that purchase foreign exchange from their private sector customers were required to transfer 70% of said foreign exchange to the BCH no later than the business day following the purchase, and 30% of the foreign exchange purchased and not transferred to the BCH by the foreign exchange dealers had to be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts smaller than US$90,000; and (3) for sale in the MID. Previously, pursuant to Resolution No. 20-1/2018 of January 24, 2018, Paragraph 1, Numeral 1.2, exchange agents that purchase foreign exchange from their private sector customers must transfer 80% of it to the BCH no later than the business day following their purchase, and that 20% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses and (2) sale on the interbank market. However, exchange bureaus must transfer 100% of their purchases to the BCH. According to Paragraph 5, Numeral 5.1, they may also use foreign exchange earnings for non-exchange activities and for banking sector capital and financial transactions.

Surrender to the authorized dealers No.

Controls on capital and money market instruments Yes.

On capital market securities Yes.

Share or other securities of a participating nature Yes.

Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

Article 4 of the Investment Promotion and Protection Law affords foreign investors the same treatment as local investors and therefore guarantees free participation of foreign investment in the equity structure of companies, except in industries producing goods related to defense or hazardous substances.

Foreign issuers may issue public offerings of securities, provided such securities and their issuers are registered in Honduras in the Public Stock Market Registry (Registro Público del Mercado de Valores) and with the stock exchange. They must also be listed on the stock exchange of their country of origin, with which there must be
<p>| <strong>Purchase abroad by residents</strong> | Yes. | Insurance companies’ investments abroad may not exceed 25% of total investment resources, except as provided for in Article 88 of the Law on Insurance and Reinsurance Institutions. Investments abroad by depository institutions pursuant to the Regulation on Management of Foreign Currency Deposit Accounts may be held only in (1) demand, overnight, and term deposits; certificates of deposit (CDs); bankers’ acceptances; and other instruments issued by first-class banks or financial institutions abroad; (2) bills, notes, and bonds and other instruments issued and guaranteed by a government; (3) negotiable instruments of government agencies and other public entities or financial institutions guaranteed by governments or government institutions; (4) deposits, notes, and fixed-income bonds issued by supranational financial institutions; and (5) money market mutual funds (MFs), with a maturity not exceeding one year. The investments specified must meet BCH qualifications. Investments in the “other instruments” mentioned in item (1) may not exceed 5% of the depository institution’s total foreign currency deposits. |
| <strong>Sale or issue abroad by residents</strong> | No. | |
| <strong>Bonds or other debt securities</strong> | Yes. | |
| <strong>Purchase locally by nonresidents</strong> | Yes. | Resident and nonresident individuals and legal entities that submit their bids using the services of entities authorized to engage in brokerage activities related to government securities and that are registered in the Public Stock Exchange Registry and have signed a brokerage agreement with the BCH may participate as investors in the BCH’s securities auctions (Article 11 of the Regulation on Negotiation of Government Securities). |
| <strong>Sale or issue locally by nonresidents</strong> | Yes. | Foreign public or private sector issuers may issue public offerings of securities, provided such securities and their issuers are registered in Honduras in the Public Stock Exchange Registry (Registro Público del Mercado de Valores) and with the stock exchange. They must also be listed on the stock exchange of their country of origin, with which there must be reciprocity agreements signed either at the government level and/or between supervisory entities. Securities firms are authorized to place in Honduras securities issued abroad (Articles 8 and 65 of the Law on the Stock Market). |
| <strong>Purchase abroad by residents</strong> | Yes. | According to the Regulation on Investments of Insurance Institutions, investments abroad may not together exceed 25% of investment resources, except as provided for in Article 88 of the Law on Insurance and Reinsurance Institutions. Investments abroad by depository institutions pursuant to the Regulation on Management of Foreign Currency Deposit Accounts may be held only in (1) demand, overnight, and term deposits; CDs; bankers’ acceptances, and other instruments issued by first-class banks or financial institutions abroad; (2) bills, notes, and bonds and other instruments issued and guaranteed by a government; (3) negotiable instruments of government agencies and other public entities or financial institutions guaranteed by governments or government institutions; (4) deposits, notes, and fixed-income bonds issued by supranational financial institutions; and (5) money market MFs, with a maturity not exceeding one year. The investments specified must meet the BCH qualifications. Investments in the “other instruments” mentioned in item (1) may not exceed 5% of the depository institution’s total foreign currency deposits. |
| <strong>Sale or issue abroad by residents</strong> | No. | |</p>
<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
(4) deposits, notes, and fixed-income bonds issued by supranational financial institutions; and (5) money market MFs, with a maturity not exceeding one year. The investments specified must meet the BCH qualifications. Investments in the “other instruments” mentioned in item (1) may not exceed 5% of the depository institution’s total foreign currency deposits.

Sale or issue abroad by residents No.
Controls on derivatives and other instruments No.
Purchase locally by nonresidents No.
Sale or issue locally by nonresidents No.
Purchase abroad by residents No.
Sale or issue abroad by residents No.

Controls on credit operations Yes.
Commercial credits Yes.
By residents to nonresidents No.

To residents from nonresidents Yes.

The Law on Strengthening Income, Social Equity and Rationalization of Government Expenditure states that all public sector external debt must be approved by the National Congress of Honduras.

Financial credits Yes.
By residents to nonresidents Yes.

To residents from nonresidents Yes.

According to the Investment Promotion and Protection Law, foreign investors are entitled to access financial system credit. Furthermore, under the Law on the Financial System, BCH authorization is required to grant loans to individuals or legal entities domiciled abroad, except in the case of loans to Honduran citizens for the purchase of land, construction, or the purchase or improvement of housing in Honduras.

Guarantees, sureties, and financial backup facilities Yes.
By residents to nonresidents Yes.

To residents from nonresidents Yes.

All financing by commercial banks for nonresidents, excluding loans earmarked for investment in Honduras, requires BCH authorization. In the Organic Budget Law, public debt policy sets the overall public debt levels and the minimum acceptable grant component of foreign loans. For external public debt transactions, the BCH must first issue
The Law on Strengthening Income, Social Equity and Rationalization of Government Expenditure mandates approval by the National Congress of Honduras for all public sector debt contracted abroad.

<table>
<thead>
<tr>
<th>Controls on direct investment</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

According to the Law for the Promotion and Protection of Investment, it is of paramount interest to the government to attract, promote, and protect foreign investment, which should be granted every facility and guarantee to foster its growth and development. Investment is allowed in all sectors, except activities that affect public health, small-scale manufacturing, and trade, pursuant to Article 337 of the constitution; the manufacture, importation, distribution, and sale of arms, ammunition, and similar items, pursuant to Article 292 of the constitution; and in industries related to toxic, hazardous, or radioactive waste.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |
| Purchase locally by nonresidents | Yes. |

The Law for the Promotion and Protection of Investment offers real property safeguards for investors: a surety or guarantee with respect to the deed, conflict prevention mechanisms, and arrangements for recovering investments under improvement and for continuation of projects underway on real property in dispute. Individuals and legal entities seeking to invest or that have invested in real estate may purchase sureties or guarantees to protect themselves from deed-related risk. The surety or guarantee must be issued by national or foreign professional legal entities in the field. Purchases of certain land are restricted under Article 107 of the constitution. Article 107 states that ownership of land pertaining to the government, cooperatives, communities, and private owners located within 40 kilometers of borders or both coastlines as well as islands, cays, reefs, crags, rocky outcrops, shallows, and sand banks is restricted to native Hondurans, corporations wholly owned by native Hondurans, and government institutions.

| Sale locally by nonresidents | No. |
| Controls on personal capital transactions | No. |
| Loans                         | No. |
| By residents to nonresidents  | No. |
| To residents from nonresidents| No. |

The Anti-Money-Laundering Law requires financial system institutions and remittance companies to fill out a form for foreign currency cash transactions of US$10,000 or more. On April 1, 2017, to define the scope of the Special Anti-Money-Laundering Law, it was established that covered entities (institutions supervised by the CNBS) must generate the corresponding records and reports in the following instances: cash transactions in foreign currency performed...
To residents from nonresidents No. The Anti-Money-Laundering Law requires financial system institutions and remittance companies to fill out a form for foreign currency cash transactions of US$10,000 or more. As of April 1, 2017, to define the scope of the Special Anti-Money-Laundering Law, it was established that covered entities (institutions supervised by the CNBS) must generate the corresponding records and reports in the following instances: cash transactions in foreign currency performed by their clients in the amount of US$4,000 or equivalent in foreign currency. Moreover, the maximum amount receivable from non-clients during one calendar month is US$4,000.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No. Resolution No. 361-9/2016 on money laundering sets US$2,000 or its equivalent in other foreign currencies or in lempiras as the amount above which companies remitting cash to or from Honduras must register and report to the CNBS.

Transfer into the country by immigrants No. Resolution No. 361-9/2016 on money laundering sets US$2,000 or its equivalent in other foreign currencies or in lempiras as the amount above which companies remitting cash to or from Honduras must register and report to the CNBS.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. The BCH board of directors determines the currencies (US dollars, yen, euros, Swiss francs, yuan, sterling, Canadian dollars) in which institutions in the domestic financial system may accept deposits from the public; the supranational institutions in which they may invest; and the minimum requirements for the first-class foreign financial instruments and institutions in which national institutions may invest their resources in foreign currency deposit accounts.

The interest rate for permanent investment facilities is the monetary policy rate (TPM) minus 5.25 percentage points; the interest rate for permanent credit facilities is the TPM plus 1 percentage point (Resolution No. 333-7/2015).

Borrowing abroad Yes. Article 46 of the Law on the Financial System stipulates that financial institutions may contract loans and obligations with institutions in financial systems abroad.

Maintenance of accounts abroad Yes. The Regulation on management of foreign exchange deposit accounts stipulates that, to meet any additional reserve requirements that the BCH may establish, or to make investments with surplus resources from deposit accounts, depository institutions may open special accounts or make investments with first-tier foreign banks.

Lending to nonresidents (financial or commercial credits) Yes. BCH authorization is required for lending to individuals or legal entities domiciled abroad, except in the case of loans granted to Honduran citizens for the purchase of land, construction, and the purchase or improvement of housing in Honduras.

Lending locally in foreign exchange Yes. Prudential norms are applied by financial system institutions when lending in foreign currency. To that end, they classify borrowers in the following categories: generators and nongenerators of foreign exchange. Institutions authorized to grant foreign currency loans
must have policies and procedures in place for evaluating the credit and liquidity risk of borrowers classified in the aforementioned categories.

The Regulation on Trading in Government Securities authorized the BCH to issue foreign-currency-denominated securities (foreign-currency-denominated paper), which may be purchased by financial system institutions.

<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
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<td>Liquid asset requirements</td>
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<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

For authorized financial institutions the reserve requirement, which must be held in demand deposits in the BCH, for foreign currency and mandatory investment of all their foreign currency liabilities is 12%. Resources that financial system institutions obtain through international loans or in the form of loans or deposits from other institutions subject to the reserve requirement are exempt from this requirement. Financial system institutions may also issue foreign currency treasury bills, which are subject to the reserve requirement. Institutions in the financial system may not offset deficits in their reserve requirements, as established by the BCH board of directors. Likewise, no offsetting is allowed in case of noncompliance with the mandatory investment requirement. The foreign currency reserve requirement is composed entirely of demand deposits at the BCH and must be maintained at a minimum daily amount equivalent to 80%.

The additional reserve requirement for liquid investments in first-class foreign financial institutions is set at 0%. Similarly, domestic depository institutions that are Bladex shareholders may maintain investments there up to 5% of their total foreign currency investments.

The interest rates applied by financial system institutions in their transactions are determined on the basis of prevailing market conditions. However, the BCH may regulate them if necessary. Mandatory foreign currency investments must be deposited in the BCH; the balances on these investment accounts are remunerated at the annual equivalent of the fortnightly (catorcenal) average of the one-month London Interbank Bid Rate (LIBID). In accordance with the Law on Credit Cards, credit card interest rates are established and regulated by the BCH, if there is no guarantee of free competition in the sector, on the basis of a report issued by the Commission for the Defense and Promotion of Competition.

Investments abroad by depository institutions pursuant to the Regulation on the management of deposit accounts in foreign exchange may only be held only in (1) demand, overnight, and term deposits; CDs; bankers’ acceptances, and other instruments issued by foreign first-tier foreign banks or financial institutions; (2) bills, notes, and bonds and other instruments issued and guaranteed by a
government; (3) negotiable instruments of government agencies and other public entities or financial institutions guaranteed by governments or government institutions; (4) deposits, notes, and fixed-income bonds issued by supranational financial institutions; and (5) money market MFs, having maturities not exceeding one year. Specified investments must meet the requirements and exposure limits authorized by the BCH. Investments in the “other instruments” mentioned in item (1) may not exceed 5% of the depository institution’s total foreign currency deposits.

<table>
<thead>
<tr>
<th>In banks by nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Companies regulate the functioning and operations of MFs, investment funds, and fund management companies.

| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio held abroad** | No. |
| **Limits (min.) on investment portfolio held locally** | Yes. |
| **Currency-matching regulations on assets/liabilities composition** | No. |

Article 128 of the Law on the Stock Market states that these investment funds may hold deposits in banks abroad as well as in self-issued instruments of such banks issued abroad, in keeping with the provisions established by the CNBS.

Investment funds must hold at least 50% of their investments in securities guaranteed by the government, the BCH, or authorized financial system institutions and must not hold more than 15% of the subscribed and paid-up capital of any one company or more than 25% of the issued securities guaranteed by the same economic grouping (Article 106 of the Law on the Stock Market).

The Law on the Stock Market and the Regulation on Fund Management Companies do not contain any articles on this issue. This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

- **Official exchange rate**
  - **01/06/2020**
  - The official or reference exchange rate is the TCR, which is defined as the weighted average (by amounts) of the prices from the last foreign exchange auction, from the last interbank foreign exchange market (MID) event, and the Reference Exchange Rate (TCR) of the day of the foreign currencies held by the banks, for the payment of their own expenses and direct sales to private sector clients.
  - Previously, the prices registered in the Electronic Foreign Exchange Trading System (SENDI) were part of the calculation of the TCR.

- **Foreign exchange market**
  - Spot exchange market
    - **Operated by the central bank**
      - **Auction**
        - **07/13/2019**
        - The prices of bids for the purchase of foreign exchange must be within a range of 1% above or below the average base price prevailing in the last seven auctions. Previously, the bid prices to purchase foreign exchange were within a band of 7% above or below the established base price, provided the bid was not greater than 1% of the average base price of the auctions held over the previous seven business days.

#### Arrangements for Payments and Receipts

- **Prescription of currency requirements**
  - **Use of foreign exchange among residents**
    - **01/06/2020**
    - In cases where the remittances’ original contract in the source country stipulates the exchange rate, the remittance must be paid out in lempiras for the equivalent of the remittance sent multiplied by the TCR of the day the sender posted the remittance.

#### Exports and Export Proceeds

- **Repatriation requirements**
  - **Surrender requirements**
    - **Surrender to the central bank**
      - **04/01/2019**
      - Foreign exchange dealers that purchase foreign exchange from their private sector customers were required to transfer 70% of said foreign
exchange to the Central Bank of Honduras (BCH) no later than the business day following the purchase, and 30% of the foreign exchange purchased and not transferred to the BCH by the foreign exchange dealers had to be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts smaller than US$90,000; and (3) for sale in the MID. Previously, pursuant to Resolution No. 20-1/2018 of January 24, 2018, Paragraph 1, Numeral 1.2, exchange agents that purchase foreign exchange from their private sector customers must transfer 80% of it to the BCH no later than the business day following their purchase, and that 20% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses and (2) sale on the interbank market. Pursuant to Resolution No. 293-6/2019 of June 20, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 60% of it (previously 70%) to the Central Bank of Honduras (BCH) no later than the business day following their purchase, and that 40% (previously 30%) of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses; (2) sales to private sector clients for smaller amounts to one hundred forty thousand dollars from the United States (US$140,000.00); and (3) for sale in the MID.

07/01/2019

Pursuant to Resolution No. 531-12/2019 of December 5, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 40% of it to the Central Bank of Honduras (BCH) (previously 60%) no later than the business day following their purchase, and that 60% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts less than or equal to five hundred twenty thousand US dollars (US$520,000.00); and (3) for sale in the MID.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Investment-related payments

Quantitative limits

07/01/2019 Nonresidents may buy foreign exchange directly from authorized dealers only up to US$140,000 a day (previously US$300,000).

01/06/2020 Nonresidents may buy foreign exchange directly from authorized dealers only up to US$520,000 a day (previously US$140,000).

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

04/01/2019 Foreign exchange dealers that purchase foreign exchange from their private sector customers were required to transfer 70% of said foreign exchange to the Central Bank of Honduras (BCH) no later than the business day following the purchase, and 30% of the foreign exchange purchased and not transferred to the BCH by the foreign exchange dealers had to be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts smaller than US$90,000; and (3) for sale in the interbank foreign exchange market. Previously, pursuant to Resolution No. 20-1/2018 of January 24, 2018, Paragraph 1, Numeral 1.2, exchange agents that purchase
foreign exchange from their private sector customers must transfer 80% of it to the BCH no later than the business day following their purchase, and that 20% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses and (2) sale on the interbank market.

Pursuant to Resolution No. 293-6/2019 of June 20, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 60% of it (previously 70%) to the Central Bank of Honduras (BCH) no later than the business day following their purchase, and that 40% (previously 30%) of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses; (2) sales to private sector clients for smaller amounts to one hundred forty thousand dollars from the United States (US$140,000.00); and (3) for sale in the interbank foreign exchange market.

Pursuant to Resolution No. 531-12/2019 of December 5, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers, including from capital transactions, must transfer 40% of it to the Central Bank of Honduras (BCH) (previously 60%) no later than the business day following their purchase, and that 60% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts less than or equal to five hundred twenty thousand US dollars (US$520,000.00); and (3) for sale in the interbank foreign exchange market.

### Capital Transactions

**Repatriation requirements**

**Surrender requirements**

Surrender to the central bank

Pursuant to Resolution No. 293-6/2019 of June 20, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers must transfer 60% of it (previously 70%) to the Central Bank of Honduras (BCH) no later than the business day following their purchase, and that 40% (previously 30%) of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used by the following business day for (1) payment of their own expenses; (2) sales to private sector clients for smaller amounts to one hundred forty thousand dollars from the United States (US$140,000.00); and (3) for sale in the interbank foreign exchange market.

Pursuant to Resolution No. 531-12/2019 of December 5, 2019, Paragraph 1, Numerals 1.2 and 1.3, exchange agents that purchase foreign exchange from their private sector customers, including from capital transactions, must transfer 40% of it to the Central Bank of Honduras (BCH) (previously 60%) no later than the business day following their purchase, and that 60% of the foreign currency purchased and not transferred to the BCH by foreign exchange agents must be used for (1) payment of their own expenses; (2) sales to private sector clients for amounts less than or equal to five hundred twenty thousand US dollars (US$520,000.00); and (3) for sale in the interbank foreign exchange market.
HONG KONG SAR
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
China resumed sovereignty over the Hong Kong Special Administrative Region (Hong Kong SAR) on July 1, 1997.

Article VIII
Yes.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes.

The Hong Kong SAR implements sanctions decided by the UNSC at the instruction of the Ministry of Foreign Affairs of the People’s Republic of China, by way of regulations made under the UN Sanctions Ordinance. Such sanctions include financial sanctions against certain individuals and entities designated by the UNSC or its Committees.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes.

The currency of Hong Kong SAR is the Hong Kong dollar.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
Yes.

The exchange rate arrangement is a currency board. The currency board system in Hong Kong SAR, adopted October 17, 1983, requires that the monetary base be backed at least 100% by, and that changes in it be matched 100% by corresponding changes in, the reserve currency (US dollar) at a fixed exchange rate of HK$7.80 per US dollar. A symmetric convertibility zone of HK$7.75–HK$7.85—within which the Hong Kong Monetary Authority (HKMA) may choose to conduct market operations consistent with currency board principles—has been in place since May 18, 2005. The monetary base includes issued notes and coins, the balance at the HKMA of banks’ clearing accounts (that is, the aggregate balance), and outstanding Exchange Fund Bills and Notes. Consistent with...
currency board principles, the HKMA may adjust the issuance sizes of Exchange Fund paper, and the program may expand along with the interest payments on such paper. The issuance and redemption of certificates of indebtedness, which back banknotes issued by note-issuing banks (NIBs), must be made against US dollars at a fixed exchange rate of HK$7.80 per US dollar. The issuance and withdrawal of government-issued notes and coins are settled against US dollars at the same fixed rate. The legal documents that establish the currency board include the Basic Law (Chapter V, Section 1, Articles 110 and 111); the Exchange Fund Ordinance (Chapter 66); and an exchange of letters between the Financial Secretary and the Monetary Authority specifying the monetary policy objective and the structure of the monetary system under the Exchange Fund Ordinance. The letters specify that the Financial Secretary is responsible for determining the monetary policy objective and the structure of the monetary system, including the linked exchange rate. Section 3(1) of the ordinance, as amended, specifies that the Exchange Fund “must be under the control of the Financial Secretary and must be used primarily for such purposes as the financial secretary thinks fit affecting, either directly or indirectly, the exchange value of the currency of Hong Kong SAR and for other purposes incidental thereto.” The HKMA is responsible for achieving the monetary policy objective, including determining the strategy, instruments, and operational means for doing so, and for maintaining the stability and integrity of the monetary system. The HKMA makes prompt announcements of the impact on the aggregate balance arising from purchases or sales of US dollars by the currency board via various information vendors, including Reuters and Bloomberg. The information is also available on the HKMA website.

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**  Yes. The official exchange rate is set at HK$7.80 per US dollar. The issuance and redemption of certificates of indebtedness, which back banknotes issued by NIBs, must be against US dollars at the official exchange rate of HK$7.80 per US dollar. The issuance and withdrawal of government-issued notes and coins are settled against US dollars at the same rate. In accordance with the accounting principles generally accepted in Hong Kong SAR, prevailing exchange rates on the balance sheet date are used for accounting and valuation purposes.

**Monetary policy framework**

Exchange rate anchor  Yes.

**U.S. dollar**  Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.
Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

Other

Government and Central Bank

**Inflation target**

Target number

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

Other

**Accountability**

Open letter

Parliamentary hearings

Other

**Transparency**

Publication of votes

Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax No.
Exchange subsidy No.

Foreign exchange market Yes. Commercial banks are free to set their exchange rates, including bid-ask spreads, and commissions in transactions with their clients. Apart from commercial banks, money service operators (namely remittance agents and money changers) may also conduct foreign exchange transactions with the public.

Spot exchange market Yes. Authorized institutions (AIs) are not required to obtain a separate license to conduct foreign exchange transactions with the public. They may enter into foreign exchange transactions in the interbank market on their own account or on behalf of their clients. AIs, which maintain a Hong Kong dollar clearing account within the real-time gross settlement system, are eligible for transactions with the HKMA under the currency board arrangement. Money service operators (formerly known as remittance agents and money changers) must obtain a license from the commissioner of customs and excise. As of the end of June 2020, there were 1,266 licensed money service operators in Hong Kong SAR. They are subject to regulatory requirements under the Anti-Money Laundering and Counter-Terrorism Financing (Financial Institutions) Ordinance.

Operated by the central bank Yes.

Foreign exchange standing facility Yes. The HKMA redeems certificates of indebtedness acquired by NIBs in compensation for banknotes on demand and at a fixed exchange rate of HK$7.80 per US dollar. The spot exchange rate has fluctuated within the convertibility zone of HK$7.75–HK$7.85 since May 18, 2005. The HKMA operates convertibility commitments on both the strong side and the weak side of the linked rate of HK$7.80. Under the strong-side convertibility commitment, the HKMA buys US dollars from licensed banks at HK$7.75; under the weak-side convertibility commitment, it sells US dollars at HK$7.85.

Allocation No.
Auction No.
Fixing No.

Interbank market Yes. There are no official limits on the bid-ask spreads or commissions of market participants. No separate licenses are required for AIs to participate in the foreign exchange market. In addition to AIs, other financial institutions operating in Hong Kong SAR or overseas may participate in the interbank market. As of June 30, 2020, there were 193 AIs in Hong Kong SAR, including 163 licensed banks, 17 restricted license banks, and 13 deposit-taking companies. The HKMA may conduct discretionary foreign exchange operations consistent with currency board principles within the convertibility zone. These are normal foreign exchange transactions consistent with the currency board principles. The HKMA makes prompt announcements of the impact on the aggregate balance arising from these transactions via various information vendors, including Reuters and Bloomberg. The information is also available on the HKMA website. The interbank foreign exchange market operates on an over-the-counter basis as well as a brokerage system. The HKMA does not
Over the counter | Yes.  
--- | ---  
AIs enter into foreign exchange transactions in the interbank market by phone or some other electronic trading means. They deal with each other based on credit lines that these AIs extend among themselves. Such deals may be done on their own account or on behalf of their clients, such as major corporations, hedge funds, CBs, and high net worth individuals. There is no centralized system to regulate such trades.

Brokerage | Yes.  
The brokerage systems in Hong Kong SAR operate on private sector initiatives. Deals are done via phone or electronic networks (such as Electronic Broking Services, Reuters Matching). Money brokers operating in Hong Kong SAR must acquire approval from the HKMA. As of end-June 2020, there were 30 approved money brokers in Hong Kong SAR.

Market making | No.

Forward exchange market | Yes.  
The forward exchange markets operate on private sector initiatives, and the government has no official role. The HKMA does not intervene in the forward foreign exchange market.

Official cover of forward operations | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

| Prescription of currency requirements | No.  
Controls on the use of domestic currency | No.  
For current transactions and payments | No.  
For capital transactions | No.  
Transactions in capital and money market instruments | No.  
Transactions in derivatives and other instruments | No.  
Credit operations | No.  
Use of foreign exchange among residents | No.  
Payments arrangements | No.  
Bilateral payments arrangements | No.  
Operative | No.  
Inoperative | No.  
Regional arrangements | No.  
Clearing agreements | No.  
Barter agreements and open accounts | No.  
Administration of control | No.  
Payments arrears | No.  
Official | No.'
Private

Controls on trade in gold (coins and/or bullion)
On domestic ownership and/or trade
On external trade

Controls on exports and imports of banknotes
On exports
Domestic currency
Foreign currency
On imports
Domestic currency
Foreign currency

References to legal instruments and hyperlinks

HONG KONG SAR

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Residents Accounts

Foreign exchange accounts permitted
Held domestically
Approval required
Held abroad
Approval required
Accounts in domestic currency held abroad
Accounts in domestic currency convertible into foreign currency
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Approval required
Domestic currency accounts
Convertible into foreign currency
Approval required
Blocked accounts

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Imports and Import Payments

**Foreign exchange budget**
No.

**Financing requirements for imports**
No.

**Minimum financing requirements**
No.

**Advance payment requirements**
No.

**Advance import deposits**
No.

**Documentation requirements for release of foreign exchange for imports**
No.

**Domiciliation requirements**
No.

**Preshipment inspection**
No.

**Letters of credit**
No.

**Import licenses used as exchange licenses**
No.

**Other**
No.

**Import licenses and other nontariff measures**
Yes.

**Positive list**
No.

**Negative list**
Yes. Imports of certain articles are subject to licensing by various government agencies. Most licenses are required for reasons of public health, safety, environmental protection, or security or to fulfill Hong Kong SAR’s international trade obligations. Articles subject to import licensing requirements include rice, rough diamonds, and strategic commodities, pesticides, pharmaceutical products and medicines, proprietary Chinese medicines and certain Chinese herbal medicines, and radioactive substances and irradiating apparatus.

**Open general licenses**
No.

**Licenses with quotas**
Yes. In compliance with the Montreal Protocol, imports of ozone-depleting substances are subject to licenses and quotas (for hydrochlorofluorocarbons only).

**Other nontariff measures**
No.

**Import taxes and/or tariffs**
No. Imports are free of duty, although an excise tax for revenue and health purposes is levied on imported and domestically produced cigarettes and other tobacco products, liquor, methyl alcohol, and hydrocarbon oils.

**Taxes collected through the exchange system**
No.

**State import monopoly**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

**Repatriation requirements**
No.

**Surrender requirements**
No.
Exemptions and controls on exit issues of gold and gold bullion are subject to certain controls, including surrender of gold to the Hong Kong Monetary Authority (HKMA). surrender of gold to the specified authorized dealers is also subject to controls. surrender of gold to the指定授权行 is subject to controls.

Export requirements

- **Surrender to the central bank**: No.
- **Surrender to authorized dealers**: No.
- **Financing requirements**: No.
- **Documentation requirements**: No.
- **Letters of credit**: No.
- **Guarantees**: No.
- **Domiciliation**: No.
- **Preshipment inspection**: No.
- **Other**: No.
- **Export licenses**: Yes.
  - Without quotas: Yes. Exports of certain articles are subject to licensing by various government agencies. Most licenses are required for reasons of public health, safety, environmental protection, or security or to fulfill Hong Kong SAR’s international trade obligations. Articles subject to export licensing requirements include rice, rough diamonds, strategic commodities, and powdered formula (for infants and young children aged less than 36 months), pesticides, pharmaceutical products and medicines, and proprietary Chinese medicines and certain Chinese herbal medicines.
  - With quotas: No.
- **Export taxes**: No.
  - Collected through the exchange system: No.
  - Other export taxes: No.
- **References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

- **Controls on these transfers**: No.
- **Trade-related payments**: No.
  - **Prior approval**: No.
  - **Quantitative limits**: No.
  - **Indicative limits/bona fide test**: No.
- **Investment-related payments**: No.
  - **Prior approval**: No.
  - **Quantitative limits**: No.
  - **Indicative limits/bona fide test**: No.
- **Payments for travel**: No.
  - **Prior approval**: No.
### Quantitative limits
- No.

### Indicative limits/bona fide test
- No.

### Personal payments
- No.

### Prior approval
- No.

### Foreign workers' wages
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Indicative limits/bona fide test
- No.

### Credit card use abroad
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Indicative limits/bona fide test
- No.

### Other payments
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Indicative limits/bona fide test
- No.

### References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Proceeds from Invisible Transactions and Current Transfers

### Repatriation requirements
- No.

### surrender requirements
- No.

### surrender to the central bank
- No.

### surrender to authorized dealers
- No.

### Restrictions on use of funds
- No.

### References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Capital Transactions

### Controls on capital transactions
- Yes.

### Repatriation requirements
- No.

### surrender requirements
- No.

### surrender to the central bank
- No.
There are no exchange controls on capital receipts or payments by residents or nonresidents. A license or authorization is required for companies, whether incorporated in Hong Kong SAR or elsewhere, to conduct banking, insurance, securities, and futures dealings. All overseas companies with a place of business in Hong Kong SAR are required to register with the Companies Registry within one month of establishing a business in Hong Kong SAR.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>No.</td>
</tr>
</tbody>
</table>

**On capital market securities**

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**On money market instruments**

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**On collective investment securities**

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on derivatives and other instruments**

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong Exchanges and Clearing Ltd., which oversees the Stock Exchange of Hong Kong, the Hong Kong Futures Exchange, and its associated clearinghouses, imposes disclosure and position limits on derivatives products for risk management reasons. The disclosure and position limits are also stipulated in the subsidiary legislation. The position limits for Hang Seng Index and Hang Seng China Enterprises Index futures and options contracts are determined at a combined delta limit of 10,000 and 12,000 contracts, respectively. Market participants may apply for an excess position limit for Hang Seng Index and Hang Seng China Enterprises Index futures and options contracts. The excess limit was increased to 300%, bringing...</td>
<td></td>
</tr>
</tbody>
</table>
more flexibility into the existing position limit regime by enabling the Securities and Futures Commission to authorize exchange participants or their affiliates, as well as asset managers to exceed the statutory position limits for Hang Seng Index and Hang Seng China Enterprises Index futures and options contracts to meet their specific business needs as set out in the subsidiary legislation.

| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |

Controls on credit operations

Commercial credits

By residents to nonresidents

To residents from nonresidents

Financial credits

By residents to nonresidents

To residents from nonresidents

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

To residents from nonresidents

Controls on direct investment

Outward direct investment

Inward direct investment

In general, there are no special legal, regulatory, or administrative guidelines governing foreign investment in Hong Kong SAR, except for very limited regulatory requirements concerning investment in broadcasting, for which the requirements are at par with international standards. The foreign control restriction regime does not impose ownership control per se but restricts persons and companies from exercising control of licensed broadcasters on the basis of residency requirement.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |

Purchase locally by nonresidents

In general, there are no special legal, regulatory, or administrative guidelines governing foreign investment in Hong Kong SAR, except for very limited regulatory requirements concerning investment in broadcasting, for which the requirements are at par with international standards. The foreign control restriction regime does not impose ownership control per se but restricts persons and companies from exercising control of licensed broadcasters on the basis of residency requirement.

Unless otherwise specified in the Stamp Duty Ordinance (Cap 117), residential properties acquired on or after October 27, 2012, by any person except a Hong Kong Permanent Resident (HKPR) acting on his or her own behalf are subject to Buyer’s Stamp Duty at a flat rate of 15%.

Unless otherwise specified in the Stamp Duty Ordinance, properties (both residential and nonresidential) acquired from February 23, 2013, to November 4, 2016, are subject to Doubled Ad Valorem Stamp Duty (that is, ad valorem stamp duty at the then Scale 1
(which was later rearranged as Part 2 of Scale 1 following the introduction of New Residential Stamp Duty) of the First Schedule to the Stamp Duty Ordinance, except for those residential properties acquired by a HKPR acting on his or her own behalf and does not own any other residential property in Hong Kong SAR at the time of acquisition. For the latter scenario, ad valorem stamp duty at Scale 2 of the First Schedule to the Stamp Duty Ordinance (that is, the original stamp duty rate before the introduction of Doubled Ad Valorem Stamp Duty) will apply.

Unless otherwise specified in the Stamp Duty Ordinance, residential properties acquired on or after November 5, 2016, are subject to the New Residential Stamp Duty at a flat rate of 15%, except for those residential properties acquired by a HKPR acting on his or her own behalf and does not own any other residential property in Hong Kong SAR at the time of acquisition. For the latter scenario, ad valorem stamp duty at Scale 2 of the First Schedule to the Stamp Duty Ordinance will continue to apply. Nonresidential properties acquired on or after November 5, 2016, are not affected and continue to be subject to Doubled Ad Valorem Stamp Duty.

Non-HKPRs may continue to purchase residential properties in Hong Kong SAR without restriction on payment of the Buyer’s Stamp Duty and the New Residential Stamp Duty.

| Sale locally by nonresidents | No. |
|控个人资本交易 | No. |
| Loans | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Gifts, endowments, inheritances, and legacies | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Settlement of debts abroad by immigrants | No. |
| Transfer of assets | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| Transfer of gambling and prize earnings | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

- **Provisions specific to commercial banks and other credit institutions**: Yes. The limits and restrictions stated below are set by the HKMA for prudential reasons only.
- **Borrowing abroad**: No.
- **Maintenance of accounts abroad**: Yes. The HKMA may prohibit AIs from maintaining accounts (including for the purpose of granting loans and credits) with foreign banks if transactions conducted through these accounts are not made in the interest of the depositors of these institutions.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes</td>
<td>AIs incorporated in Hong Kong SAR may extend loans and credit facilities to a single customer group up to 25% of their Tier 1 capital. This limit also governs other financial exposures, including securities issued by the company.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
<td>AIs incorporated in Hong Kong SAR may extend loans and other credit facilities to a single customer group (irrespective of the currency) up to 25% of their Tier 1 capital. This limit also governs other financial exposures, including securities issued by the company.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes</td>
<td>AIs incorporated in Hong Kong SAR may hold the securities of one company up to 25% of their Tier 1 capital. This limit also governs other financial exposures, including loans and other credit facilities extended to the company, irrespective of the currency.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No</td>
<td>No distinction is made between local and overseas investments.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
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</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes</td>
<td>AIs incorporated in Hong Kong SAR must not (1) establish or acquire an overseas banking subsidiary without the HKMA approval; (2) acquire share capital in a company worth more than 5% of the Tier 1 capital of the institution at the time of acquisition without the HKMA approval; (3) incur equity exposures in aggregate more than 25% of the Tier 1 capital of the institution (this restriction does not apply if the equity exposure in the form of share capital (a) is held as security for facilities granted; (b) was acquired through an underwriting or a sub-underwriting contract for a period not exceeding seven days; or (c) was acquired through debt satisfaction, in which case the share capital must be disposed of as soon as possible, but no later than 18 months after its acquisition); or (4)</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
effective October 1, 2019, purchase or hold an interest in foreign or domestic land of an aggregate value exceeding 50% of the adjusted Tier 1 capital of the institution (a new limit) and purchase or hold interest in foreign or domestic land, other than for self-use, of an aggregate value exceeding 25% of the Tier 1 capital (previously 25% of capital base) of the institution (these restrictions do not apply to (a) interest in land that was mortgaged to the institution to secure a debt or (b) interest in land that accrues after the institution has come into possession of the land, provided the interest is disposed of as soon as possible, but no later than 18 months after acquisition).

In banks by nonresidents

No person may become a majority shareholder controller, minority shareholder controller, or indirect controller of an AI incorporated in Hong Kong SAR without the HKMA approval. Any person who becomes such a controller must notify the HKMA within 14 days. Note-issuing activity is subject to review, and the license may be withdrawn if a foreign government or foreign-government-controlled entity holds 20% or more of the shares in a bank. This requirement is intended to prevent close association between NIBs and foreign sovereign controllers, which is a unique concern, because in Hong Kong SAR notes are issued by commercial banks rather than the CB. In most other countries, foreign investment is not allowed in this activity because the issuance of banknotes is the responsibility of the monetary authority. This condition affects only the issuance of notes and does not affect banks’ other activities.

Open foreign exchange position limits

AIs are expected to set internal limits on their open position in each foreign currency and their aggregate open position in all foreign currencies. No regulatory foreign exchange position limits have been set by the HKMA. However, the HKMA will review AIs’ internal limits as part of its ongoing supervision. Locally incorporated AIs must provide justification to the HKMA if their aggregate open foreign exchange position limits are very large (for example, higher than 25% of their capital base). Foreign exchange limits of foreign banks’ branches in Hong Kong SAR are monitored by their head offices centrally and home supervisory authorities centrally. However, a foreign bank’s branches in Hong Kong SAR may be required to demonstrate the effectiveness of its risk management systems if its aggregate open foreign exchange position limit is higher than 5% of the bank’s capital base. All AIs are required to report their foreign exchange positions as well as any breach of relevant internal limits to the HKMA on a monthly basis.

The above benchmark thresholds are intended to facilitate the HKMA supervisory monitoring of AIs’ foreign exchange risk and are not a general restriction.

On resident assets and liabilities

No.

On nonresident assets and liabilities

No.

Provisions specific to institutional investors

Yes.

Insurance companies

Yes.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

Yes. There is no minimum amount that insurers must hold in investments in locally issued securities. However, insurers carrying out general (or non-life) insurance business locally, other than as professional
reinsurers or captive insurers, are required to maintain assets in Hong Kong SAR to match their liabilities from such insurance business. The eligible assets are not limited to local securities and may be in the form of cash, bank deposits, or landed properties.

Insurers carrying on long-term business (life insurers) are required to have their assets matched with the insurance liabilities as regards currency. Where there is currency mismatch in the assets and liabilities, life insurers are required to set aside prudent provision against the effects of changes in exchange rates on the adequacy of assets.

**Currency-matching regulations on assets/liabilities composition**

Yes.

**Pension funds**

Yes.

**Limits (max.) on securities issued by nonresidents**

No.

**Limits (max.) on investment portfolio held abroad**

No.

**Limits (min.) on investment portfolio held locally**

No.

**Currency-matching regulations on assets/liabilities composition**

Yes. For MPF plans, at least 30% of the assets of a constituent fund must be held in Hong-Kong-dollar-denominated currency investments, as measured by effective currency exposure.

**Investment firms and collective investment funds**

No.

**Limits (max.) on securities issued by nonresidents**

No.

**Limits (max.) on investment portfolio held abroad**

No.

**Limits (min.) on investment portfolio held locally**

No.

**Currency-matching regulations on assets/liabilities composition**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

**Investment regulations**

**Abroad by banks**

10/01/2019

Authorized institutions incorporated in Hong Kong SAR must not purchase or hold an interest in foreign or domestic land of an aggregate value exceeding 50% of the adjusted Tier 1 capital of the institution (a new limit) and purchase or hold interest in foreign or domestic land, other than for self-use, of an aggregate value exceeding 25% of the Tier 1 capital (previously 25% of capital base) of the institution (these restrictions do not apply to (a) interest in land that was mortgaged to the institution to secure a debt or (b) interest in land that accrues after the institution has come into possession of the land, provided the interest is disposed of as soon as possible, but no later than 18 months after acquisition).
HUNGARY

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

May 6, 1982.

Article VIII

Yes. Date of acceptance: January 1, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

No.

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons

Yes.

Hungary maintains certain exchange restrictions related to the freezing of funds and economic resources of the following: (1) certain officials of Belarus; (2) certain individuals and entities in the Democratic Republic of the Congo; (3) certain individuals and entities in Lebanon, Myanmar, Sudan, and Syria; (4) certain individuals and entities in the Islamic Republic of Iran and Libya; (5) certain individuals, entities, and bodies in view of the situation in Ukraine; and (6) certain individuals undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Yes.

Other security restrictions

Yes.

Within the framework of the CFSP, the EU applies restrictive measures either autonomously or implementing binding resolutions of the UNSC with regard to the Treaty on European Union (in particular, Article 29) and the Treaty on the Functioning of the European Union (in particular, Article 75 or 215). Restrictive measures imposed by the EU may target governments of third countries, entities, and individuals. They may comprise specific or general trade restrictions (import and export bans), financial restrictions, restrictions on admission (visa or travel bans), and other measures. EU Council regulations imposing sanctions and related Council decisions and Commission regulations are part of the EU law and take precedence over conflicting legislation of Hungary as a member of the EU. Such regulations are directly applicable and have direct effect in all member states.

Exchange restrictions are in place in accordance with EU regulations with respect to Afghanistan, Belarus, Bosnia and Herzegovina, Burundi, Central African Republic, the Democratic Republic of the Congo, Egypt, Guinea (Conakry), Guinea-Bissau, the Islamic Republic of Iran, Iraq, Lebanon, the Democratic People’s Republic of Korea, Libya, Mali, Myanmar/Burma, Somalia, Sudan, South Sudan, Syria, groups associated with terrorism (Al-Qaida, Taliban, ISIL), Tunisia, Ukraine/Russia (concerning restrictive measures following Russia’s actions destabilizing the situation in Ukraine), Ukraine (concerning restrictive measures in respect of actions undermining the territorial integrity and independence of Ukraine), Yemen, Venezuela, and Zimbabwe.

According to Act No. LII of 2017 on the implementation of financial and asset-related restrictive measures ordered by the EU and the UNSC, the Hungarian authorities implement directly, completely, and without delay the UNSC Resolution decisions about targeted financial sanctions. The method does not require the transposition of
UNSC Resolution decisions at the EU level; at the same time, it includes the implementing rules for the relevant EU regulations as well.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

| Currency          | Yes.       | The currency of Hungary is the Hungarian forint. |
|-------------------|------------|-------------------------------------------------
| Other legal tender | No.        |                                                 |

**Exchange rate structure**

- Unitary: Yes.
- Dual
- Multiple

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement

<table>
<thead>
<tr>
<th>Floating</th>
<th>Yes.</th>
<th>The de jure exchange rate arrangement is free floating. The de facto exchange rate arrangement is classified as floating because of discretionary intervention by the Magyar Nemzeti Bank (MNB) in the foreign exchange market. The general aim is to avoid disruptive market fluctuations and exchange rate overshooting. However, the MNB emphasizes that the Bank generally refrains from intervening in the foreign exchange market. The MNB converts foreign currency for the government and net current and capital transfers from the EU at market rates. These transactions change the foreign exchange reserve position of the MNB. If the resulting reserve dynamics are not in line with the MNB’s reserve management objectives, the Bank will take the necessary measures. The MNB does not publish intervention data.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free floating</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Official exchange rate**

| Yes. | In some cases, the law (for example, Accountancy Act, Act on Tax Administration and the Regulation of Tax Administration, Act on the Rules of Taxation, Act on Enforcement Proceedings to be Implemented by the Tax Authority, Act on the Implementation of Community Customs Law) requires or allows companies to use the official exchange rate when evaluating assets/liabilities or revenues/expenditures denominated in foreign currency. Official MNB foreign exchange rates are fixed each weekday, except national |

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holidays. These rates are valid until publication of the next day’s rates and are fixed at 11:00 a.m. The official euro–forint fixing rate is the simple arithmetic average of the euro–forint quotes of the 10 most active domestic banks in the forint foreign exchange market, after the two highest and two lowest quotes are eliminated. The US dollar–forint fixing rate is calculated using the euro–forint fixing rate and the euro–US dollar market rate at 11:00 a.m. The forint exchange rates against other currencies are derived from the US dollar–forint fixing and the foreign exchange cross-rates at 11:00 a.m.

**Monetary policy framework**

*Exchange rate anchor*

*U.S. dollar*

*Euro*

*Composite*

*Other*

*Monetary aggregate target*

*Inflation-targeting framework*  
Yes.  
The MNB began implementing an inflation-targeting framework in the summer of 2001.

*Target setting body*  
Yes.

*Government*

*Central Bank*

*Monetary Policy Committee*  
Yes.  
The Monetary Council adopts its resolutions by a simple majority of the votes of the members present. In the event of a tied vote, the chairman of the Monetary Council, or in the absence of the chairman the deputy chairman must have the casting vote. Operational independence is ensured regarding decisions on the inflation target.

*Central Bank Board*

*Other*

*Government and Central Bank*

*Inflation target*  
Yes.

*Target number*  
Yes.

*Point target*

*Target with tolerance band*  
Yes.  
The current medium-term target for inflation is 3% increase (±1 percentage point (pp)) in consumer prices as measured by the CPI regularly published by the Hungarian Central Statistical Office. The tolerance band was introduced in 2015.

*Band/Range*

*Target measure*  
Yes.  
In August 2005, the Bank adopted an explicit medium-term (“continuous”) inflation target for the period starting in 2007, after year-end targets between 2001 and 2006. The time horizon relevant for the Monetary Council is 1.5–2 years.

*CPI*  
Yes.  
The CPI is the measure of the price changes of goods and services intended for household consumption and is calculated on the basis of the same month of the previous year. It is published monthly by the
Hungarian Central Statistical Office.

**Core inflation**

**Target horizon**
Yes. The time horizon relevant for the Monetary Council is 1.5–2 years.

**Operating target (policy rate)**
Yes.

**Policy rate**
Yes. The MNB’s base rate (rate on required reserves) is the policy rate. Given the excess liquidity in the banking system, the MNB overnight deposit rate (−15 basis points since September 2017, which was increased to −5 basis points on March 27, 2019) provides a floor.

**Target corridor band**
Yes. The MNB maintains an asymmetric overnight interest rate corridor to prevent extreme fluctuations in interbank rates. The interest rate paid on overnight CB deposits equals the base rate minus 95 basis points, and the interest to be paid on overnight collateralized loans equals the base rate (currently, 0.60%).

**Other**
Yes. The Bank continues to rely on liquidity providing foreign exchange swaps to manage the liquidity in the banking system. A monetary policy interest rate swap (IRS) is in place, with a annual maximum stock limit of HUF [1,100 billion] set by the Council for 2019. On January 1, 2019, Funding for Growth Scheme Fix to encourage longer interest rate fixation periods for lending to small and medium enterprises (SMEs) was introduced, and on July 1, 2019, a purchase program for corporate bonds began. The liquidity effect of both these programs is sterilized.

**Accountability**
Yes.

**Open letter**
No.

**Parliamentary hearings**
Yes. The governor of the MNB reports to the parliament’s Standing Committee for Economic Affairs in writing semiannually on the MNB’s semiannual activity. On request, the governor must be obliged to attend in person and supplement the report orally. On request, the governor of the MNB must provide information to the competent committee of the parliament.

**Other**
No.

**Transparency**
Yes.

**Publication of votes**
Yes. The MNB has been publishing individual voting records since 2005. The voting records of the Monetary Council published in the minutes are also available in time series format.

**Publication of minutes**
Yes. Abridged minutes of the Council’s rate-setting meetings are released regularly after two weeks, before the next policy meeting takes place. The minutes present the decision-makers’ assessment of current economic conditions and the factors they consider when deciding on the base rate, including votes cast by individual members of the Council. To provide more detailed information, background materials appear as a separate publication with enhanced content under the title “Macroeconomic and financial market developments,” at the same time as the abridged minutes.

**Publication of inflation forecasts**
Yes. Inflation forecasts are published quarterly in the Inflation Report.

**Other monetary framework**

**Exchange tax**
No.

**Exchange subsidy**
No.

**Foreign exchange market**
Yes. Commercial banks may set the exchange rate freely in transactions.
The Act on Credit Institutions and Financial Enterprises states that currency exchange activities are subject to authorization by the MNB. According to the law, authorization to engage in currency exchange activities is granted to credit institutions and their agents. On December 31, 2019, there were 146 foreign exchange bureaus in Hungary and 40 credit institutions. Licensing requires the fulfillment of several technical and personnel criteria. The MNB website provides more detailed information, including a list of authorized agents. Agents may only purchase and sell banknotes, but credit institutions may also make foreign currency payments and transfers on behalf of their clients. Foreign exchange bureaus may not enter into foreign exchange transactions directly with the MNB.

Operated by the central bank No.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.

Interbank market Yes. The foreign exchange market operates based on broker systems (Reuters D-3000 Spot Matching and Electronic Broking Services) and on the OTC bilateral market. There are market makers in both markets. Because there are no controls on foreign exchange transactions, financial institutions do not need a license to trade. All banks and financial institutions are free to participate in the interbank market. There are no limits on the bid-ask spreads and commissions of market participants. As of end-December 2019, according to the data provided by domestic credit institutions, 160 credit institutions dealt in the forint/foreign exchange spot market, of which 58 were domestic credit institutions.

Over the counter Yes. The foreign exchange market is an OTC bilateral market.

Brokerage Yes. The foreign exchange market is based in part on broker systems (Reuters D-3000 Spot Matching and Electronic Broking Services).

Market making Yes. Market makers are present in the OTC and brokerage markets.

Forward exchange market Yes. All banks may engage in forward transactions at exchange rates negotiated freely with their customers. As part of its monetary policy operations, the MNB has a euro liquidity arrangement that provides foreign exchange swap instruments with maturities up to and including 12 months.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No.
Controls on the use of domestic currency No.
For capital transactions No.
Transactions in capital and money market No.
**HUNGARY**

<table>
<thead>
<tr>
<th>Instruments</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Use of foreign exchange among residents** No.

**Payments arrangements** Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Hungary is a member of the EU, and the MNB is a member of the European System of Central Banks.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control No.

Payments arrears No.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) No.

On domestic ownership and/or trade No.

On external trade No.

Controls on exports and imports of banknotes No.

In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and in case of suspicion of money laundering report it to their national FIU. The Hungarian FIU maintains statistics of suspicious transaction reports by Customs, including all relevant information. According to the EC regulation, an incorrect or incomplete declaration does not fulfill the obligation. To check compliance with the regulation, national authorities have the right to search natural persons, their baggage, and their means of transportation. The EC regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EC regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EC regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EC regulation; the EC regulation only...
harmonizes the system for the EU’s external borders. To better enforce the EU legislation, Act No. XLVIII of 2007 on the Implementation of Regulation (EC) No. 1889/2005 of the European Parliament and of the Council of October 26, 2005, on controls of cash entering or leaving the Community (“Cash Control Act”) was adopted. The evaluators regarded the EU Cash Control Regulation and the Cash Control Act as the legal basis for the cross-border declaration system in Hungary. An amendment to the Cash Control Act introduced effective, proportionate, and dissuasive sanctions for failure to declare or false declaration of cash. The relevant article of the Cash Control Act now includes an administrative fine of up to 50% of the undeclared amount, to be paid on the spot for failure to declare or false declaration of cash. (The highest level of the fine was reduced to 50% because of the European Court Decision in case number C-255/2014, which stated that a 60% fine was not proportionate.) The customs authority may retain the object of the procedure (the amount of cash equal to the fine) if there is a risk of nonpayment of the fine. The Act has also been amended with equity regulations; in case of non- or false declaration, on request the fine may be reduced by 50%, if the delinquent presents substantive proof of the origin of the cash in question. Furthermore, in case of false declaration, the basis of the imposed fine is the amount of cash exceeding the declared amount.

On exports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

On imports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

- **Foreign exchange accounts permitted**: Yes.
- **Held domestically**: Yes. According to EU Directive No. 2007/64/EC, balances may be transferred abroad freely.
<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| References to legal instruments and hyperlinks       | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

| Foreign exchange accounts permitted                   | Yes.                                                                 |
| Approval required                                     | No.                                                                 |
| Domestic currency accounts                            | Yes.                                                                 |
| Convertible into foreign currency                     | Yes.                                                                 |
| Approval required                                     | No.                                                                 |
| Blocked accounts                                      | No.                                                                 |
| References to legal instruments and hyperlinks       | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

| Foreign exchange budget                               | No.                                                                 |
| Financing requirements for imports                   | No.                                                                 |
| Minimum financing requirements                        | No.                                                                 |
| Advance payment requirements                          | No.                                                                 |
| Advance import deposits                               | No.                                                                 |
| Documentation requirements for release of foreign exchange for imports | No.                                                               |
| Domiciliation requirements                            | No.                                                                 |
| Preshapement inspection                               | No.                                                                 |
| Letters of credit                                     | No.                                                                 |
| Import licenses used as exchange licenses             | No.                                                                 |
| Other                                                 | No.                                                                 |
| Import licenses and other nontariff measures          | Yes.                                                                |
| Positive list                                         | No.                                                                 |

Controls apply to deposits of funds with non-EU financial institutions by a small domestic insurance company if such assets are to form part of its technical reserves. The controls mean that these small insurance companies, which do not provide cross-border services, need to keep its technical reserves in assets which are not outside of the OECD.
| Negative list | Yes. | In accordance with EU regulations, no import licenses are required, except for certain products that are subject to quantitative restrictions, safeguard measures, or import surveillance. For agricultural products, the import licensing system is automatic and used only for statistical purposes. Imports of certain products are subject to licensing (for example, explosives and firearms; ammunition; military equipment; dual-use goods; certain goods that could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment or punishment; and certain drugs). |
| Open general licenses | No. |
| Licenses with quotas | Yes. | In accordance with EU regulations, licenses are required for a number of products in the agricultural sector subject to tariff quotas. In addition, licenses are required for certain imports subject to quantitative restrictions. |
| Other nontariff measures | No. |
| **Import taxes and/or tariffs** | Yes. | Goods for personal use brought in by returning Hungarian travelers are subject to import duties above a duty-free value limit in accordance with the EU customs legislation based on the invoice price. Relief from import duties is granted in Article 41 of EU Regulation No. 1186/2009/EC in case of duty-free allowance under EU Directive No. 2007/74/EC which is €430 for air passengers, €300 for other passengers, and €150 for passengers younger than 15. For tobacco products and alcoholic beverages, quantitative limits apply. |
| Taxes collected through the exchange system | No. |
| **State import monopoly** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exports and Export Proceeds**

| Repatriation requirements | No. |
| Surrender requirements | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| Financing requirements | No. |
| **Documentation requirements** | No. |
| Letters of credit | No. |
| Guarantees | No. |
| Domiciliation | No. |
| Preshipment inspection | No. |
| Other | No. |
| **Export licenses** | Yes. | Exports of certain products require a license (mainly military and dual-use goods; sport and hunting guns and ammunition; and certain goods that could be used for capital punishment, torture, or other |
| Without quotas | Yes. | |

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

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cruel, inhuman, or degrading treatment or punishment).

<table>
<thead>
<tr>
<th>Reference to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
</table>

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>
Other payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Controls on capital and money market instruments Yes.

On capital market securities Yes.

Shares or other securities of a participating nature Yes.

Purchase locally by nonresidents Yes. Controls apply to the purchase of shares or other securities of a participating nature that may be affected by regulations on inward direct investment in strategically important corporations (Act No. CXVI of 2007) and establishment in air transportation (Act No. XCVII of 1995, Section 22–23/A) and in companies licensed to operate in international waters (Act No. XLII of 2000, Section 12).

Effective June 18, 2020, controls apply to (1) acquire (directly or indirectly) a majority influence in a strategic company and (2) acquire at least 10% of all shares, provided the overall value of the investment reaches or exceeds HUF 350 million. This provision expires on December 31, 2020.

Sale or issue locally by nonresidents No.

Purchase abroad by residents Yes. Controls apply to the purchase of securities issued by nonresidents if such assets are to form part of the cover of the technical provisions of a small domestic insurance company, unless the assets (1) were...
issued by (a) an OECD or EEA member country, (b) local or regional authorities of OECD or EEA member countries, (c) business operations established in an OECD or EEA member country, or (d) an international organization to which one or more OECD or EEA member countries belong; and (2) are kept in the territory of OECD or EEA member countries (Act No. LXXXVIII of 2014, Section 223).

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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</tr>
<tr>
<td>Purchase abroad by residents</td>
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<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to the purchase of securities issued by nonresidents if such assets are to form part of the cover of the technical provisions of a small domestic insurance company, unless the assets (1) were issued by (a) an OECD or EEA member country, (b) local or regional authorities of OECD or EEA member countries, (c) business operations established in an OECD or EEA member country, or (d) an international organization to which one or more OECD or EEA member countries belong; and (2) are kept in the territory of OECD or EEA member countries (Act No. LXXXVIII of 2014, Section 223).
member countries belong; and (2) are kept in the territory of OECD or EEA member countries (Act No. LXXXVIII of 2014, Section 223).

<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to credits and loans granted to nonresidents if the asset is a mortgage loan with real estate collateral outside the EU and is to form part of the technical reserves of a small domestic insurance company.

With respect to nonresidents, controls apply to (1) airlines established in the country that must be majority owned and effectively controlled by EU countries and/or nationals of EU countries, unless otherwise provided for through an international agreement to which the EU is a signatory; (2) acquisition of a shipping license to operate in international waters, which is reserved for companies established in Hungary and operating shipping vessels registered in EU member countries (however, there are no restrictions preventing the establishment by nonresidents of a company in Hungary through which a shipping license is available); (3) asset management services by branches of nonresident investors located outside the EU for domestic mandatory and voluntary private pension funds; (4) the extent that under EU Directive No. 2009/65/EC, a depositary of a UCITS must either have its registered office or be established in the UCITS home member state; and (5) nonresident investors located outside the EU through acquiring or establishing directly or indirectly more than 25% of the shares of companies (or more than 10% of shares of publicly listed company) established in Hungary which engaged in activities described by the Act No. LVII of 2018.
Effective June 18, 2020, controls apply to (1) acquire (directly or indirectly) a majority influence in a strategic company and (2) acquire 15%, 20%, or 50% in a strategic company or if the joint shareholding of all the foreign investors would exceed 25% in a strategic company. If the transaction involves a Hungarian strategic company, but that Hungarian strategic company was already foreign-owned, then the indirect change of that foreign ownership falls outside of the Interim Measures Act (Interim Measures Act, Section 277). This provision expires on December 31, 2020.

Controls on liquidation of direct investment
No.

Controls on real estate transactions
Yes.

*Purchase abroad by residents*
Yes. Real estate investment by small insurance companies is limited to EEA countries. Mandatory and voluntary pension funds may invest only in real estate in the EEA. Controls apply to the acquisition of real estate outside the EU (1) if such assets are to form the technical reserves of a small insurance company and (2) by a voluntary mutual insurance fund or a mandatory pension fund.

*Purchase locally by nonresidents*
Yes. Controls apply to real estate investments by nonresidents, except (1) the acquisition of agricultural land by EU nationals who want to establish themselves as self-employed farmers and who have been legally resident and active in farming in Hungary for at least three years continuously; (2) the acquisition of a primary residence by EU nationals and the acquisition of real estate other than agricultural land by legal persons and unincorporated entities established in the EU; and (3) the acquisition of secondary residences by EU nationals who have been legally resident in Hungary for at least four years continuously.

*Sale locally by nonresidents*
No.

Controls on personal capital transactions
No.

*Loans*
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

*Gifts, endowments, inheritances, and legacies*
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

*Settlement of debts abroad by immigrants*
No.

*Transfer of assets*
No.

Transfer abroad by emigrants
No.

Transfer into the country by immigrants
No.

*Transfer of gambling and prize earnings*
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**
The Foreign Exchange Funding Adequacy Ratio (FFAR) is calculated as the ratio of the available amount of stable foreign currency funding divided by weighted foreign-currency-denominated assets outstanding. The FFAR regulation based on the NSFR methodology is in force since July 1, 2012, and has been amended three times to comply with evolving international standards and market developments. The measure aims to reduce the maturity mismatch of the banking sector’s foreign exchange position. The required level of the FFAR is 100%.

To further reduce denomination mismatches in the balance sheet of credit institutions and to assist the regulatory objectives of the FFAR, the MNB as macroprudential authority also introduced the Foreign Exchange Coverage Ratio (FECR), which limits the on-balance-sheet denomination mismatch of credit institutions to 10% of the balance sheet total.

Since July 1, 2018, the interbank funding ratio (IFR) was introduced to prevent excessive reliance on funding originated from financial corporations. Wholesale funding from financial corporations—weighted according to currency and maturity with some exemptions not to hamper normal banking operations—must not exceed 30% of total liabilities excluding own funds.

The MNB took a comprehensive package of financial measures to mitigate the impacts of the emergency situation related to the coronavirus outbreak on the financial intermediary system. This package modified the FFAR and the FECR. Effective March 24, 2020, for the FFAR, foreign exchange liabilities from financial customers with a residual maturity of over one year are subdivided into groups according to residual maturity, with higher (more favorable) weights for longer maturities. This is to strengthen the banking system. Previously, the FFAR regulation accepted foreign exchange funds with a residual maturity over one year as 100% stable funds, regardless of the funding partner or fund type.

Elements to be included in the calculation in case of foreign currency deposits and foreign currency liabilities with a remaining maturity of 1 year or more are (1) foreign currency bonds with a remaining maturity of 1 year or more (weight=100%), (2) foreign currency deposits and liabilities of households, non-financial corporations (SMEs included), and other sectors with a remaining maturity of 1 year or more (weight=100%), (3) foreign currency deposits and liabilities of financial corporations with a remaining maturity of 1–2 years, including deposits of money market funds (weight =70%), (4) foreign currency deposits and liabilities of financial corporations with a remaining maturity of 2–5 years, including deposits of money market funds (weight=90%), and (5) foreign currency deposits and liabilities of financial corporations with a remaining maturity of 5 years or more (weight=100%).

Effective March 24, 2020, the FECR determining a limit on the foreign exchange mismatches between assets and liabilities relative to the balance sheet total is narrowed from 15% to 10%, thus constraining bank’s on-balance-sheet currency mismatch.

Borrowing abroad
No.

Maintenance of accounts abroad
No.

Lending to nonresidents (financial or commercial credits)
No.

Lending locally in foreign exchange
Yes.

Notification is required pursuant to EU Directive No. 2013/36/EC in case of cross-border services.

MNB Decree No. 32/2014 (IX. 10) (modified by MNB Decree No. 29/2018 (VIII. 21)) on the regulation of DSTI and LTV ratios.
introduced new DSTI and LTV limits. The Decree requires that the earnings of the borrower be properly documented, regardless of the currency. The following stricter LTV restrictions differentiate according to the type and the currency of loans: (1) real-estate-backed mortgage loans: 50% for loans in euros, 35% for loans in other foreign currencies, and 80% for loans in Hungarian forint (HUF); (2) financial real estate leasing: 55% for loans in euros, 40% for loans in other foreign currencies, and 85% for loans in HUF; (3) vehicle financing: 45% for loans in euros, 30% for loans in other foreign currencies, and 75% for loans in HUF; and (4) vehicle leasing: 50% for loans in euros, 35% for loans in other foreign currencies, and 80% for loans in HUF. These restrictions do not affect loan conversions in the same foreign currency (for example, a Swiss franc loan may be converted to another Swiss franc loan). The MNB Decree differentiates the DSTI limits for new mortgage loans denominated in HUF with over 5 years of maturity based on the length of the interest rate fixation period and the net monthly income of the borrower. From July 1, 2019, the limits are as follows: For borrowers with net income below HUF 5,00,000 (previously HUF 4,00,000), the limit for (1) floating or fixed interest rates for less than 5 years is 25%; (2) for interest rates fixed for at least 5 years but less than 10 years, the limit is 35%; and (3) for interest rates fixed for at least 10 years or for the whole term, it is 50%. For borrowers with net income of HUF 5,00,000 (previously HUF 4,00,000) or above, the limit for (1) floating or fixed interest rates for less than 5 years is 30%; (2) for interest rates fixed for at least 5 years but less than 10 years, the limit is 40%; and (3) for interest rates fixed for at least 10 years or for the whole term, it is 60%. EUR limits for the relevant income categories: for below-5-years interest fixation period 15/20% and for 5 years or longer interest fixation period 25/30%. Limits for mortgage loans denominated in other foreign currencies for below-5-years interest fixation period 5/10% and for 5 years or longer interest fixation period 10/15%.

The applicable DSTI limits for uncovered loans or mortgage loans with a maturity of up to 5 years depending on the verified net monthly income of the borrower and the currency of the loan: (1) 50% for net income less than HUF 5,00,000, 25% for loans in euros, and 10% for loans in other foreign currencies; (2) 60% for net income higher than HUF 5,00,000, 30% for loans in euros, and 15% for loans in other foreign currencies.

Purchase of locally issued securities denominated in foreign exchange No.
Differential treatment of deposit accounts in foreign exchange No.

| Reserve requirements    | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |
| Differential treatment of deposit accounts held by nonresidents | No. |

| Reserve requirements | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
### Credit controls

No.

### Investment regulations

No.


### Abroad by banks

No.

### In banks by nonresidents

No.

### Open foreign exchange position limits

Yes.

There is no specific limit on net open foreign exchange positions; however, banks must calculate their own funds requirements according to Article 351 of the CRR (Regulation (EU) No. 575/2013), which applies to all EU members. “If the sum of an institution’s overall net foreign exchange position and its net gold position, calculated in accordance with the procedure set out in Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. The own funds requirement for foreign exchange risk must be the sum of its overall net foreign exchange position and its net gold position in the reporting currency, multiplied by 8%.”

### On resident assets and liabilities

Yes.

There is no specific limit on net open foreign exchange positions; however, banks must calculate their own funds requirements according to Article 351 of the CRR (Regulation (EU) No. 575/2013), which applies to all EU members. “If the sum of an institution’s overall net foreign exchange position and its net gold position, calculated in accordance with the procedure set out in Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. The own funds requirement for foreign exchange risk must be the sum of its overall net foreign exchange position and its net gold position in the reporting currency, multiplied by 8%.”

### On nonresident assets and liabilities

Yes.

There is no specific limit on net open foreign exchange positions; however, banks must calculate their own funds requirements according to Article 351 of the CRR (Regulation (EU) No. 575/2013), which applies to all EU members. “If the sum of an institution’s overall net foreign exchange position and its net gold position, calculated in accordance with the procedure set out in Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. The own funds requirement for foreign exchange risk must be the sum of its overall net foreign exchange position and its net gold position in the reporting currency, multiplied by 8%.”

### Provisions specific to institutional investors

Yes.

### Insurance companies

Yes.

Act No. LXXXVIII of 2014 on Insurance Activities (published December 22, 2014) implementing Solvency II Directives is in effect.

### Limits (max.) on securities issued by nonresidents

Yes.

Controls apply to the purchase of securities issued by nonresidents if such assets are to form part of the cover of the technical provisions of a small domestic insurance company, unless the assets (1) are kept in...
the territory of EU members or (2) were issued by (a) an OECD or EEA member country, (b) local or regional authorities of OECD or EEA member countries, (c) business operations established in an OECD or EEA member country, or (d) an international organization to which one or more OECD or EEA member countries belong.

**Limits (max.) on investment portfolio held abroad**

Yes.

Controls apply to (1) real estate investment that forms part of the technical provisions of a small domestic insurance company, unless the real estate is located in EU countries; and (2) foreign assets constituting cover for the technical provisions of an insurance company, unless the assets are kept in EU member countries or were issued by (a) an OECD or EEA member country, (b) local or regional authorities of OECD or EEA member countries, (c) business operations established in an OECD or EEA member country, or (d) an international organization to which one or more OECD or EEA member countries belong.

**Limits (min.) on investment portfolio held locally**

Yes.

Branch offices of third country insurance companies must (1) have sufficient liquid assets to cover the minimum security capital and must deposit one-quarter of these assets as security and (2) keep the liquid assets covering the minimum security capital in Hungary and keep the remainder in the EU.

**Currency-matching regulations on assets/liabilities composition**

Yes.

Small domestic insurance companies are subject to currency-matching regulations as follows: (1) If coverage is expressed in a contract in a specific currency, the insurance company’s liabilities are deemed to be in that currency. (2) The assets of technical provisions must be placed in assets expressed in the type of currency defined above. (3) For non-life insurance, if the contract does not stipulate the currency, the insurance company's commitment is deemed to be in the currency of the country where the risk is located (Annex 8 of the Act).

**Pension funds**

Yes.

The type of currency in which a pension fund is required to keep reserves set aside to cover payments of pension benefits under its own plan to participating fund members must be specified in accordance with the foreign exchange regulations in effect and with the following provisions: (1) If the fund’s benefit payment obligation is denominated in a specific currency, then, for the purposes of compliance with foreign exchange regulations, the fund’s liabilities must be in that currency. (2) The provisions set aside to cover the fund’s benefit plan must be placed in receivables denominated in the currency defined in Paragraph (1). (3) A fund may place up to 30% of its liabilities denominated in a specific currency in assets other than what is defined in Paragraph (2); however, the value of the assets kept in various currencies may not be less than the value of all liabilities kept in various currencies (Section 67(7) of Act No. LXXXII of 1997 on Private Pensions and Private Pension Funds).

**Investment firms and collective investment funds**

No.

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<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Changes during 2019 and 2020</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Transactions</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Controls on capital transactions</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Controls apply to (1) acquire (directly or indirectly) a majority influence in a strategic company and (2) acquire at least 10% of all shares, provided the overall value of the investment reaches or exceeds HUF 350 million. This provision expires on December 31, 2020.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>06/18/2020</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Controls apply to (1) acquire (directly or indirectly) a majority influence in a strategic company and (2) acquire 15%, 20%, or 50% in a strategic company or if the joint shareholding of all the foreign investors would exceed 25% in a strategic company. If the transaction involves a Hungarian strategic company, but that Hungarian strategic company was already foreign-owned, then the indirect change of that foreign ownership falls outside of the Interim Measures Act (Interim Measures Act, Section 277). This provision expires on December 31, 2020.</td>
</tr>
<tr>
<td><strong>Provisions Specific to the Financial Sector</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>For the Foreign Exchange Funding Adequacy Ratio, foreign exchange liabilities from financial customers with a residual maturity of over one year are subdivided into groups according to residual maturity, with higher (more favorable) weights for longer maturities. This is to strengthen the banking system.</td>
</tr>
<tr>
<td></td>
<td>03/24/2020</td>
</tr>
<tr>
<td></td>
<td>The Foreign Exchange Coverage Ratio determining a limit on the foreign exchange mismatches between assets and liabilities relative to the balance sheet total is narrowed from 15% to 10%, thus constraining bank’s on-balance-sheet currency mismatch.</td>
</tr>
<tr>
<td></td>
<td>03/24/2020</td>
</tr>
</tbody>
</table>
ICELAND

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: December 27, 1945.

Article VIII
Yes. Date of acceptance: September 19, 1983.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons Yes. Restrictions are imposed on financial transactions based on UNSC resolutions.

In accordance with IMF Executive Board Decision No. 144-(52/51) Yes. In accordance with UNSC resolutions, restrictions are imposed on financial assets and transactions of Al-Qaida, the Taliban, and other individuals and organizations associated with terrorism.

Other security restrictions Yes. In accordance with UNSC resolutions, restrictions are imposed on financial assets and transactions of Al-Qaida, the Taliban, and other individuals and organizations associated with terrorism.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency Yes. The currency of Iceland is the Icelandic króna.

Other legal tender No.

Exchange rate structure

Unitary Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating Yes. The de jure exchange rate arrangement is free floating. Central bank of Iceland (CBI) intervention in the foreign exchange market has
preserved exchange rate flexibility and maintained reserve adequacy while countering disorderly market conditions. The de facto exchange rate arrangement is classified as a floating arrangement. The CBI publishes monthly data on its interventions in the foreign exchange market. Developments in the trade balance and the foreign exchange market are covered in CBI publications, including the Monetary Bulletin and Financial Stability.

Free floating

**Official exchange rate**  Yes. Every trading day at 14:15 hrs. Central European Time (CET), the CBI determines the official exchange rate of the króna against other currencies, which is used as the rate for official agreements, court cases, and other agreements between parties when no other rate is specified (Article 19 of Central Bank Act No. 36/2001). The reference exchange rate is published on the CBI’s website each business day at 4:00 p.m. Icelandic time. The official rate is based on the price of the euro against the króna, as quoted in the domestic foreign exchange market, and price developments in the market. The fixing is a snapshot of the position in the foreign exchange market.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework  Yes. A formal inflation target was adopted March 27, 2001.

**Target setting body**  Yes.

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank  Yes. Decisions on the application of the CB’s monetary policy instruments are taken by the Monetary Policy Committee (MPC). These monetary policy instruments are its interest rate decisions, transactions with credit institutions other than loans of last resort, decisions on reserve requirements, and foreign exchange market transactions aimed at affecting the exchange rate of the króna. Members of the MPC are the Governor, the Deputy Governor for Monetary Policy, the Deputy Governor for Financial Stability, and two external experts in the fields of economics and monetary policy who are appointed by the prime minister for a term of five years.

The Act on the Central Bank of Iceland requires that the Bank’s MPC meet at least six times a year, make public the minutes of its meetings, and explain its decisions and the rationale behind them.
Each monetary policy decision is published in a statement released by the MPC before the market opens on the day the decision is announced. The MPC publishes the minutes of its meetings two weeks after each interest rate decision. The minutes contain the Committee’s assessment of economic and monetary developments and prospects and MPC members’ reasons for their votes. Further information can be found in the Monetary Policy Committee Rules of Procedure which are approved by the CBI’s Supervisory Board.

By law, the CBI may declare a quantitative target for inflation, with the approval of the minister. According to the joint declaration made by the CBI and the government in 2001, Iceland’s inflation target is defined as an inflation rate of 2½%. If inflation deviates by more than ±1½ percentage points from the target, the CBI is obliged to submit a report to the government explaining the reasons for the deviations from the target, how the CBI intends to react, and how long it will take to reach the inflation target again in the CBI’s assessment. The report must be made public.

<table>
<thead>
<tr>
<th>Inflation target</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target number</td>
<td>Yes.</td>
</tr>
<tr>
<td>Point target</td>
<td>Yes.</td>
</tr>
<tr>
<td>The CBI’s main objective is price stability, defined as a 12-month rise of 2½% in the consumer price index (CPI).</td>
<td></td>
</tr>
<tr>
<td>Target with tolerance band</td>
<td></td>
</tr>
<tr>
<td>Band/Range</td>
<td></td>
</tr>
<tr>
<td>Target measure</td>
<td>Yes.</td>
</tr>
<tr>
<td>CPI</td>
<td>Yes.</td>
</tr>
<tr>
<td>The CPI measures changes in the price of private consumption. Statistics Iceland measures the CPI each month, after having surveyed the price of all goods and services in a defined consumption basket. The consumption basket is based on the results of regularly conducted Statistics Iceland expenditure surveys, which determine the goods and services consumers buy, and in what amounts. The survey findings determine the weight assigned to individual goods and services in the CPI. The expenditure survey has been carried out continuously since 2000, and the results are used in the annual revision of the CPI base.</td>
<td></td>
</tr>
<tr>
<td>Core inflation</td>
<td></td>
</tr>
<tr>
<td>Target horizon</td>
<td>No.</td>
</tr>
<tr>
<td>Operating target (policy rate)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Policy rate</td>
<td>Yes.</td>
</tr>
<tr>
<td>The 7-day term deposit rate is the policy rate.</td>
<td></td>
</tr>
<tr>
<td>Target corridor band</td>
<td>Yes.</td>
</tr>
<tr>
<td>According to the Declaration on Inflation Target and Change in the Exchange Rate Policy, if inflation deviates by more than ±1½ percentage points from the target, the CBI is obliged to submit a report to the government explaining the reasons for the deviations from the target, how the CBI intends to react, and how long it will take to reach the inflation target again in the CBI’s assessment. The report must be made public.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
<tr>
<td>Accountability</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open letter</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| The Act on the CBI stipulates that the MPC must submit to
parliament (Althingi) a report on its activities twice a year and that the contents of the report must be discussed in the parliamentary committee of the Speaker’s choice. Deviations of inflation of more than 1½ percentage points in either direction from the inflation target require a public CBI report to the government explaining the reasons for the deviation from the target and the CBI’s response.

The Act on the CBI stipulates that the MPC of the CBI must submit to parliament (Althingi) a report on its activities twice a year and that the contents of the report must be discussed in the parliamentary committee of the Speaker’s choice.

<table>
<thead>
<tr>
<th>Parliamentary hearings</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td></td>
</tr>
<tr>
<td>Publication of votes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Other monetary framework**

| Exchange tax | No. |
| Exchange subsidy | No. |
| **Foreign exchange market** | Yes. |
| Spot exchange market | Yes. |

Commercial banks may set freely their exchange rates in transactions with their customers.

In accordance with the Foreign Exchange Act No. 87/1992, only the CBI and those parties that either (1) are authorized by law or in accordance with the provisions of international agreements to which Iceland is a party, or (2) have been granted specific authorization by the CBI, may act as intermediaries in foreign exchange transactions.

The former category includes commercial banks (there are currently four commercial banks operating in Iceland), savings banks (currently four), and other financial companies that provide foreign exchange services in connection with their services. It also includes other currency exchange providers (foreign exchange bureaus) that may offer foreign exchange services, provided they register with the CBI’s Financial Supervisory Authority (FME) in accordance with Article 35 of the Act on Measures against Money Laundering and Terrorist Financing No. 140/2018. Currently, one currency exchange provider is operating in Iceland.
As of December 31, 2019, three banks, Arion banki hf., Íslandsbanki hf., and Landsbankinn hf., which act as market makers, may participate in the organized interbank foreign exchange market, along with the CBI (Article 20, Paragraph 1, Section 7, of the Act on Financial Undertakings No. 161/2002). Eligibility to participate in the organized interbank foreign exchange market is governed by CBI regulations. The price of the króna against the euro is determined in the foreign exchange market by market makers that undertake to give indicative quotes for the buying and selling rates for €1 million. Quotes are entered and communicated on a Reuters page and are accessible only to market makers and the CBI. The CBI oversees the market and may trade there (intervene) at any time at the market makers’ quoted rates.

Three banks, which act as market makers, are entitled to participate in the foreign exchange market, together with the CBI. The market makers undertake to give indicative quotes for the buying and selling rates for €1 million. Quotes are entered and communicated on a Reuters page and are accessible only to market makers.

There is no official market in outright forward or swap transactions. Such transactions are conducted by the banks over the counter. The CBI has only rarely participated in foreign exchange derivatives markets (forward and swap) since January 2009 to reduce banks’ foreign exchange imbalances.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

There are no restrictions on cross-border movement of króna-denominated assets other than those that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions. They may be used for capital transactions within the set of offshore assets and investment in designated government-issued bills and CDs issued by the CBI. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types: First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.
Derivatives contracts involving Icelandic Króna (ISK) against a foreign currency, whether they are contracts involving currencies, securities, a combination of currencies and securities, or other comparable financial instruments, are prohibited by Article 13(i), Paragraph 1 of the Foreign Exchange Act. By Article 13(i), Paragraph 2, this prohibition does not apply to contracts that are related solely to trade in goods and services.

Derivatives transactions with financial enterprises in Iceland for the purpose of hedging against exchange rate risk are exempt from these restrictions, on confirmation from the CBI. This permission does not apply to assets that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions or to hedging in connection with bonds issued abroad in domestic currency (glacier bonds).

Parties willing to engage in derivatives transactions must provide the CBI with a short explanation of the nature of the foreign exchange imbalance to be hedged, with supporting documentation such as annual reports, statements of positions in securities, or information about historical foreign exchange imbalances on an income statement. In addition, they must provide information about the form, extent, and maturities of the planned derivative contracts. The CBI then confirms that they constitute a bona fide hedge.

There are no restrictions on cross-border movement of króna-denominated assets other than those that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions.

Loans denominated in foreign currency or krónur may be repaid in krónur and foreign currency, respectively. However, this permission does not apply to assets that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions.

The Ministry of Finance and Economic Affairs (MOF) has the ultimate responsibility for imports and, in consultation with the CBI, for capital movements and foreign exchange regulation. The MOF implements controls on inward FDI. The CBI licenses commercial foreign exchange dealers, grants exemptions from capital controls, and sets reporting requirements for statistical purposes. The CBI may issue foreign exchange and capital transactions regulations in accordance with the Foreign Exchange Act and grants exemptions from that law. The Customs Authority monitors compliance with the requirement that export payments be denominated in foreign currency.

The use of foreign exchange among residents is prohibited.

Payments arrangements, bilateral payments arrangements, operative and inoperative bilateral payments arrangements, regional arrangements, clearing agreements, and barter agreements and open accounts are all prohibited.

Administration of control is under the responsibility of the MOF, with consultation with the CBI.

Payments arrears are covered by the MOF.
<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payment arrears</td>
<td>subject to the same principles as ordinary payments.</td>
</tr>
</tbody>
</table>

**Controls on trade in gold (coins and/or bullion)**
- No.

**On domestic ownership and/or trade**
- No.

**On external trade**
- No.

**Controls on exports and imports of banknotes**
- No.

<table>
<thead>
<tr>
<th>On exports</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exports of banknotes exceeding the equivalent of €10,000 may be confiscated by the customs authorities, if considered to be used in illegal activity (Customs Act, Article 27a).

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<tr>
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<td>No.</td>
</tr>
</tbody>
</table>

Imports of banknotes exceeding the equivalent of €10,000 may be confiscated by the customs authorities, if considered to be used in illegal activity (Customs Act, Article 27a).

**Foreign exchange accounts permitted**
- Yes.

**Held domestically**
- No.

Approval required
- No.

**Held abroad**
- Yes.

Resident Accounts

Resident must inform the CBI of bank accounts opened abroad. However, this requirement has not been enforced. Commercial banks may open correspondent accounts abroad freely. Balances may be transferred to Iceland freely.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
</table>

**Accounts in domestic currency held abroad**
- Yes.

Residents can establish accounts in krónur abroad without restriction. The transfer of capital in krónur is no longer restricted by the Act on Foreign Exchange No. 87/1992 (Article 13(b), Paragraph 3), except for transfers of domestic currency deriving from transactions with offshore króna assets falling under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions.

Effective April 3, 2019, the restriction on cross-border movement of Icelandic króna when they are related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted.

Accounts in domestic currency convertible into foreign currency
- No.
Nonresident Accounts

Foreign exchange accounts permitted

No. Nonresidents can establish and use foreign exchange accounts without restrictions. There are no restrictions on cross-border transfers in foreign exchange.

Approval required

No.

Domestic currency accounts

Yes. Offshore króna assets are segregated in a secure manner with the legislation on the treatment of króna-denominated assets, subject to special restrictions. They may be used for capital transactions within the set of offshore assets and investment in designated government-issued bills and CDs issued by the CBI. Funds deriving from contractual instalments on the principal of loan obligation other than bullet loan obligations, and indexation of such contractual instalments of assets falling under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions, are convertible and transferable.

Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded. All offshore króna holders were given the chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

The transfer of capital in krónur is no longer restricted by the Act on Foreign Exchange No. 87/1992 (Article 13(b), Paragraph 3), except for transfers of domestic currency deriving from transactions with offshore króna assets falling under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions.

Effective April 3, 2019, the restriction on cross-border movement of Icelandic króna when they are related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted.

Convertible into foreign currency

No. There are no restrictions on convertibility.

Accounts subject to special restrictions (falling under the scope of Act No. 37/2016 on the Treatment of Króna-denominated Assets Subject to Special Restrictions) are convertible to foreign currency as of March 5, 2019.

Approval required

No.

Blocked accounts

Yes. Offshore króna assets were segregated in a secure manner with the legislation on the treatment of króna-denominated assets, subject to special restrictions. They may be used for capital transactions within the set of offshore assets and investment in designated government-issued bills and CDs issued by the CBI. According to Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions, funds deriving from accrued interest, indexation on interest, and dividends are convertible and transferable.
Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

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**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>

From March 14, 2017, the bona fide verification requirement for foreign exchange transaction for import, as specified in Article 13 (c), Paragraph 2 of the Foreign Exchange Act, is no longer effective.

Imports of goods and services are permitted freely, except when international agreements or provisions in special legislation specify otherwise.

| Import licenses and other nontariff measures | Yes. |
| Positive list | No. |
| Negative list | Yes. |
| Open general licenses | Yes. |
| Licenses with quotas | No. |
| Other nontariff measures | No. |
| Import taxes and/or tariffs | Yes. |
| Taxes collected through the exchange system | No. |
| State import monopoly | Yes. |

Live animals and certain agricultural products require health certificates.

Imports by tourists and foreign visitors are duty free within general limits on the total value, as well as on individual merchandise value, and quantitative limits are set on alcohol and tobacco by the customs authorities.

Tobacco may be imported only under state trading arrangements.
### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
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<td>Financing requirements</td>
<td>No.</td>
</tr>
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<td>Documentation requirements</td>
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</tr>
<tr>
<td>Letters of credit</td>
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</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
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</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exports of military, fishery, and agricultural products require licenses from the Ministry of Foreign Affairs.

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payment Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Payments for travel

<table>
<thead>
<tr>
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<th>No.</th>
</tr>
</thead>
<tbody>
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</table>

### Personal payments

<table>
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<tr>
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</table>

### Foreign workers' wages

<table>
<thead>
<tr>
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### Credit card use abroad

<table>
<thead>
<tr>
<th></th>
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<tbody>
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### Proceeds from Invisible Transactions and Current Transfers

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</tbody>
</table>

### Capital Transactions

<table>
<thead>
<tr>
<th></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Investment with new inflows of foreign currency that is converted to domestic currency at a finance company in Iceland is subject to notification to the CBI within three weeks from the conversion of foreign currency to ISK.
Offshore króna assets may be used for capital transactions within the set of offshore assets and investment in designated government-issued bills and CDs issued by the CBI. Funds deriving from contractual instalments on the principal of loan obligation other than bullet loan obligations, and indexation of such contractual instalments of assets falling under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions, are convertible and transferable. On receiving confirmation from the CBI, individuals are permitted to withdraw a maximum of ISK 100 million a calendar year from offshore króna accounts, provided the offshore króna assets have been continuously owned by the beneficial owner since November 28, 2008. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

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</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Purchases of shares and other equity capital may be subject to laws on foreign investment. Purchases by nonresidents of shares or other securities of a participating nature may be affected by laws on inward direct investment and establishment. Previously, certain restrictions applied. Effective March 06, 2019, the special reserve ratio was lowered from 20% to 0%.

Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

There are some sector-based restrictions that apply to all
nonresidents (including EEA residents) and some requirements are made regarding investments of residents outside EEA.

Controls apply to (1) investment by foreign countries or their government-owned enterprises, unless authorized; (2) investment in fishing and primary fish processing (that is, excluding retail packaging and later stages of the preparation of fish products for distribution and consumption); (3) investment in an air transport company exceeding 49% of share capital; (4) acquisition of rights to natural resources or energy exploitation and investment in energy production or distribution.

Sale or issue locally by nonresidents No. Krónur may be used to invest in domestic currency financial instruments whether the funds are from an account with a financial institution in Iceland or an account owned by a foreign financial institution. Cross-currency settlement of sale or issuance of securities does not require that proceeds in krónur be deposited to a króna-denominated account, in the issuer’s name within a domestic bank. Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

Purchase abroad by residents No. There are no restrictions on investment in securities, mutual fund and investment fund units, money market instruments, other negotiable financial instruments, and monetary claims and other comparable claims in foreign currency.

Sale or issue abroad by residents No. Residents may issue or sell securities abroad without repatriation requirements. Cross-currency settlement of sale or issuance of securities is permitted without the requirement that the proceeds in krónur be deposited to a króna-denominated account, in the issuer’s name with a domestic bank. Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

Bonds or other debt securities No. The proceeds of investments in Iceland are freely convertible and transferable. The cross-border transfer of capital in krónur is no longer restricted by the Act on Foreign Exchange No. 87/1992 (Article 13(b), Paragraph 3), except for transfers of domestic currency deriving from transactions with offshore króna assets falling under the scope of Act
No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions. Thus, investments in Iceland in capital, money market, and other transferable financial instruments and direct investment are free of controls and are not limited to investments with foreign currency from abroad converted to domestic currency and registered with the CBI. However, investment with new inflows of foreign currency that is converted to domestic currency at a financial enterprise in Iceland is still subject to notification to the CBI within three weeks of the conversion of foreign currency to ISK. Effective March 6, 2019, the special reserve ratio was lowered from 20% to 0%. Previously, effective November 2, 2018, the special reserve ratio was changed from 40% to 20%. Selected capital inflows were subject to the special reserve requirement with the resulting reserve amount being deposited, for a holding period of 12 months, in a deposit institution in Iceland. The deposit institution, in turn, deposited such amount in a reserve (“capital flow”) account at the CBI with the interest rate on the reserve accounts at the CBI being zero. The settlement currency was Icelandic króna. The reserve base included deposits that were used to invest in bonds or bills in domestic currency, and deposits that were used to invest in funds or equity of companies that either invest in domestic currency bonds or bills, or own domestic currency deposits (if cash and deposits bearing an annual interest of 3% or more constitute 10% or more of the funds’ assets). Inflows from individuals not exceeding ISK 100 million were exempt from the reserve requirement.

Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

Restrictions on cross-border movement of domestic currency have largely been lifted. The use of krónur for investments in financial instruments issued in domestic currency, whether or not payment is made from an account with a financial enterprise in Iceland or from an account owned by a foreign financial enterprise, is permitted. Cross-currency settlement of sale or issuance of securities does not require that the proceeds be deposited to a króna-denominated account, in the issuer’s name, with a domestic bank. This does not apply to transfers of domestic currency deriving from transactions with offshore króna assets falling under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions. On receiving confirmation from the CBI, individuals are permitted to withdraw a maximum of ISK 100 million a calendar year from offshore króna accounts, provided the offshore króna assets have been continuously owned by the beneficial owner since November 28, 2008. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account.
abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

There are no restrictions on investment in securities, mutual fund and investment funds units, money market instruments, other negotiable financial instruments, and monetary claims and other comparable claims in foreign currency. Previously, this did not apply to assets that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

Residents may issue or sell securities abroad without repatriation requirements. Cross-currency settlement of sale or issuance of securities does not require that the proceeds in krónur be deposited to a króna-denominated account in the issuer’s name with a domestic bank. Previously, certain restrictions applied.

Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to
specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

**On money market instruments**

- **Purchase locally by nonresidents**: No.

The cross-border transfer of capital in krónur is no longer restricted by the Act on Foreign Exchange No. 87/1992 (Article 13(b), Paragraph 3). Previously, certain restrictions applied. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions. The proceeds of investments in Iceland are freely convertible and transferable.

Effective March 6, 2019, the special reserve ratio was lowered from 20% to 0%. Previously, effective November 2, 2018, the special reserve ratio was changed from 40% to 20%. Selected capital inflows were subject to the special reserve requirement with the resulting reserve amount being deposited, for a holding period of 12 months, in a deposit institution in Iceland. The deposit institution, in turn, deposited such amount in a reserve (“capital flow”) account at the CBI with the interest rate on the reserve accounts at the CBI being zero. The settlement currency was Icelandic króna. The reserve base included deposits that were used to invest in bonds or bills in domestic currency, and deposits that were used to invest in funds or equity of companies that either invest in domestic currency bonds or bills, or own domestic currency deposits (if cash and deposits bearing an annual interest of 3% or more constitute 10% or more of the funds’ assets). Inflows from individuals not exceeding ISK 100 million were exempt from the reserve requirement. Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

- **Sale or issue locally by nonresidents**: No.

The use of krónur for investments in financial instruments issued in domestic currency, whether or not payment is made from an account with a financial enterprise in Iceland or from an account owned by a
foreign financial enterprise, is permitted. Cross-currency settlement of sale or issuance of securities is permitted without the requirement that the proceeds in krónur be deposited to a króna-denominated account in the issuer’s name with a domestic bank. Previously, certain restrictions applied. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

Purchase abroad by residents

No.

There are no restrictions on investment in securities, mutual fund and investment funds units, money market instruments, other negotiable financial instruments, and monetary claims and other comparable claims in foreign currency. This Previously, certain restrictions applied. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

Sale or issue abroad by residents

No.

Residents may issue or sell securities abroad without repatriation requirements. Cross-currency settlement of sale or issuance of securities does not require that the proceeds in krónur be deposited to a króna-denominated account in the issuer’s name with a domestic bank. Previously, certain restrictions applied. Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016.
Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

**On collective investment securities**

No.

**Purchase locally by nonresidents**

No.

The cross-border transfer of capital in krónur is no longer restricted by the Act on Foreign Exchange No. 87/1992 (Article 13(b), Paragraph 3). Previously, certain restrictions applied. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

The proceeds of investments in Iceland are freely convertible and transferable. Previously, certain restrictions applied. Effective March 6, 2019, the special reserve ratio was lowered from 20% to 0%. Previously, effective November 2, 2018, the special reserve ratio was changed from 40% to 20%. Selected capital inflows were subject to the special reserve requirement with the resulting reserve amount being deposited, for a holding period of 12 months, in a deposit institution in Iceland. The deposit institution, in turn, deposited such amount in a reserve (“capital flow”) account at the CBI with the interest rate on the reserve accounts at the CBI being zero. The settlement currency was Icelandic króna. The reserve base included deposits that were used to invest in bonds or bills in domestic currency, and deposits that were used to invest in funds or equity of companies that either invest in domestic currency bonds or bills, or own domestic currency deposits (if cash and deposits bearing an annual interest of 3% or more constitute 10% or more of the funds’ assets).

Inflows from individuals not exceeding ISK 100 million were exempted from the reserve requirement.

Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

There are no restrictions, but previously some did apply. Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of
transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016.

Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

**Purchase abroad by residents**

No. There are no restrictions on investment in securities, mutual fund and investment funds units, money market instruments, other negotiable financial instruments, and monetary claims and other comparable claims in foreign currency.

**Sale or issue abroad by residents**

No. Residents may issue or sell securities abroad without repatriation requirements. Cross-currency settlement of sale or issuance of securities does not require that the proceeds in krónur be deposited to a króna-denominated account in the issuer’s name with a domestic bank. Previously, certain restrictions applied. Effective April 3, 2019, the following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

**Controls on derivatives and other instruments**

Yes. Derivatives contracts involving ISK against a foreign currency, whether they are contracts involving currencies, securities, a combination of currencies and securities, or other comparable financial instruments, are prohibited by Article 13(i), Paragraph 1 of the Foreign Exchange Act. By Article 13(i), Paragraph 2, this prohibition does not apply to contracts that are related solely to trade in goods and services. Derivatives transactions with financial enterprises in Iceland for the purpose of hedging against exchange rate risk are exempt from these restrictions, on confirmation from the CBI. This permission does not apply to assets that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions or to hedging in connection with bonds issued abroad in domestic currency (glacier bonds). Parties willing to engage in derivatives transactions must provide the CBI with a short explanation of the nature of the foreign exchange imbalance to be hedged, with supporting documentation such as annual reports, statements of positions in securities, or information about historical foreign exchange imbalances on an income statement. In addition, they must provide information about the form, extent, and maturities of the planned derivative contracts. The CBI then confirms that they constitute a bona fide hedge.

**Purchase locally by nonresidents**

Yes. Derivatives contracts involving ISK against a foreign currency, whether they are contracts involving currencies, securities, a combination of currencies and securities, or other comparable financial instruments, are prohibited by Article 13(i), Paragraph 1 of the Foreign Exchange Act. By Article 13(i), Paragraph 2, this prohibition does not apply to contracts that are related solely to trade in goods and services.

**Sale or issue locally by nonresidents**

Yes. Derivatives contracts involving ISK against a foreign currency, whether they are contracts involving currencies, securities, a combination of currencies and securities, or other comparable financial instruments, are prohibited by Article 13(i), Paragraph 1 of the Foreign Exchange Act. By Article 13(i), Paragraph 2, this prohibition does not apply to contracts that are related solely to trade in goods and services.
in goods and services.
Derivatives transactions with financial enterprises in Iceland for the purpose of hedging against exchange rate risk are exempt from these restrictions, on confirmation from the CBI. This permission does not apply to assets that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions or to hedging in connection with bonds issued abroad in domestic currency (glacier bonds).
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*Purchase abroad by residents*  
Yes.
Derivatives contracts involving ISK against a foreign currency, whether they are contracts involving currencies, securities, a combination of currencies and securities, or other comparable financial instruments, are prohibited by Article 13(i), Paragraph 1 of the Foreign Exchange Act. By Article 13(i), Paragraph 2, this prohibition does not apply to contracts that are related solely to trade in goods and services.
Derivatives transactions with financial enterprises in Iceland for the purpose of hedging against exchange rate risk are exempt from these restrictions, on confirmation from the CBI. This permission does not apply to assets that fall under the scope of Act No. 37/2016 on the Treatment of Króna-Denominated Assets Subject to Special Restrictions or to hedging in connection with bonds issued abroad in domestic currency (glacier bonds).
Parties willing to engage in derivatives transactions must provide the CBI with a short explanation of the nature of the foreign exchange imbalance to be hedged, with supporting documentation such as annual reports, statements of positions in securities, or information about historical foreign exchange imbalances on an income statement. In addition, they must provide information about the form, extent, and maturities of the planned derivative contracts. The CBI then confirms that they constitute a bona fide hedge.

*Sale or issue abroad by residents*  
Yes.
Derivatives contracts involving ISK against a foreign currency, whether they are contracts involving currencies, securities, a combination of currencies and securities, or other comparable financial instruments, are prohibited by Article 13(i), Paragraph 1 of the Foreign Exchange Act. By Article 13(i), Paragraph 2, this prohibition does not apply to contracts that are related solely to trade in goods and services.
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### Controls on credit operations

<table>
<thead>
<tr>
<th>Type</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no restrictions on lending to nonresidents in domestic. Previously, certain restrictions applied. Effective April 3, 2019, lending in foreign currency to nonresidents no longer requires CBI confirmation that the loan is not allocated directly or indirectly to (1) investments in bonds or bills issued in domestic currency and electronically registered, pursuant to the Act on Electronic Registration of Title to Securities; (2) deposits in domestic currency with deposit institutions in Iceland that bear annual interest of 3% or more; (3) investments in unit share certificates of funds that invest in bonds or bills issued in domestic currency and electronically, pursuant to the Act on Electronic Registration of Title to Securities, or that own domestic currency deposits held at deposit institutions in Iceland, if cash and deposits bearing annual interest of 3% or more constitute 10% or more of the funds’ assets; or (4) investments in the equity of a company that invests or allocates funds, directly or indirectly, in the manner described in items (1)-(3). Loans extended in foreign currency may be repaid in krónur, and króna loans may be repaid in foreign currency.

### Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>Type</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no restrictions on prepayment or retirement of loans in foreign currency, and borrowing from nonresidents. Foreign currency may be purchased for krónur for the extension of loans. Repayment of loans extended in foreign currency, in krónur, and repayment of króna loans, in foreign currency, are permitted. Previously, certain restrictions applied. Effective April 3, 2019, króna-denominated lending by nonresidents to residents is exempt from the restrictions laid down in the Foreign Exchange Act when the proceeds of the loan are used, directly or indirectly, for investment options comparable to those falling under Article 2 of Rule No. 490/2016.

### Controls on direct investment

<table>
<thead>
<tr>
<th>Type</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

FDI is welcomed in Iceland and as Iceland is part of the common European market, via the European Economic Area Agreement, all residents and entities within the EU and EFTA enjoy in most cases the same rights to invest as Icelanders do. There are some sector-based restrictions that apply to all nonresidents (including EEA residents) and some requirements are made regarding investments of residents outside EEA. Controls apply to (1) investment by foreign countries or their government-owned enterprises, unless authorized; (2) investment in fishing and primary fish processing (that is, excluding retail...
packaging and later stages of the preparation of fish products for distribution and consumption); (3) investment in an air transport company exceeding 49% of share capital; (4) acquisition of rights to natural resources or energy exploitation and investment in energy production or distribution.

<table>
<thead>
<tr>
<th>Description</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents and legal entities, domiciled outside EEA or EFTA, are subject to restrictions on real property purchases in Iceland, as explained below. Large-scale investment projects are generally exempted from these restrictions via standard clauses in an investment agreement with the Ministry of Industries and Innovation (see chapter on Incentives). The Minister of Justice can also grant exemptions, to those that are permitted to run a business in Iceland (EEA and OECD entities and those having received a permission as described in the chapter on Business Enterprises), when the property is to be used as business premises or a permanent residence, or when other reasons apply.

For others, the basic restrictions are that private individuals may purchase real property if they are either Icelandic citizens or have their legal residence in Iceland. Partners of legal entities or businesses, who have unlimited liability for the debts of the entity or business concerned, must be Icelandic citizens, or individuals domiciled in Iceland for at least five years, to purchase a real property. In the case of a limited liability company or an institution, the company, or the institution, must be domiciled and have its venue in Iceland. Furthermore, the members of the board and directors must be Icelandic citizens or domiciled in Iceland for at least five years. In the case of corporations, 4/5 of the share capital must be owned by Icelandic citizens and Icelandic citizens must exercise the majority of the votes at shareholder meetings.

Sale locally by nonresidents                      | No.     |

Nonresidents may sell real estate locally without restrictions, and proceeds from the sale of real estate in Iceland by nonresidents are convertible and transferable.

Controls on personal capital transactions        | No.     |

Loans                                            | No.     |

By residents to nonresidents                     | No.     |

Repayment of loans extended in foreign currency, in krónur, and repayment of króna loans, in foreign currency, are permitted. Previously, certain restrictions applied. Effective April 3, 2019, lending in foreign currency to nonresidents no longer requires CBI confirmation that the loan is not allocated directly or indirectly to (1) investments in bonds or bills issued in domestic currency and electronically registered, pursuant to the Act on Electronic Registration of Title to Securities; (2) deposits in domestic currency with deposit institutions in Iceland that bear annual interest of 3% or more; (3) investments in unit share certificates of funds that invest in bonds or bills issued in domestic currency and electronically, pursuant to the Act on Electronic Registration of Title to Securities, or that own domestic currency deposits held at deposit institutions in Iceland, if cash and deposits bearing annual interest of 3% or more constitute 10% or more of the funds’ assets; or (4) investments in the equity of a company that invests or allocates funds, directly or indirectly, in the manner described in items (1)–(3).
To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No. Previously, certain restrictions applied. Effective March 5, 2019, offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No. Commercial banks, savings banks, and other credit institutions operating under the supervision of the Financial Supervisory Authority may borrow abroad.

Maintenance of accounts abroad No. There are no controls on the opening of accounts abroad.

Lending to nonresidents (financial or commercial credits) No. Commercial banks, savings banks, and other credit institutions operating under the supervision of the Financial Supervisory Authority may lend abroad.

Lending locally in foreign exchange No. There are no controls on foreign-exchange-denominated loans. Foreign-exchange-indexed loans are prohibited under a 2001 law. Foreign exchange indexation of leasing contracts is also illegal. In 2010, the Supreme Court ruled that a financial contract presented as a leasing contract was actually a loan contract, and the contract’s foreign exchange indexation was thus ruled illegal under the 2001 law.

Purchase of locally issued securities denominated in foreign exchange No.

Differential treatment of deposit accounts in foreign exchange No.

Reserve requirements No.

Liquid asset requirements No.

Interest rate controls No.
### Interest rate controls
No.

### Credit controls
No.

### Differential treatment of deposit accounts held by nonresidents
No.

### Reserve requirements
No.

### Liquid asset requirements
No.

### Interest rate controls
No.

### Credit controls
No.

### Investment regulations
No.

### Abroad by banks
No.

Previously, certain restrictions applied. Effective March 5, 2019, offshore kröna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore kröna owners were given a chance to release their offshore kröna assets. These expanded authorizations are of three types. First is a general authorization for all offshore kröna owners to release their offshore kröna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore kröna owners that have owned offshore kröna continuously since November 28, 2008, to release those offshore kröna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

### In banks by nonresidents
No.

Residents and nonresidents whose ownership in a banking institution exceeds 10% must be approved as fit and proper by the FME.

### Open foreign exchange position limits
Yes.

The requirement on open foreign exchange position limits does not distinguish between resident and nonresident assets and liabilities.

### On resident assets and liabilities
Yes.

The CBI regulates the net foreign exchange positions of banks. A bank’s open position in individual currencies may not exceed 10% of the financial enterprise’s capital base according to the most recently published financial statements when it comes to systemically important supervised entities. This limit is 15% regarding credit enterprises that are not systemically important supervised entities.

### On nonresident assets and liabilities
Yes.

The CBI regulates the net foreign exchange positions of banks. A bank’s open position in individual currencies may not exceed 10% of the financial enterprise’s capital base according to the most recently published financial statements when it comes to systemically important supervised entities. This limit is 15% regarding credit enterprises that are not systemically important supervised entities.

### Provisions specific to institutional investors
Yes.

Insurance companies
Yes.

### Limits (max.) on securities issued by nonresidents
No.

### Limits (max.) on investment portfolio held abroad
No.

### Limits (min.) on investment portfolio held locally
No.

### Currency-matching regulations on assets/liabilities composition
Yes.

An insurance company must choose assets to cover technical provisions with regard to exchange rate risk, to reduce its effects to the extent possible, except when assets in a specific foreign currency amount to 7% or less of total assets in other currencies. An insurance company may invest in assets in another currency to cover up to 20% of its underwriting liabilities in a specific currency. Generally, assets
to cover technical provisions must match the currency composition of the underwriting liabilities.

<table>
<thead>
<tr>
<th>Pension funds</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Portfolio investments of pension funds are restricted to listed securities in organized markets within OECD countries and in other markets approved by the Financial Supervisory Authority.

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| Investment firms and collective investment funds | No. |
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

Foreign currency exposure is limited to 50% of net assets.

| This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Changes during 2019 and 2020

#### Arrangements for Payments and Receipts

**Prescription of currency requirements**

**Controls on the use of domestic currency**

**For capital transactions**

Transactions in capital and money market instruments **03/05/2019**

Offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types: First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions.

**Accounts in domestic currency held abroad** **04/03/2019**

The restriction on cross-border movement of Icelandic króna when they are related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vosto account), was lifted.

**Domestic currency accounts** **03/05/2019**

Offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded. All offshore króna holders were given the chance to release their offshore króna assets.
### Convertible into foreign currency

- **03/05/2019**: Accounts subject to special restrictions (falling under the scope of Act No. 37/2016 on the Treatment of Króna-denominated Assets Subject to Special Restrictions) became convertible to foreign currency.

### Blocked accounts

- **03/05/2019**: Offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets.

### Capital Transactions

#### Controls on capital transactions

**Controls on capital and money market instruments**

*On capital market securities*

- **03/06/2019**: The special reserve ratio was lowered from 20% to 0%.
- **04/03/2019**: The restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted.
- **04/03/2019**: The restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016, was lifted.
- **04/03/2019**: The restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows, was lifted.

#### Sale or issue locally by nonresidents

- **04/03/2019**: The following restrictions on cross-border movement of Icelandic króna were lifted. First, the restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted. Second, the restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016. Third, the restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows.

#### Sale or issue abroad by residents

- **04/03/2019**: The restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted.
- **04/03/2019**: The restriction on settlement of transactions with further specified financial instruments comparable to those falling under Article 2 of the Rules on Special Reserve Requirements for New Foreign Currency Inflows, No. 490/2016, was lifted.
- **04/03/2019**: The restriction on exportation of specified securities, when investment in them had not fallen under the special reserve base described in Article 2 of the Rules on Special Reserve Requirement for New Foreign Currency Inflows, was lifted.
Bonds or other debt securities

**Purchase locally by nonresidents**

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04/03/2019  The restriction on cross-border movement of Icelandic króna when they were related to specified measures involving payment remitted, directly or indirectly, by withdrawal from an account owned by a foreign financial enterprise (Vostro account), was lifted.

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| **On money market instruments** | 03/05/2019 | Offshore króna owners’ authorizations to withdraw funds from accounts subject to special restrictions were expanded and all offshore króna owners were given a chance to release their offshore króna assets. These expanded authorizations are of three types. First is a general authorization for all offshore króna owners to release their offshore króna assets to purchase foreign currency and export it to an account abroad. Second is an authorization for offshore króna owners that have owned offshore króna continuously since November 28, 2008, to release those offshore króna assets from the legal restrictions. Third is an authorization for individuals to withdraw up to ISK 100 million from accounts subject to special restrictions. |
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On collective investment securities

Purchase locally by nonresidents

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Controls on credit operations

Financial credits

By residents to nonresidents 04/03/2019
Lending in foreign currency to nonresidents no longer requires Central Bank of Iceland confirmation that the loan is not allocated directly or indirectly to (1) investments in bonds or bills issued in domestic currency and electronically registered, pursuant to the Act on Electronic Registration of Title to Securities; (2) deposits in domestic currency with deposit institutions in Iceland that bear annual interest of 3% or more; (3) investments in unit share certificates of funds that invest in bonds or bills issued in domestic currency electronically, pursuant to the Act on Electronic Registration of Title to Securities, or that own domestic currency deposits held at deposit institutions in Iceland, if cash and deposits bearing annual interest of 3% or more constitute 10% or more of the funds’ assets; or (4) investments in the equity of a company that invests or allocates funds, directly or indirectly, in the manner described in items (1)–(3).

To residents from nonresidents 04/03/2019
Króna-denominated lending by nonresidents to residents is exempt from the restrictions laid down in the Foreign Exchange Act when the proceeds of the loan are used, directly or indirectly, for investment options comparable to those falling under Article 2 of Rule No. 490/2016.

Controls on personal capital transactions

Loans

By residents to nonresidents 04/03/2019
Lending in foreign currency to nonresidents no longer requires Central Bank of Iceland confirmation that the loan is not allocated directly or indirectly to (1) investments in bonds or bills issued in domestic currency and electronically registered, pursuant to the Act on Electronic Registration of Title to Securities; (2) deposits in domestic currency with deposit institutions in Iceland that bear annual interest of 3% or more; (3) investments in unit share certificates of funds that invest in bonds or bills issued in domestic currency electronically, pursuant to the Act on Electronic Registration of Title to Securities, or that own domestic currency deposits held at deposit institutions in Iceland, if cash and deposits bearing annual interest of 3% or more constitute 10% or more of the funds’ assets; or (4) investments in the equity of a company that invests or allocates funds, directly or indirectly, in the manner described in items (1)–(3).
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Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Investment regulations

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Status under IMF Articles of Agreement

Date of membership
December 27, 1945.

Article VIII
Yes. Date of acceptance: August 20, 1994.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
Yes.

The IMF staff report for the 2019 Article IV Consultation with India states that, as of October 17, 2019, India maintained the following restrictions on the making of payments and transfers for current international transactions, which are subject to IMF approval under Article VIII, Section 2(a): restrictions related to the non-transferability of balances under the India–Russia debt agreement; restrictions arising from unsettled balances under inoperative bilateral payments arrangements with two Eastern European countries; and a restriction on the transfer of amortization payments on loans by nonresident relatives. (Country Report No. 19/385)

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of India is the Indian rupee.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement

Floating

Yes. The de jure and de facto exchange rate arrangements are floating. The exchange rate of the rupee is largely market determined, but the Reserve Bank of India (RBI) intervenes in the domestic foreign exchange market to manage excessive volatility and maintain orderly conditions without any fixed target or band for the exchange rate. The RBI publishes monthly data on its interventions (foreign exchange purchases and sales) in its monthly bulletin with a six-week lag.

Free floating

Official exchange rate

Yes. Financial Benchmarks India Private Limited (FBIL) has the responsibility of computation and dissemination of reference rate for USD/INR and exchange rate of other major currencies.

The FBIL reference rate for spot US dollar against the Indian rupee is computed on the basis of the volume-weighted average of the actual market transactions that have taken place during a randomly selected 15-minute window between 1130 hours and 1230 hours every weekday. A +/- 3 standard deviation rule is applied to the transaction data, as above, to remove outliers. For calculation of EURO/INR, GBP/INR, and JPY/INR reference rates, the closing prices of each cross-currency pair, that is, EURO/USD, GBP/USD, and USD/JPY as depicted in the one-minute charts over the 15-minute time period, are obtained from any electronic platform. All the cross-currency rates are taken from the same randomly selected time period of 15 minutes between 1130 hours and 1230 hours that is used for the calculation of USD/INR reference rate. The mean of the closing prices (closing price of each minute during the 15-minute window), so obtained, is crossed with the USD/INR reference rate to calculate the EURO/INR, GBP/INR, and JPY/INR reference rates.

The reference rates are used for the settlement of exchange-traded currency futures and options. The foreign exchange transactions of the Government of India (GOI) undertaken through RBI take place at the reference rate. The RBI's foreign currency assets and liabilities are revalued at weekly and monthly intervals using the reference rate. The IMF also uses the rate for revaluation of SDRs.

As stated by the Notification RBI/2018-19/34 of August 2, 2018, banks are advised to use the conversion rate announced by FBIL for the purpose of converting foreign assets/liabilities for reporting in Form “A” return and Form VIII return. As regards conversion of assets/liabilities in other currencies, for which reference rate is not available from FBIL, banks may use New York closing rate pertaining to the day end of the Reporting Friday, for converting such currencies to USD. Banks may use the reference rate of FBIL for USD/INR of the same day for conversion to INR.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other
### Monetary aggregate target

Inflation-targeting framework | Yes. | The RBI Act, 1934, as amended in 2016 provides for the statutory basis for implementing the flexible inflation-targeting framework.

### Target setting body

- Government
- Central Bank
- Monetary Policy Committee
- Central Bank Board
- Other

- Government and Central Bank | Yes. | The RBI Act provides for the inflation target to be set by the GOI, in consultation with the RBI, once in every five years. The RBI Act, 1934, also provides for a six-member MPC to determine the policy interest rate required to achieve the inflation target. The MPC was constituted on September 29, 2016, and it held its first meeting on October 3 and 4, 2016.

### Inflation target

- Target number | Yes. | Inflation target for the period beginning from August 5, 2016, and ending on March 31, 2021, is as follows:
  - Inflation target: 4%.
  - Upper tolerance level: 6%.
  - Lower tolerance level: 2%.
- Target measure | Yes. | CPI combined inflation rate.
- CPI | Yes. | CPI inflation (defined as year-wise change in monthly CPI expressed in terms of percentage).
- Core inflation

- Target horizon | Yes. | The 4% CPI inflation target is for the period from August 5, 2016, to March 31, 2021.

### Operating target (policy rate)

- Policy rate | Yes. | The policy repo rate is the (fixed) interest rate at which the RBI provides overnight liquidity to banks against the collateral of government and other approved securities under the liquidity adjustment facility.
  - The policy repo rate was changed to 4.0% on May 22, 2020.
- Target corridor band | Yes. | The weighted average call rate (WACR) is the operating target of monetary policy. The reverse repo rate, at which the RBI absorbs liquidity, on an overnight basis, from banks against the collateral of eligible Government securities (G-Secs), constitutes the lower band, and the marginal standing facility rate, at which scheduled commercial banks can borrow additional amount of overnight money from the RBI, constitutes the upper band of the target corridor. The reverse repo rate under the liquidity adjustment facility stands at 3.35% and the marginal standing facility at 4.25% as on May 22, 2020.
The marginal standing facility rate and the reverse repo rate determine the corridor for the movement in the weighted average call money rate.

<table>
<thead>
<tr>
<th>Accountability</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open letter</td>
<td>No.</td>
</tr>
<tr>
<td>Parliamentary hearings</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Central Government announced the following as factors that constitute failure to achieve the inflation target: (1) the average inflation is more than the upper tolerance level of the inflation target for any three consecutive quarters or (2) the average inflation is less than the lower tolerance level for any three consecutive quarters. In the event of failure to achieve the target, the RBI will report to the government on: (1) reasons for the deviation of inflation from the target over three consecutive quarters, (2) remedial measures, and (3) an estimated time frame over which inflation will be brought back to the target.

<table>
<thead>
<tr>
<th>Transparency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of votes</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

According to Section 45ZL of the amended RBI Act, 1934, the Reserve Bank publishes, on the fourteenth day after every meeting of the MPC, the minutes of the proceedings of the meeting which include the following:

1. the resolution adopted at the meeting of the MPC;
2. the vote of each member of the MPC, ascribed to such member, on the resolution adopted in the said meeting; and
3. the statement of each member of the MPC under Subsection (11) of Section 45ZI on the resolution adopted in the said meeting.

| Publication of minutes | Yes. |

According to Section 45ZL of the amended RBI Act, 1934, the Reserve Bank publishes, on the fourteenth day after every meeting of the MPC, the minutes of the proceedings of the meeting which include the following:

1. the resolution adopted at the meeting of the MPC;
2. the vote of each member of the MPC, ascribed to such member, on the resolution adopted in the said meeting; and
3. the statement of each member of the MPC under Subsection (11) of Section 45ZI on the resolution adopted in the said meeting.

| Publication of inflation forecasts | Yes. |

The MPC, in its bimonthly resolutions, sets out an inflation forecast path for about a year ahead. Apart from this, the RBI is required to publish the forecast of inflation for 6–18 months ahead in its Monetary Policy Report, once in every six months.

<table>
<thead>
<tr>
<th>Other monetary framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange tax</td>
</tr>
<tr>
<td>Exchange subsidy</td>
</tr>
<tr>
<td>Foreign exchange market</td>
</tr>
<tr>
<td>Spot exchange market</td>
</tr>
</tbody>
</table>

ADs may freely determine their bid-ask spreads and foreign exchange commissions and margin with their clients. The RBI issues licenses to “authorized persons” (which include Category-I, Category-II, Category-III ADs and full-fledged money changers, etc.) for foreign exchange transactions, depending on the scope and type of activities allowed to be undertaken. Full-fledged money changers numbering about 2000 may purchase foreign exchange.
exchange from residents as well as nonresidents and may sell foreign exchange for private and business travel purposes only up to the prescribed ceiling. A few select entities which include (1) upgraded full-fledged money changers, (2) select Regional Rural Banks (RRBs); (3) select Urban Cooperative Banks (UCBs); and (4) select Small Finance Banks have been issued Category-II AD licenses and may undertake transactions as specified in A.P. (DIR Series) Circular No. 25 of March 6, 2006.

Effective April 16, 2019, Systemically Important Non-Deroll Deposit taking Investment and Credit Companies can also apply for AD Category-II license. ADs may freely determine their bid-ask spreads and foreign exchange commissions and margin with their clients.

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
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</table>

There are no limits on the bid-ask spreads or commissions of market participants. ADs are authorized by the RBI to deal in foreign exchange. There are currently 99 licensed AD Category-I banks. For its intervention operations, the RBI deals with selected AD banks.

The foreign exchange market is largely an OTC market. In addition, exchange-traded currency futures and options (including cross-currency futures) are permitted. The Legal Entity Identifier (LEI) system is applied to all participants in the OTC markets for rupee interest rate derivatives, foreign currency derivatives, and credit derivatives in India. Entities without an LEI code are not eligible to participate in the OTC derivative markets. The LEI code was conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management. The LEI is a 20-character unique identity code assigned to entities who are parties to a financial transaction.

Effective September 1, 2020, the directions have been revised (announced April 07, 2020) to make it easier for users, both residents and nonresidents, to access the domestic foreign exchange derivative markets, through (1) merging facilities for residents and nonresidents into a single unified facility for all users; (2) allowing users having valid exposures to hedge the same by using any available instrument; (3) introducing facility to hedge anticipated exposures; (4) no restriction on rebooking of cancelled contracts; and (5) simplifying procedures for ADs to offer foreign exchange derivatives. According to these directions, AD banks must classify the user either as a retail user or as a non-retail user. Retail user can only enter into Forwards, purchase of call and put options (only European options), purchase of call and put spreads, swaps. Non-retail users can be offered any derivative contract including covered options.

Banks are allowed to undertake foreign exchange transactions through brokers. Such brokers are accredited by the Foreign Exchange Dealers Association of India, a self-regulated organization, to operate in the market.

All AD banks may function as market makers. There are no market-making agreements or other similar agreements.

ADs may deal forward in any permitted currency. The RBI may enter...
into swap transactions with ADs, under which it buys and sells US dollars spot and forward at maturities available in the market. Effective September 1, 2020, residents and nonresidents may enter into derivative contracts as per their classification as retail or non-retail with the ADs to hedge anticipated or contracted exposure. Users can freely cancel and rebook the derivative contracts.

Currency futures and options are traded on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), and Metropolitan Stock Exchange of India (MSEI). Foreign portfolio investors (FPIs) eligible to invest in Indian debt and equity assets under Foreign Exchange Management Act (FEMA), 1999, may access the domestic exchange-traded currency derivatives market to hedge currency risk arising from the market value of their exposure to Indian debt and equity securities.

Residents as well as FPIs can take positions (long or short), without having to establish existence of underlying exposure, up to a single limit of US$100 million equivalent across all currency pairs involving INR, put together, and combined across all exchanges. A long position exceeding these limits in any exchange requires an underlying exposure.

Official cover of forward operations Yes.
The Export Credit Guarantee Corporation of India Ltd. insures against exchange rate fluctuation for deferred receivables from the date of a bid up to 15 years after a contract is awarded. Exchange rate cover is offered in Australian dollars, euros, Japanese yen, pounds sterling, Swiss francs, U.A.E. dirhams, and US dollars. For payments specified in other convertible currencies, cover is provided at the discretion of the Export Credit Guarantee Corporation of India Ltd.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.

For prescription of currency purposes, countries are divided into two groups: (1) ACU members and (2) the external group (all other countries). For the first group, except Bhutan and Nepal, payments for eligible current international transactions must be settled through the ACU. For Nepal and Bhutan, these are settled in Indian rupees. In other cases, payments may be settled in any permitted currency. Payment for imports of oil and gas is permitted outside the ACU mechanism, and all eligible current account transactions, including trade transactions with the Islamic Republic of Iran, must be settled in any permitted currency outside the ACU mechanism.

Trade settlements can be made through ACU dollar or ACU euro accounts or ACU yen accounts (ACU yen inserted vide Notification No. FEMA 14(R)/(2)/2020-RB of March 4, 2020, effective March 6, 2020), which are replenished through the RBI. Members of ACU can use nostro accounts of the commercial banks of ACU countries, that is, ACU dollar or ACU euro accounts or ACU yen accounts, for settling the payments of both exports and imports. Operations in ACU euro are, however, temporarily suspended since July 1, 2016. Payments to countries in the second group may be made in rupees to the account of a resident of any of these countries or in any permitted currency, and receipts from these countries may be obtained in rupees from banks in any of these countries or in any permitted currency. However, special rules may apply to exports under lines of credit extended by the GOI to the governments of certain foreign countries.
For current transactions and payments | Yes.
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Transactions in capital and money market instruments | Yes.
Transactions in derivatives and other instruments | Yes.
Credit operations | Yes.
Use of foreign exchange among residents | Yes.
Payments arrangements | Yes.
Bilateral payments arrangements | Yes.
Operative | Yes.

India and Russia have an Interbanking Arrangement, signed in 1992, for repayment of state credits granted by the erstwhile Soviet Union. Currently, the rupee balances are being used for trade settlements/exports from India.

Inoperative | No.
Regional arrangements | Yes.
Clearing agreements | Yes.

AMU is the common unit of the ACU account. AMU is denominated as ACU dollar, ACU euro, and ACU yen which is equivalent in value to US$1, €1, and ¥1, respectively.

Although Bhutan and Nepal are members of the ACU, trade with these countries is settled outside the ACU. At present, trade with the Islamic Republic of Iran is also settled outside the ACU mechanism. Transactions with Nepal and Bhutan are settled in Indian rupees. Transactions with Nepal and Bhutan may also be settled in any freely convertible currency if permitted by the Nepal Rastra Bank. Transactions with all other ACU members are currently being settled through ACU dollar and ACU yen.

Effective July 1, 2016, all eligible current account transactions...
including trade transactions in euro are permitted to be settled outside the ACU mechanism until further notice.

Barter agreements and open accounts | No. Presently, there are no barter trade agreements with any country. All trade transactions with Myanmar can be settled in any freely convertible currency in addition to the ACU mechanism. It was decided, in consultation with GOI, to do away with the barter system of trade at the Indo-Myanmar border and switch over completely to normal trade from December 1, 2015.

Administration of control | Yes. Exchange management is administered by the RBI in accordance with the FEMA, 1999, and the general policy established by the government, in consultation with the RBI. Much of the routine work of exchange control is delegated to authorized persons. Import and export licenses, where necessary, are issued by the director general of foreign trade.

Payments arrears | No.
Official | No.
Private | No.

Controls on trade in gold (coins and/or bullion) | Yes.
On domestic ownership and/or trade | Yes. Domestic gold sales must be made against up-front payments. Banks may grant gold metal loans. While imports of gold coins and medallions are no longer prohibited, pending further review, the restrictions on banks regarding selling gold coins and medallions have not been removed.

On external trade | Yes. Guidelines related to restrictions/control regarding exports and imports of gold are mentioned in the FTP issued by the Directorate General of Foreign Trade (DGFT), GOI. RBI guidelines in respect of import of gold are as given below:
The 20:80 scheme of import of gold was withdrawn on November 28, 2014. However, the obligation to export under the 20:80 scheme would apply to the unutilized gold imported before November 28, 2014.
Nominated banks and nominated agencies, as notified by the DGFT, are permitted to import gold on consignment basis. All sale of gold domestically will, however, be against up-front payment. Nominated banks are free to grant gold metal loans.
The status holder exporters must adhere to the guidelines contained in extant FTP, as amended from time to time.
The import of gold coins and medallions is permitted. However, prohibition on sale of gold coins and medallions by banks continues pending further review.

Controls on exports and imports of banknotes | Yes.
On exports | Yes.

Domestic currency | Yes. Any person resident in India: (1) may take outside India (other than to Nepal and Bhutan) currency notes of GOI and RBI notes up to an amount not exceeding Rs 25,000 a person or such amount and subject to such conditions as notified by the RBI from time to time and (2) may take or send outside India (other than to Nepal and Bhutan) commemorative coins not exceeding two coins each.

In case of travel to Nepal and Bhutan, a person may take or send out of India to Nepal or Bhutan, currency notes of GOI and RBI notes up to the denomination of Rs.100 without any limit.
Effective February 26, 2019, by Amendment Notification No. FEMA 2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS INTERNATIONAL MONETARY FUND

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an individual traveling from India to Nepal or Bhutan can carry RBI notes of Mahatma Gandhi (new) Series of denominations Rs 200 and/or Rs 500 up to a total limit of Rs 25,000. Previously, individual traveling from India to Nepal or Bhutan could carry RBI currency notes of denominations Rs 500 and/or Rs 1,000 up to a limit of Rs 25,000.

**Foreign currency**

Yes. An AD may transfer abroad foreign currency acquired in the normal course of business. Any person may take out of India:

1. foreign exchange possessed by him in accordance with the Foreign Exchange Management (Possession and Retention of Foreign Currency) Regulations, 2015;
2. unspent foreign exchange brought back by him to India while returning from travel abroad and retained in accordance with the Foreign Exchange Management (Possession and Retention of Foreign Currency) Regulations, 2015.

Any person resident outside India may take out of India unspent foreign exchange not exceeding the amount brought in by him and declared in accordance with the proviso to clause (b) of Regulation 6, on his arrival in India of Foreign Exchange Management (Export and Import of Currency) Regulations, 2015.

**On imports**

Yes.

**Domestic currency**

Yes. Any person resident in India who had gone out of India on a temporary visit may bring into India at the time of his return from any place outside India (other than from Nepal and Bhutan), currency notes of GOI and RBI notes up to an amount not exceeding Rs 25,000 a person or such amount and subject to such conditions as notified by the RBI from time to time. In case of Nepal and Bhutan, individuals may bring in currency notes of Rs 100 denomination or less without limit.

**Foreign currency**

No. Foreign exchange may be brought in without limit, provided the total amount is declared to the customs authorities on arrival, if the value of foreign notes, coins, and traveler’s checks exceeds US$10,000 or its equivalent and/or if the aggregate value of foreign currency notes brought in at any one time exceeds US$5,000 or its equivalent.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**

Yes.

**Held domestically**

Yes. Exchange earners’ foreign currency (EEFC) account – Foreign exchange earners may open EEFC accounts and credit these accounts with up to 100% of their foreign exchange earnings. EEFC accounts do not earn interest.

Exporters may credit 100% of their foreign exchange earnings to an EEFC account; total accruals in the account during a calendar month must be converted to rupees on or before the last day of the subsequent calendar month after adjusting for approved purposes and forward commitments. Credit may not be made available against the balances in these accounts. Balances may be used for trade-related loans to foreign importers.

Resident foreign currency (RFC) (domestic) account – Residents and their close relatives may hold RFC domestic accounts with an AD. These accounts do not earn interest and may be credited with foreign exchange from the following sources: (1) exports of goods or services, (2) gifts or honoraria while abroad, (3) legal transactions with nonresidents in India, (4) remaining balances from travel.
abroad, and (5) proceeds of life insurance claims settled in foreign
currency. As long as the foreign exchange is acquired by one of these
means, there is no limit on the account balance.
RFC account – A person resident in India may open RFC accounts
with foreign exchange from pensions and other payments from
overseas employers or with other receipts, such as gifts or
inheritances, permitted under the regulations. The balance may be
used for any permissible purpose and freely abroad.
Effective February 27, 2019, an AD in India may, subject to the
directions as may be issued by the RBI, allow ship-manning/crew
managing agencies in India and re-insurance and composite
insurance brokers registered with Insurance Regulatory and
Development Authority of India (IRDAI) to open and maintain non-
interest-bearing foreign currency accounts in India for the purpose of
undertaking transactions in the ordinary course of their business.

Diamond dollar account (DDA) – Firms and companies which
comply with the eligibility criteria stipulated in the FTP of the GOI
may open DDA accounts subject to terms and conditions of DDA
scheme laid down in Schedule II of FEMA 10(R).
Indian agent of shipping or airline companies incorporated outside
India can maintain foreign currency account in India for meeting the
local expenses of the overseas company. The credits permitted to
such accounts are freight or passage fare collections in India or from
his principal outside India.
Project Offices of foreign companies can open non-interest bearing
one or more foreign currency accounts in India for the project to be
executed in India subject to certain conditions.
Organizers of international Seminars, Conferences, Conventions,
etc., can open temporary foreign currency accounts in India subject
to certain conditions.
An exporter who has undertaken a construction contract or a turnkey
project outside India or who is exporting services or engineering
goods from India on deferred payment terms may open, hold, and
maintain a foreign currency account with a bank in India, provided
approval as required under the Foreign Exchange Management
(Export of Goods and Services) Regulations, 2015, as amended from
time to time has been obtained for undertaking the
contract/project/export of goods or services, and the terms and
conditions stipulated in the letter of approval have been duly
complied with.
A unit located in a Special Economic Zone (SEZ) may open hold and
maintain a foreign currency account with an AD in India to credit all
foreign exchange funds received by the unit subject to certain
conditions.
An Indian company receiving foreign investment under FDI route in
terms of Foreign Exchange Management (Non-debt Instruments)
Rules, 2019, of October 17, 2019, as amended from time to time,
may open and maintain a foreign currency account with an AD in
India, provided the Indian investee company has impending foreign
currency expenditure and the account is closed immediately after the
requirements are completed or within six months from the date of
opening of such account, whichever is earlier.

Approval required
Yes.
RBI approval is required for foreign exchange accounts, held either
domestically or abroad, except for those covered by general
permission granted by the RBI.

Held abroad
Yes.
Resident individuals may open and maintain foreign exchange
accounts abroad, which may be used to remit up to the equivalent of
US$250,000 a financial year for all permissible current and capital
account transactions or a combination of both under the liberalized
remittance scheme (LRS) of 2015–2016. Specific approval is required for remittances in excess of this limit and for other transactions. In case of Project Exports, AD Bank/EXIM Bank (Approving Authority) may permit exporters to open, maintain, and operate one or more foreign exchange accounts in the currency of their choice with interproject transferability of funds in any currency or country. The transfer of funds between projects is monitored by those issuing the permit/approving the project.

An Indian party (IP) (as defined for overseas direct investment (ODI)) may have a foreign currency account abroad for the purpose of ODI, subject to certain conditions – for example, if the host-country law stipulates that investment must be routed through a designated account. External Commercial Borrowing (ECB) proceeds meant only for foreign currency expenditure to be kept abroad pending utilization in deposits with overseas branches/subsidiaries of Indian banks abroad.

The following persons can open a foreign currency account with a bank outside India for carrying on normal business and incidental transactions:

- An AD in India with its branch/head office/correspondent outside India.
- A branch outside India of a bank incorporated in India.
- An Indian shipping or airline company.
- Insurance/reinsurance companies registered with IRDAI to carry out insurance/reinsurance business.
- An India firm/company/body corporate in the name of its foreign office/branch or its representative posted outside India.
- An exporter who is exporting services and engineering goods on deferred payment terms or executing a turnkey project or a construction contract abroad.
- A person resident in India who has gone abroad for studies may open a foreign currency account with a bank outside India during his stay abroad subject to certain conditions.
- A person resident in India who is on a visit to a foreign country may open a foreign currency account with a bank outside India during his stay abroad. The balance in the account should be repatriated to India on return of the account holder to India.
- A person going abroad to participate in an exhibition/trade fair may open a foreign currency account with a bank outside India for crediting the sale proceeds of goods. The balance should be repatriated to India within one month from the date of closure of the exhibition/trade fair.

The following persons can open a foreign currency account outside India for remitting/receiving their entire salary payable to him in India:

- A foreign citizen resident in India, being an employee of a foreign company, on deputation to the office/branch/subsidiary/JV/group company in India;
- An Indian citizen, being an employee of a foreign company, on deputation to the office/branch/subsidiary/JV/group company in India.
- A foreign citizen resident in India employed with an Indian company; Indian start-up, having an overseas subsidiary, may open a foreign currency account with a bank outside India for the purpose of crediting to the account the foreign exchange earnings out of exports/sales made by the said start-up or its overseas subsidiary. The balances held in such accounts, to the extent they represent exports from India, must be repatriated to India within the period prescribed for realization of exports, in Foreign Exchange Management (Export
of Goods and Services) Regulations, 2015, of January 12, 2016, as amended from time to time.

Certain transactions as well as remittances in excess of specified limits require approval.

Approval required: Yes.
Accounts in domestic currency held abroad: No.
Accounts in domestic currency convertible into foreign currency: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted: Yes.
FCNR accounts (Banks-Scheme B) in freely convertible foreign currency are permitted for nonresident Indians (NRIs) and people of Indian origin (PIOs). These must be in the form of term deposits of one- to five-year maturity in any foreign currency that is freely convertible.
Diplomatic missions and their staff and nondiplomatic staff with official passports may open foreign exchange accounts with ADs without RBI approval, subject to certain conditions. Accounts related to countries other than Bhutan and Nepal are treated as nonresident accounts. NRIs in Nepal and Bhutan may open foreign exchange accounts, provided they are funded with permitted foreign exchange. FDI proceeds may be credited to an FCNR (B) account, provided the original acquisition was from inward remittance or funds in an NRE/FCNR (B) account. Balances may be repatriated at any time without RBI approval. NRIs may use new remittances or funds in FCNR accounts for (1) portfolio investment with repatriation benefits of up to 5% of the paid-up capital, provided total holdings of shares and convertible debentures under the Portfolio Investment Scheme (PIS) do not exceed 10% (24% with a special board resolution passed at a general meeting of the company) of the paid-up capital of the company or of the total paid-in value of each series of its convertible debentures; (2) existing JV companies to raise the ratio of foreign equity shares to prescribed percentages of their capital through expansion of their capital base or through preferential allocation of shares to foreign investors; and (3) investment (only NRIs) on a non-repatriation basis in money market mutual funds (MFs).
The interest rate ceiling on FCNR (B) deposits of maturities between one and three years is LIBOR/swap rates plus 200 basis points (bps), and for maturities between three and five years, it was decreased from LIBOR/swap rates plus 400 bps to LIBOR/swap rates plus 300 bps.
Banks may grant loans, in rupees and foreign exchange, against FCNR (B) fixed deposits to the depositors or to third parties without limit, subject to margin requirements.
Residents may be joint holders in FCNR accounts. NRIs and PIOs may open FCNR (B) accounts with a resident close relative(s) as joint holder(s) on a “former or survivor” basis.
Borrowing not exceeding US$250,000 or its equivalent by residents from close relatives outside India of the borrower is permitted by the RBI, provided the loan is interest-free and the minimum maturity is one year, subject to certain conditions. AD Category-I banks may allow repayment of such loans to the NRE/FCNR (B) account of the lender concerned, subject to conditions.

Approval required: No.
Domestic currency accounts: Yes.
Convertible into foreign currency: Yes. Diplomatic missions and their personnel and family members may open rupee accounts with ADs. Foreign companies may not open new NRE accounts. NRIs and PIOs may maintain NRE rupee accounts with a resident close relative(s) as joint holder(s) on a “former or survivor” basis.

The interest rates offered by banks on NRE deposits may not exceed those offered by them on comparable domestic rupee deposits. FDI proceeds may be credited to an NRE account, provided the original acquisition was from inward remittance or funds held in an NRE/FCNR (B) account. Balances may be repatriated at any time without RBI approval. NRIs may use funds from new remittances or in their NRE accounts for (1) portfolio investments with repatriation benefits of up to 5% of the paid-up capital, provided their total holdings of shares and convertible debentures under the PIS do not exceed 10% (24% with a special board resolution passed at a general meeting of the company) of the paid-up capital of the company or of the total paid-in value of each series of its convertible debentures; (2) existing JV companies to raise the ratio of foreign equity shares to prescribed percentages of their capital through expansion of their capital base or preferential allocation of shares to foreign investors; and (3) investment on a non-repatriation basis in money market MFs (only NRIs).

Balances in such accounts are freely convertible. Banks may freely set their interest rates on savings deposits and term deposits with maturities of one year or more. However, interest rates may not exceed those offered on comparable domestic rupee deposits. Gifts to NRIs may be credited to nonresident ordinary (NRO) accounts in rupees. Residents may make rupee gifts up to US$250,000 a financial year, as permitted under the LRS to an NRI or PIO who is a close relative through a cross-checked/electronic transfer to an NRO account. NRIs may transfer funds from NRO accounts within the overall ceiling of US$1 million a financial year subject to payment of applicable taxes (that is, when the funds are remitted abroad).

Any person resident outside India, having a business interest in India, may open a special nonresident rupee account (SNRR account) with an AD for the purpose of putting through bona fide transactions in rupees, not involving any violation of the provisions of the Act, rules and regulations made thereunder. Effective November 13, 2019, scope of “SNRR” has been enhanced by allowing persons residing outside India to open such accounts for purposes like ECBs in INR; Trade Credits in INR; Trade (Export/Import) Invoicing in INR; and Business-related transactions outside International Financial Service Centre (IFSC) by IFSC units at GIFT city.

Approval required: No. These accounts require RBI approval if they are in the name of Pakistan or Bangladesh nationals – even those of Indian origin.

Blocked accounts: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

**Foreign exchange budget:** No.

**Financing requirements for imports:** Yes. The RBI allows requests from exporters through their AD Category-I banks to offset export receivables against import payables of the same foreign buyer and supplier, subject to certain terms and conditions.
Minimum financing requirements  No.  There are no minimum financing requirements for imports. AD Category-I banks may, however, need to obtain information from importers and verify the bona fide of the transactions before remittance.

Advance payment requirements  Yes.  ADs may allow unlimited advance remittances against imports of goods, but importers must provide a standby LC or bank guarantee for amounts over US$200,000. ADs, at their discretion, may allow advance remittance up to US$5 million without a bank guarantee or standby LC if the importer is legitimate and has a satisfactory track record. ADs may make advance remittances without a bank guarantee or standby LC for the import of rough diamonds from certain mining companies and for aircraft, helicopter, or other aviation-related purchases up to US$50 million. ADs may allow unlimited advance remittances against imports of services, though importers must provide a bank guarantee if the amount exceeds US$500,000. Government and public sector companies require a specific waiver of the bank guarantee from the MOF for advance payments above US$100,000 for imports of both goods and services. In case of merchanting trade transactions, merchanting traders may make advance payment for the import leg if required by the overseas seller. However, effective January 23, 2020, for making advance beyond US$500,000, a bank guarantee/standby letter of credit (SBLC) from a reputable international bank is required. Previously, if inward remittance from the overseas buyer was not received before the outward remittance to the overseas supplier, the AD bank could handle such transactions by providing a facility based on commercial judgment. It must, however, have been assured that any such advance payment for the import leg beyond US$200,000 a transaction will be paid against a bank guarantee/LC from a reputable international bank, except in cases and to the extent payment for the export leg was received in advance.

Advance import deposits  No.

Documentation requirements for release of foreign exchange for imports  Yes.

Domiciliation requirements  No.  These may be required by the terms of an LC.

Preshipment inspection  No.  These may be required by the terms of an LC.

Letters of credit  Yes.  These may be required where applicable.

Import licenses used as exchange licenses  Yes.  As per FTP.

Other  Yes.  AD Category-I banks need to obtain information from importers and verify the bona fide of the transactions before remittance documentary evidence is required to be submitted for all the imports. If the amount of the transaction is less than US$1 million, ADs may accept either (1) the exchange control copy of the bill of entry for home consumption or (2) a certificate from the chief executive officer or an auditor (in lieu of Exchange Control Copy of Bill of Entry for home consumption) of the importing company stating that the goods for which payment was made were imported into India, if the importing company is listed on a stock exchange in India and had a net worth of at least Rs 1 billion on the date of the most recent audited balance sheet or is an entity of the GOI or a public sector company or entity whose accounts are audited by the comptroller and auditor general of India. A credit report on the overseas supplier (when import documents are received directly) is not necessary if the invoice value does not exceed US$300,000, provided the ADs are
satisfied as to the bona fide nature of the transaction and track record of the importer.

**Import licenses and other nontariff measures**

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<td>Other nontariff measures</td>
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These are decided by the GOI from time to time.

Under FTP, 2015–2020, there is no term as Positive list.

Under FTP, 2015–2020, there is no term as Negative list. However, goods, whose import policy is “Restricted,” require an authorization/license from DGFT for import. Goods, whose import policy is “Prohibited,” are not permitted to be imported.

As per Indian Trade Clarification based on Harmonized System of Coding (ITC-HS) classification, there is no terminology called Open General License (OGL).

There are some items which are “free” for import/export, but subject to conditions stipulated in other Acts or in law for the time being in force.

The license/authorization are issued to an importer indicating the quantity of the item with unit of measurement (UOM) which may vary from the quantity indicated by the importer in its application.

Import tariffs:

“To provide a level playing field for increased domestic value addition, keep cost of manufacturing under check and to ensure that as far as possible there are no duty inversions in the structure, customs rate structure has built in progression, with basic raw materials at the low rates, intermediates at medium rates and final consumption goods at peak rate or higher rates.

In line with this over the years, duty on:

- basic raw materials, such as crude petroleum oil, man-made fibers, filament yarns, purified terephthalic acid, monoethylene glycol, dimethyltryptamine (DMT), iron or steel melting scrap, aluminum scrap, and other metal scraps, have been kept at the lower slabs of customs duty, that is, nil, 2.5%, or 5%;
- intermediate goods, such as chemicals, major plastics, and refractories primary polymers, and capital goods have been kept at 7.5%;
- specified iron and steel products attract 10%/12.5%;
- final consumption goods and all other non-agricultural goods in general are kept at peak rate of 10%.

There are certain exceptions to the peak rate of 10% with certain manufactured goods attracting customs duty on the higher side, including,

- Cosmetics [20%],
- Truck and bus radial tires [15%],
- Footwear [35%],
- Precious metal jewelry [20%],
- LCD/LED TVs [20%],
- Panels for LCD/LED TVs [15%],
- Mobile phones [20%],
- Specified automobile parts [15%],
- Motor vehicle [60%/100%],
- Smart watches and similar wearable devices [20%],
- Furniture [25%],
- Wristwatches, pocket watches, alarm clocks, clocks [20%],
- Toys [60%].
Man-made fiber fabrics, apparels, and made-ups [20%],
Glassware, tableware, and kitchenware of steel, copper, aluminum,
and ceramic [20%],
Padlocks and locks of base metals [20%],
Household appliances such as ceiling fans, food grinders, shavers,
hair dryers, water heaters, toasters, coffee, and tea makers [20%],
Industrial freezers and refrigerators, water coolers, etc. [15%],
Office stationery and furniture such as filing cabinets, paper trays,
paper rests, letter clips, and name plates [20%].

Effective February 1, 2020, the important duty changes (made in
Budget 2020–2021) include:
10% to 20% on glassware, tableware, and kitchenware of steel,
copper, and aluminum, tableware and kitchenware of ceramic,
padlocks and locks of base metals, household appliances such as
ceiling fans, food grinders, shavers, hair dryers, water heaters,
grillers and toasters, and coffee and tea makers, artificial flowers,
bells, gongs, statuettes, trophies, etc., of base metals, glass beads,
office stationery such as filing cabinets, paper trays, paper rests,
letter clips, and name plates, brooms, brushes, hand sieves, combs,
hair pins, etc.;
7.5% to 15% on commercial freezers and refrigerators;
20% to 25% on furniture, bedding, mattresses, lamps, lightings, and
illuminated signs;
20% to 60% on toys;
25% to 35% on footwear;
15% to 20% on parts of footwear;
10% to 5% on newsprint, uncoated paper, and lightweight coated
paper for newspapers and magazines;
Nil to 0.5% on rough precious and semi-precious stones and cubic
zirconia;
Other export taxes:
Export duties apply as follows:
S. No.
Description of goods
Ad valorem export duty (%)
(1) snakeskin, raw fur, and lambskin
10
(2) cycle saddle, hydraulic/packing, belting/washer, picking band, and
strap/combing leather
15
(3) leather for luggage, cases, and handbags
25
(4) other hides, skins, and leathers, tanned and untanned, excluding
manufactures
40
(5) iron ores and concentrates having Fe content more than 58%
30
(6) chrome and concentrates
30.

Taxes collected through the exchange system  No.
State import monopoly  Yes.  Import policy of certain items is canalized through the State Trading Enterprises.
DGFT may, however, grant an authorization to any other person to import or export any of the goods notified for exclusive trading through state trading enterprises (STEs).

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Yes. The period of realization and repatriation of export proceeds is nine months from the date of export, and it includes all exporters, including units in SEZs, status holder exporters, Export Oriented Units (EOUs), units in electronic hardware technology parks (EHTPs), software technology parks (STPs), and biotechnology parks (BTPs). Exporters must obtain permission from an AD if the export proceeds are not collected within the prescribed period. ADs may extend the period of realization of export proceeds beyond the stipulated period of realization from the date of export up to six months at a time, regardless of the invoice value of the export, subject to conditions. In case of goods exported to Indian-owned warehouses established outside India, the proceeds must be realized within 15 months from the date of shipment of goods. The RBI also administers a program referred to as “Project Exports” under which engineering goods may be exported under deferred payment terms. Project Export also includes execution of turnkey projects and civil construction contracts aboard. Indian exporters are required to obtain the approval of AD Category-I banks/EXIM Bank (Export–Import Bank of India) at post-award stage before undertaking execution of such contracts.

Effective April 01, 2020, in view of COVID outbreak, the period of realization and repatriation to India of the amount representing the full export value of goods or software or services exported was extended from nine months to fifteen months from the date of export, for the exports made up to or on July 31, 2020.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Exporters may credit 100% of their foreign exchange earnings to an EEFC account; total accruals in the account during a calendar month must be converted to rupees on or before the last day of the subsequent calendar month after adjusting for approved purposes and forward commitments. Status holder exporters may write off outstanding export proceeds up to 10% (5% for other than status holder exporters) of their total export proceeds realized during the previous calendar year. ADs may allow reduction in the export invoice value in case of normal exporters, provided the reduction does not exceed 25% of the invoice value, subject to regulatory conditions. In case of exporters who have been in the export business or more than three years, reduction in invoice value may be allowed, without any percentage ceiling, subject to regulatory conditions.

Financing requirements

No.

Documentation requirements

Yes. These may be required where applicable.

Letters of credit

Yes.

Guarantees

Yes. These may be required where applicable.
Domiciliation

No. This may be required by the terms of LC.

Preshipment inspection

No. This may be required by the terms of LC.

Other

Yes. Under the Export Data Processing and Monitoring System, exports of goods and services must be declared, irrespective of the invoice value. To facilitate e-commerce, guidelines for facilitating export receivables and import payables are made through online payment gateway service providers.

For third-party payments, with a view to further liberalizing the procedure relating to payments for exports/imports and taking into account evolving international trade practices, according to A.P. (DIR Series) Circular No. 70 of November 08, 2013, AD banks may allow payments for export of goods/software to be received from a third party (a party other than the buyer) subject to the following conditions: (1) The firm irrevocable order must be backed by a tripartite agreement. (2) Third-party payment must be through the banking channel after taking into consideration the FATF statement of the country. (3) The exporter must declare the third-party remittance on the export declaration form. (4) It is the responsibility of the exporter to realize and repatriate the export proceeds from the third party named in the export declaration form. (5) Reported outstanding amounts, if any, in the export outstanding statement must continue to be shown in the name of the exporter. However, instead of the name of the overseas buyer, the name of the declared third party must appear in the export outstanding statement. (6) Payments for shipments to a country in Group II of restricted cover countries (for example, Somalia, Sudan) may be received from an open cover country.

AD Category-I banks may allow exporters with at least a three-year satisfactory track record to receive long-term export advances up to a tenor of 10 years for execution of long-term supply contracts for exports of goods, subject to certain conditions mentioned therein. Further, the condition that exporters and importers must have a “firm irrevocable order backed by a tripartite agreement” is not applicable if there is documentary evidence of third-party payments/name of the third party mentioned in the irrevocable order/invoice. The following conditions apply: (1) The AD bank must be satisfied with the bona fides of the transaction and export documents, such as invoice/foreign inward remittance certificate (FIRC), and (2) the AD bank must consider the FATF statements while handling such a transaction.

Export licenses

Yes. These are subject to the FTP.

Without quotas

Yes.

With quotas

Yes.

Export taxes

Yes. These are decided by the GOI from time to time.

Collected through the exchange system

No.

Other export taxes

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. Residents may obtain foreign exchange for bona fide permissible current account transactions.
Trade-related payments  Yes.

For prescription of currency purposes, countries are divided into two groups: (1) ACU members and (2) the external group (all other countries). For the first group, except Bhutan and Nepal, payments for eligible current international transactions must be settled through the ACU. For Nepal and Bhutan, these are settled in Indian rupees. In other cases, payments may be settled in any permitted currency. Payment for imports of oil and gas is permitted outside the ACU mechanism, and all eligible current account transactions, including trade transactions with the Islamic Republic of Iran, must be settled in any permitted currency outside the ACU mechanism.

Trade settlements are permitted through ACU dollar or ACU euro or ACU JPY account, which are replenished through the RBI. Members of ACU are now permitted to use nostro accounts of the commercial banks of ACU countries, that is, ACU dollar or ACU euro accounts or ACU yen accounts, for settling the payments of both exports and imports. Effective March 06, 2020, to facilitate transactions/settlements, participants in the Asian Clearing Union will have the option to settle their transactions either in ACU dollar or ACU euro or in ACU Japanese yen. It was decided by the board of directors of ACU to permit Japanese yen for settlement of transactions. Operations in ACU euro are, however, temporarily suspended since July 1, 2016. Payments to countries in the second group may be made in rupees to the account of a resident of any of these countries or in any permitted currency, and receipts from these countries may be obtained in rupees from banks in any of these countries or in any permitted currency. However, special rules may apply to exports under lines of credit extended by the GOI to the governments of certain foreign countries.

(1) Receipt for exports from third party (party other than buyer) is allowed subject to RBI guidelines, which were introduced vide A.P. (DIR Series) Circular No. 70 of November 8, 2013.

(2) Receipt for export may also be made in form of bank draft, check, pay order, foreign currency notes/traveler’s check from buyer during visit to India, provided the foreign currency is surrendered within the specified period to AD bank. Receipt for exports may be made by debit to FCNR/NRE/SNRR account, maintained by overseas buyer in India in rupees from credit card servicing bank in India subject to regulatory conditions, from a rupee account held in the name of exchange house subject to regulatory condition, in accordance with RBI directions in case of arrangement between the Central Government and foreign government/credit arrangement by EXIM Bank with financial institution in foreign state, in form of precious metals in certain cases subject to regulatory conditions. Any receipt for other than exports may be received by means of postal order issued by a post office outside India or by a postal money order issued by such post office. These guidelines are specified under Notification No. FEMA 14(R)/2016-RB of May 2, 2016.

(3) A payment in foreign exchange by an AD, whether by way of remittance from India or by way of reimbursement to his branch or correspondent outside India against payment for import into India, or against any other payment, must be in the following manner: (a) For ACU countries (other than Nepal, Bhutan, and Iran), payment for import of goods and services by credit to ACU dollar account and/or ACU euro account and/or ACU yen account in India of a bank of the member country in which the other party to the transaction is resident or by debit to the ACU dollar account and/or ACU euro account and/or ACU yen account of the AD maintained with the correspondent bank in that member country; payment in any freely convertible currency in all other cases; payment may be in freely convertible currency or through ACU mechanism for imports from...
Myanmar; in case of Nepal and Bhutan, payment may be in rupees. In case of Iran, payment for import in any freely convertible currency and/or in accordance with RBI directions; in all other cases as per RBI directions. (b) For all other countries (other than ACU countries), payment in rupees from account of a bank situated in any country other than a member country of the ACU or payment in any freely convertible currency. (c) Payment for import to be made to third party is permitted as per RBI guidelines as per A.P. (DIR Series) Circular No. 70 of November 8, 2013. (d) Payment for import may be made through international card in rupees from international credit card (ICC)/debit card through the credit/debit card servicing bank in India against the charge slip signed by the importer as prescribed by Reserve Bank from time to time subject to regulatory conditions. Payment for import may also be made by credit to SNRR account maintained by the overseas seller in India. These guidelines are specified under Notification No. FEMA 14(R)/2016-RB of May 2, 2016.

(4) Settlement of export and import transactions where the invoicing is in a freely convertible currency and the settlement takes place in the currency of the beneficiary, which though convertible does not have a direct exchange rate, is permitted subject to regulatory requirements. These guidelines are specified in A.P. (DIR Series) Circular No. 42 of February 4, 2016.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes. Remittances by persons other than individuals must require prior approval of the RBI if remittances exceed US$10,000,000 a project for any consultancy services in respect of infrastructure projects and US$1,000,000 a project for other consultancy services procured from outside India.

In case of import payment through online payment gateway service providers, the facility is available for import of goods and software if the value is not exceeding US$2,000.

Investment-related payments
Yes.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes. Remittances are allowed, subject to certain conditions, provided all current taxes and other liabilities have been cleared. Branches of foreign companies operating in India may remit profits to their head offices without RBI approval, subject to payment of applicable taxes and other liabilities.

Payments for travel
Yes.

Prior approval
No.

Quantitative limits
Yes. An overall LRS limit of US$250,000 a financial year applies to individuals for permitted current and capital account transactions. The LRS includes all exchange and remittance facilities, including private/business visits for current account transactions available to resident individuals. No such limits apply to payments made with an ICC issued by overseas banks and other reputed agencies. Foreign exchange is not made available for travel to Bhutan or Nepal or for transactions with residents of these countries. ADs and full-fledged money changers may release the full amount of the basic travel quota entitlement in cash or up to the cash limit specified by the Hajj.
Committee of India, to Hajj/Umrah pilgrims.

Indicative limits/bona fide test Yes.
ADs may release foreign exchange beyond indicative limits, where applicable, with RBI approval, on verification of purpose.

Personal payments Yes.
Resident individuals may remit up to US$250,000 a financial year for any permitted current or capital account transaction or a combination of both under the LRS.
Application cum Declaration for purchase of foreign exchange under the LRS of US$250,000 is clubbed with Form A2 to reduce multiplicity of forms to be filled in by the customers.

Prior approval No.

Quantitative limits Yes.
The LRS limit available to individuals is US$250,000 for permitted current and capital account transactions. LRS exchange/remittance facilities for current account transactions include remittance for private visits; business visits; gifts or donations; travel abroad for employment; emigration; maintenance of close relatives abroad; expenses in connection with medical treatment abroad; and studies abroad. However, for items such as emigration, expenses in connection with medical treatment abroad and studies abroad, individuals may obtain exchange facility for an amount exceeding the overall limit prescribed under the LRS, if required by the country involved, medical institute offering treatment or the university, respectively. Gifts in Indian rupees by resident individuals to NRI relatives as defined in the Companies Act, 2013, are also subsumed under the LRS limit.

A person who is resident but not permanently resident in India and is a citizen of a foreign country other than Pakistan or a citizen of India who is on deputation to the office or branch of a foreign company or subsidiary or JV in India of such foreign company may remit funds up to the net salary (after taxes, contribution to provident fund, and other deductions).

A resident individual may also carry out other permissible current account transactions (transactions not explicitly prohibited under Schedule I, or are restricted under Schedules II and III, to FEM CAT Rules, 2000, as amended) without any limits through an AD bank in India subject to verification of the bona fide of the transaction.

Indicative limits/bona fide test No.
A person other than an individual may also obtain foreign exchange for gifts and donations, within the limit prescribed under the LRS.

Foreign workers’ wages No.

Prior approval No.

Quantitative limits No.
Foreigners residing in India and employed by a foreign company and Indian citizens employed by a foreign company outside India – and in either case on deputation to the office, branch, subsidiary, or JV in India of such foreign company – may maintain a foreign exchange account with a bank outside India and have their entire salary credited to that account, provided income tax due under the Income Tax Act of 1961 has been paid on the salary accrued in India. 

Foreigners residing in India and employed by a company incorporated in India may maintain a foreign exchange account with a bank outside India and remit their whole salary in rupees to such account, provided income tax chargeable under the Income Tax Act of 1961 is paid on the salary accrued in India. A person who is resident but not permanently resident in India and is a citizen of a foreign country other than Pakistan or is a citizen of India who is on deputation to the office or branch of a foreign company or subsidiary or JV in India of such foreign company may remit the net salary (after taxes, contribution to the provident fund, and other
Indicative limits/bona fide test
No. There is no limit or bona fide test prescribed for these transactions; the entire salary net of taxes can be remitted outside India. The RBI does not prescribe the documentation, which should be verified by the AD bank when permitting remittances for various transactions.

Credit card use abroad
Yes. Travelers may use ICCs for all purposes, including for the purchase of articles for personal use, subject to the limits established by the card provider. The basic travel quota may also be obtained through the use of credit cards. The use of ICCs is allowed for imports of books, computer software, and other items through the Internet, with the exception of prohibited items, such as lottery tickets, sweepstakes participation, banned or proscribed subscriptions, and payments for callback services. Debit and automated teller machine (ATM) cards may be used for any purpose for which foreign exchange may be purchased from an AD.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Other payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
Yes. Proceeds must be repatriated.

Surrender requirements
Yes.

Surrender to the central bank
No.

Surrender to authorized dealers
Yes. Exporters may credit 100% of their foreign exchange earnings to an EEFC account; total accruals in the account during a calendar month must be converted to rupees on or before the last day of the subsequent calendar month after adjusting for approved purposes and forward commitments.

Restrictions on use of funds
Yes. EEFC accounts do not earn interest.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes. The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, of October 17, 2019, issued by the Central Government, regulate investments in India by person resident outside India. Foreign Exchange Management (Mode of Payment and Reporting of Non-debt Instruments) Regulations, 2019, of October 17, 2019, issued by the RBI regulates mode of payment and reporting requirements for investment in India by a person resident outside India. Effective October 17, 2019, the Foreign Exchange Management (transfer or issue of security by a person resident
outside India) Regulations, 2017, has been superseded by the Foreign Exchange Management (Non-debt Instruments) Rules, 2019. Resident individuals may remit abroad within the limit equivalent of US$250,000 a financial year for all permissible capital transactions under the LRS.

Repatriation requirements
Yes. ECB proceeds meant for rupee expenditure should be repatriated immediately for credit to their rupee accounts with AD Category-I banks in India. Proceeds meant only for foreign currency expenditures may be retained abroad until used.

Surrender requirements
Yes.

Surrender to the central bank
No.

Surrender to authorized dealers
Yes.

Controls on capital and money market instruments
Yes.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
Yes.

A person resident outside India may purchase equity instruments (equity shares; compulsory convertible debentures (CCDs); compulsorily convertible preference shares; share warrants; and partly paid-up shares) issued by an Indian company in permitted sectors subject to entry route, sectoral cap/regulatory limits, and other attendant conditionalities. (The term “capital instruments” have been replaced with “equity instruments” in Non-debt Instruments Rules, 2019.)

FPIs must register with the Securities and Exchange Board of India (SEBI) before they invest in the Indian capital market. (Since January 2014, all categories of foreign institutional investors (FIIs) and subaccounts were merged into a single investor type FPI.)

Registered FPIs may invest in permissible equity and/or debt securities issued by an Indian company whose equity and/or debt is listed on recognized stock exchanges in India. (Effective October 17, 2019, Non-debt Instruments Rules and Debt Instruments Regulations have been issued separately.)

There is no cap on the total amount of investment by FPIs in the equity shares of an Indian company, but there are caps on the FPIs percentage of paid-up capital in individual Indian companies. The holdings of a single FPI or FPI group in an Indian company must be less than 10% of total paid-up capital on fully diluted basis. Effective April 01, 2020, the aggregate limit for foreign investment by FPIs is the sectoral cap applicable to the investee company as laid out in sub-paragraph (b) of paragraph 3 of Schedule I of the Non-debt Rules. However, the aggregate limit may be decreased by the Indian company to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its Board of Directors and its General Body through a resolution and a special resolution, respectively, before March 31, 2020.

Provided further that, the Indian company which has decreased its aggregate limit to 24% or 49% or 74% may increase such aggregate limit to 49% or 74% or the sectoral cap or statutory ceiling, respectively, as deemed fit, with the approval of its Board of Directors or its General Body through a resolution and a special resolution, respectively. Previously, the aggregate limit for investment by all FPIs may not exceed 24% of the total paid-up
capital on fully diluted basis of the Indian company. The overall ceiling of 24% may be raised to the sectoral cap by a company through a special resolution passed by the Board of Directors and special resolution passed in the meeting of shareholders.

NRI and Overseas Citizens of India (OCIs) may invest in equity instruments. Individual NRIs and OCIs may purchase equity instruments of Indian companies listed on the stock exchange, up to 5% of the paid-up capital on fully diluted basis of the Indian company. The aggregate limit for investment by all NRIs and OCIs may not exceed 10% of the paid-up capital on fully convertible basis of the Indian company. This limit may be raised to 24% through a special resolution passed by the Board of Directors followed by an extraordinary general meeting.

Nonresidents, including NRIs and OCIs, may invest in equity instruments of a listed Indian company on the stock exchange through a registered broker under the FDI scheme, provided they have already acquired and continue to hold control in accordance with SEBI (Substantial Acquisition of Shares and Takeover) regulations. Pricing norms for transfer of equity instruments between residents and nonresidents for listed companies must comply with SEBI’s guidelines and for unlisted companies internationally accepted pricing methodology for valuation of shares done on arm’s length basis.

A person resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India (other than an entity in Pakistan or Bangladesh), not being a FPI or Foreign Venture Capital Investor registered in accordance with SEBI guidelines, may contribute foreign capital either by way of capital contribution or by way of acquisition/transfer of profit shares in the capital structure of a Limited Liability Partnership, subject to the terms and conditions as specified in Schedule VI of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

Equity instruments of Indian companies held by nonresidents under an FDI arrangement may be sold on the stock exchange. Transfers to residents under private arrangements (off market) do not require RBI permission and may be handled by authorized banks in accordance with the requirements in the regulations, including pricing and reporting requirements. Transfers of sale proceeds are permitted, subject to payment of applicable tax, provided no controls were imposed on the repatriation of sale proceeds at the time of the original investment. Transfers between two nonresidents generally do not require any approval, except for the sector where the investment is under Government route.

| Sale or issue locally by nonresidents | Yes. |
|Purchase abroad by residents          | Yes. |

Resident individuals may remit abroad up to the equivalent of US$250,000 a financial year for any permissible capital transaction under the LRS of 2015–2016.

General permission has been granted by the RBI to residents to hold, own, transfer, or invest in foreign currency or foreign securities outside India, if the currency or security was acquired or held by the person while residing outside India or received through inheritance from a person residing outside India.

SEBI-registered venture capital funds and alternative investment funds may invest in equity and equity-linked instruments of foreign venture capital undertaking, subject to an overall limit of US$750 million and SEBI regulations. Individual venture capital
fund/alternative investment fund limits are set by the SEBI, subject to its terms and conditions. Residents may invest in companies listed or otherwise abroad on recognized stock exchanges up to an overall limit of US$250,000 in a financial year under the LRS. A listed Indian company may invest in (1) shares of an overseas company listed on a recognized stock exchange and (2) rated bonds/fixed-income securities issued by companies in up to 50% of its net worth on the date of its latest audited balance sheet.

ADs may allow remittances by resident employees of foreign companies and their JVs or wholly owned subsidiaries (WOS) in which the foreign company holds equity, either directly or indirectly, for acquisition of shares of the foreign company under an employee stock option plan, subject to certain conditions. ADs may also allow remittances from resident individuals for acquisition of qualified shares for the position of director in the overseas company according to the laws of the host country. The limit of these remittances is within the overall ceiling prescribed for resident individuals under the LRS in effect at the time of acquisition. Resident individuals may acquire shares of a foreign entity in part/full consideration of professional services rendered to the foreign company or in lieu of director’s remuneration within the overall ceiling under the LRS in effect at the time of acquisition.

_Ans. Yes._

An Indian company may raise capital by issue of American Depository Receipts (ADRs)/global depositary receipts (GDRs) with the underlying of an eligible instrument under Schedule IX of FEM (Non-debt Instruments) Rules, 2019, notified on October 17, 2019.

_Bonds or other debt securities_ Yes.

Investment by FPIs in government and corporate securities is subject to the following limits:

1. The overall limit for FPI investment in Central G-Secs was 5.5% of outstanding stock of securities in fiscal year 2018–2019, and effective April 1, 2019, it was increased to 6% in fiscal year 2019–2020.

2. The overall limit for FPI investment in corporate bonds which was set at 9% of outstanding stock of corporate bonds from fiscal year 2018–2019 was increased to 15% in fiscal year 2020–2021 (effective April 1, 2020). All the sub-categories under the category of corporate bonds were discontinued and replaced with a single limit for FPI investment in all types of corporate bonds in the fiscal year 2018–2019.

3. The limit for FPI investment in State Development Loans (SDLs) is 2% of outstanding stock of securities.

4. Effective April 25, 2019, FPIs are now permitted to invest in municipal bonds within the limits set for FPI investment in SDLs.

5. The cap on aggregate FPI investments in any Central Government security is 30% of the outstanding stock of that security.

6. Effective April 1, 2020, certain specified categories of Central G-Secs were opened fully for nonresidents investors without any restrictions, apart from being available to domestic investors as well, under the Fully Accessible Route (FAR). Additionally, all new issuances of Central G-Secs of 5-, 10-, and 30-year tenors from the financial year 2020–2021 will be eligible for investments under the FAR as “specified securities.”

FPIs are permitted to invest in (1) Central G-Secs, including in T-Bills and SDLs without any minimum residual maturity requirement, subject to the condition that short-term (maturity up to one year) investments by an FPI under either category may not exceed 30% of the total investment of that FPI in that category. Effective January 23, 2020, this short-term investment limit was increased from 20% to 50%.
FPIs are permitted to invest in corporate bonds with minimum residual maturity of above one year, subject to the condition that short-term investments in corporate bonds by an FPI may not exceed 20% of the total investment of that FPI in corporate bonds. Effective January 23, 2020, this short-term investment limit was increased from 20% to 30%. These stipulations would not apply to investments in “Exempted Securities” by FPIs.

FPIs investments in debt instruments in India – Central G-Secs, SDLs, and corporate debt securities, are also subject to the following concentration limits:

1. Long-term FPIs: 15% of prevailing investment limit for that category.
2. Other FPIs: 10% of prevailing investment limit for that category.

FPI investment in corporate bonds is also subject to the following requirements:

1. Investment by any FPI, including investments by related FPIs, may not exceed 50% of any issue of a corporate bond.
2. Effective February 15, 2019, the limit that an FPI could not have an exposure of more than 20% of its corporate bond portfolio to a single corporate (including exposure to entities related to the corporate) was removed.

FPIs are also allowed to invest in Indian debt instruments through a separate channel called the Voluntary Retention Route (VRR), effective March 1, 2019. Broadly, investments under VRR are exempt from macroprudential controls; however, FPIs are required to stay invested for at least 75% of their committed portfolio for a minimum period of three years. Revisions to VRR introduced effective May 24, 2019, included, inter alia, the introduction of a separate category, viz. VRR-Combined; the removal of the requirement to invest at least 25% of the Committed Portfolio Size within one month of allotment; and an additional option provided to FPI at the end of the retention period, viz. continue to hold their investment until the date of maturity or the date of sale, whichever is earlier. Further, the amendment to VRR was done effective January 23, 2020, for introducing additional relaxations and increasing of investment limit from Rs 75,000 crores to Rs 1,50,000 crores.

Effective October 17, 2019, the following provisions came into force:

1. NRI or an OCI may, without limit, purchase the following instruments on repatriation basis,
   (a) Government dated securities (other than bearer securities) or treasury bills or units of domestic MFs or exchange-traded funds (ETFs) which invest less than or equal to 50% in equity or National Plan/Savings Certificates;
   (b) Bonds issued by a Public Sector Undertaking in India;
   (c) Bonds issued by Infrastructure Debt Funds;
   (d) Listed non-convertible/redeemable preference shares or debentures issued in terms of Regulation 6 (merger or demerger or amalgamation of Indian companies) of Foreign Exchange Management (Debt Instruments) Regulations;

2. An NRI or an OCI may purchase on repatriation basis debt instruments issued by banks, eligible for inclusion in regulatory capital.
B.

(1) An NRI or an OCI may, without limit, purchase on non-repatriation basis, dated G-Secs (other than bearer securities), treasury bills, units of domestic MFs or ETFs which invest less than or equal to 50% in equity.

(2) An NRI or an OCI may, without limit, purchase on non-repatriation basis, listed non-convertible/redeemable preference shares or debentures issued in terms of Regulation 6 (Merger or demerger or amalgamation of Indian companies) of Foreign Exchange Management (Debt Instruments) Regulations. These changes were carried out through Foreign Exchange Management (Debt Instruments) Regulations, 2019, of October 17, 2019.

OTC trades in Corporate Bonds are required to be reported only on any one of the reporting platform provided in the debt segment of stock exchanges within 15 minutes of the trade as prescribed in Securities and Exchange Board of India guidelines.

Sale or issue locally by nonresidents

Yes.

A person resident outside India who has purchased instruments in accordance with Schedule I of Foreign Exchange Management (Debt Instruments) Regulations may sell/redeem the instruments subject to such terms and conditions as may be specified by the Reserve Bank and the SEBI.

OTC trades in corporate bonds are required to be reported only on any one of the reporting platform provided in the debt segment of stock exchanges within 15 minutes of the trade as prescribed in SEBI guidelines.

Purchase abroad by residents

Yes.

Resident individuals may remit abroad up to the limit equivalent of US$250,000 a financial year for any permissible capital transaction under the LRS.

Sale or issue abroad by residents

Yes.

Indian entities can raise funds from abroad by issuance of bonds abroad under the ECB framework in any freely convertible currency or Indian rupees. Such bonds can be issued by all entities eligible to receive FDI and some other entities, viz. Port Trusts, Units in SEZ, Small Industries Development Bank of India (SIDBI), EXIM Bank of India, and registered entities engaged in microfinance activities (only in INR). The lenders have to be residents of FATF- or IOSCO-compliant country. There is a cost ceiling of 6-month LIBOR plus 450 bps. The minimum average maturity for permitted end-uses is 3 years. However, for end-uses of repayment of rupee loans, working capital and general corporate purposes, only foreign equity holders are eligible lenders and the maturity has to be 5 years or above. However, effective July 30, 2019, ECB for these end-uses can now be availed from all ECB lenders (except overseas branches/subsidiaries of Indian banks) with a higher maturity of 7/10 years.

On money market instruments

Yes.

Purchase locally by nonresidents

Yes.

Effective October 17, 2019, NRIs/OCIs may purchase on repatriation and non-repatriation basis without limit (1) treasury bills and (2) units of domestic MFs or ETFs that invest less than or equal to 50% in equity.

NRIs may invest without limit on a non-repatriation basis in money market MFs floated by commercial banks and public or private sector financial institutions with authorization from the SEBI. NRIs...
may also invest without limit on a repatriation and non-repatriation basis in T-Bills.

The aggregate limit prescribed for investment by FPIs in G-Secs (currently Rs 3 trillion) is exclusively available for investment in G-Secs and is not fungible between G-Secs and interest rate futures (IRF) instruments.

FPIs are permitted to invest in (1) Central G-Secs, including in T-Bills and SDLs, without any minimum residual maturity requirement, subject to the condition that short-term (maturity up to one year) investments by an FPI under either category may not exceed 20% of the total investment of that FPI in that category. Effective January 23, 2020, this short-term investment limit was increased from 20% to 30%.

FPIs are permitted to invest in corporate bonds with minimum residual maturity of above one year, subject to the condition that short-term investments in corporate bonds by an FPI may not exceed 20% of the total investment of that FPI in corporate bonds. Effective January 23, 2020, this short-term investment limit was increased from 20% to 30%. These stipulations would not apply to investments in “Exempted Securities” by FPIs.

As per Foreign Exchange Management (Debt Instruments) Regulations, 2019, of October 17, 2019, a person resident outside India who has purchased instruments in accordance with Schedule 1 of Foreign Exchange Management (Debt Instruments) Regulations may sell/redeem the instruments subject to such terms and conditions as may be specified by the Reserve Bank and the SEBI.

Sale or issue locally by nonresidents  Yes.

Purchase abroad by residents  Yes.

AD Category-I banks can invest in prescribed money market instruments in overseas markets up to the limits approved by their board. Such investments may be made in overseas money market instruments and/or debt instruments issued by a foreign state with a residual maturity of less than one year and rated at least as AA (-) by Standard & Poor/FITCH IBCA or Aa3 by Moody’s. The Reserve Bank has not prescribed any separate limits for the residents to invest in money market instruments. However, as per Notification No. FEMA.120/RB-2004 of July 7, 2004, as amended from time to time, a person resident in India, being a listed Indian company, may invest in (1) the shares of an overseas company which is listed on a recognized stock exchange and (2) the rated bonds/fixed-income securities issued by companies at (1) above, provided investment by a listed Indian company may not exceed 50% of its net worth as on the date of its last audited balance sheet.

Further, MFs and alternative investment funds registered with SEBI may invest within the specified limits, subject to the terms and conditions prescribed by SEBI. Approvals are given by SEBI, within the overall limits decided from time to time in consultation with the RBI.

Further, under LRS, a resident individual can remit funds overseas to invest in money market securities up to the overall limit specified under LRS of US$250,000 in a financial year. For remittance beyond this amount, RBI permission is required.

Sale or issue abroad by residents  Yes.

These transactions are not permitted.

On collective investment securities  Yes.

Resident companies require general or specific permission from the RBI to issue securities to NRIs.

Purchase locally by nonresidents  No.

These transactions by FIIIs do not require RBI approval.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>The issuance of collective investment securities by nonresidents on local markets in India is permitted subject to certain conditions.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>Resident individuals may remit abroad up to the limit equivalent of US$250,000 a financial year for any permissible capital transaction under the LRS.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>Resident companies require general or specific permission from the RBI to issue securities to NRIs.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td>Effective June 1, 2020, all residents and nonresidents are permitted to participate in foreign exchange derivative markets for the purpose of hedging their foreign exchange exposure, that is, notional of derivatives cannot exceed the notional of underlying exposure. Previously, resident individuals, firms, and companies could book foreign exchange forward contracts up to US$1 million on the basis of a simple declaration without further documentation. Importers are permitted to book forward contracts, under the past performance route, up to 100% of the eligible limit. There was no prohibition against passing foreign exchange gain to the customer in the event of cancelation of a contract, and only contracts in excess of 75% were required to be delivered.</td>
</tr>
</tbody>
</table>
| Purchase locally by nonresidents             | Yes    | (1) As described above, nonresidents are permitted to enter into foreign exchange derivative contracts for the purpose of hedging. However, cancelation and rebooking of contracts is freely permitted. Further, similar to exchanges, users can book derivative contracts up to US$10 million equivalent of notional value (outstanding at any point in time) without the need to establish the existence of underlying exposure. Also, recently (effective June 01, 2020) the ADs have been permitted to offer non-deliverable derivative contracts in rupee or otherwise to persons not resident in India. To allow more flexibility, effective January 06, 2020, the ADs may undertake customer transactions (residents and nonresidents) beyond onshore market hours including through their foreign branches and subsidiaries.  
(2) FPIs, registered with SEBI, are also permitted to purchase or sell IRF subject to the following conditions:  
(a) the aggregate long position of all FPIs, each of whom has a net long position in any IRF instrument, may not exceed 50 billion rupees, aggregated across all IRF instruments, and  
(b) the total gross short (sold) position of any FPI may not exceed its consolidated long position in G-Secs and IRF, at any point in time. Effective March 27, 2019, nonresidents were allowed to participate in the rupee interest rate derivatives markets subject to certain limitations. |
| Sale or issue locally by nonresidents        |        | These transactions are not allowed.                                                                                                                                                                    |
| Purchase abroad by residents                 | Yes    | ADs and their branches abroad may offer derivatives instruments for hedging to corporate clients that have borrowed foreign exchange in accordance with FEMA provisions and purchase them for their own asset and liability management. Residents in India, other than individuals, may hedge their direct or indirect exposure to commodity price risk and freight risk in overseas markets through AD banks, subject to conditions. Eligible commodities whose price risk may be hedged are as follows:  
(1) In case of direct exposure – all commodities except gold, gems, and precious stones.  
(2) In case of indirect exposure – aluminum, copper, lead, zinc, nickel, and tin. Entities engaged in business of refining oil or shipping only are permitted to hedge their exposure to freight risk. |
Sale or issue abroad by residents No.

Controls on credit operations Yes.

Commercial credits Yes. Save as otherwise provided in the Act, Rules, or Regulations made thereunder, no person resident in India must borrow or lend in foreign exchange from or to a person resident in or outside India and no person resident in India must borrow in rupees from, or lend in rupees to, a person resident outside India:

Provided the Reserve Bank may, for sufficient reasons, permit a person resident in India to borrow or lend in foreign exchange from or to a person resident in or outside India and/or permit a person resident in India to borrow in rupees from, or lend in rupees to, a person resident outside India.

By residents to nonresidents Yes. A commercial credit of up to six months is allowed for exports on documents-against-acceptance terms. Contracts for exports involving payments to be realized beyond the usual period of six months or one year are treated as deferred payment exports. Such exports are permitted, depending on the credit terms offered, the commodity to be exported, and other related considerations. This applies to turnkey, construction, and service contracts by Indian exporters on credit terms. Under the Buyer Credit Scheme, the EXIM Bank offers credit to foreign buyers in connection with the exportation of capital goods and turnkey projects in India in participation with commercial banks in India. An Indian exporter may lend without restriction from the funds held in an EEFC account for trade-related purposes to an overseas importing customer against a bank guarantee. Other transactions require RBI permission.

To residents from nonresidents Yes. Effective March 13, 2019, trade credit can be availed for: (1) import of non-capital goods for a maximum period of up to one year and linked with the operating cycle, or for a period as per the guidelines issued by the RBI from time to time for any import of any goods/for import by any specific sector and (2) import of capital goods for a maximum period of three years or for a period as per the guidelines issued by the RBI from time to time.

Effective March 13, 2019, importers can raise trade credit up to US$50 million equivalent per import transaction for import of capital or non-capital goods or any other amount as decided by the RBI in consultation with the GOI. For trade credits in foreign exchange, maximum spread of the all-in-cost over the benchmark of 6-month LIBOR or applicable benchmark for the respective currency will be 250 bps per annum or as prescribed by the Reserve Bank in consultation with the GOI. The list of lenders that could provide trade credits includes supplier of goods located outside India, Banks, financial institutions located outside India, foreign equity holders and financial institutions in International Financial Services Centers located in India. Bank guarantees may be given by the ADs, on behalf of the importer, in favor of overseas lender of trade credits not exceeding the amount of trade credit. Period of such guarantee cannot be beyond the maximum permissible period for trade credit. Trade credit may also be secured by overseas guarantee issued by foreign banks/overseas branches of Indian banks. Trade credits may be raised by entities in SEZs, free trade warehousing zones, and domestic tariff area.

Financial credits Yes. Save as otherwise provided in the Act, Rules, or Regulations made thereunder, no person resident in India must borrow or lend in...
foreign exchange from or to a person resident in or outside India and no person resident in India must borrow in rupees from, or lend in rupees to, a person resident outside India:

Provided the Reserve Bank may, for sufficient reasons, permit a person resident in India to borrow or lend in foreign exchange from or to a person resident in or outside India and/or permit a person resident in India to borrow in rupees from, or lend in rupees to, a person resident outside India.

By residents to nonresidents Yes.

Under FEMA 3R of December 17, 2018:

(1) An AD in India or its branch outside India or any other eligible entity may extend foreign-currency-denominated External Commercial Lending to a borrower outside India in accordance with the provisions contained in Schedule III.
(2) An AD may grant loans to its constituents in India for meeting their foreign exchange requirements or for their rupee working capital requirements or capital expenditure subject to compliance with prudential norms, interest rate directives and guidelines, if any, issued by Reserve Bank in this regard.
(3) Branches outside India of AD banks may extend foreign exchange loans against the security of funds held in NRE/FCNR deposit accounts or any other account as specified by the Reserve Bank from time to time, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, notified vide Notification No. FEMA 5(R)/2016-RB of April 1, 2016, as amended from time to time.
(4) An AD in India may grant loan to a NRI/OCI Cardholder for meeting the borrower’s personal requirements/own business purposes/acquisition of a residential accommodation in India/acquisition of motor vehicle in India/or for any purpose as per the loan policy laid down by the Board of Directors of the AD and in compliance with prudential guidelines of RBI. The AD bank should ensure that the borrowed funds are not used for restricted end-uses.
(5) Overdraft in rupee account maintained with AD in India: An AD may permit a temporary overdraft, for value not exceeding Rs 5 billion or any other amount as prescribed by the Reserve Bank from time to time, in rupee accounts maintained with it by its overseas branch or correspondent or Head Office outside India, subject to such terms and conditions as the Reserve Bank may direct from time to time.
(6) A registered nonbanking financial company in India or a registered housing finance institution in India or any other financial institution as may be specified by the Reserve Bank from time to time, may provide housing loan or vehicle loan, as the case may be, to a NRI/OCI Cardholder subject to such terms and conditions as prescribed by the Reserve Bank from time to time. The borrower should ensure that the borrowed funds are not used for restricted end-uses.
(7) An Indian entity may grant loan in Indian Rupees to its employee who is a NRI/OCI Cardholder in accordance with the Staff Welfare Scheme subject to such terms and conditions as prescribed by the Reserve Bank from time to time. The borrower should ensure that the borrowed funds are not used for restricted end-uses.

To residents from nonresidents Yes.

From December 17, 2018, borrowing from outside India in foreign exchange by a person resident in India:

(1) An AD may borrow from its Head Office or branch or correspondent outside India or any other entity up to limit specified and subject to terms and conditions as specified by the Reserve Bank from time to time, in consultation with GOI.
(2) A branch outside India of an AD being a bank incorporated or constituted in India may borrow in foreign exchange in the normal course of its banking business from outside India, subject to the directions or guidelines issued by the Reserve Bank from time to time, and the Regulatory Authority of the country where the branch is located.

(3) Financial Institutions, set up under an Act of the Indian Parliament, may raise foreign exchange borrowings with the prior approval of the GOI for the purpose of onward lending.

(4) An AD may raise ECB from outside India in accordance with the provisions contained in Schedule I of Notification No. FEMA.3(R)/2018-RB.

(5) Eligible resident entities (other than ADs) may raise ECB from outside India in accordance with the provisions contained in Schedule I of Notification No. FEMA.3(R)/2018-RB.

From December 17, 2018, borrowing in Indian rupees by a person resident in India:

(1) An AD may raise rupee-denominated ECB from outside India in accordance with the provisions contained in Schedule I of Notification No. FEMA.3(R)/2018-RB.

(2) Borrowing by persons other than AD:

(a) Eligible resident entities may raise rupee-denominated ECB from outside India in accordance with the provisions contained in Schedule I of Notification No. FEMA.3(R)/2018-RB.

(b) Eligible resident entities, as defined by the GOI, may borrow from overseas Multilateral Financial Institutions/International Development Financial Institutions, where the source of funds of such institutions is rupee-denominated bonds issued overseas or resources raised domestically, or any other source as approved by the GOI.

(c) Any foreign investment in the nature of debt arising out of transfer or issue of security, not covered under the above sub-regulations, should be in compliance with Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, notified vide Notification No. FEMA 20(R)/2017-RB of November 07, 2017, as amended from time to time.

(d) Any person resident in India accepting any deposit from, or making any deposit with, a person resident outside India, including loans/overdrafts against security of funds held in such accounts, should be in compliance with Foreign Exchange Management (Deposit) Regulations, 2016, notified vide Notification No. FEMA 5(R)/2016-RB of April 1, 2016, as amended from time to time.

(e) Financial Institutions, set up under an Act of the Indian Parliament, may raise rupee-denominated borrowings from outside India with the prior approval of the GOI for the purpose of onward lending.

Under the ECB framework, Indian entities can raise funds from abroad in the form of loans and bonds in any freely convertible currency or Indian rupees. ECB can be raised by all entities eligible to receive FDI and some other entities, viz. Port Trusts, Units in SEZ, SIDBI, EXIM Bank of India, and registered entities engaged in microfinance activities (only in INR). The lenders have to be residents of FATF- or IOSCO-compliant country. There is a cost ceiling of 6-month LIBOR plus 450 bps. The minimum average maturity for permitted end-uses is 3 years. However, for end-uses of
repayment of rupee loans, working capital and general corporate purposes, only foreign equity holders are eligible lenders and the maturity has to be 5 years or above. However, effective July 30, 2019, ECB for these end-uses can now be availed from all ECB lenders (except overseas branches/subsidiaries of Indian banks) with a higher maturity of 7/10 years.

Guarantees, sureties, and financial backup facilities

<table>
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<th>Yes.</th>
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<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Banks can issue guarantees/SBLCs for trade credits. However, they cannot issue the same for ECBs availed by residents.

The RBI allows ADs to grant rupee loans to residents against guarantees from nonresidents under the general permission. Borrowing and lending between two residents are not affected by any provisions of the FEMA, 1999. If a rupee loan is granted against a guarantee by a nonresident, there is no transaction involving foreign exchange until the guarantee is invoked and the nonresident guarantor is required to meet the liability under the guarantee. Nonresident guarantees under the general permission are allowed for non-fund-based facilities (such as LCs and guarantees) between two residents. Credit enhancement by eligible nonresident entities has been extended to domestic debt raised through issues of capital market instruments, such as debentures and bonds, by Indian companies in all sectors.

Controls on direct investment

Yes.

Outward direct investment

Yes.

An IP (a company incorporated in India, or a body created under Act of Parliament, or a partnership firm registered under the Indian Partnership Act, 1932, or a Limited Liability Partnership) may invest ODI by undertaking financial commitment in the form of equity. To support business operations, financial commitment extended to/issued on behalf of JV/WOS may also take the form of loan, guarantee, and any other non-fund-based commitment. The limit of financial commitment undertaken by IPs under the automatic route is 400% of the net worth of the IP on the date of the last audited balance sheet or the equivalent of US$1 billion in a financial year (clarification), whichever of the two is lower. Resident individuals may set up/acquire JV/WOS abroad within the limit of the LRS, subject to conditions including that the investment can only be made in equity of the JV/WOS and no multi-layered structure is incorporated/acquired. Overseas investments by unregistered partnership and proprietorship firms, trusts, and societies, are subject to prior RBI approval and are not eligible for automatic route. IPs may fund ODI in JVs or WOS with remittances in freely convertible currency through market purchases, capitalization of exports/other receivables, balances held in EEFC accounts, ECB, and ADR/GDR proceeds, swap of shares, etc. No IP can make any direct investment in a foreign entity engaged in real estate business or banking business. The ODI in Pakistan and those jurisdictions which are identified by the FATF as high risk and non-cooperative is under the approval route. ODI in Nepal is allowed only in Indian rupees; ODI in Bhutan is allowed in rupees and freely convertible currencies. The following criteria need to be met to be eligible for auto route: The person should not be (1) on the export caution list; (2) under investigation by any investigation/enforcement agency or regulatory body; and (3) a defaulter to the banking system in India. The other procedural requirements for ODI under auto route include:
transactions which are made through a designated AD bank. (2) Submission of Form ODI Part I. (3) Submission of all annual performance reports (APRs) for existing JV/WOS. (4) Loan/Guarantee to/on behalf of an overseas entity which can be extended by the IP if IP has equity/compulsorily convertible preference shares participation in such overseas entity. There are additional compliance requirements for overseas investment in the financial services sector such as the net profit track record of IP during the preceding three financial years; IP being registered with the Regulatory Authority in India for conducting the financial services activities; approval from the concerned regulatory authorities both in India and abroad, and the IP fulfilling the prudential norms relating to capital adequacy as prescribed by the concerned Regulatory Authority in India.

The IP must receive share certificates or other document as evidence of investment within six months, repatriate dues receivable to India within 60 days of falling due, submit APR for the financial year to AD latest by December 31, and report all post-investment changes in capital structure of JV/WOS.

Disinvestment by the IP from its JV/WOS abroad may be undertaken by way of transfer/sale of equity shares to a nonresident/resident or by way of liquidation/merger/amalgamation of the JV/WOS/IP. Such disinvestment can be undertaken under auto route or approval route. The conditions for auto route are as follows: (1) The sale is effected through a stock exchange or by a private arrangement at a price not less than the fair value of the JV/WOS; (2) the IP does not have any outstanding dues from the JV or WOS and is not under any investigation; (3) the overseas JV/WOS has been in operation for at least one full year from the date of first investment; and (4) the write off of the investment, if any, is within the prescribed limit.

Other methods of acquisition of foreign entity’s shares include: (1) gift from a person resident outside India; (2) cashless employee stock option scheme; (3) inheritance from a person resident in or outside India; (4) individual who resident in India, being an employee or a director of Indian office, may acquire shares under employee stock ownership (ESOP) by an overseas parent; (5) acquisition of qualification shares to become a director of overseas company subject to LRS limit; and (6) acquisition of right shares/bonus shares of overseas company.

IP must make no direct investment in an overseas entity (set up or acquired abroad directly as JV/WOS or indirectly as step down subsidiary) located in the countries identified by the FATF as “non-co-operative countries and territories” as per list available on FATF website www.fatf-gafi.org or as notified by the RBI from time to time. Clarification was issued by way of frequently asked questions (FAQ) that it is applicable only on countries identified by FATF as “call for action.”

Inward direct investment Yes. The FDI in India is subject to policy guidelines framed by the GOI from time to time and implemented through Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended. Persons resident outside India are permitted to invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, effective April 22, 2020, government approval is required for investment by an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (previously the approval requirement applied only to citizens or entities incorporated in Bangladesh or Pakistan). Further, an Indian company receiving FDI from Pakistan may not engage in sectors or activities pertaining to defense, space, and atomic energy or sectors...
Foreign investment is permitted under two routes: the government route and the automatic route, subject to sector-specific caps and guidelines, except for prohibited activities, viz. (1) lottery business; (2) gambling and betting; (3) chit funds; (4) nidhi companies; (5) trading in transferable development rights; (6) real estate business or construction of farmhouses; (7) manufacturing of cigars, cheroots, cigarillos, and cigarettes of tobacco or tobacco substitutes; (8) activities/sectors not open to private sector investment, for example, (a) atomic energy and (b) railway operations (other than permitted activities mentioned in paragraph (3) of Schedule I of Non-debt Instruments Rules, 2019); and (9) foreign technology collaboration in any form including licensing for franchise, trademark, brand name, and management contract is also prohibited for lottery business and gambling and betting activities.

Further, there are other sectors where foreign investment is permitted with certain terms and conditions as stated in paragraph (3) of Schedule I of Non-debt Instruments Rules, 2019. If the activity is not stated in paragraph (3) of Schedule I and not under financial services specifically indicated in the Rules, foreign investment up to 100% is permitted under the automatic route. Foreign investment in financial services not specifically indicated in the Rules requires prior approval of GOI.

FDI is permitted in following sectors with prior approval of the government:

(1) Defense, air transport service (scheduled and regional air transport), telecom services, up to 49% under automatic route; (2) brownfield pharmaceuticals up to 74% under automatic route and beyond 74% under government route; (3) private sector banking up to 49% under government route; (4) private security agencies up to 49% under government route; (5) mining and mineral separation of titanium-bearing minerals and ores, food product retail trading, publishing and printing of scientific and technical magazines, publication of facsimile edition of foreign newspapers, and establishment and operation of satellite, capped at 100%; (6) multi-brand retail trading, capped at 51% under government route; (7) investment by foreign airlines and broadcasting content service, capped at 49% under government route; (8) publication of newspapers and periodicals dealing with news and current affairs and publication of Indian editions of foreign magazines dealing with news and current affairs, capped at 26% under government route; and (9) public sector banking, capped at 20% under government route.

Under the automatic route, there are only six sectors in which investments are subject to a cap of 49%: petroleum refining by public sector companies, infrastructure company in the securities market, commodity spot exchanges, insurance companies, pension sector, and power exchanges.

Foreign investment is allowed up to 100% through the automatic route in the following sectors: (1) agricultural activities such as floriculture and horticulture; (2) pisciculture; (3) plantation sector; (4) mining of metals and non-metal ores, coal, and lignite; (5) manufacturing; (6) broadcasting carriage and content service; (7) airports (greenfield and brownfield), airport transport service (non-scheduled flights and helicopter services), ground handling services and maintenance and repair and flying training organizations; (8) construction development; (9) new and existing industrial parks; (10) wholesale and B2B e-commerce trading, and duty-free shops; (11) railway infrastructure (though proposals involving FDI beyond 49%
may be considered on a case-to-case basis); (12) asset reconstruction companies, credit information companies, other financial services regulated by financial sector regulators; (13) pharmaceuticals (greenfield); (14) exploration activities of oil and natural gas fields; (15) single-brand product retail trading; (16) real estate broking service; and (17) investing companies if it is registered with the RBI and accordingly regulated.

The following criteria are mentioned under the automatic route subject to certain terms and conditions: (1) creation of charge over shares of JV/WOS/SDS in favor of domestic/overseas lenders; (2) creation of charge over the domestic assets in favor of overseas lenders to the JV/WOS/SDS; and (3) creation of charge over overseas assets in favor of domestic lenders.

NRI s and OCIs may use funds derived from new remittances or held in their NRE or FCNR accounts (1) to make portfolio investments with repatriation benefits of up to 5% of the paid-up capital, provided their total holdings of shares and convertible debentures held under the PIS do not exceed 10% (extendable to 24% if the general meeting of the investing company passes a special board resolution) of the paid-up capital of the company or of the total paid-in value of each series of its convertible debentures issued by the company; (2) for existing JV companies to raise the ratio of foreign equity shares to prescribed percentages of their capital through expansion of their capital base or through preferential allocation of shares to foreign investors; and (3) to invest on a non-repatriation basis in money market MFs (only NRIs).

Any funds payable by the Indian company to a person resident outside India, the remittance of which is permitted under the Act or the rules and regulations framed or directions issued thereunder or does not require prior permission of the Central Government or the Reserve Bank under the Act or the rules and regulations framed or directions issued thereunder or has been permitted by the Reserve Bank under the Act or the rules and regulations framed or directions issued thereunder, may be converted to equity subject to specified conditions (Res. No. 3. Notification No. FEMA 315/2014-RB of July 10, 2014). Indian companies may issue capital instruments against swap of capital instruments; imports of capital goods, machinery, equipment (excluding second-hand machinery), and preoperative/pre-incorporation expenses up to a limit of 5% of its authorized capital or US$500,000 whichever is less (including payments of rent, etc.), subject to specified conditions.

Controls on liquidation of direct investment
Yes.

Shares may be sold freely on the stock exchange and the sale proceeds may be repatriated. Other sales of shares, securities, and immovable property may be allowed by authorized banks after complying with conditions prescribed by the RBI. RBI approval is required only for sales of shares when preconditions and norms have not been fulfilled. Repatriation of after-tax sales proceeds is generally permitted. Investment on a non-repatriation basis is permitted only for NRIs and OCIs where for investment on non-repatriation basis, the sale proceeds cannot be repatriated outside and have to be credited only to the NRO account of the investor.

Controls on real estate transactions
Yes.

These transactions require RBI permission.

Purchase abroad by residents
Yes.

Residents may hold, own, or transfer immovable property outside India, provided such property was acquired while the person resided outside India or was obtained through inheritance or as a gift from a person resident in India holding it in accordance with FEMA provisions. That person is also free to dispose of such property or acquire new property from the sale proceeds of such property. Residents may buy immovable property abroad using RFC accounts.
A resident individual may make remittances for the acquisition of immovable property within the LRS limit of US$250,000, subject to verification of the transactions by the AD bank. General permission has been granted to Indian companies with established offices abroad to acquire immovable property abroad for their business use and for staff residences.

**Purchase locally by nonresidents** Yes.

Acquisition and transfer of property in India by a NRI or an OCI — A NRI or an OCI may:
- acquire by way of purchase immovable property in India other than an agricultural land or farm house or plantation property subject to certain conditions;
- acquire any immovable property in India other than agricultural land or farm house or plantation property by way of gift from a person resident in India or from an NRI or from an OCI, who in any case is a relative as defined in clause (77) of Section 2 of the Companies Act, 2013;
- acquire any immovable property in India by way of inheritance from a person resident outside India subject to certain conditions;
- transfer any immovable property in India to a person resident in India;
- transfer any immovable property other than agricultural land or farm house or plantation property to an NRI or an OCI.

Joint acquisition by the spouse of a NRI or an OCI — A person resident outside India, not being an NRI or an OCI, who is a spouse of an NRI or an OCI may acquire one immovable property (other than agricultural land or farm house or plantation property), jointly with his or her NRI or OCI spouse subject to certain conditions.

Acquisition of immovable property for carrying on a permitted activity — A person resident outside India who has established in India in accordance with the Foreign Exchange Management (Establishment in India of a Branch office or a liaison office or a project office or any other place of business) Regulations, 2016, as amended from time to time, a branch, office or other place of business for carrying on in India any activity, excluding a liaison office, may:
- acquire any immovable property in India, which is necessary for or incidental to carrying on such activity subject to certain conditions;
- transfer by way of mortgage to an AD as a security for any borrowing, the immovable property acquired in pursuance of clause (a) above:
- Provided no person of Pakistan or Bangladesh or Sri Lanka or Afghanistan or China or Iran or Hong Kong or Macau or Nepal or Bhutan or Democratic People’s Republic of Korea must acquire immovable property, other than on lease not exceeding five years, without prior approval of the Reserve Bank.

Purchase or sale of immovable property by Foreign Embassies or Diplomats or Consulate Generals — A Foreign Embassy or Diplomat or Consulate General may purchase or sell immovable property in India other than agricultural land or plantation property or farm house, provided clearance from GOI, Ministry of External Affairs is obtained for such purchase or sale, and the consideration for acquisition of immovable property in India is paid out of funds remitted from abroad through banking channels.

Acquisition by a long-term visa holder — Since March 26, 2018, a person being a citizen of Afghanistan, Bangladesh, or Pakistan belonging to minority communities in those countries, namely Hindus, Sikhs, Buddhists, Jains, Parsis, and Christians, who is residing in India and has been granted a long-term visa (LTV) by the Central Government may purchase only one residential immovable property in India as dwelling unit for self-occupation and only one
immovable property for carrying out self-employment subject certain conditions.

As regards persons other than OCI/NRI or person who has not opened any liaison, branch, or project office in India, no such person resident outside India must transfer any immovable property in India, provided the Reserve Bank may, for sufficient reasons, permit the transfer, subject to such conditions as may be considered necessary.

In terms of Foreign Exchange Management (Non-debt Instruments) Rules, 2019, of October 17, 2019, which supersedes FEMA 21(R) 2018-RB of March 26, 2018.

From March 26, 2018: In the event of sale of immovable property other than agricultural land or farm house or plantation property in India by an NRI or an OCI, the AD may allow repatriation of the sale proceeds outside India, provided the following conditions are satisfied, namely:

1. the immovable property was acquired by the seller in accordance with the provisions of the foreign exchange law in force at the time of acquisition or the provisions of these rules;
2. the amount for acquisition of the immovable property was paid in foreign exchange received through banking channels or out of funds held in foreign currency nonresident account or out of funds held in nonresident external account;
3. in the case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties.

Prohibition: Citizens of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal, Bhutan, Macau, Hong Kong, and Democratic People’s Republic of Korea cannot, without prior permission of the Reserve Bank, acquire or transfer immovable property in India, other than on lease, not exceeding five years. For this purpose, the term “citizen” must include natural persons and legal entities. This prohibition may not apply to an OCI.

[Remittance of assets permitted under FEMA 13(R) 2016-RB of April 1, 2016].

(1) A citizen of foreign state, not being a person of Indian origin (PIO) or a citizen of Nepal or Bhutan, who has retired from an employment in India or has inherited the assets from a person referred to in subsection (5) of Section 6 of FEMA or is a widow/widower resident outside India and has inherited assets of the deceased spouse who was an Indian citizen resident in India, may remit through an AD an amount, not exceeding US$1,000,000 (US dollar one million only) a financial year on production of documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter subject to certain conditions.

(2) A NRI or a PIO may remit through an AD an amount, not exceeding US$1,000,000 (US dollar one million only) a financial year, out of the balances held in the nonresident (ordinary) accounts (NRO accounts)/sale proceeds of assets/the assets acquired by him by way of inheritance/legacy on production of documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter;

Under a deed of settlement made by either of his parents or a relative (relative as defined in Section 2(77) of the Companies Act, 2013) and the settlement taking effect on the death of the settler, on production of the original deed of settlement.
By residents to nonresidents

Yes. A resident individual may grant rupee loan to a NRI/OCI cardholder relative within the overall limit under the LRS subject to such terms and conditions as prescribed by the Reserve Bank from time to time. The borrower should ensure that the borrowed funds are not used for restricted end-uses.

To residents from nonresidents

Yes. An individual resident in India may borrow a sum not exceeding US$250,000 or its equivalent, or any other amount as decided by the Reserve Bank from time to time, from his or her relatives outside India and subject to such terms and conditions as specified by the Reserve Bank from time to time in consultation with the GOI. An individual resident in India studying abroad may raise loan outside India not exceeding US$250,000 or its equivalent, or any other amount as decided by the Reserve Bank from time to time, for the purposes of payment of education fees abroad and maintenance subject to terms and conditions as specified by the Reserve Bank from time to time in consultation with the GOI. A person resident in India, not being a company incorporated in India, may borrow in Indian rupees from a NRI/relatives who are OCI cardholders outside India, subject to such terms and conditions as specified by the Reserve Bank from time to time in consultation with the GOI. The borrower should ensure that the borrowed funds are not used for restricted end-uses.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents

Yes. There is an overall LRS limit of US$250,000 a financial year for exchange/remittance facilities of resident individuals for current account transactions, such as remittance for private visits; business visits; gifts or donations; travel abroad for employment; emigration; maintenance of close relatives abroad; and expenses in connection with medical treatment abroad and studies abroad. Gifts in Indian rupees by resident individuals to NRI relatives as defined in the Companies Act, 2013, are also subsumed under the LRS limit. A person other than an individual may obtain foreign exchange for gifts and donations, within the limit prescribed under the LRS. RBI approval is required for remittances by persons other than individuals for donations exceeding 1% of their foreign exchange earnings during the previous three financial years or US$5 million, whichever is less, for (1) creation of chair positions in reputable education institutions; (2) contributions to funds (other than investment funds) promoted by education institutions; and (3) contributions to technical institutions, agencies, or associations in the field of the donor company. A person resident in India, except earlier overseas corporate bodies (OCBs), may transfer securities as a gift to a person abroad, subject to certain conditions. The value of the securities transferred by the donor together with any other securities transferred to any person outside India during the financial year may not exceed the rupee equivalent of US$50,000. Deposits of multilateral organizations to which India belongs and their subsidiaries/affiliates and officials in India are exempt from nonresident account restrictions.

To residents from nonresidents

No.

Settlement of debts abroad by immigrants

n.a.

Transfer of assets

Yes.

Transfer abroad by emigrants

Yes. ADs may allow remittances of up to US$250,000 or up to the amount prescribed by the relevant country at the time of emigration and thereafter US$1 million a financial year from balances held in NRO.
Transfer into the country by immigrants | Yes.
---|---
Transfer of gambling and prize earnings | Yes.
References to legal instruments and hyperlinks | Yes.

Remittances of earnings from sweepstakes, gambling, and lotteries are not permitted in terms of Schedule I of FEM CAT Rules, 2000, updated from time to time.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
</table>
Borrowing abroad | Yes.

LEI system for all borrowers of banks having total (fund-based and non-fund-based) exposure of 500 million rupees and above has been introduced in a phased manner vide RBI circular of November 2, 2017.

ECB is subject to the policy framed by the RBI in consultation with the MOF. Financial institutions which are eligible to receive FDI are permitted borrow ECB. Further, All India Financial Institutions – Export–Import Bank of India (EXIM Bank) and SIDBI – are also permitted to borrow ECB. All such borrowings by financial institutions are subject to the prudential guidelines issued by the sectoral regulator. All ECBs have to be availed under the ECB framework as summarized under Section XLA.4.b.2. Further, the following borrowing from abroad is also enabled for financial institutions under FEMA 3R:

1. An AD may borrow from its Head Office or branch or correspondent outside India or any other entity up to limit specified and subject to terms and conditions as specified by the Reserve Bank from time to time, in consultation with GOI.
2. A branch outside India of an AD being a bank incorporated or constituted in India may borrow in foreign exchange in the normal course of its banking business from outside India, subject to the directions or guidelines issued by the Reserve Bank from time to time, and the Regulatory Authority of the country where the branch is located.
3. Financial institutions, set up under an Act of the Indian Parliament, may raise foreign exchange borrowings with the prior approval of the GOI for the purpose of onward lending.

Maintenance of accounts abroad | No.
Lending to nonresidents (financial or commercial credits) | Yes.

Lending in foreign exchange or in Indian rupees by a person resident in India to nonresident is prohibited unless in cases specified by the RBI or on RBI approval.

ADs may manage surplus balances in their exchange accounts through overnight placement and investment with their overseas branches or correspondent banks, subject to limits imposed by RBI.

Stand-alone primary dealers (SPDs) are allowed to offer foreign exchange products to their FPI clients under certain conditions, as permitted by the RBI from time to time. Such activities must be part of their non-core activities.

An AD in India may extend foreign-currency-denominated External Commercial Lending to a borrower outside India in accordance with the provisions contained in Schedule III of Notification No. FEMA.3(R)/2018-RB.

An AD in India may lend in Indian rupees to a NRI/OCI cardholder for meeting the borrower’s personal requirements/own business purposes/acquisition of a residential accommodation in India/acquisition of motor vehicle in India or for any purpose as per the loan policy laid down by the Board of Directors of the AD and in compliance with prudential guidelines of RBI. The AD bank should
ensure that the borrowed funds are not used for restricted end-uses.

Overdraft in rupee account maintained with AD in India by a bank outside India: An AD may permit a temporary overdraft, for value not exceeding Rs 5 billion or any other amount as prescribed by the RBI from time to time, in rupee accounts maintained with it by its overseas branch or correspondent or Head Office outside India, subject to such terms and conditions as the RBI may direct from time to time.

Effective January 16, 2019, under the revised ECB framework, lending and borrowing by Indian banks and their branches/subsidiaries outside India will be subject to prudential guidelines issued by the Department of Banking Regulation of the Reserve Bank. Further, other entities raising ECB are required to follow the guidelines issued, if any, by the concerned sectoral or prudential regulator.

Lending locally in foreign exchange  Yes.  ADs may grant loans to clients in India for meeting their foreign exchange requirements, for their rupee working capital requirements, or for capital expenditure subject to compliance with prudential norms, interest rate directives, and guidelines, if any, issued by RBI in this regard. ADs can also extend loans to clients maintaining RFC account, against the security of funds held in such account; and to other ADs subject to the directions or guidelines issued by the RBI from time to time. ADs can also borrow from financial institutions outside India for the purpose of granting pre-shipment or post-shipment credit to their exporter clients in India. Select institutions, other than ADs, may extend loans to their clients in India for the purpose of onward lending, on the condition that these loans are out of the foreign currency borrowings raised by these institutions and subject to the approval of the Central Government.

Purchase of locally issued securities denominated in foreign exchange  n.a.

Differential treatment of deposit accounts in foreign exchange  Yes.

Reserve requirements  No.

There is no differential treatment of foreign exchange deposits. The CRR is set at 3% (previously 4%) of the net demand and time liabilities (NDTL) of scheduled commercial banks (effective March 28, 2020). Credit balances in ACU dollar accounts, net interbank liabilities, and liabilities of banks' offshore banking units are exempt. Effective February 14, 2020, currently, deduction of an amount equivalent to the incremental loans extended in specific sectors (that is, retail loans to automobiles, residential housing, and loans to micro, small, and medium enterprises) during February 2020 to July 2020 has been allowed. This dispensation for the reservable liabilities (NDTL) is available for a maximum period of 5 years, that is, up to the fortnight ending January 24, 2025, or the tenure of the loan, whichever is earlier. Banks can claim the first such deduction from the NDTL of February 14, 2020, for the amount equivalent to the incremental credit extended to the sectors indicated above over the outstanding level of credit as at the end of the fortnight ended January 31, 2020.

“Scheduled bank” is defined as a bank included in the Second Schedule of the RBI Act, 1934. Scheduled banks must keep a CRR with the RBI under Section 42 of that law. Other banks must maintain a prescribed CRR under the Banking Regulation Act, 1949. The daily minimum CRR maintenance is 90% of requirement. However, this was reduced to 80% effective March 28, 2020. This dispensation is available for a period up to September 2020.
<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
<td>There is no differential treatment of foreign exchange deposits. Banks are subject to a statutory liquidity ratio (SLR), which is based on both domestic and foreign currency liabilities and is set at 18% of NDTL since April 17, 2020.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>Yes.</td>
<td>Banks’ interest rates on FCNR (B) deposits (held by NRIs) are subject to a ceiling of LIBOR/swap rate plus 200 bps (for maturities of 1–3 years) and LIBOR/swap plus 300 bps (for maturities of 3–5 years). The LIBOR/swap rate as of the last business day of the preceding month, as quoted by Foreign Exchange Dealers Association of India, is used as the basis for the ceiling rates.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Differential treatment of deposit accounts held by nonresidents</strong></td>
<td>Yes.</td>
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</tr>
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<td>No.</td>
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</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>Yes.</td>
<td>Interest rates on resident deposits are not regulated. However, banks are required to set uniform interest rates on savings-deposit balances of up to Rs 100,000 (irrespective of the amount in the account), but are allowed to provide differential rates on balances above Rs 100,000 (as long as it does not discriminate between deposits accepted on the same date). Banks can also offer differential rates on bulk term deposits. Banks are free to determine interest rates on NRE/NRO (rupee-denominated) savings and term deposits. However, interest rates on NRE/NRO savings deposits should be set following the same conditions as for rupee deposits, while interest rates on NRE/NRO term deposits should not exceed those offered on comparable domestic rupee deposits. Banks’ interest rates on FCNR (B) (foreign-currency-denominated) deposits are subject to a ceiling of LIBOR/swap rate plus 200 bps (for deposits with maturities of 1–3 years) and LIBOR/swap rate plus 300 bps (for deposits with maturities of 3–5 years).</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td>Yes.</td>
<td>Banks may invest in money market instruments and/or debt instruments held abroad up to the limits approved by their respective boards of directors.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>Yes.</td>
<td>Banks investments are governed by Section 19 of the Banking Regulation Act, 1949, and Prudential Regulations issued under Para 5 of Master Direction on Financial Services Provided by Banks of May 26, 2016, as updated from time to time.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
<td>FIIs registered with SEBI and NRIs are allowed to subscribe to rupee-denominated instruments issued by Indian banks, including perpetual debt instruments (PDI) (Tier 1 capital) and debt capital instruments (upper Tier 2 capital), subject to the following conditions: (1) Aggregate FII investments in PDI should not exceed a ceiling of 49% of each issue, and investment by an individual FII</td>
</tr>
</tbody>
</table>
should not exceed the limit of 10% of each issue; (2) aggregate NRI investments in PDI should not exceed a ceiling of 24% of each issue, and investments by a single NRI should not exceed 5% of each issue; (3) investment by FIIs in debt capital instruments should be within SEBI-determined limits for FII investment in corporate debt instruments; and (4) investment by NRIs in debt capital instruments should be in accordance with the policy for investment by NRIs in other debt instruments. The issuing banks should meet these conditions at the time of issue and comply with new RBI guidelines from time to time.

Open foreign exchange position limits
Yes. Banks must apply a capital charge of 9% (that is, a risk weight of 100%) on the open foreign exchange position limit or the actual position, whichever is higher.

On resident assets and liabilities
Yes.

On nonresident assets and liabilities
Yes.

Provisions specific to institutional investors
Yes.

Insurance companies
Yes.

Limits (max.) on securities issued by nonresidents
Yes. Section 27E of the Insurance Act, 1938, prohibits insurers investing directly or indirectly outside India the funds of the policyholders. Hence, insurers are not permitted to subscribe to securities issued by nonresidents.

Limits (max.) on investment portfolio held abroad
Yes. Insurance companies are free to invest any of the funds generated from the business promoted outside India. However, any investment from Indian operations requires IRDAI approval. Further, such investments are only to be made from shareholder’s fund beyond solvency margin. These provisions have been applied since the inception of IRDAI.

Limits (min.) on investment portfolio held locally
Yes. Life insurance companies must invest (other than funds relating to pension, annuity, and group business and unit-linked business) not less than 50% of total investments in Central, State, and Other Approved Securities, with at least 25% of investments in Central G-Secs. Insurance companies must invest 40% of pension, annuity, and group fund in Central G-Secs, State G-Secs, or Other Approved Securities, with at least 20% in Central G-Secs. Not more than 50% of life fund must be invested in “approved investments,” including corporate bonds or debentures rated AA or above; short-term corporate securities rated A1 or above; all-India financial institutions rated at least AA (or at least A+, subject to lack of available higher-rated investments and Investment Committee’s approval). Instruments must be rated with Rating Agency, registered with SEBI. Housing and infrastructure investments across all securities must be a minimum of 15% of life fund for life insurers. Not less than 75% of investment in debt instruments (including Central G-Secs, State G-Secs, or Other Approved Securities) in case of life insurer and not less than 65% of investment in debt instruments (including Central G-Secs, State G-Secs, or Other Approved Securities) in case of general insurer must be in sovereign debt, AAA or equivalent rating for long-term and A1+ or equivalent for short-term instruments. General insurance companies must invest not less than 30% of total investments in Central G-Secs, State G-Secs, or Other Approved Securities, with at least 20% in Central G-Secs. Not more than 70% of total investments must be in “approved investments.” Housing and infrastructure investments across all securities must be a minimum of
15% of total investments for general insurers.
Not more than 5% of life fund and unit-linked fund in debt instruments (including Central G-Secs, State G-Secs, or Other Approved Securities) in case of life insurer and not more than 8% of investment in debt instruments (including Central G-Secs, State G-Secs, or Other Approved Securities) in case of general insurers must have a rating of A or below or equivalent rating for long-term instruments.

Insurers are allowed to issue foreign-currency-denominated policies to nonresidents or to resident persons of Indian nationality or origin who have returned to India after being nonresidents through their offices (in India or abroad), provided the premia are collected in foreign currency from abroad or out of NRE/FCNR accounts of the insured or his relatives held in India.
Insurance companies can make investments abroad only out of funds held abroad.

Overseas investments are not allowed. As per Section 25 of Pension Fund Regulatory and Development Authority Act, 2013, there is prohibition on offshore investments by pension funds.
Pension Fund Regulatory and Development Authority is regulating National Pension System (NPS) and also administers Atal Pension Yojana (APY); accordingly, the comments pertain only to the pension products handled by the Authority.

The caps on the Contributory Pension Scheme, namely NPS, implemented in India for Government sector employees effective April 1, 2019, are as follows for Scheme Central Government (Default Scheme), Scheme State Government, Corporate Central Government and NPS Lite Schemes and APY:

For assets class: (1) G-Secs and related investments, up to 55% (previously 50%); (2) debt instruments and related investments, up to 45%; (3) equity and related investments, up to 15%; (4) asset backed, trust structured, etc., up to 5%; and (5) short-term debt instrument and related investment, up to 10% (previously 5%).
The Central Government sector employees who do not wish to choose default scheme, may choose following options:
(1) Scheme G – 100% of funds invested in Government Securities;
(2) Equity: Life Cycle Funds with following options to choose from
(a) LC-25: A conservative Life Cycle Fund with equity capped at 25%;
(b) LC-50: A moderate Life Cycle Fund with equity capped at 50%.

The caps on the Contributory Pension Scheme, namely NPS, implemented in India for non-government sector employees from June, 15, 2018, are (1) equity, up to 75% (previously 50%); (2) corporate debt, up to 100%; (3) G-Secs, up to 100%; (4) short-term debt instruments and related instruments, up to 10% (revised from 5% effective June 29, 2020); and (5) asset class A – alternative investment class (for Tier 1 only), up to 5%.

The cap on equity investment has been increased to maximum limit of 75% from current permissible limit of 50% in active choice for private sector subscribers under NPS vide circular of May 22, 2018.
Investment firms and collective investment funds

Yes.

Limits (max.) on securities issued by nonresidents

Yes. MFs registered with SEBI are permitted to invest abroad (subject to an overall cap of US$7 billion) in: (1) ADRs/GDRs of Indian and foreign companies; (2) equities of overseas companies listed on recognized overseas stock exchanges, including initial and follow-up public; (3) foreign investment-grade debt securities in countries with fully convertible currencies; (4) money market investment-grade investments, including repos with investment-grade counterparties; (5) G-Secs of countries rated at investment grade; (6) derivatives traded on recognized overseas stock exchanges, but only for hedging and portfolio balancing purposes; (7) short-term deposits with overseas investment-grade banks; and (8) units/securities issued by overseas MFs or unit trusts registered with overseas regulators.

Limits (max.) on investment portfolio held abroad

Yes. MFs registered with SEBI are permitted to invest abroad (subject to an aggregate cap of US$7 billion and individual MF cap of US$300 million) in: (1) ADRs/GDRs of Indian and foreign companies; (2) equities of overseas companies listed on recognized overseas stock exchanges, including initial and follow-up public; (3) foreign investment-grade debt securities in countries with fully convertible currencies; (4) money market investment-grade investments, including repos with investment-grade counterparties; (5) G-Secs of countries rated at investment grade; (6) derivatives traded on recognized overseas stock exchanges, but only for hedging and portfolio balancing purposes; (7) short-term deposits with overseas investment-grade banks; and (8) units/securities issued by overseas MFs or unit trusts registered with overseas regulators. MFs are also subject to an aggregate investment ceiling on exposures to overseas ETF(s) that invest in securities of US$1 billion, subject to a maximum of US$50 million a MF.

Limits (min.) on investment portfolio held locally

Yes. MFs are subject to investment concentration limits as provided in the SEBI (MFs) Regulations, 1996, and circulars issued thereunder. Excerpts of the broad provisions in this regard are as under:

A MF scheme may not invest in unlisted debt instruments including commercial papers, except G-Secs and other money market instruments. However, effective September 23, 2019, MF schemes may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the scheme subject to certain conditions.

Effective September 23, 2019, all investments by a MF scheme in equity shares and equity related instruments must only be made, provided such securities are listed or to be listed.

Effective May 1, 2020, investment in unrated debt and money market instruments, other than government securities, treasury bills, and derivative products such as interest rate swaps and IRF by MF schemes is capped at 5%.

Effective January 1, 2020, restrictions have been specified on Investment in debt instruments having Structured Obligations/Credit Enhancements.

A MF scheme may not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not
below investment grade by a credit rating agency authorized to carry out such activity. The limit may be raised to 12%, subject to prior approval by the AMC’s Board of Trustees and the Board of Directors of the AMC.

A MF under all its schemes should not own more than 10% of units issued by a single issuer of REIT and InvIT, and an individual MF scheme may not invest more than 10% of its NAV in the units of REIT and InvIT, and more than 5% of its NAV in the units of REIT and InvIT issued by a single issuer.

MF schemes are also subject to a limit on exposures to a single sector in debt-oriented MF schemes (excluding investments in bank certificates of deposits (CDs), collateralized borrowing and lending obligation (CBLO), G-Secs, T-Bills, and AAA-rated securities issued by Public Financial Institutions, Public Sector Banks, and short-term deposits of scheduled commercial banks) set at 20% of NAV effective April 1, 2020, for existing schemes and October 1, 2019, for new schemes and fresh exposures by existing schemes (previously 25%). A further exposure to the financial services sector (over the 20% limit), but not exceeding 10% of the scheme’s NAV, is allowed only via an increase in exposure to Housing Finance Companies (HFCs), provided the HFCs are rated at AA or above and are registered with National Housing Bank.

The following changes take place effective April 1, 2020, for existing schemes and October 1, 2019, for new schemes and fresh exposures by existing schemes: The aggregate investment exposure to HFCs cannot exceed 20% (previously 25%). The additional exposure limits provided for HFCs in financial services sector have been capped at 10% (previously 15%). In addition to 10% exposure to HFC, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.

A MF scheme should not park more than 10% of NAV in short-term deposits at a single scheduled commercial bank including its subsidiaries. No MF scheme must park more than 15% of their net assets in short-term deposits of all scheduled commercial banks put together. This limit, however, may be raised to 20% with prior approval of the Trustees.

No MF under all its schemes should own more than 10% of any company’s paid-up capital carrying voting rights.

No MF scheme must make any investment in:
(1) any unlisted security of an associate or group company of the sponsor or
(2) any security issued by way of private placement by an associate or group company of the sponsor or
(3) the listed securities of group companies of the sponsor which is in excess of 25% of the net assets.

No MF scheme must invest more than 10% of its NAV in the equity shares or equity-related instruments of any company.

Effective October 30, 2019, the investments by debt MF schemes in debt and money market instruments of group companies of both the sponsor and the asset management company may not exceed 10% of
the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.

A MF scheme’s exposure to repo transactions in corporate debt securities is capped at 10% of the scheme’s NAV. The cumulative exposure through repo transactions in corporate debt securities, equity, debt, and derivatives should not exceed 100% of the scheme’s NAV.

Currency-matching regulations on assets/liabilities composition n.a.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Spot exchange market 04/16/2019 Systemically Important Non-Derive taking Investment and Credit Companies can also apply for AD Category-II license for foreign exchange transactions.

Interbank market

Over the counter 09/01/2020 The directions were revised (announced April 07, 2020) to make it easier for users, both residents and nonresidents, to access the domestic foreign exchange derivative markets, through (1) merging facilities for residents and nonresidents into a single unified facility for all users; (2) allowing users having valid exposures to hedge the same by using any available instrument; (3) introducing facility to hedge anticipated exposures; (4) no restriction on rebooking of cancelled contracts; and (5) simplifying procedures for ADs to offer foreign exchange derivatives. According to these directions, AD banks must classify the user either as a retail user or as a non-retail user. Retail user can only enter into Forwards, purchase of call and put options (only European options), purchase of call and put spreads, swaps. Non-retail users can be offered any derivative contract including covered options.

Forward exchange market 09/01/2020 Residents and nonresidents may enter into derivative contracts as per their classification as retail or non-retail with the ADs to hedge anticipated or contracted exposure. Users can freely cancel and rebook the derivative contracts.

Arrangements for Payments and Receipts

Prescription of currency requirements 03/06/2020 Trade settlements can be made through ACU yen accounts, in addition to ACU dollar and ACU euro accounts. Trade settlements for members of ACU are permitted through nostro accounts of the commercial banks of ACU countries, that is, ACU dollar or ACU euro accounts or ACU yen accounts. Operations in ACU euro are, however, temporarily suspended since July 1, 2016.

Controls on the use of domestic currency

For current transactions and payments 03/06/2020 Trade settlements for members of ACU are permitted through nostro accounts of the commercial banks of ACU countries, that is, ACU yen accounts, in addition to ACU dollar and ACU euro accounts. Operations in ACU euro are, however, temporarily suspended since July 1, 2016.
On exports

Domestic currency

02/26/2019

By Amendment Notification No. FEMA 6(R)/(1)/2019-RB of February 26, 2019, an individual traveling from India to Nepal or Bhutan can carry Reserve Bank of India (RBI) notes of Mahatma Gandhi (new) Series of denominations Rs 200 and/or Rs 500 up to a total limit of Rs 25,000. Previously, individual traveling from India to Nepal or Bhutan could carry RBI currency notes of denominations Rs 500 and/or Rs 1,000 up to a limit of Rs 25,000.

Resident Accounts

Foreign exchange accounts permitted

02/27/2019

An AD in India may, subject to the directions as may be issued by the Reserve Bank of India, allow ship-manning/crew managing agencies in India and re-insurance and composite insurance brokers registered with Insurance Regulatory and Development Authority of India to open and maintain non-interest-bearing foreign currency accounts in India for the purpose of undertaking transactions in the ordinary course of their business.

Nonresident Accounts

Domestic currency accounts

Convertible into foreign currency

11/13/2019

Scope of “special nonresident rupee” has been enhanced by allowing persons residing outside India to open such accounts for purposes like External Commercial Borrowings in INR; Trade Credits in INR; Trade (Export/Import) Invoicing in INR; and Business-related transactions outside International Financial Service Centre (IFSC) by IFSC units at GIFT city.

Imports and Import Payments

Financing requirements for imports

Advance payment requirements

01/23/2020

For making advance beyond US$500,000, a bank guarantee/SBLC from a reputable international bank is required. Previously, if inward remittance from the overseas buyer was not received before the outward remittance to the overseas supplier, the AD bank could handle such transactions by providing a facility based on commercial judgment. It must, however, have been assured that any such advance payment for the import leg beyond US$200,000 a transaction will be paid against a bank guarantee/LC from a reputable international bank, except in cases and to the extent payment for the export leg was received in advance.

Import taxes and/or tariffs

02/01/2020

The important duty changes (made in Budget 2020–2021) include:

- 10% to 20% on glassware, tableware, and kitchenware of steel, copper, and aluminum, tableware and kitchenware of ceramic, padlocks and locks of base metals, household appliances such as ceiling fans, food grinders, shavers, hair dryers, water heaters, grillers and toasters, and coffee and tea makers, artificial flowers, bells, gongs, statuettes, trophies, etc., of base metals, glass beads, office stationery such as filing cabinets, paper trays, paper rests, letter clips, and name plates, brooms, brushes, hand sieves, combs, hair pins, etc.;
- 7.5% to 15% on commercial freezers and refrigerators;
- 20% to 25% on furniture, bedding, mattresses, lamps, lightings, and illuminated signs;
- 20% to 60% on toys;
- 25% to 35% on footwear;
- 15% to 20% on parts of footwear;
- 10% to 5% on newsprint, uncoated paper, and lightweight coated
paper for newspapers and magazines;
Nil to 0.5% on rough precious and semi-precious stones and cubic zirconia;

Other export taxes:

“Export duties apply as follows:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Description of goods</th>
<th>Ad valorem export duty (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>snakeskin, raw fur, and lambskin</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>cycle saddle, hydraulic/packing, belting/washer, picking band, and strap/combing leather</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>leather for luggage, cases, and handbags</td>
<td>25</td>
</tr>
<tr>
<td>4</td>
<td>other hides, skins, and leathers, tanned and untanned, excluding manufactures</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>iron ores and concentrates having Fe content more than 58%</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>chrome and concentrates</td>
<td>30</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

**Repatriation requirements**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/01/2020</td>
<td>In view of COVID outbreak, the period of realization and repatriation to India of the amount representing the full export value of goods or software or services exported was extended from nine months to fifteen months from the date of export, for the exports made up to or on July 31, 2020.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

**Trade-related payments**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/06/2020</td>
<td>To facilitate transactions/settlements, participants in the Asian Clearing Union will have the option to settle their transactions either in ACU dollar or ACU euro or in ACU Japanese yen. It was decided by the board of directors of ACU to permit Japanese yen for settlement of transactions. Operations in ACU euro are, however, temporarily suspended inces July 1, 2016.</td>
</tr>
</tbody>
</table>

**Capital Transactions**

**Controls on capital transactions**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/17/2019</td>
<td>The Foreign Exchange Management (transfer or issue of security by a person resident outside India) Regulations, 2017, has been superseded by the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.</td>
</tr>
</tbody>
</table>

**Controls on capital and money market instruments**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/17/2019</td>
<td>Non-debt Instruments Rules and Debt Instruments Regulations have been issued separately.</td>
</tr>
<tr>
<td>04/01/2020</td>
<td>The aggregate limit for foreign investment by foreign portfolio</td>
</tr>
</tbody>
</table>
investors (FPIs) is the sectoral cap applicable to the investee company as laid out in sub-paragraph (b) of paragraph 3 of Schedule I of the Non-debt Rules. However, the aggregate limit may be decreased by the Indian company to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its Board of Directors and its General Body through a resolution and a special resolution, respectively, before March 31, 2020. Provided further that, the Indian company which has decreased its aggregate limit to 24% or 49% or 74%, may increase such aggregate limit to 49% or 74% or the sectoral cap or statutory ceiling, respectively, as deemed fit, with the approval of its Board of Directors or its General Body through a resolution and a special resolution, respectively. Previously, the aggregate limit for investment by all FPIs may not exceed 24% of the total paid-up capital on fully diluted basis of the Indian company. The overall ceiling of 24% may be raised to the sectoral cap by a company through a special resolution passed by the Board of Directors and special resolution passed in the meeting of shareholders.

Bonds or other debt securities

*Purchase locally by nonresidents*

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/15/19</td>
<td>The limit that a foreign portfolio investor could not have an exposure of more than 20% of its corporate bond portfolio to a single corporate (including exposure to entities related to the corporate) was removed.</td>
</tr>
<tr>
<td>03/01/19</td>
<td>Foreign portfolio investors are also allowed to invest in Indian debt instruments through a separate channel called the Voluntary Retention Route.</td>
</tr>
<tr>
<td>04/01/19</td>
<td>The overall limit for foreign portfolio investor investment in Central Government securities was increased to 6% from 5.5% of outstanding stock of securities in fiscal year 2019–2020.</td>
</tr>
<tr>
<td>04/25/19</td>
<td>Foreign portfolio investors (FPIs) are now permitted to invest in municipal bonds within the limits set for FPI investment in State Development Loans.</td>
</tr>
<tr>
<td>05/24/19</td>
<td>Revisions to Voluntary Retention Route (VRR) introduced included, inter alia, the introduction of a separate category, viz. VRR-Combined; the removal of the requirement to invest at least 25% of the Committed Portfolio Size within one month of allotment, and an additional option provided to foreign portfolio investor at the end of the retention period, viz. continue to hold their investment until the date of maturity or the date of sale, whichever is earlier.</td>
</tr>
<tr>
<td>10/17/19</td>
<td>The following provisions came into force:</td>
</tr>
<tr>
<td></td>
<td>A. (1) Nonresident Indian (NRI) or an Overseas Citizen of India (OCI) may, without limit, purchase the following instruments on repatriation basis,</td>
</tr>
<tr>
<td></td>
<td>(a) Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds (MFs) or Exchange-Traded Funds (ETFs) which invest less than or equal to 50% in equity or National Plan/Savings Certificates;</td>
</tr>
<tr>
<td></td>
<td>(b) Bonds issued by a Public Sector Undertaking in India;</td>
</tr>
<tr>
<td></td>
<td>(c) Bonds issued by Infrastructure Debt Funds;</td>
</tr>
<tr>
<td></td>
<td>(d) Listed non-convertible/redeemable preference shares or debentures issued in terms of Regulation 6 (Merger or demerger or amalgamation of Indian companies) of Foreign Exchange Management (Debt Instruments) Regulations;</td>
</tr>
<tr>
<td></td>
<td>(2) An NRI or an OCI may purchase on repatriation basis debt instruments issued by banks, eligible for inclusion in regulatory capital.</td>
</tr>
</tbody>
</table>
(1) An NRI or an OCI may, without limit, purchase on non-
repatriation basis, dated Government securities (other than bearer 
securities), treasury bills, units of domestic MFs or ETFs which 
invest less than or equal to 50% in equity.

(2) An NRI or an OCI may, without limit, purchase on non-
repatriation basis, listed non-convertible/redeemable preference 
shares or debentures issued in terms of Regulation 6 (Merger or 
demerger or amalgamation of Indian companies) of Foreign 
Exchange Management (Debt Instruments) Regulations.

01/23/2020 Further the amendment to Voluntary Retention Route was done for 
introducing additional relaxations and increasing of investment limit 
from Rs 75,000 crores to Rs 1,50,000 crores.

01/23/2020 Short-term investment limit by foreign portfolio investors (FPIs) in 
Central Government securities and in corporate bonds was increased 
from 20% to 30%. Further, these stipulations would not apply to 
investments in “Exempted Securities” by FPIs.

04/01/2020 The overall limit for foreign portfolio investor investment in 
corporate bonds which was set at 9% of outstanding stock of 
corporate bonds from fiscal year 2018–2019 was increased to 15% in 

04/01/2020 Certain specified categories of Central Government securities (G- 
Secs) were opened fully for nonresident investors without any 
restrictions, apart from being available to domestic investors as well, 
under the Fully Accessible Route (FAR). Additionally, all new 
issuances of Central G-Secs of 5-, 10-, and 30-year tenors from the 
financial year 2020–2021 will be eligible for investments under the 
FAR as “specified securities.”

Sale or issue abroad by residents

07/30/2019 External Commercial Borrowing (ECB) for end-uses of repayment of 
Rupee loans, working capital and general corporate purposes can now 
be availed from all ECB lenders (except overseas 
branches/subsidiaries of Indian banks) with a higher maturity of 7/10 
years. Previously, ECB for these end-uses could only be availed from 
foreign equity holders with a minimum maturity of 5 years.

On money market instruments

Purchase locally by nonresidents

10/17/2019 Nonresident Indians/Overseas Citizens of India may purchase on 
repatriation and non-repatriation basis without limit (1) treasury bills 
and (2) units of domestic mutual funds or exchange-traded funds that 
invest less than or equal to 50% in equity.

01/23/2020 Short-term investment limit by foreign portfolio investors (FPIs) in 
Government securities and corporate bonds was increased from 20% 
to 30%. Further, these stipulations would not apply to investments in “Exempted Securities” by FPIs.

Controls on derivatives and other 

instruments

06/01/2020 All residents and nonresidents are permitted to participate in foreign 
exchange derivative markets for the purpose of hedging their foreign 
exchange exposure, that is, notional of derivatives cannot exceed the 
notional of underlying exposure.

Purchase locally by nonresidents

03/27/2019 Nonresidents were allowed to participate in the rupee interest rate 
derivatives markets subject to certain limitations.

01/06/2020 ADs may undertake customer transactions (residents and 
nonresidents) beyond onshore market hours including through their 
foreign branches and subsidiaries.

06/01/2020 ADs were permitted to offer non-deliverable derivative contracts in 
Rupee or otherwise to persons not resident in India.

Controls on credit operations

Commercial credits

To residents from nonresidents

03/13/2019 Importers can raise trade credit up to US$50 million equivalent per 
import transaction for import of capital or non-capital goods or any
other amount as decided by the Reserve Bank of India (RBI) in consultation with the Government of India. The list of lenders that could provide trade credits was expanded by including foreign equity holders and financial institutions in International Financial Services Centres located in India. Bank guarantees may be given by the ADs, on behalf of the importer, in favor of overseas lender of trade credits not exceeding the amount of trade credit. Trade credit may also be secured by overseas guarantee issued by foreign banks/overseas branches of Indian banks. Trade credits may be raised by entities in special economic zones, free trade warehousing zones, and domestic tariff area.

Previously, trade credit of up to one year for imports of non-capital goods and up to five years for capital goods may be permitted by ADs, up to US$20 million an import transaction. ADs may also guarantee trade credits for up to three-year average maturity. Trade credit exceeding US$20 million (buyer credit and supplier credit) to finance imports of non-capital and capital goods required RBI permission, subject to certain conditions.

Trade credit can be availed for import of capital goods for a maximum period of three years or for a period as per the guidelines issued by the Reserve Bank of India from time to time. (Previously, trade credit of up to one year for imports of non-capital goods and up to five years for capital goods may be permitted by ADs, up to US$20 million an import transaction.)

For trade credits in foreign exchange, maximum spread of the all-in-cost over the benchmark of 6-month LIBOR or applicable benchmark for the respective currency will be 250 basis points (bps) per annum or as prescribed by the Reserve Bank in consultation with the Government of India. Previously, the all-in-cost ceiling for trade credit was LIBOR plus 350 bps for all maturities.

The External Commercial Borrowing (ECB) framework was revised and included the following modifications to improve the ease of doing business:

(1) Merging of Tracks: Merging of Tracks I and II as “Foreign-Currency-Denominated ECB” and merging of Track III and Rupee-Denominated Bonds framework as “Rupee-Denominated ECB”; (2) Eligible Borrowers: This has been expanded to include all entities eligible to receive FDI. Additionally, Port Trusts, Units in SEZ, Small Industries Development Bank of India, EXIM Bank, registered entities engaged in microfinance activities, viz. registered not for profit companies, registered societies/trusts/cooperatives and non-government organizations can also borrow under this framework; (3) Recognized Lender: The lender should be resident of FATF- or IOSCO-compliant country. Multilateral and Regional Financial Institutions, Individuals and Foreign branches/subsidiaries of Indian banks can also be lenders as detailed in Annex of Notification; (4) Minimum Average Maturity Period (MAMP): MAMP will be 3 years for all ECBs. However, for ECB raised from foreign equity holder and utilized for specific purposes, as detailed in the Annex of Notification, the MAMP would be 5 years. Similarly, for ECB up to US$50 million a financial year raised by manufacturing sector, which has been given a special dispensation, the MAMP would be 1 year as given in the Annex of Notification; and (5) Late Submission Fee for delay in Reporting: Any borrower, who is otherwise in compliance of ECB guidelines, except for delay in reporting drawdown of ECB proceeds before obtaining Loan Registration Number (LRN) or Form ECB 2 returns, can regularize the delay by payment of LSF as per the laid down procedure.
However, External Commercial Borrowing (ECB) for these end-uses can now be availed from all ECB lenders (except overseas branches/subsidiaries of Indian banks) with a higher maturity of 7/10 years.

Government approval is required for investment by an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (previously the approval requirement applied only to citizens or entities incorporated in Bangladesh or Pakistan).

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

**Lending to nonresidents (financial or commercial credits)**

Under the revised External Commercial Borrowing (ECB) framework, lending and borrowing by Indian banks and their branches/subsidiaries outside India will be subject to prudential guidelines issued by the Department of Banking Regulation of the Reserve Bank. Further, other entities raising ECB are required to follow the guidelines issued, if any, by the concerned sectoral or prudential regulator.

**Differential treatment of deposit accounts in foreign exchange Reserve requirements**

Deduction of an amount equivalent to the incremental loans extended in specific sectors (that is, retail loans to automobiles, residential housing, and loans to micro, small and medium enterprises) during February 2020 to July 2020 has been allowed. This dispensation for the reservable liabilities (net demand and time liabilities (NDTL)) is available for a maximum period of 5 years, that is, up to the fortnight ending January 24, 2025, or the tenure of the loan, whichever is earlier. Banks can claim the first such deduction from the NDTL of February 14, 2020, for the amount equivalent to the incremental credit extended to the sectors indicated above over the outstanding level of credit as at the end of the fortnight ended January 31, 2020.

The CRR is set at 3% (previously 4%) of the net demand and time liabilities of scheduled commercial banks. The daily minimum CRR maintenance is 90% of requirement. However, this was reduced to 80%. This dispensation is available for a period up to September 2020.

The caps on the Contributory Pension Scheme, namely National Pension System (NPS), implemented in India for Government sector employees are as follows for Scheme CG, Scheme SG, Corporate CG and NPS Lite Schemes and Atal Pension Yojana:

For assets class: Government securities and related investments were increased up to 55% (previously 50%) and for short-term debt instrument and related investment, increased up to 10% (previously 5%).

For investment firms and collective investment funds:

All investments by a mutual fund scheme in equity shares and equity related instruments must only be made provided such securities are...
Mutual fund schemes may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the scheme subject to certain conditions.

The following changes take place for new schemes and fresh exposures by existing schemes:

Mutual fund schemes are also subject to a limit on exposures to a single sector in debt-oriented mutual fund schemes (excluding investments in bank certificates of deposits, collateralized borrowing and lending obligation, Government securities, T-Bills, and AAA-rated securities issued by Public Financial Institutions, Public Sector Banks, and short-term deposits of scheduled commercial banks) set at 20% of NAV for new schemes and fresh exposures by existing schemes (previously 25%).

The aggregate investment exposure to Housing Finance Companies (HFCs) cannot exceed 20% (previously 25%). The additional exposure limits provided for HFCs in financial services sector has been capped at 10% (previously 15%). In addition to 10% exposure to HFC, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.

The investments by debt mutual fund schemes in debt and money market instruments of group companies of both the sponsor and the asset management company may not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.

Restrictions have been specified on Investment in debt instruments having Structured Obligations/Credit Enhancements.

Existing open-ended mutual fund (MF) schemes must comply with the revised limits for sector exposure:

MF schemes are subject to a limit on exposures to a single sector in debt-oriented MF schemes (excluding investments in bank certificates of deposits, collateralized borrowing and lending obligation, Government securities, T-Bills, and AAA-rated securities issued by Public Financial Institutions, Public Sector Banks, and short-term deposits of scheduled commercial banks) set at 20% of NAV for existing schemes (previously 25%).

The aggregate investment exposure to Housing Finance Companies (HFCs) cannot exceed 20% (previously 25%). The additional exposure limits provided for HFCs in financial services sector have been capped at 10% (previously 15%). In addition to 10% exposure to HFC, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.

Investment in unrated debt and money market instruments, other than government securities, treasury bills, and derivative products such as interest rate swaps and interest rate futures by MF schemes is capped at 5%.
**INDONESIA**

**(Position as of June 30, 2020)**

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>February 21, 1967.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Date of acceptance: May 7, 1988.</td>
</tr>
</tbody>
</table>

**Exchange Measures**

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Restrictions and/or multiple currency practices: No. 
Exchange measures imposed for security reasons: Yes. 
In accordance with IMF Executive Board Decision No. 144-(52/51): Yes. 
Other security restrictions: Yes. 
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Currency: Yes. The currency of Indonesia is the Indonesian rupiah. Commemorative gold coins are also legal tender but seldom circulate.

**Exchange rate structure**

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating: Yes. The de jure exchange rate arrangement is free floating (adopted...
August 14, 1997). The exchange rate is determined by supply and demand in the foreign exchange market. BI, however, may intervene—as part of a policy mix—whenever necessary to achieve the inflation target and to maintain macroeconomic stability. As a small open economy, global economic moderation impaired export performance in 2019. However, economic growth in Indonesia propped up by domestic demand had attracted higher foreign capital inflows in 2019, which supported a US$4.7 billion surplus in the Balance of Payments (BoP). These conditions contributed to exchange rate appreciation and controlled inflation during 2019. The COVID-19 pandemic that began to spread worldwide at the beginning of 2020 has impacted global financial market uncertainty spiked in March 2020. After that, the global policy response has eased global financial market uncertainty and reduced the intensity of capital outflows from developing countries, accompanied by milder pressures on exchange rates in developing economies, including Indonesia. In the second quarter of 2020, the BOP surplus stood at US$9.2 billion, influenced by a narrower current account deficit from 1.4% of GDP in the first quarter of 2020 to 1.2% in the second quarter of 2020, along with larger capital and financial account surplus. The smaller current account deficit primarily stemmed from lower imports on weaker domestic demand. Besides, the primary income account deficit has narrowed because of declining yield payments to foreign investors in line with the domestic economy contracting in the second quarter of 2020, as reflected by deteriorating corporate performance and investment. Meanwhile, Foreign capital inflows have been maintained on abundant global liquidity, attractive domestic financial instruments, and strong investor confidences in the domestic economic outlook have boosted the capital and financial account surplus. The capital and financial account recorded a surplus of US$10.5 billion in the second quarter of 2020 originated from net inflows of portfolio investment and direct investment after recording a US$3.0 billion deficit in the previous quarter. Congruently, reserve assets position increased to US$131.7 billion recorded at the end of June 2020, equivalent to 8.1 months of imports and servicing the government's external debt.

The de facto exchange rate arrangement is classified as floating. The BI does not disclose data on its interventions.

### Official exchange rate

Rates are as follows: The official foreign exchange reference rate is the Jakarta interbank spot dollar rate (JISDOR) for US dollars. The JISDOR represents the weighted average of US dollar–rupiah spot transactions in the interbank market within a specific window, captured in real time through the BI monitoring system. The JISDOR has been published since May 20, 2013, and is intended to be a market reference for US dollar–rupiah spot transactions in the domestic market. The JISDOR is published on every Indonesian business day. The official foreign exchange reference rate for non-US dollar currencies is the midrate of other BI foreign exchange transaction rates. The JISDOR and other foreign exchange midrates are used for BI’s accounting purposes. The BI foreign exchange transaction rates represent the bid-ask prices of foreign exchange rates against rupiah used for BI transactions with the government and other parties. The BI announces these rates every Indonesian business day. Since May 20, 2013, the calculation of BI foreign exchange transaction rates has been based on the JISDOR. The BI does not publish banknote rates since banknote transactions with
Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework Yes. The BI’s monetary policy framework continues to adhere to an inflation target as the overriding objective (Inflation Targeting Framework/ITF). The ITF is implemented by applying policy interest rates as monetary policy stance and Interbank Money Market (PUAB) rates as operational targets. The experience of the 2008/2009 global financial crisis made the central bank require sufficient flexibility to respond to the complexities of economic development and the strengthening role of the financial sector in influencing macroeconomic stability. Considering the lesson learnt from the global financial crises, BI strengthened the ITF framework to become Flexible ITF that remained based on important ITF elements such as public announcement of inflation target and forward looking monetary policy. The embodiment of Flexible ITF is the flexibility to integrate monetary and financial system stability frameworks through policy mix instruments, including monetary, macroprudential, exchange rates, capital flows and institutional strengthening as well as optimizing the role of policy coordination and communication. Effective January 1, 2020, the government, in coordination with the BI, set the annual inflation target for 2020 at 3.0% ± 1%, lower than 2018–2019’s target at 3.5% ± 1%. Specifically, the inflation target is the year-over-year headline consumer price index (CPI) inflation at the end of the year. The BI announces the accountability of inflation target accomplishment through the BI Annual Report, which can be accessed publicly. If the inflation target is not achieved during any given year, BI must issue an explanation to the government as material for open explanations presented jointly by the government and BI to the Indonesian Parliament and the public.

Target setting body Yes. The inflation target is set by the government (Ministry of Finance) in coordination with the BI. The inflation target is preceded by a discussion at the high-level meeting, attended by the governor of BI and the government, represented by the Ministry of Finance, the Coordinating Minister for Economic Affairs, and other relevant ministries and institutions. The target is based on the consensus
decision in the High-Level Meeting forum discussing current inflation conditions, the risk of inflation pressure in the future, and the long-term inflation target. Furthermore, BI submitted an official letter to the Ministry of Finance for the issuance of Regulation of the minister of finance for setting the inflation target. If the inflation target is not achieved during any given year, BI must issue an explanation to the government as material for open explanations presented jointly by the government and BI to the Indonesian Parliament and the public. There is no operational freedom to decide the target but if extraordinary conditions occur so that the inflation target that has been set becomes unrealistic, the government can change the inflation target after coordinating with BI.

**Inflation target**

Yes.

**Target number**

Yes.

**Point target**

Yes.

**Target with tolerance band**

Yes. The annual inflation target for 2020 is 3.0% ± 1%.

**Band/Range**

Yes.

**Target measure**

Yes.

**CPI**

Yes. Inflation is measured in the CPI and expressed in terms of year-over-year inflation at the end of the year. The CPI is officially released monthly by the Indonesia Statistics Agency (Statistics Indonesia or Badan Pusat Statistik). It is calculated based on the Cost of Living Survey conducted in 90 major cities across Indonesia.

**Core inflation**

No. There is no explicit term horizon.

**Operating target (policy rate)**

Yes. To achieve the overriding monetary policy objective, BI has implemented an interest-based monetary policy framework. The monetary policy stance is reflected by setting the policy interest rate (BI 7DDR). At the operational level, BI 7DDR is reflected in short-term money market interest rates which are the operational targets of monetary policy. Starting June 9, 2008, BI used the overnight interbank money market (PUAB O/N) interest rate as the operational target of monetary policy.

**Policy rate**

Yes. The policy rate is the BI 7-Day Reverse Repo Rate (BI7DRR).

**Target corridor band**

No.

**Other**

No.

**Accountability**

Yes. BI regularly submits Policy Accountability Report on quarterly basis to the House of Representatives (DPR) as a form of accountability of BI in carrying out the duties and authorities set out in the Act. Accountability of monetary policy is carried out through written submissions and verbal explanations of the implementation of monetary policy each quarter and of specific aspects of monetary policy as may be deemed necessary. In addition, the Policy Accountability Report was also submitted to the government and made available to the public for the purposes of transparency and coordination. The BI also publishes the annual reports to the public that provides information related to performance and governance. BI communicates its monetary policy through various channels/publication, including press releases and press conferences after board meetings; publication of the Monetary Policy
Review/Report presenting the background to decisions made; Economic Report on Indonesia; and explanations provided directly to the public, the media, economic actors, market analysts, and academics.

<table>
<thead>
<tr>
<th>Open letter</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parliamentary hearings</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bank Indonesia submits Policy Accountability Report on quarterly basis to the House of Representatives (DPR) as a form of accountability of Bank Indonesia in carrying out the duties and authorities set out in the Act. Accountability of monetary policy is carried out through written submissions and verbal explanations of the implementation of monetary policy each quarter and of specific aspects of monetary policy as may be deemed necessary. In addition, the Policy Accountability Report was also submitted to the government and made available to the public for the purposes of transparency and coordination. Moreover, the BI also conducts a hearing with the Parliament regarding BI’s annual budget.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>The BI announces accountability of inflation target accomplishment through the BI Annual Report, Monetary Policy Review/Report, Indonesian Economic Report, Quarterly Report to Indonesian Parliament (ID), and press releases, which can be accessed publicly.</td>
<td></td>
</tr>
<tr>
<td>Transparency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Policy communications in the BI use several channels of communication, that is, press releases of decisions of the board meeting; a press conference after the board meeting; publication of policy reports, that is, the Monetary Policy Review/Report, the Financial Stability Report, the Economic Report on Indonesia, etc.; a quarterly report to the Parliament as part of accountability based on the Central Bank Act; and policy dialogue with the Parliament. Monetary policy communications provide information about recent economic developments, policy decisions pursued by the BI, and the outlook for the economy. Such information is provided to the public, Parliament, the media, business actors, market analysts, and academics.</td>
<td></td>
</tr>
<tr>
<td>Publication of votes</td>
<td>No.</td>
</tr>
<tr>
<td>Votes are not published. After board meeting, monetary policy decision will be written in the first paragraph of the press release. The paragraph will tell decision made in the board meeting and reveal policy direction will be taken by the BI. There is no information published regarding voting of board members, whether on each member votes for or votes in favor and against the decision.</td>
<td></td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>No.</td>
</tr>
<tr>
<td>Minutes are not published. The BI does not publish minutes for board meetings. All information regarding the meeting will be published via press release. A comprehensive information regarding economic development and prospects as well as policy decision, including the background, based on board meeting materials will be provided in monetary policy review/reports.</td>
<td></td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Inflation forecasts are published in Monetary Policy Report every quarter or four times a year. Inflation forecasts are also published in Economic Report on Indonesia (annual publication) presenting forecasts of CPI inflation and its components and also some risk factors. In Monetary Policy Report, forecasts are presented in fan chart. In Economic Report on Indonesia, inflation forecasts are presented in short term (present year) and medium term. A summary of inflation forecasts is also mentioned in press releases and press conferences after the board meetings. Both the report and press releases are available to the public on the bank’s website.</td>
<td></td>
</tr>
</tbody>
</table>

Other monetary framework
Exchange tax  No.
Exchange subsidy  No.

Foreign exchange market  Yes.  Commercial banks may freely set their exchange rates and commissions for transactions with clients. The BI regulates foreign exchange transactions against rupiah between commercial banks with domestic and foreign parties to strengthen and increase the governance of the foreign exchange market without restricting the use of the acquired foreign currency. Foreign exchange transactions above a certain threshold must be supported by documents on the underlying trade or investment transactions, with certain exemptions. Spot transactions must be settled in full delivery payment. Derivatives transactions may be settled in full or by netting for the purpose of rollover, early termination, and unwinding of the initial derivative transaction, but only if the client provides underlying documents.

Spot exchange market  Yes.  As of the end of December 2019, there were 76 commercial banks licensed for foreign exchange activity. Through BI Regulations No. 18/18/PBI/2016 and No. 18/19/PBI/2016, the purchases of foreign currency against rupiah by domestic and foreign party clients through spot transactions exceeding a certain threshold are subject to verification of supporting documents on the underlying transaction. Spot transactions must be settled in full; derivatives transactions may be settled in full or by netting for the purpose of rollover, early termination, and unwinding of the initial derivative transaction as long as supported by underlying documents. The number of money changers as of December 2019 was 1,164 for nonbank money exchange activities.

Operated by the central bank  No.  The BI revoked the facility for foreign exchange liquidity to domestic companies by conducting spot transactions through commercial banks in connection with economic activities in Indonesia.

Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.

Interbank market  Yes.  As of December 31, 2019, there were 76 commercial banks with foreign exchange activity licenses. Interbank spot transactions against rupiah can be done without underlying transactions.

Over the counter  Yes.  The foreign exchange market operates directly among market participants (interbank) or indirectly through brokers in the OTC market.

Brokerage  Yes.  The foreign exchange market operates directly among market participants (interbank) or indirectly through brokers in the OTC market. There are eight money brokers available in the foreign exchange market, with a total share of 40% from the total interbank spot market.

Market making  No.  The foreign exchange market does not operate based on a market-making mechanism.

Forward exchange market  Yes.  The domestic forward exchange market is regulated by BI Regulation No. 18/18/PBI/2016 and No. 18/19/PBI/2016. Forward transactions (buying and selling) above a certain threshold must be supported by underlying documents. To promote foreign exchange supply through forward transactions, the threshold amount for
forward sale is the equivalent of US$5 million a transaction without
an underlying transaction. Above US$5 million a transaction of
forward sale must be supported by underlying documents.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Rupiah may not be used or transferred to any party outside Indonesia.

Controls on the use of domestic currency Yes. As of Article 18 under BI Regulation No. 18/19/PBI/2016 forbids rupiah from being transferred to any party outside Indonesia. As of Article 19 under BI Regulation No. 18/19/PBI/2016 allows the rupiah to be transferred to a foreign party’s rupiah account (in domestic banks) without underlying documents in the event, the transaction is below or equal to US$1 million (or its equivalent) a day. As a result, rupiah transfer to a foreign party’s rupiah account (in domestic banks) above US$1 million (or equivalent) a day must be followed by underlying of trade (current) and investment (capital). According to BI Regulation No.17/3/PBI/2015 concerning Mandatory Use of Rupiah within Territory of Republic of Indonesia, all transactions within the territory of the Republic of Indonesia should be conducted in rupiah currency, with several exceptions including international trade-related settlements.

For current transactions and payments Yes.

For capital transactions Yes.

Transactions in capital and money market instruments Yes.

Transactions in derivatives and other instruments Yes.

Credit operations Yes.

Use of foreign exchange among residents Yes. The use of foreign exchange among residents is not allowed in Indonesian territory, as stated in Article 21 of Act No. 7, 2011, concerning the Indonesian currency and Article 2 and Article 4 of BI Regulation No. 17/3/PBI/2015 on the obligation to use rupiah in Indonesia. However, certain transactions are exempt: (1) certain transactions within the framework of budget revenue and expenditure implementation, (2) disbursement of grants from/to overseas entities, (3) international trade transactions, (4) bank deposits in foreign currency, and (5) international financing transactions.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Indonesia is a member of ASEAN.

Clearing agreements No.

Barter agreements and open accounts Yes. There are barter arrangements as part of bids for government-sponsored construction or procurement projects whose import components are valued at more than Rp 500 million.

Administration of control Yes. Under Act No. 24 of 1999 on the Foreign Exchange Activities and
Exchange Rate System, residents must submit information and data on foreign exchange activities, directly or through another party stipulated by the BI. The implementation of the provision is prescribed in BI regulations: On June 30, 2016, the BI released BI Regulation No. 18/10/PBI/2016 concerning the Monitoring of Foreign Exchange Flow of Banks and Customers. This regulation replaced BI Regulation No. 13/21/PBI/2011. As stipulated in the previous regulation, banks must submit complete, accurate, and timely information and data on foreign exchange flows to the BI. There is an additional rule in the new regulation, that is, a bank’s customer must submit supporting documents to the bank for outgoing transfer in foreign currency amounting to more than US$100,000 or its equivalent. Circular Letter No. 18/23/DSta (previously Circular Letter of BI No. 13/33/DSM) gives more detailed provisions for fulfilling BI Regulation No. 18/10/PBI/2016. The revised regulation covers rules on how banks must report customer compliance in submitting supporting documents for outgoing transfer in foreign currency amounting to more than US$100,000 or its equivalent.

BI Regulation No. 16/22/PBI/2014 requires reporters to provide complete, accurate, and timely reports to the BI. This regulation updated BI Regulation No. 14/21/PBI/2012, which was adopted as the legal basis for integration of the reporting system for activity in foreign exchange flows with the reporting system for external debt to improve effectiveness and efficiency in monitoring activity in foreign exchange flows by residents. The new regulation requires banks and nonbank corporate entities (including state-owned and private enterprises) to report all offshore commercial borrowing; and individuals are required to report commercial offshore borrowing equivalent to US$200,000 or more. The regulation also requires nonbank corporations that have external debt in foreign currency to implement prudential principles in addition to their reports on foreign exchange flows. Circular Letter of BI No. 17/26/DSta (earlier Circular Letter of BI No. 15/5/DSM) and Circular Letter of BI No. 15/16/DInt provide further provisions for implementing BI Regulation No. 16/22/PBI/2012 (earlier No. 14/21/PBI/2012). The revised regulation provides updated technical guidelines on issues such as reporting subject, coverage, and period and sanction procedures.

BI Regulation No.21/2/PBI/2019 concerning the Reporting of Foreign Exchange Activities revokes and replaces BI Regulation No. 16/22/PBI/2014, specifically on parts of the reporting of foreign exchange activities. The new regulation also seeks to strengthen the implementation of offshore loans and banks’ other foreign exchange obligations.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Controls on trade in gold (coins and/or bullion) | Yes. |
| On domestic ownership and/or trade | No. |
| On external trade | Yes. |

Travelers may take out freely up to Rp 65,000 a person in Indonesian commemorative gold and silver coins issued in August 1970 and up to Rp 130,000 a person in gold and silver coins issued in October 1974; amounts in excess of these limits require BI approval. Gold may be imported freely. Imports are subject to a levy of Rp 25 per US dollar.
### Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>On exports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Travelers are free to take out Indonesian notes and coins up to Rp 100 million a person. Larger amounts require BI approval and must be declared to customs.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>According to Act No. 8/2010 on Money Laundering, travelers are free to take out foreign currency notes and coins up to the equivalent of Rp 100 million a person. Amounts in excess of this limit must be declared to customs.</td>
<td></td>
</tr>
<tr>
<td>From March 5, 2018, according to BI Regulation No. 19/7/PBI/2017, concerning Exportation and Importation of Foreign Banknotes, any party carrying foreign currency notes equivalent to at least Rp 1 billion must obtain a license and approval from the BI.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On imports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Travelers are free to bring in Indonesian notes and coins up to Rp 100 million a person. Larger amounts must be declared to customs; the authenticity of the rupiah is checked by customs.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>According to Act No. 8/2010 on Money Laundering, travelers are free to take out foreign currency notes and coins up to the equivalent of Rp 100 million a person. Larger amounts must be declared to customs.</td>
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<tr>
<td>From March 5, 2018, according to BI Regulation No. 19/7/PBI/2017, concerning Exportation and Importation of Foreign Banknotes, any party carrying foreign currency notes equivalent to at least Rp 1 billion must obtain a license and approval from the BI.</td>
<td></td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Held domestically</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with the Currency Act, all transactions in Indonesia must use rupiah. Therefore, no checks may be drawn on foreign exchange accounts, as this is considered a means of payment. Nevertheless, funds in foreign exchange accounts may still be transferred abroad freely, with terms mentioned in IV.</td>
<td></td>
</tr>
<tr>
<td>According to BI Regulation No. 18/19/PBI/2016, as of September 5, 2016, the threshold for rupiah transfers to accounts of foreign parties as stated in Article 18 is as follows:</td>
<td></td>
</tr>
<tr>
<td>(1) Banks may perform rupiah transfers to accounts owned by foreign parties and/or to joint accounts between foreign parties and non-foreign parties in a domestic bank if (a) the nominal value of the rupiah transfer is up to the equivalent of US$1 million a day for one foreign party; or (b) the transfer is performed between rupiah accounts owned by the same foreign party. (2) With regard to rupiah transfers to accounts owned by foreign parties derived from other than derivatives transactions with nominal value greater than US$1 million or its equivalent a day a foreign party, banks receiving the rupiah transfer must ensure that the foreign parties have underlying transactions.</td>
<td></td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Balances may be freely transferred to the home country.</td>
<td></td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>
Accounts in domestic currency held abroad
No. These accounts are prohibited because the rupiah is not an internationalized currency.

Accounts in domestic currency convertible into foreign currency
Yes.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
No. Checking, savings, and time deposit accounts are permitted. No checks may be drawn on foreign exchange accounts.

Domestic currency accounts
Yes. According to BI Regulation No. 18/19/PBI/2016, as of September 5, 2016, the threshold amount of rupiah transfers to accounts of foreign parties as stated in Article 18 is as follows:
(1) Banks may perform rupiah transfers to accounts owned by foreign parties and/or to joint accounts between foreign parties and non-foreign parties in a domestic bank if
   (a) the nominal value of the rupiah transfer is up to the equivalent of US$1 million a day for one foreign party; or
   (b) the transfer is performed between rupiah accounts owned by the same foreign party.
(2) With regard to rupiah transfers to accounts owned by foreign parties derived from other than derivatives transactions with nominal value greater than US$1 million or its equivalent a day a foreign party, banks receiving the rupiah transfer must ensure that the foreign parties have underlying transactions.

Convertible into foreign currency
Yes.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No. Requirements generally are set by commercial banks on the basis of their assessment.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
Yes.

Domiciliation requirements
No. Domiciliation is not required. Instead, BI regulations stipulate that release of foreign exchange is subject to underlying documentation of import transactions.

Preshipment inspection
No.

Letters of credit
No. Import payments may be made either on an LC or non-LC basis depending on the agreement between exporters and importers.

Import licenses used as exchange licenses
No.
Cement and asbestos sheets, dry batteries, steel slabs, low-voltage electric cords, and electric light bulbs are subject to quality control. BI regulations stipulate that release of foreign exchange is subject to underlying documentation of import transactions. The Ministry of Trade (MOT) regulates import licensing (Minister of Trade Regulation No. 40/M-DAG/PER/8/2013).

Imports from countries against which the UN has imposed a trade embargo are prohibited, as are imports from all sources of most secondhand goods and of certain other products. However, secondhand engines, their parts, and other capital goods may be imported by industrial firms for their own use or for reconditioning, in accordance with the guidelines of the MOT. Certain categories of agricultural imports, including foodstuffs, beverages, and fruits, may be imported only by registered importers designated by the MOT. The procurement policies of companies approved for the importation of fruit, alcoholic beverages, and chicken are evaluated annually by the government, although explicit quantitative restrictions are not placed on these products. There is an import ban on rice. The MOT defines the requirements for importers. Companies that meet the requirements must apply and are designated registered importers. These requirements aim to make import administration more orderly. Only the government-owned Bulog (Indonesian Bureau of Logistics, in Indonesian: Badan Urusan Logistik/Bulog) may import medium-grade rice. Premium rice may be imported by licensed importers.

There is a registry of authorized importers that includes only Indonesian nationals, although foreign investors are permitted to import the items required for their own projects. Although imports are subject to licensing requirements, most of them are classified under the general importer license.

Certain products receive preferential treatment within the framework of AFTA and the WTO. Import tariff is based on Harmonized System (HS) 2012. Certain products are granted preferential duties within the framework of the free trade area (FTA), Economic Partnership Agreement (EPA), and WTO. Generally, import tariff ranges from 0% to 5%. Changes in import tariff regulation are (1) Minister of Finance Regulation No. 97 of 2015 related to changes in import tariff for iron and steel, (2) Minister of Finance Regulation No. 132 of 2015 related to changes in import tariff for consumer goods and aircraft components, and (3) Minister of Finance Regulation No. 35 of 2016 related to changes in import tariff for aircraft components as the continuation of last MOF regulation.

Effective, January 25, 2020, the government has lowered the limit on the value of imported goods subject to import duties from US$ 75 per shipment to US$ 3 per shipment.

Import taxes are collected through designated foreign exchange banks authorized by the MOF.

Imports of certain goods remain restricted to approved importers. The government enterprise Pertamina imports lubricating oil and lubricating grease, and the Indonesian state-owned company Dahana imports ammunition and gel explosives. Licensed importers are permitted to import lubricating grease (as stated in the joint

Other

Yes.

Import licenses and other nontariff measures

Yes.

Positive list

No.

Negative list

Yes. Imports from countries against which the UN has imposed a trade embargo are prohibited, as are imports from all sources of most secondhand goods and of certain other products. However, secondhand engines, their parts, and other capital goods may be imported by industrial firms for their own use or for reconditioning, in accordance with the guidelines of the MOT. Certain categories of agricultural imports, including foodstuffs, beverages, and fruits, may be imported only by registered importers designated by the MOT. The procurement policies of companies approved for the importation of fruit, alcoholic beverages, and chicken are evaluated annually by the government, although explicit quantitative restrictions are not placed on these products. There is an import ban on rice. The MOT defines the requirements for importers. Companies that meet the requirements must apply and are designated registered importers. These requirements aim to make import administration more orderly. Only the government-owned Bulog (Indonesian Bureau of Logistics, in Indonesian: Badan Urusan Logistik/Bulog) may import medium-grade rice. Premium rice may be imported by licensed importers.

There is a registry of authorized importers that includes only Indonesian nationals, although foreign investors are permitted to import the items required for their own projects. Although imports are subject to licensing requirements, most of them are classified under the general importer license.

Open general licenses

Yes. There is a registry of authorized importers that includes only Indonesian nationals, although foreign investors are permitted to import the items required for their own projects. Although imports are subject to licensing requirements, most of them are classified under the general importer license.

Licenses with quotas

No.

Other nontariff measures

No.

Import taxes and/or tariffs

Yes. Certain products receive preferential treatment within the framework of AFTA and the WTO. Import tariff is based on Harmonized System (HS) 2012. Certain products are granted preferential duties within the framework of the free trade area (FTA), Economic Partnership Agreement (EPA), and WTO. Generally, import tariff ranges from 0% to 5%. Changes in import tariff regulation are (1) Minister of Finance Regulation No. 97 of 2015 related to changes in import tariff for iron and steel, (2) Minister of Finance Regulation No. 132 of 2015 related to changes in import tariff for consumer goods and aircraft components, and (3) Minister of Finance Regulation No. 35 of 2016 related to changes in import tariff for aircraft components as the continuation of last MOF regulation.

Effective, January 25, 2020, the government has lowered the limit on the value of imported goods subject to import duties from US$ 75 per shipment to US$ 3 per shipment.

Import taxes are collected through designated foreign exchange banks authorized by the MOF.

Taxes collected through the exchange system

Yes. Import taxes are collected through designated foreign exchange banks authorized by the MOF.

State import monopoly

Yes. Imports of certain goods remain restricted to approved importers. The government enterprise Pertamina imports lubricating oil and lubricating grease, and the Indonesian state-owned company Dahana imports ammunition and gel explosives. Licensed importers are permitted to import lubricating grease (as stated in the joint

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

INTERNATIONAL MONETARY FUND

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agreement between the Ministry of Energy and Mineral Resources, MOF, and MOT Republic of Indonesia Nos. 1905 K/34/MEM/2001, 426/KMK.01/2001, 233/MPP/Kep/7/2001). As for imports of ammunition and gel explosives, Dahana is not the sole importer. Other companies have been appointed to import ammunition and gel explosives in the interest of national security.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
<th>All export proceeds are required to be received through the Indonesian banking system. For any export proceeds derived from natural resource exports, the proceeds are required to be received in a special account (Reksus DHE SDA). There is no obligation to keep these funds in a domestic bank and no restriction on subsequent transfers abroad. There is also no obligation to convert the foreign exchange to domestic currency.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td>-</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
<td>-</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
<td>-</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
<td>-</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>Yes.</td>
<td>MOT Regulation No. 04/M-DAG/PER/1/2015 as revised to MOT Regulation No. 67/M-DAG/PER/8/2015 (revision on the regulation attachment specifically on the scope of commodities) requires LCs for export payments for certain products from natural resources. Export payments must be made through an LC for exports of minerals, coal, crude palm oil, crude palm kernel oil, oil, and gas. Exports of other products that are not regulated in MOT Regulation No. 67/M-DAG/PER/8/2015 may be made on an LC or non-LC basis depending on the agreement between exporters and importers. Export payments may be made on an LC or non-LC basis depending on the agreement between exporters and importers.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td>-</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td>-</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>Yes.</td>
<td>-</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
<td>Exports of goods containing imported material that is exempt from import taxes must be inspected before shipment.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>-</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
<td>Exports are prohibited to countries against which the UN has imposed a trade embargo, as are exports to all countries of certain categories of unprocessed or low-quality rubber, brass, and copper scrap (except from the island of Irian Jaya), iron scrap, steel scrap, and antiques of cultural value. Exporters are required to obtain trade permits issued by the MOT.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
<td>To meet domestic demand and encourage domestic processing of certain raw materials, exports of certain domestically produced commodities must have MOT authorization. Items affected by such controls include clove seeds, logs, fertilizer, cement, iron for construction reinforcement, automobile tires, paper, asphalt, stearin, cattle, salt, wheat flour, maize, soybeans, rice, copra, olein, raw rattan, meat, and all goods produced from subsidized raw materials. Concern about domestic price stability sometimes leads to the suspension of exports of various items in this category.</td>
</tr>
</tbody>
</table>
With quotas
Yes. Manioc may be exported only by approved exporters. Textiles and textile products subject to import quotas in the consumer countries may be exported only by approved textile exporters, who may transfer their allocated quotas to other approved exporters through the Indonesian Commodity Exchange Board (ICEB, Indonesian: Bursa Komoditi Indonesia).

Export taxes
Yes.

Collected through the exchange system
Yes. Taxes are collected through designated banks authorized by the MOF.

Other export taxes
Yes. Export taxes are imposed on skins (bovine/buffalo, goat/sheep), timber, cocoa, concentrate minerals, and palm and crude palm oil and its derivatives. Changes in tariff regulation are (1) Minister of Finance Regulation No. 6 of 2014 and its amendment Minister of Finance Regulation No. 153 of 2014 regarding the export tariff for raw material/ore to improve investment and productivity of the domestic mining industry and (2) Minister of Finance Regulation No. 136 of 2015 related to changes in export tariff for crude palm oil.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
No.

Trade-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Investment-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Payments for travel
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Personal payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Foreign workers' wages
No.

Prior approval
No.

Quantitative limits
No.
Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.
Restrictions on use of funds  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.  

As of September 7, 2016, according to BI Regulation No. 18/19/PBI/2016, banks are prohibited from making certain transactions with foreign parties, including (1) lending or financing in rupiah and/or foreign currencies, except for noncash credit or guarantees pertaining to investment activities in Indonesia with certain requirements; (2) placement of funds in rupiah; (3) purchase of securities in rupiah issued by foreign parties, except securities related to export or import activities and bank drafts issued by overseas banks for the account of Indonesian workers overseas; (4) interoffice claims in rupiah; (5) interoffice claims in foreign currencies for provision of credit overseas; (6) equity participation in rupiah; (7) interoffice billings in rupiah; (8) interoffice billing in foreign currencies in the context of lending or financing overseas; and (9) capital investment in rupiah.

The regulation provides an exception for banks to lend to foreign parties in the form of a noncash credit or guarantee pertaining to investment activities in Indonesia, and to purchase securities in rupiah issued by foreign parties related to export and import activities and bank drafts issued by overseas banks for the account of Indonesian workers overseas.

In addition, with regard to Indonesian depository receipt (IDR) accounts held by foreign parties in domestic banks, since the implementation of Article 19 BI Regulation No.18/19/PBI/2016 (previously BI Regulation No.16/17/PBI/2014), rupiah transfers to
accounts held by foreign parties or joint accounts held by a foreign
party and a non-foreign party at a domestic bank above US$1 million
or equivalent a day must be supported by underlying documents,
except for:
transfer between rupiah accounts owned by the same foreign party;
Rupiah as part of derivative transactions settlement.
Article 18 of BI Regulation No.18/19/PBI/2016 stated that rupiah
transfers to any party outside Indonesia are prohibited.

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI Regulation No. 16/10/PBI/2014, concerning Receipt of Export Proceeds and Withdrawal of Foreign Exchange from External Debt, has been replaced by BI Regulation No. 17/23/PBI/2015. Circular Letter of BI No. 16/9/DSta of May 26, 2014, as provisions of BI Regulation No. 16/10/PBI/2014, remains the guideline for technical processes, for example, requirements for receipt of export proceeds, supporting documents and information submission, and sanction procedures. The purpose of the regulation is to ensure the receipt of export proceeds through the Indonesian banking system. There is no obligation to keep these funds in a domestic bank and no restriction on subsequent transfers abroad. There is also no obligation to convert the foreign exchange to domestic currency.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign investors are allowed to purchase without limit shares issued by Indonesian companies in the Indonesian capital market. There is a limit on the ownership of joint securities companies that are also finance companies.</td>
<td></td>
</tr>
</tbody>
</table>

| Sale or issue locally by nonresidents | Yes. |
| Foreign companies are permitted to issue IDR through custodian banks in Indonesia. IDRs are instruments that facilitate the trading of shares of foreign companies in the Indonesian capital market. Custodian banks, in turn, issue IDRs based on the shares that the foreign companies have in the custodian bank. Elucidation of Article 1 Paragraph 15 of Law No. 8 Year 1995 Concerning the Capital Market states that “An ‘Offering’ within the territory of the Republic of Indonesia includes both domestic or foreign issuers, as well as offerings to both domestic and foreign investors, in compliance with the disclosure principle.” According to this condition, a public offering must use supporting professionals registered in the capital market as regulated in Article 64 of the Capital Market Law and other provisions in the capital market regulations, among others: Rule No. IX.A.1 concerning General Provisions of Registration Statement, Rule No. IX.A.2 concerning Registration Procedures for Public Offering, Otoritas Jasa Keuangan (OJK) Regulation No. 7/POJK.04/2017 concerning Registration Statement Documents for Public Offering of Equity and Debt Securities, and OJK Regulation No. 8/POJK.04/2017 concerning Form and Content of a Prospectus for Public Offering of Equity Securities. An alternative to a direct public offering is publication of IDRs as stipulated in Rule No. IX.A.10 of Public Offerings of Indonesian Depository Receipts. |
| Purchase abroad by residents | Yes. |
| Pension funds may not invest in securities abroad, and collective investment scheme (CIS) mutual funds may invest abroad only up to |

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15% of their net asset value (NAV). Protected mutual funds and guaranteed mutual funds may invest up to 30% of their NAV abroad.

No controls apply as long as the shares are not listed on the Indonesia Stock Exchange (IDX). Securities listed on the IDX must comply with the Capital Market Law and with the requirement concerning the maximum percentage of foreign ownership of shares. Effective February 17, 2020, OJK Regulation No. 8/POJK.04/2020 concerning Issuance of Foreign Depositary Receipts (FDRs) requires Issuers or Public Companies wishing to issue FDRs to submit to OJK disclosure of information relating to the FDRs issuance plan. The information must include the involvement of the Issuers or Public Companies in the FDRs issuance and the requirements that the Issuers or Public Companies must fulfil for the purpose of the FDRs issuance. Examples of FDRs are American Depositary Receipts (ADRs), Singapore Depositary Receipts (SDRs), dan Global Depositary Receipts (GDRs). Obligation to disclose material information is also regulated in OJK Regulation No. 31/POJK.04/2015 concerning Disclosure of Information or Material Facts by Issuers or Public Companies. If the FDRs issuance meets the criteria of Public Offering as stipulated in the Capital Market Law, the Issuers must follow the provisions of the Public Offering as set forth in, among others, Rule Number IX.A.1 concerning General Provisions of Registration Statement, Rule Number IX.A.2 concerning Registration Procedures for Public Offering, OJK Regulation No. 7/POJK.04/2017 concerning Registration Statement Documents for Public Offering of Equity and Debt Securities, and OJK Regulation No. 8/POJK.04/2017 concerning Form and Content of a Prospectus for Public Offering of Equity Securities.

In general, government bonds are issued in the primary market only through predetermined primary dealers. Nonresidents may purchase government bonds issued in the primary market through local primary dealers without limitation. However, government bonds issued specifically for individual and retail investors, called ORIs (Indonesian Retail Bonds, in Indonesian: Obligasi Negara Ritel Indonesia), may be purchased in the primary market only by Indonesian investors, who make their purchases through a predetermined selling agent. In the secondary market, all investors, both resident and nonresident, may purchase all categories of government bonds freely. There is no regulation that explicitly limits the purchase of corporate bonds locally by nonresidents. Investment in other domestic bond markets and debt securities (that is, corporate bonds, commercial paper (CP), and certificates of deposit (CDs)) is not clearly regulated in the context of nonresident transactions—thus, such transactions are carried out in practice and are considered free of capital controls.

There are no regulations concerning the sale of bonds and other debt securities locally by nonresidents, and thus this type of activity is considered to be free of capital controls. The regulations on the issuance of bonds do not differentiate between residents and nonresidents and, therefore, this type of activity is also considered to be free of capital controls. Elucidation of Article 1 Paragraph 15 of Law No. 8 Year 1995 Concerning the Capital Market states that “An ‘Offering’ within the territory of the Republic of Indonesia includes both domestic or foreign issuers, as well as offerings to both domestic and foreign investors, in compliance with the disclosure principle.” According to this condition, the public offering must use supporting professionals registered on the capital market as regulated in Article 64 of the Capital Market Law and other provisions in the
capital market regulations, among others: Rule No. IX.A.1 concerning General Provisions of Registration Statement. Rule No. IX.A.2 concerning Registration Procedures for Public Offering, OJK Regulation No. 7/POJK.04/2017 concerning Registration Statement Documents for Public Offering of Equity and Debt Securities, and OJK Regulation No. 9/POJK.04/2017 concerning Form and Content of a Prospectus for Public Offering of Debt Securities. An alternative to direct public offering is publication of IDRs as stipulated in Rule No. IX.A.10 of Public Offerings of Indonesian Depositary Receipts.

**Purchase abroad by residents**

Yes. Purchases of bonds and other debt securities abroad are regulated only for pension funds, which may not invest in securities abroad, and domestic mutual fund companies as follows: CIS mutual funds may invest abroad up to 15% of their NAV, and protected mutual funds and guaranteed mutual funds may invest up to 30% of their NAV abroad, for prudential purposes. No regulations explicitly limit purchases abroad by other resident investors.

**Sale or issue abroad by residents**

Yes. The sale of bonds or other debt securities abroad by residents is not clearly regulated and is considered to be free of capital controls. The issuance of bonds or other debt securities abroad is subject to the same regulations that apply to resident investors who issue these securities locally, and in this respect, this activity is considered to be free of capital controls, with the exception of issuance of securities with maturities of more than one year, which is subject to BI approval. However, the issuer under the supervision of Indonesia FSA must fulfill the principles of disclosure, which are regulated by the FSA, among others, informing of a public offering abroad as stipulated in FSA Regulation No. 31/POJK.04/2015 concerning Disclosure of Information or Material Facts by Issuer or Public Company. Furthermore, if the issuance of securities is in the form of a public offering, the issuer must follow the provisions of the public offering as set forth in, among others, Rule No. IX.A.1 concerning General Provisions of Registration Statement, Rule No. IX.A.2 concerning Registration Procedures for Public Offering, OJK Regulation No. 7/POJK.04/2017 concerning Registration Statement Documents for Public Offering of Equity and Debt Securities, and OJK Regulation No. 9/POJK.04/2017 concerning Form and Content of a Prospectus for Public Offering of Debt Securities.

**On money market instruments**

Yes.

**Purchase locally by nonresidents**

Yes. BI Regulation No.18/11/PBI/2016 Article 3 stated that nonresidents are allowed to do money market transactions domestically including sale and purchase of money market instruments such as negotiable certificate of deposit (NCD), CP, etc. This provision applies to onshore money market instruments both in IDR denomination and foreign currency denomination. However, regarding instrument NCD, BI Regulation No. 19/7/PADG/2017 Article 15 implies that while nonresidents can buy NCD in primary market, nonresidents can only buy NCD in secondary market from other nonresidents.

In terms of money market instruments in IDR denomination, nonresidents may purchase BI certificates (tradable BI certificates, Sertifikat Bank Indonesia (SBIs)) in the secondary market. However, the minimum holding period for all investors (domestic and foreign) for purchases of SBIs in the primary and secondary markets is one week (Press Release No. 17/71/DKom of September 30, 2015).

In addition, according to Article 4 BI Regulation No. 18/19/PBI/2016, purchase of IDR against foreign currency and transfer of IDR by nonresidents above $1 million must be followed by underlying of trade and investments except for current account, savings account, time deposits, and NCDs.
Regarding issuance of domestic market instruments, BI Regulation No. 18/11/PBI/2016 Article 8 stated that only residents can issue domestic money market instruments. Residents as issuers should be registered in the BI to be able to issue domestic money market instruments. However, for lending and borrowing transactions such as unsecured call money and repo transactions, nonresidents are allowed to do transactions domestically.

Based on Article 4 BI Regulation No. 18/18/PBI/2016, residents are not allowed to purchase foreign currency against IDR above certain threshold for investing in offshore money market instruments, that is, current account, savings account, time deposits, and NCD. Pension funds may not invest in securities abroad, and mutual funds may invest abroad only up to 15% of their NAV.

The absence of regulations concerning the sale or issuance of money market instruments abroad indicates that the activity is free of capital controls, with the exception of those issued by nonbank corporate entities, which must fulfill prudential requirements and must report the activity to the BI.

No person may purchase more than 1% of any fund.

According to BI Regulation No. 7/31/PBI/2005, banks may conduct derivatives transactions derived from foreign exchange or interest rate. In performing foreign exchange transactions, banks must enter into a written agreement with their clients and explain the risks of these transactions. In addition, banks must have written internal guidelines and must report their foreign exchange transactions against rupiah through an online daily reporting system to the BI.

Banks must ensure that their customers submit the underlying and supporting documents of the derivatives transactions and administer those documents. Banks may not incur losses from derivatives transactions exceeding 10% of their capital, engage in margin trading on foreign currency against rupiah, or maintain derivative exposure of their branches or subsidiaries. BI Regulation No. 18/18/PBI/2016 and BI Regulation No. 18/19/PBI/2016 regulate that derivatives transactions against rupiah, which can be conducted by domestic banks, are limited to forward, swap, option, cross-currency swap, and call spread option. From September 28, 2018, based on BI Regulation No.20/10/PBI/2018, banks can also conduct Domestic Non-Deliverable Forward Transactions against rupiah with foreign parties.

Transactions involving sales to and/or purchases from foreign parties of derivative foreign currency against rupiah are limited to the equivalent of US$1 million a customer and a position (outstanding) of the respective sale and purchase of derivatives transactions a bank. Derivatives contracts of foreign currency against rupiah offered by domestic banks to nonresidents with nominal value exceeding US$1 million must be supported by underlying transactions. Underlying transactions include transactions related to trade of goods and services, both domestic and foreign, and/or investments in the form of FDI, portfolio investment, loans, and capital and other investments, both domestic and foreign. Derivatives transactions may
be settled fully or by netting for the purpose of rollover, early termination, or unwinding of the initial derivative transaction. Netting is for transactions with a nominal value not exceeding US$1 million and is permitted if supported by underlying transactions from the initial derivatives transactions. There are no restrictions for Non-IDR Derivative transactions (foreign exchange and interest rate).

From June 26, 2018, BI Regulation No. 20/13/PBI/2018 allows banks to do interest rate derivative transactions (IDR denomination) with residents under certain requirement, and with nonresidents.

**Purchase locally by nonresidents**  Yes. Underlying documents are required for derivatives transactions over US$1 million a transaction a foreign party or a position. For call spread options and Domestic Non-Deliverable Forward (DNDF), all transactions are required to have underlying documents. Effective March 19, 2020, foreign investors may remain conducting hedging through DNDF while awaiting market to be stable for re-investment. It is accommodated through the use of foreign investor’s rupiah accounts as an underlying transaction for purchasing DNDF in US$/IDR.

From June 26, 2018, BI Regulation No. 20/13/PBI/2018 allows nonresidents to do interest rate derivative transactions (IDR denomination) locally with banks without underlying documents requirement.

**Sale or issue locally by nonresidents**  Yes. Underlying documents are required for derivatives transactions over US$1 million a transaction a foreign party or a position. For foreign exchange Forward and DNDF over US$5 million a transaction required to have underlying documents. For call spread options, all transactions are required to have underlying documents. From June 26, 2018, BI Regulation No. 20/13/PBI/2018 allows nonresidents to do interest rate derivative transactions (IDR denomination) locally with banks without underlying documents requirement.

**Purchase abroad by residents**  Yes. Purchases of derivatives abroad by residents are not regulated as long as they are a non-IDR/non-foreign exchange transaction. However, banks are regulated, and above a certain threshold must have underlying transactions.

According to Article 6 BI Regulation No. 18/19/PBI/2016, sale derivative transactions by banks to foreign parties and purchase derivative transactions by banks to foreign parties exceeding US$1 million or its equivalent both a transaction a foreign party and a position (outstanding) of the respective sale and purchase of derivative transactions a bank must have underlying documents. Specifically for purchase forward transaction by banks to foreign parties, the threshold is on US$5 million or its equivalent. The nominal amount of sale and purchase of derivative transactions between banks and foreign parties may not exceed the nominal value of the underlying transactions. This regulation was implemented September 5, 2016, as an amendment to BI Regulation No. 16/17/PBI/2014, which was implemented in November 2014.

**Sale or issue abroad by residents**  Yes. Sales of foreign exchange derivative instruments are not regulated as long as they are a non-IDR/non-foreign exchange transaction. However, banks are regulated, and above a certain threshold must have underlying transactions.

According to Article 6 BI Regulation No. 18/19/PBI/2016, sale derivative transactions by banks to foreign parties and purchase derivative transactions by banks to foreign parties exceeding US$1 million or its equivalent both a transaction a foreign party and a position (outstanding) of the respective sale and purchase of derivative transactions a bank must have underlying documents.
Specifically, for purchase forward transaction by banks to foreign parties (sell forward by foreign parties) the threshold is on US$5 million or its equivalent. The nominal amount of sale and purchase of derivative transactions between banks and foreign parties may not exceed the nominal value of the underlying transactions.

This regulation was implemented September 5, 2016, as an amendment to BI Regulation No. 16/17/PBI/2014, which was implemented in November 2014.

Controls on credit operations

Yes.

Commercial credits

Yes.

By residents to nonresidents

Yes. Resident banks are prohibited from granting credit to nonresidents (including overdrafts in rupiah or foreign currencies), except for non-cash loan or guarantee with certain requirements, syndicated loans led by offshore prime banks with certain criteria, credit cards, and personal loans utilized domestically.

To residents from nonresidents

Yes. Resident entities, including nonbank corporate entities, may borrow from nonresidents subject to compliance with the applicable regulations and the submission of periodic reports to the BI. Nonbank corporations do not need approval from the BI of their external debt. Nonbank corporations that have external debt in foreign currency, as regulated in BI Regulation No. 16/21/PBI/2014, are required to fulfill the following:

1. Minimum hedging ratio of 25%,
2. Minimum liquidity ratio of 70%, and
3. Minimum credit rating of BB (or equivalent). Nonbank corporations that have external debt also need to submit several reports to the BI (regulated in BI Regulation No. 16/22/PBI/2014):
   1. Prudential Principles Implementation Report (KPPK report), which reports the fulfillment of the three requirements stated above; and
   2. External debt report.

Financial credits

Yes.

By residents to nonresidents

Yes. There are prohibitions in the granting of credit by banks to nonresidents. Domestic banks are prohibited from granting credit to nonresidents (including overdrafts in rupiah or foreign currencies), except for non-cash loan or guarantee with certain requirements, syndicated loans led by offshore prime banks with certain criteria, credit cards, and personal loans utilized domestically.

To residents from nonresidents

Yes. Resident entities, including nonbank corporate entities, may borrow from nonresidents subject to compliance with the applicable regulations and the submission of periodic reports to the BI. Nonbank corporations do not need approval from the BI of their external debt. Nonbank corporations that have external debt in foreign currency, as regulated in BI Regulation No. 16/21/PBI/2014, are required to fulfill the following:

1. Minimum hedging ratio of 25%,
2. Minimum liquidity ratio of 70%, and
3. Minimum credit rating of BB (or equivalent). Nonbank corporations that have external debt also need to submit several reports to the BI (regulated in BI Regulation No. 16/22/PBI/2014):
   1. Prudential Principles Implementation Report (KPPK report), which reports the fulfillment of the three requirements stated above; and
   2. External debt report.
Guarantees, sureties, and financial backup facilities

Yes.

By residents to nonresidents

Yes. Banks may provide noncash credit, sureties, and guarantees to nonresident entities only if they fulfill the following requirements: (1) used for domestic investments (since November 10, 2014), (2) with a sufficient counter guarantee from overseas prime banks (excluding those of the bank involved), or (3) with a cash deposit valued at 100% of the guarantee.

To residents from nonresidents

No.

Controls on direct investment

Yes.

Outward direct investment

No.

Inward direct investment

Yes. Several sectors on the negative investment list (DNI, in Indonesian: Daftar Negatif Investasi) are subject to controls: (1) Foreign companies investing in infrastructure projects, such as seaports and airports, land transportation facilities, small capacity electricity generation, shipping, airlines, potable water supply, and nuclear electric power generation, do not have to be established as public-private partnerships. However, public-private partnerships are permitted a higher foreign shareholding. (2) Maximum foreign shareholding, varying from 30% to 95%, is also imposed on other sectors, such as agriculture, telecommunications, distribution and storage, finance, mining, education, and health. (3) In all sectors not listed on the DNI, a foreign investment company may be established as a straight investment; that is, 100% of the shares may be owned by a foreign citizen and/or entity. However, some shares must be sold to Indonesian citizens and/or entities through direct placement and/or indirectly through the domestic capital market no later than 15 years after the commencement of commercial operations. Foreign ownership of direct investments must begin to be divested within the time stipulated by Law No. 25 of 2007. Foreign enterprises are eligible for the following:

Facility for the exemption from import duty on the import of machines, goods, and materials:

Enterprises are eligible to receive preferential customs duty treatment for imports of required raw materials and machines subject to certain conditions as prescribed in various government regulations. The procedures and mechanism for facility on the exemption from import duty on the imports of machines, goods, and materials are stipulated under Indonesian Investment Coordinating Board (BKPM) Regulation No. 6 Year of 2018 on Guidelines and Procedures for Investment Licensing and Facilities.

(2) Tax Allowance:

Enterprises are also eligible to receive an income tax facility, stipulated in regulations.

(3) Tax Holiday:

Income tax waivers may be granted to newly established corporations pursuant to the requirements set within government regulations. BKPM Regulation No. 5 Year of 2018 contains details of business fields and pioneer industry products that can be granted corporate income tax reduction and procedures for granting the reduction.

According to PMK 35, reduction of corporate income tax (tax holiday) may be granted to newly established corporations for no less than 5 years and for up to 20 years, depending on its investment value.

(4) Foreign Workers:

Hiring of foreign workers must comply with Presidential Regulation.
No. 20 Year of 2018 on the Use of Foreign Workers, which stipulates the procedure for use of foreign workers. Moreover, it also stipulates certain positions that foreign workers may not fill, as stipulated by the minister of manpower.

(5) Divestment Provisions:
Divestment provisions, in which some shares must be sold to Indonesian citizens and/or entities through direct placement, must begin to be divested within the time stipulated by prevailing laws and regulations depending on its sector.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |
| Purchase locally by nonresidents | Yes. |
| Sale locally by nonresidents | Yes. |
| Controls on personal capital transactions | No. |
| Loans | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Gifts, endowments, inheritances, and legacies | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Settlement of debts abroad by immigrants | No. |
| Transfer of assets | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| Transfer of gambling and prize earnings | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Article 15 of BI Regulation No. 18/19/PBI/2016 prohibits banks from performing transactions with foreign parties, including (1) lending or financing in rupiah and/or foreign currencies, except (a) noncash credit or financing or guarantees related to investment activities in Indonesia with a counter guarantee from a prime bank or a security deposit of 100% of the value of guarantees given; (b) credit or financing in the form of syndication; (c) credit cards; (d) domestic consumer credit or financing; (e) intraday overdrafts in...
rupiah and foreign currencies supported by authenticated documents confirming inflow of funds to the relevant account on the same day; (f) overdrafts in rupiah and foreign currencies for administrative costs; and (g) assumption of bills from a government-appointed body designated to manage the concerned bank’s assets in the context of restructuring Indonesia’s banking by foreign parties whose payments are guaranteed by prime banks; (2) placements in rupiah; (3) purchases of securities in rupiah issued by foreign parties, excluding (a) purchases of securities related to goods exports and imports as well as domestic trade; and (b) purchases of bank drafts in rupiah issued by banks overseas for Indonesian workers in foreign countries; (4) interoffice claims in rupiah; (5) interoffice claims in foreign currencies for provision of credit overseas; (6) equity participation in rupiah; and (7) foreign exchange transactions against rupiah related to structured products. Banks are prohibited from owning assets in the form of stocks or securities with an underlying reference stock. Banks are required to consolidate risk management in exercising control over subsidiary companies. The regulation provides an exception for banks to lend to foreign parties in the form of a noncash credit or guarantee pertaining to investment activities in Indonesia, and to purchase securities in rupiah issued by foreign parties related to export and import activities and bank drafts issued by overseas banks for the account of Indonesian workers overseas.

The threshold amounts for rupiah transfers to accounts held by foreign parties or joint accounts held by a foreign party and a non-foreign party at a domestic bank are as follows:

1. Banks may perform rupiah transfers to accounts owned by foreign parties and/or to joint accounts between foreign parties and non-foreign parties in a domestic bank if
   a. the nominal value of the rupiah transfer is up to the equivalent of US$1 million a day a foreign party; or
   b. the transfer is performed between rupiah accounts owned by the same foreign party.

2. With regard to rupiah transfers to accounts owned by foreign parties derived from other than derivative transactions with nominal value exceeding US$1 million or its equivalent a day a foreign party, banks receiving the rupiah transfer must ensure that the foreign parties have underlying transactions.

Rupiah transfers to any party outside Indonesia are prohibited.

Borrowing abroad Yes.

According to BI Regulation No.7/1/PBI/2005, banks’ long-term foreign debt (maturities of more than one year) requires BI approval. Banks’ short-term foreign debt balance is limited to 30% of capital with some exemptions. PBI No. 15/6/PBI/2013 and PBI No. 16/7/PBI/2014 extend exemptions for short-term foreign debt to include rupiah demand deposits for nonresident holdings of SBIs for minority shareholders for real sector and infrastructure financing, supranational bodies holding proceeds from global bond issuance for real sector and infrastructure financing, and banks’ liabilities to nonresidents arising from hedging activities.

Effective March 7, 2019, banks’ foreign debt is being regulated by PBI No. 21/1/PBI/2019 which extends the scope of the regulation to include Master Risk Participation Agreement (MRPA). In addition, this ruling also expands scope of short term debt exempted, which includes shareholder loan drawn to solve bank’s problem as well as intermediation to real sector. Under Financial Services Authority (Otoritas Jasa Keuangan—OJK), OJK has amended OJK Regulation No.29/POJK.05/2014 with OJK Regulation No.35/POJK.05/2018 Regarding Business Operation Of Multifinance Company. The new regulation regulates hedging on foreign currency loan received by multifinance company. The types of loan that can be received are as
follows:
regular loans;
subordinated loans;
securities issued through public offering; and
debt securities that are not issued through public offering.
Also, multifinance company must apply full hedge for principal debt,
loan interest rate, and/or period of payment...

| Maintenance of accounts abroad | No. |
| Lending to nonresidents (financial or commercial credits) | Yes. |
| Banks may lend locally in foreign exchange subject to BI approval. BI Regulation No. 18/19/PBI/2016 prohibits banks from performing transactions with foreign parties, including (1) lending or financing in rupiah and/or foreign currencies, except (a) noncash credit or financing or guarantees related to investment activities in Indonesia with a counter guarantee from a prime bank or a security deposit of 100% of the value of guarantees given; (b) credit or financing in the form of syndication; (c) credit cards; (d) domestic consumer credit or financing; (e) intraday overdrafts in rupiah and foreign currencies supported by authenticated documents confirming inflow of funds to the relevant account on the same day; (f) overdrafts in rupiah and foreign currencies for administrative costs; and (g) assumption of bills from a government-appointed body designated to manage the concerned bank’s assets in the context of restructuring Indonesia’s banking by foreign parties whose payments are guaranteed by prime banks; (2) interoffice claims in rupiah; (3) interoffice claims in foreign currencies for provision of credit overseas; and (4) foreign exchange transactions against rupiah related to structured products. |
| Lending locally in foreign exchange | Yes. |
| Banks must take into account the regulation on the net open position (NOP, in Indonesian: Posisi Devisa Netto) aimed at prudential control, which states that banks must take into account every exposure in foreign exchange for calculating the NOP. |
| Purchase of locally issued securities denominated in foreign exchange | Yes. |
| Banks may purchase locally issued bonds denominated in foreign exchange subject to BI approval for foreign exchange transactions. Banks must also take into account the regulation on the NOP aimed at prudential control, which states that banks must include every exposure in foreign exchange in calculating the NOP. Specifically, the CP must have an investment grade and may not be issued by a bank’s own group. Banks may not purchase any CP issued by firms with nonperforming loans classified as “doubtful” or “loss.” |
| Differential treatment of deposit accounts in foreign exchange | Yes. |
| Previously, as stipulated by BI Regulation No.20/3/PBI/2018 and |

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PADG No.21/14/PADG/2019, effective July 1, 2019,
Conventional Banking:
the rupiah reserve requirement is 6% (previously, 6.5%) and must be met as follows: (1) 3% daily reserve requirement (previously, 3.5%) and
(2) 3% average reserve requirement.
Foreign exchange currency reserve requirements remain the same since October 1, 2018, which deposit accounts in foreign exchange are subject to an 8% reserve requirement that must be met as follows:

(1) 6% daily reserve requirement and
(2) 2% average reserve requirement.
Sharia Banking:
the rupiah reserve requirement is 4.5% and must be met as follows:
(1) 1.5% daily reserve requirement and
(2) 3% average reserve requirement.
Foreign exchange currency reserve requirements also remain the same since October 1, 2018, which deposit accounts in foreign exchange are subject to a 1% on daily reserve requirement.
As stipulated on PADG No.21/27/PADG/2019, effective January 2, 2020,
Conventional Banking:
the rupiah reserve requirement is 5.5% (previously 6%) and must be met as follows:
(1) 2.5% daily reserve requirement (previously, 3%) and
(2) 3% average reserve requirement.
Foreign exchange currency reserve requirements remain the same.
Sharia Banking:
the rupiah reserve requirement is 4% (previously 4.5%) and must be met as follows:
(1) 1% daily reserve requirement (previously 1.5%) and
(2) 3% average reserve requirement.
Foreign exchange currency reserve requirements remain the same which deposit accounts in foreign exchange are subject to a 1% on daily reserve requirement.
As stipulated on PADG No.22/2/PADG/2020, effective March 16, 2020,

Conventional Banking:
foreign exchange currency reserve requirement is 4% (previously 8%) and must be met as follows:
(1) 4% daily reserve requirement (previously, 6%) and
(2) 4% average reserve requirement (previously, 2%).
and foreign exchange currency reserve requirements for Sharia Banking remain the same.
As stipulated on BI Regulation No. 22/3/PBI/2020, effective March 26, 2020, the rupiah reserve requirement is lowered by 50bps for the bank conducting import-export financing, financing for SMEs and other priority sectors.
As stipulated by BI Regulation No. 22/3/PBI/2020 and PADG No. 22/10/PADG/2020, effective May 1, 2020, Conventional Banking:
the rupiah reserve requirement is 3.5% (previously 5.5%) and must be met as follows:
(1) 0.5% daily reserve requirement (previously, 2.5%) and
(2) 3% average reserve requirement (previously, 3%). Foreign exchange currency reserve requirements remain the same. Sharia Banking:
the rupiah reserve requirement is 3.5% (previously 4%) and must be met as follows: (1) 0.5% daily reserve requirement (previously, 1%) and
(2) 3% average reserve requirement.
Foreign exchange currency reserve requirements remain the same which deposit accounts in foreign exchange are subject to a 1% on daily reserve requirement.

**Liquid asset requirements**

No.

There is no difference in treatment of deposit accounts in foreign exchange and deposit accounts in local currency as stipulated in (1) POJK Nomor 42/POJK.03/2015 regarding Obligation of Liquidity Coverage Ratio fulfillment for Commercial Bank (Peraturan Otoritas Jasa Keuangan—POJK—Regulation on the FSA) and (2) POJK Nomor 50/POJK.03/2017 regarding Obligation of Net Stable Funding Ratio fulfillment for Commercial Banks.

As additional information, POJK No.42/POJK.03/2015 stipulates that the maximum value of bonds issued by the Indonesian Government and Bank Indonesia as well as foreign governments and foreign central banks in a foreign currency with a risk weight of more than 0% that can be considered as a Level 1 High Quality Liquid Asset (HQLA) is equal to the bank’s net cash outflow needs in such foreign currency.

**Interest rate controls**

No.

There is no difference in the treatment of deposit accounts in foreign exchange and domestic currency.

**Credit controls**

No.

**Differential treatment of deposit accounts held by nonresidents**

No.

**Reserve requirements**

No.

**Liquid asset requirements**

No.

**Interest rate controls**

No.

**Credit controls**

No.

**Investment regulations**

Yes.

**Abroad by banks**

Yes.

Banks may invest, within certain limits, only in financial institutions, including businesses that operate in financial services, such as leasing, venture capital, securities company, insurance, and clearinghouse settlement institutions.

Only banks under the BUKU 3 (Tier 1 Capital between IDR 5 Trillion – IDR 30 Trillion) and BUKU 4 categories (Tier 1 capital of IDR 30 Trillion or more) are allowed to conduct equity participation to foreign financial institutions. This should be done in foreign currency. BUKU 3 banks are only allowed to conduct equity participation to financial institutions in Asia while BUKU 4 banks are not subject to any geographical limitation on where they can conduct equity participation and are allowed to inject a higher amount of equity compared to BUKU 3 banks

BI Regulation No. 18/19/PBI/2016 prohibits banks from performing transactions with foreign parties, including (1) interoffice claims in foreign currencies for provision of credit overseas and (2) foreign exchange transactions against rupiah related to structured products. Banks are prohibited from owning assets in the form of stocks or securities with an underlying reference stock. Banks are required to consolidate risk management in exercising control over subsidiary companies.

**In banks by nonresidents**

Yes.

Equity participation of a foreign shareholder in a commercial bank may reach 99%. Foreign bank branches are not allowed to conduct temporary equity participation. In addition, foreign and domestic shareholders are subject to a cap on their shares ownership in an Indonesian bank based on their category (banks, non-bank financial institutions, non-financial institutions, and individuals). All
prospective controlling shareholders must pass the fit and proper requirement. To support this requirement, foreign legal entities must obtain a recommendation from the monetary authorities and/or bank supervisor of their country of origin. The recommendation must state at a minimum that the foreign legal entity has a good reputation and sound financial ability and has never committed an unethical act in the banking business. In addition, foreign shareholders must also have a commitment to take necessary measures if the Bank faces capital and liquidity difficulties in carrying out its business activities.

Open foreign exchange position limits

Banks must maintain a maximum overall (on- and off-balance-sheet) NOP of 20% of capital at the end of the working day. The capital charge to incorporate foreign exchange risk (under the market risk capital requirement) is based on 8% of the overall NOP.

The NOP regulation is applied only for domestic banks.

On resident assets and liabilities

There is a limit on the NOP (Posisi Devisa Netto/PDN) of 20% of capital, based on BI Regulation No. 17/5/PBI/2015 concerning the fourth amendment to BI Regulation No. 5/13/PBI/2003 on NOP for Commercial Banks. As per Article 2, banks should manage and maintain the overall NOP at the end of the working day with a provisions maximum of 20% of capital.

On nonresident assets and liabilities

Banks should manage and maintain the overall NOP at the end of the working day with a provisions maximum of 20% of capital, which applies to assets and liabilities whether from residents or nonresidents.

In accordance with BI Regulation No. 7/37/PBI/2005 Article 2 Paragraphs (4) and (5), calculation of the NOP includes the difference between net assets and liabilities, taking into account the assets and liabilities of residents and nonresidents, so the restriction on the NOP also applies to the assets and liabilities of nonresidents.

Provisions specific to institutional investors

Insurance companies

Insurance and reinsurance companies may hold securities issued by nonresidents. In Article 9 OJK Regulation No. 71/POJK.05/2016 investment that is issued by nonresidents is considered to be investment allocated overseas. Article 10 of the regulation states that the sum of investments allocated overseas may not exceed 20% of total investments.

Limits (max.) on securities issued by nonresidents

Yes.

Limits (max.) on investment portfolio held abroad

Yes.

Insurance and reinsurance companies may hold investments abroad. Permitted investments are shares listed on the stock exchange, corporate bonds listed on the stock exchange, securities issued by countries other than Indonesia, securities issued by multinational organizations of which Indonesia is a member or shareholder, mutual funds, and/or private placements/direct investments (not listed on the stock exchange). For solvency measures, the prudential limits on investments held abroad are as follows: (1) For shares listed on the
stock exchange: Investments in a single issuer may not exceed 10% of total investments, and the sum of investments in all issuers may not exceed 40% of total investments. (2) For corporate bonds listed on the stock exchange and securities (issued by multinational organizations of which Indonesia is a member or shareholder): Investments in a single issuer may not exceed, 20% of total investments, and the sum of investments in all issuers may not exceed 50% of total investments. (3) For securities issued by countries other than Indonesia: Investments in a single issuer may not exceed 10% of total investments. (4) For general mutual funds: Investments with a single investment manager may not exceed, 10% of total investment, and in all issuers may not exceed, 20% of total investments, and the sum of investments with all investment managers may not exceed 50% of total investments. For mutual funds in the form of a collective investment contract in limited participation or private equity fund: Investments with a single investment manager may not exceed 10% of total investments, and the sum of investments with all investment managers may not exceed 20% of total investments. (5) For private placements/direct investments (not listed on the stock exchange): The sum of all investments may not exceed 10% of total investments. (6) The sum of investments allocated overseas may not exceed 20% of total.

Although not explicit in the regulations, because the total of investments allocated overseas is limited to 20%, the investment portfolio held locally has a minimum of 80%.

For solvency measures, insurance and reinsurance companies must provide additional funds to cover currency mismatches. The amounts required to cover foreign currency mismatch risk for a single foreign currency are: (1) 30% of the sum of foreign currency liabilities minus admitted assets if the sum of admitted assets minus foreign currency liabilities is less than or equal to zero; (2) zero if the sum of admitted assets minus foreign currency liabilities is between 0% and 20% of total liabilities; and (3) 10% of the sum of admitted assets minus 120% of foreign currency liabilities if the sum of admitted assets minus foreign currency liabilities is more than 20% of total liabilities (OJK Circular Letter No. 24/SEOJK.05/2017, on July 1, 2017).

Pension funds in Indonesia are not allowed to invest in securities issued by nonresidents (OJK Regulation No. 3/POJK.05/2015). Based on OJK Regulation No.29/POJK.05/2018, OJK no longer allows Pension funds in Indonesia to invest abroad for private placement investments.. OJK Regulation No.29/POJK.05/2018 not only prohibits Pension Funds from private placements abroad, but also places percentage limitations in private placement investments, limited investment mutual funds, medium term notes, or repurchase agreements..

The maximum limits on investment portfolios held abroad include the following: (1) CIS mutual funds may invest abroad up to 15% of NAV (OJK Rule No. IV.B.1); (2) the protected mutual fund and guaranteed mutual fund may invest abroad up to 30% of NAV (OJK Rule No. IV.C.4).
Limits (min.) on investment portfolio held locally  Yes.  The minimum limits on investment portfolios held locally include the following: (1) At least 85% of CIS mutual fund NAV must be invested in locally issued, offered, or traded securities or debt securities issued abroad by the Indonesian government or an Indonesian company (OJK Rule No. IV.B.1); (2) at least 70% of protected mutual fund and guaranteed mutual fund NAV must be invested in locally issued, offered, or traded securities or debt securities issued abroad by the Indonesian government or an Indonesian company (OJK Rule No. IV.C.4).

Currency-matching regulations on assets/liabilities composition  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Inflation-targeting framework  01/01/2020  The government, in coordination with the BI, set the annual inflation target for 2020 at 3.0% ± 1%, lower than 2018–2019’s target at 3.5% ± 1%.

Imports and Import Payments

Import taxes and/or tariffs  01/25/2020  The government lowered the limit on the value of imported goods subject to import duties from US$ 75 per shipment to US$ 3 per shipment.

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature  02/17/2020  Issuers or Public Companies wishing to issue Foreign Depositary Receipts (FDRs) were required to submit to Otoritas Jasa Keuangan disclosure of information relating to the FDRs issuance plan.

Sale or issue abroad by residents

Controls on derivatives and other instruments

Purchase locally by nonresidents  03/19/2020  Foreign investors may remain conducting hedging through Domestic Non-Deliverable Forward (DNDF) while awaiting market to be stable for re-investment. It is accommodated through the use of foreign investor’s rupiah accounts as an underlying transaction for purchasing DNDF in US$/ID.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Borrowing abroad  03/07/2019  Banks foreign debt became regulated by PBI No. 21/1/PBI/2019 which extends the scope of the regulation to include Master Risk Participation Agreement.

Differential treatment of deposit accounts in foreign exchange

Reserve requirements  07/01/2019  Conventional Banking: the rupiah reserve requirement was set at 6% and must be met as follows: (1) 3% daily reserve requirement and (2) 3% average reserve requirement. Foreign exchange currency reserve...
requirements remain the same. Previously, the rupiah reserve requirement was 6.5% and must be met as follows: (1) 3.5% daily reserve requirement and (2) 3% average reserve requirement.

07/01/2019 Sharia Banking: the rupiah reserve requirement is 4.5% and must be met as follows: (1) 1.5% daily reserve requirement and (2) 3% average reserve requirement. Foreign exchange currency reserve requirements also remain the same.

01/02/2020 Conventional Banking: the rupiah reserve requirement was set at 5.5% and must be met as follows: (1) 2.5% daily reserve requirement and (2) 3% average reserve requirement. Foreign exchange currency reserve requirements remain the same. Previously, the rupiah reserve requirement was 6% and must be met as follows: (1) 3% daily reserve requirement and (2) 3% average reserve requirement.

01/02/2020 Sharia Banking: the rupiah reserve requirement is 4% and must be met as follows: (1) 1% daily reserve requirement and (2) 3% average reserve requirement. Foreign exchange currency reserve requirements remain the same. Previously, the rupiah reserve requirement was 4.5% and must be met as follows: (1) 1.5% daily reserve requirement and (2) 3% average reserve requirement.

03/16/2020 Conventional Banking: the foreign exchange reserve requirement was set at 4% and must be met as follows: (1) 4% daily reserve requirement and (2) 4% average reserve requirement. Previously, the foreign exchange currency reserve requirement was 8% and must be met as follows: (1) 6% daily reserve requirement and (2) 2% average reserve requirement.

03/26/2020 The rupiah reserve requirement is lowered by 50bps for the bank conducting import-export financing, financing for SMEs and other priority sectors.

05/01/2020 Conventional Banking: the rupiah reserve requirement was set at 3.5% and must be met as follows: (1) 0.5% daily reserve requirement and (2) 3% average reserve requirement. Foreign exchange currency reserve requirements remain the same. Previously, the rupiah reserve requirement was 5.5% and must be met as follows: (1) 2.5% daily reserve requirement and (2) 3% average reserve requirement.

05/01/2020 Sharia Banking: the rupiah reserve requirement is 3.5% and must be met as follows: (1) 0.5% daily reserve requirement and (2) 3% average reserve requirement. Foreign exchange currency reserve requirements remain the same. Previously, the rupiah reserve requirement was 4% and must be met as follows: (1) 1% daily reserve requirement and (2) 3% average reserve requirement.
ISLAMIC REPUBLIC OF IRAN
(Position as of July 31, 2020)

Status under IMF Articles of Agreement

Date of membership
December 28, 1945.

Article VIII
Yes. Date of acceptance: September 6, 2004.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
Yes. The IMF staff report for the 2018 Article IV Consultation with Islamic Republic of Iran states that, as of March 7, 2018, Iran maintained MCPs and an exchange restriction subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3: (1) An MCP and an exchange restriction arise from the establishment of an official exchange rate for use in some exchange transactions, which in practice differs by more than 2% from the rate used by foreign exchange bureaus. (2) An MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange commitments were made through LCs opened prior to March 21, 2002, under the previous multiple exchange rate system. (3) An MCP arises from the differences of more than 2% between the current official and exchange bureaus rates and the preferential rates for certain imports for which foreign exchange payment commitments were made through LCs or bank drafts prior to July 24, 2012. (Country Report No. 18/93)

Exchange measures imposed for security reasons
Yes. Credit and financial institutions and banks have been instructed by the Bank Markazi Jomhouri Islami Iran (Central Bank of Iran—CBI) to freeze suspected accounts, based on an official list. These measures were taken in accordance with UNSC resolutions.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of the Islamic Republic of Iran is the Iranian rial.

Other legal tender
No.

Exchange rate structure

Unitary

Dual
Yes. The official rate is used for the settlement of oil product exports and for imports of priority goods. In addition, a depreciated parallel rate is offered at the free market. This rate is used for exports of all goods, except oil, for imports of non-priority goods and services, and for settlement for goods and services to be financed from non-oil revenues.

Multiple
**Classification**

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement | Yes. |
---|---|
The de jure exchange rate arrangement has been a managed floating arrangement against a basket of currencies since 2002. All foreign exchange transactions are to be conducted via banks and money exchanges (bureaus) using CBI’s electronic trading system. Transactions occurring at rates other than the unified rate will be subject to penalties under the Anti-Smuggling Law.

The New Integrated Foreign Exchange Transactions System “NIMA” was launched on April 11, 2018, aiming to facilitate the currency trades for market participants. CBI’s NIMA platform operates to regulate foreign exchange transactions by enabling exporters to sell foreign currencies to exchange houses who must then on-sell the currency to importers of goods and services with a valid import/services registration order in place. The price of each transaction is agreed between importer and exporter as well as banks and bureaus since August 5, 2018. The de facto exchange rate arrangement is classified as a stabilized arrangement.

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate** | Yes. |
---|---|
The CBI quotes the official exchange rate. This rate must be used in transactions on priority goods operated by the banking system. It is also used to buy the revenue from oil and gas exports from the government and for imports of priority goods and services. The CBI announces the official exchange rate on a daily basis and sells foreign exchange in the domestic interbank market at that rate.

The official and parallel exchange rates were unified on April 10, 2018. The CBI also quotes market exchange rate on daily basis for the transactions on the secondary market (NIMA) for trade and projects finance other than priority goods and services. The importing oil proceeds and priority goods and services, including medical goods, are financed at a fixed rate of 42,000 IRR.

**Monetary policy framework**

Exchange rate anchor | Yes. |
---|---|

**U.S. dollar** | Yes. |
---|---|
The monetary policy framework uses an exchange rate anchor vis-à-vis the US dollar. Under Iran’s Five-Year Development Plan, Article 81, the CBI bases the exchange rate on relevant economic variables directly connected to the implementation of monetary policy—that is, the difference between internal and international inflation, the internal demand for and supply of foreign exchange, and the exchange value of major foreign currencies against each other, particularly in the SDR portfolio. However, 4 years after the 6th
National Development Plan started, many policy directives are not yet implemented. Policy orientations may vary from the National Development Plan. In addition to the exchange rate anchor, the CBI objective is to maintain inflation in single digits by trying to control base money growth. Legally, the CBI does not have an inflation objective or target (see Article 10 of the CBI law).

Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank
Inflation target
Target number
Point target
Target with tolerance band
Band/Range
Target measure
CPI
Core inflation
Target horizon
Operating target (policy rate)
Policy rate
Target corridor band
Other
Accountability
Open letter
Parliamentary hearings
Other
Transparency

Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  Yes. The official rate is used for imports of priority goods and services. An additional preferential rate of Rial 42,000 per US dollar is used for certain priority goods.

Foreign exchange market  Yes.

Spot exchange market  Yes. Foreign exchange bureaus are allowed to operate and are subject to licensing by the CBI. There are 744 licensed bureaus as of December 31, 2019. The bureaus may have accounts abroad, purchase and sell banknotes, and make foreign currency payments and transfers on behalf of their clients. The bureaus effect intermediate sales of non-oil export receipts. The CBI introduced the SANA system to monitor the bureaus’ transactions. The CBI does not transact directly with foreign exchange bureaus.

Operated by the central bank  Yes.

Foreign exchange standing facility  No.

Allocation  Yes. CBI’s NIMA platform operates to regulate foreign exchange transactions by enabling exporters and other exchange suppliers, such as banks and bureaus, to sell foreign currencies to exchange houses who must then on-sell the currency to importers in the secondary market who have a valid import/services registration order in place and are eligible for buying exchange in NIMA according to the regulation of Ministry of Industry, Mine and Trade.

Auction  No. Although the CBI may conduct auctions, it does not currently do so.

Fixing  Yes.

Interbank market  Yes. As of December 31, 2019, the following institutions participated in the interbank foreign exchange market: the CBI, 8 government-owned banks, and 17 private banks. Licenses are issued by the CBI, which does restrict margin profits.

Over the counter  Yes.

Brokerage  No.

Market making  Yes.

Forward exchange market  Yes. This market is not currently operational.

Official cover of forward operations  No. Neither the CBI nor the government offers official coverage for these contracts.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.
Controls on the use of domestic currency  No.
For current transactions and payments  No.
For capital transactions  No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations  No.
Use of foreign exchange among residents  Yes.

The use of foreign exchange for domestic transactions among residents is not permitted, except for internationally linked transactions with CBI approval.

Payments arrangements  Yes.
Bilateral payments arrangements  No.
Operative  No.
Inoperative  No.
Regional arrangements  No.
Clearing agreements  Yes.
The Islamic Republic of Iran is a member of the ACU. Bimonthly settlements of current transactions with ACU members take place in convertible currencies.

Barter agreements and open accounts  No.
Administration of control  Yes.

Payments arrears  No.
Official  No.
Private  No.
Controls on trade in gold (coins and/or bullion)  Yes.
On domestic ownership and/or trade  No.
On external trade  Yes.
Trading in gold as part of monetary policy and the exportation of Iranian gold coins for numismatic purposes require CBI approval. Gold bullion imports are allowed.

Controls on exports and imports of banknotes  Yes.
On exports  Yes.
Domestic currency  Yes.
Foreign currency  Yes.

Travelers may export up to RIs 5 million a person a trip.

Since July 22, 2018, travelers may export up to €5,000 or its equivalent a person over an air trip (air borders) and €2,000 a person on a land and rail traveling and sea journey in the form of cash, checks, traveler’s checks, guaranteed checks, and other forms of legally issued securities. Higher amounts may be exported with documentation that it was previously imported and systematically declared subject to the anti-money-laundering (AML) measures and procurements. Travelers may export more than the abovementioned amounts or the equivalent if the cash amount is recorded in traveler’s documents by an Iranian bank according to the CBI rules. Foreign
exchange transactions must take place in a bank, and the bank must record the event in the traveler’s documents.

**On imports**

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travelers may import up to Rls 5 million a person a trip.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No limit applies to the amount of foreign exchange that foreign travelers may bring into the country, but a customs declaration is required for amounts exceeding €10,000 or its equivalent.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted**

<table>
<thead>
<tr>
<th>Held domestically</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iranian nationals may open foreign-currency-denominated accounts domestically.</td>
<td></td>
</tr>
</tbody>
</table>

**Approval required**

<table>
<thead>
<tr>
<th>Held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iranian nationals may open foreign-currency-denominated accounts abroad. Balances may be repatriated freely.</td>
<td></td>
</tr>
</tbody>
</table>

**Approval required**

<table>
<thead>
<tr>
<th>Accounts in domestic currency held abroad</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval is required only for public institutions.</td>
<td></td>
</tr>
</tbody>
</table>

**Accounts in domestic currency convertible into foreign currency**

| No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted**

| Yes. |

**Approval required**

| Yes. |

**Domestic currency accounts**

| Yes. |

**Convertible into foreign currency**

| Yes. |

**Approval required**

| Yes. |

**Blocked accounts**

| No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

**Foreign exchange budget**

| No. |

**Financing requirements for imports**

| No. |

**Minimum financing requirements**

| No. |

**Advance payment requirements**

| No. |
Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
Yes.

Domiciliation requirements
No.

Preshipment inspection
Yes. This requirement applies to all commodities.

Letters of credit
Yes.

Import licenses used as exchange licenses
Yes.

Other
Yes. In some cases, insurance documents and a Uniform Customs and Practices (UCP) for Documentary LC are required.

Import licenses and other nontariff measures
Yes. Importers must obtain import licenses from the relevant ministries (mainly the Ministry of Industry, Mines and Commerce). Customs clearance is authorized on presentation of shipping documents endorsed by an authorized bank and Ministry of Industry, Mines and Commerce permit. Certain goods, such as pharmaceuticals, must have a permit from the Ministry of Health, Treatment, and Medical Education. Telecommunication devices require a permit issued by the Ministry of Communication and Information Technology.

Positive list
No.

Negative list
Yes. Some goods on the negative list may be imported under certain conditions with special permits. Imports from Israel are prohibited. In 2012, the negative list was expanded to include some luxury goods.

Open general licenses
No.

Licenses with quotas
No.

Other nontariff measures
No.

Import taxes and/or tariffs
Yes. Imports are subject to import tariffs of at least 4% and to a commercial benefit tax that varies by product category.

Taxes collected through the exchange system
No.

State import monopoly
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
Yes. Export proceeds must be repatriated to the economy by the exporters pursuant to the Presidency Act. Effective February 13, 2019, the repatriation rules are as follows: (1) Exporters repatriating less than €1 million (or equivalent in other currencies) may convert by cash or money order to exchange agents or use the proceeds for imports for the same amount. (2) Exporters repatriating between €1 and €3 million (or equivalent in other currencies) may sell up to €1.5 million by cash or money order to exchange agents if the converted amount accounts for more than 30% of the foreign transaction, and up to €1 million if the converted amount accounts for less than 30% of the foreign transaction. They may convert 40% on NIMA if the converted amount accounts for more than 60% of the foreign transaction, and 45% on NIMA if the converted amount accounts for between 30% and 60% of the foreign transaction. The rest of the transaction amount is to be settled in
imports of an equivalent amount. (3) Exporters repatriating between €3 and €10 million (or equivalent in other currencies) may sell by cash or money order to exchange agents up to €2 million if the converted amount accounts for more than 60% of the foreign transaction, up to €1.5 million if the converted amount accounts for between 30% and 60% of the foreign transaction, and up to €1 million if the converted amount accounts for less than 30% of the foreign transaction. They may convert 40% on NIMA if the converted amount accounts for more than 60% of the foreign transaction, 55% on NIMA if the converted amount accounts for between 30% and 60% of the foreign transaction, and 70% on NIMA if the converted amount accounts for less than 30% of the transaction. The rest of the transaction amount is to be settled in imports of an equivalent amount. (4) Exporters repatriating more than €10 million (or equivalent in other currencies) may sell by cash or money order to exchange agents up to €4 million if the converted amount accounts for more than 60% of the foreign transaction, up to €2 million if the converted amount accounts for between 30% and 60% of the foreign transaction, and up to €1 million if the converted amount accounts for less than 30% of the foreign transaction. They may convert 70% on NIMA if the converted amount accounts for more than 60% of the foreign transaction, 80% on NIMA if the converted amount accounts for between 30% and 60% of the foreign transaction, and 90% on NIMA if the converted amount accounts for less than 30% of the foreign transaction. The rest of the transaction amount is to be settled in imports of an equivalent amount. Exporter who repatriates export revenues may qualify for incentives, such as tax exemptions, pursuant to the aforementioned regulations and Regulation No. 446323 of March 4, 2019. Effective March 21, 2019, pursuant to Regulation No. 98/65694, for financial year 2019–2020, exporters must repatriate at least 50% of their export revenues in NIMA, while petrochemical companies must repatriate at least 60% of their export revenues to NIMA. Effective July 12, 2020, for the financial year 2020–2021, all exporters, including petrochemical companies, must repatriate at least 80% of their export revenues in the secondary market (NIMA). It is not mandatory to convert export revenues to IRR. Export proceeds must be repatriated within 4 months after the issuance of the export permission pursuant to the CBI terms and Instructions.

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
<th>Exporters may use their revenues for importing, debt repayments, selling to the banks and exchange bureaus, and depositing in the banks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>Yes.</td>
<td>Money and Credit Council Act of 2004 on Export Finance.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
<td>CBI exchange policies and regulations as well as international standards, such as UCP600 (Uniform Customs and Practice for Documentary Credits), apply.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------</td>
<td></td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** | Yes. | Payments for invisibles may be made in excess of limits established by the CBI from externally financed foreign-currency-denominated accounts on presentation of supporting documents. |
|**Trade-related payments**     | Yes. | Freight charges may be transferred through LCs and bills of exchange without limit, but for cash (full advance payment in relation to freight changes via LCs and bills of exchange) there is a US$10,000 maximum. Only Iranian insurance companies may issue insurance policies for imports of goods. |
|**Prior approval**             | Yes. | Approval for payment of unloading and administrative charges is granted on a case-by-case basis. |
|**Quantitative limits**        | No.  | |
|**Indicative limits/bona fide test** | No.  | |
|**Investment-related payments**| No.  | |
|**Prior approval**             | No.  | |
|**Quantitative limits**        | No.  | |
|**Indicative limits/bona fide test** | No.  | |
|**Payments for travel**        | Yes. | The maximum amount of foreign exchange travelers (Iranian nationals) may buy from the banking system for trips to the neighboring countries is €500 or the equivalent a person a year except when traveling to Iraq in which case the amount is 250,000 Iraqi dinars. Travelers to other countries may buy €1000 or the equivalent a person a year. |
|**Prior approval**             | No.  | |
|**Quantitative limits**        | Yes. | Amounts in excess of the limit may be approved by the CBI on presentation of satisfactory supporting documents. |
|**Indicative limits/bona fide test** | Yes. | |
|**Personal payments**          | Yes. | Applications for payment of registration fees for participation in research projects must be submitted to the relevant ministry for approval. |
|**Prior approval**             | No.  | |
|**Quantitative limits**        | Yes. | Monthly allowances are provided to students on scholarships abroad approved by the Ministry of Science, Research and Technology or Ministry of Health and Medical Education. Other students abroad |
may purchase the needed amount of foreign exchange for tuition fees and living costs on submission of supporting documentation. Individuals who seek medical treatment abroad may obtain a foreign exchange allowance of up to US$10,000 on presentation of a written diagnosis by an Iranian doctor of medicine which indicates that further treatment abroad is necessary to be given. A confirmation signed by the Medical High Council is required for amounts exceeding US$10,000.

<table>
<thead>
<tr>
<th>Indicative limits/ bona fide test</th>
<th>Yes.</th>
<th>Amounts in excess of the limit may be approved by the CBI on presentation of satisfactory supporting documents.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td>Foreign workers with work permits may transfer their salaries without limitation, on confirmation by their employers.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/ bona fide test</td>
<td>Yes.</td>
<td>Transferring of consulting and legal fees abroad is permitted with the approval of the Iranian Bureau of Legal Service.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/ bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/ bona fide test</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

| Repatriation requirements       | No.  |                                                  |
| Surrender requirements          | No.  |                                                  |
| Surrender to the central bank   | No.  |                                                  |
| Surrender to authorized dealers | No.  |                                                  |
| Restrictions on use of funds    | No.  |                                                  |

**Capital Transactions**

<p>| Controls on capital transactions| Yes. |                                                  |
| Repatriation requirements       | No.  |                                                  |
| Surrender requirements          | No.  |                                                  |
| Surrender to the central bank   | No.  |                                                  |</p>
<table>
<thead>
<tr>
<th>Control Category</th>
<th>Residents</th>
<th>Nonresidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

Strategic foreign investors may not sell shares purchased for two years without the Securities and Exchange Organization’s permission. Sales of such shares must comply with the regulations governing the bulk trade of shares on the exchange or in the OTC market.

Nonresidents must have a trading license and be authorized to trade in the securities or OTC market and on the exchange as indicated in the trading license.

CBI approval by the Securities and Exchange High Council is required.

With a trading license, nonresidents may trade bonds or other debt securities with no limits.

Approval by the Securities and Exchange High Council is required.

Approval by the CBI is required.

Approval by the Securities and Exchange High Council is required.

Approval by the Securities and Exchange High Council is required.

Controls apply to all credit operations and all transactions in sureties,
Commercial credits
By residents to nonresidents Yes.
To residents from nonresidents No.

Financial credits
By residents to nonresidents Yes.
To residents from nonresidents No.

Guarantees, sureties, and financial backup facilities
By residents to nonresidents Yes.
To residents from nonresidents No.

Controls on direct investment
Yes.

Outward direct investment
Yes.

Inward direct investment
Yes. The Organization for Investment Economic and Technical Assistance of Iran of the Ministry of Economic Affairs and Finance applies controls on investments in accordance with the Freedom of Information and Protection of Privacy Act.

Controls on liquidation of direct investment
No. The repatriation of capital is guaranteed, with Organization for Investment Economic and Technical Assistance of Iran–Ministry of Economic Affairs and Finance approval.

Controls on real estate transactions
Yes.

Purchase abroad by residents
No.

Purchase locally by nonresidents
Yes. The regulations governing real estate ownership by foreigners apply.

Sale locally by nonresidents
No.

Controls on personal capital transactions
Yes.

Loans
By residents to nonresidents No.
To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies
By residents to nonresidents Yes.
To residents from nonresidents No.

Settlement of debts abroad by immigrants
No. Controls are in place to prevent money laundering.

Transfer of assets
Yes.

Transfer abroad by emigrants
Yes.

Transfer into the country by immigrants
No.

Transfer of gambling and prize earnings
Yes. Gambling is illegal.
### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions Specific to Commercial Banks and Other Credit Institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Reserve requirements do not apply on deposit accounts in foreign exchange. Therefore, the treatment of accounts in rials and in foreign exchange differs.

| Liquid asset requirements | Yes. |
| Interest rate controls | Yes. |
| Credit controls | Yes. |

Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Reserve requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

Investment regulations

| Yes. |

| Abroad by banks | Yes. |
| In banks by nonresidents | Yes. |

Open foreign exchange position limits

| Yes. |

| On resident assets and liabilities | Yes. |
| On nonresident assets and liabilities | Yes. |

### Provisions Specific to Institutional Investors

| n.a. |

| Insurance companies | n.a. |
| Limits (max.) on securities issued by nonresidents | n.a. |
| Limits (max.) on investment portfolio held abroad | n.a. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on | n.a. |
Changes during 2019 and 2020

Exports and Export Proceeds

The repatriation rules are as follows: (1) Exporters repatriating less than €1 million (or equivalent in other currencies) may convert by cash or money order to exchange agents or use the proceeds for imports for the same amount. (2) Exporters repatriating between €1 and €3 million (or equivalent in other currencies) may sell up to €1.5 million by cash or money order to exchange agents if the converted amount accounts for more than 30% of the foreign transaction, and up to €1 million if the converted amount accounts for less than 30% of the foreign transaction. They may convert 40% on New Integrated Foreign Exchange Transactions System (NIMA) if the converted amount accounts for more than 60% of the foreign transaction, and 45% on NIMA if the converted amount accounts for between 30% and 60% of the foreign transaction. The rest of the transaction amount is to be settled in imports of an equivalent amount. (3) Exporters repatriating between €3 and €10 million (or equivalent in other currencies) may sell by cash or money order to exchange agents up to €2 million if the converted amount accounts for more than 60% of the foreign transaction, up to €1.5 million if the converted amount accounts for between 30% and 60% of the foreign transaction, and up to €1 million if the converted amount accounts for less than 30% of the foreign transaction. They may convert 40% on NIMA if the converted amount accounts for more than 60% of the foreign transaction, 55% on NIMA if the converted amount accounts for between 30% and 60% of the foreign transaction, and 70% on NIMA if the converted amount accounts for less than 30% of the transaction. The rest of the transaction amount is to be settled in imports of an equivalent amount. (4) Exporters repatriating more than €10 million (or equivalent in other currencies) may sell by cash or money order to exchange agents up to €4 million if the converted amount accounts for more than 60% of the foreign transaction, up to €2 million if the converted amount accounts for between 30% and 60% of the foreign transaction, and up to €1 million if the converted amount accounts for less than 30% of the transaction. The rest of the transaction amount is to be settled in imports of an equivalent amount.
transaction, and up to €1 million if the converted amount accounts for less than 30% of the foreign transaction. They may convert 70% on NIMA if the converted amount accounts for more than 60% of the foreign transaction, 80% on NIMA if the converted amount accounts for between 30% and 60% of the foreign transaction, and 90% on NIMA if the converted amount accounts for less than 30% of the foreign transaction. The rest of the transaction amount is to be settled in imports of an equivalent amount.

03/21/2019 Pursuant to Regulation No. 98/65694, for financial year 2019–2020, exporters must repatriate at least 50% of their export revenues in New Integrated Foreign Exchange Transactions System (NIMA), while petrochemical companies must repatriate at least 60% of their export revenues to NIMA.

07/12/2020 For the financial year 2020–2021, all exporters, including petrochemical companies, must repatriate at least 80% of their export revenues in the secondary market (New Integrated Foreign Exchange Transactions System). Previously, the requirement was 50% for exporters other than petrochemical companies, and 60% for petrochemical companies.
IRAQ

(Position as of June 30, 2020)

**Status under IMF Articles of Agreement**

- **Date of membership**: December 27, 1945.
- **Article VIII**: Yes.
- **Article XIV**: Yes.

**Exchange Measures**

- **Restrictions and/or multiple currency practices**: Yes.

  The IMF staff report for 2019 Article IV Consultation with Iraq states that, as of July 3, 2019, Iraq continues to avail itself of the transitional arrangements under Article XIV, Section 2, but no longer maintains any exchange restrictions or MCPs subject to Article XIV, Section 2, and currently maintains one MCP subject to IMF approval under Article VIII, Section 3. The MCP arises from the lack of a mechanism to ensure that the exchange rate at the Central Bank of Iraq (CBI) foreign exchange window and the market rates (retail exchange rates of commercial banks and exchange bureaus for the sale of foreign currency from sources other than the CBI foreign exchange window) do not deviate from each other by more than 2%. A previously identified exchange restriction arising from an Iraqi balance owed to Jordan under an inoperative bilateral payment agreement has been eliminated. (Country Report No. 19/248)

- **Exchange measures imposed for security reasons**: No.
- **In accordance with IMF Executive Board Decision No. 144-(52/51)**: No.
- **Other security restrictions**: No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

- **Currency**: Yes. The currency of Iraq is the Iraqi dinar.
- **Other legal tender**: No.

**Exchange rate structure**

- **Unitary**: Yes. The exchange rate system comprises two rates: the exchange rate at the CBI foreign exchange window and the market rates (retail exchange rates of commercial banks and exchange bureaus).
- **Multiple**: Yes. The exchange rate arrangement is a conventional peg arrangement.
The Central Bank Law gives the Board of the CBI the authority to formulate exchange rate policy. On May 24, 2018, the official exchange rate was set at ID 1,190 per US dollar including CBI commission which represent the cash and transfer selling price in the window for buying and selling foreign currency. Banks are allowed to deal at a maximum exchange rate of ID 1,200.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The CBI determines the official exchange rate for revaluation purposes in the accounting system. The CBI uses the official selling rate of the day minus 0.001% to purchase foreign currency and the government’s foreign exchange receipts. The Central Bank Law gives the Board of the CBI the authority to formulate exchange rate policy. On May 24, 2018, the official exchange rate was set at ID 1,190 per US dollar including CBI commission (consists of two components: the official rate is 1182 plus ID 8 as commission) which represent the cash and transfer selling price in the window for buying and selling foreign currency. Banks are allowed to deal at a maximum exchange rate of ID 1,200.</td>
<td></td>
</tr>
</tbody>
</table>

**Monetary policy framework**

<table>
<thead>
<tr>
<th>Exchange rate anchor</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. dollar</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Euro</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Composite</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
</tbody>
</table>

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

- Government
- Central Bank
- Monetary Policy Committee
- Central Bank Board
- Other
- Government and Central Bank
Inflation target
Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes.

Spot exchange market  Yes.

The banks that participate in the currency window according to the latest update are 50, of which 3 are state-owned banks and the rest are private banks (domestic and foreign), with one money transfer company and 1926 money-changing companies as of December 31, 2019.

Money transfer company is allowed to transfer money abroad for customers, while adhering to the Money Laundering and Terrorism Financing Law.

Money-changing companies (exchange houses) are allowed to buy and sell foreign currency and do not transfer money abroad.

Operated by the central bank  Yes.

Foreign exchange standing facility  No.
Currency selling window is held daily; eligible bidders may buy and sell foreign exchange at the official exchange rate including a commission determined by the CBI (cash and transfer exchange rates). Banks may buy foreign exchange on their behalf and on behalf of their clients but have to ensure that foreign exchange purchase requests they intermediate are for legitimate purposes (to finance legally permitted transactions in foreign currency) by checking clients’ documents. Effective October 7, 2019, the requirement for individuals and companies of having at least one foreign exchange account for a period of more than six months to buy from banks foreign exchange derived from the CBI currency selling window was eliminated. Banks are subject to an advance deposit requirement which requires depositing the local currency unit (LCU) equivalent of their cash and noncash purchase requests 7 days before the auction. There are no limits on the bids. In case of default, the auction participant may not participate in future auctions and fines are imposed. The CBI monitors these transactions for anti-money-laundering purposes and sells foreign currency for transactions that are not considered suspect. Because the CBI has been pursuing a policy of fulfilling every bid at a single settlement price, bids are submitted without indication of price. Volume is not preannounced. There are no limits for noncash sales. Weekly limits on the amount banks may buy in cash foreign exchange from the CBI currency sales window are US$70,000 for money exchange bureaus and effective March 1, 2020, US$100,000 for all participating banks. Previously, effective June 2, 2019, the weekly cash limits for banks were decreased to US$120,000 from US$200,000. US dollars sold for documentary credits are transferred after the bank confirms receipt of the required documents.

All banks operating in Iraq (except banks included in the CBI and Office of Foreign Assets Control (OFAC) blacklists) are allowed to trade among themselves; however, there is no specific legal framework for interbank transactions, and there is no official organized interbank market for buying and selling foreign currency.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.

For current transactions and payments No.

For capital transactions No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Internal transfers are permitted between residents inside Iraq in domestic currency through Exchange companies and according to the regulations of supervision Department in the CBI. However, the instructions for selling foreign currency No. 6/2251 of July 7, 2017, do not allow internal transfers in foreign currency among residents.</td>
<td></td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>There is an inoperative bilateral payments agreement with Jordan.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>A contract with Booz &amp; Company was signed to prepare a feasibility study and launch a project establishing regional arrangements for Arab clearing and payment settlements that connect CBs in Arab countries that have such systems. Work is in progress to prepare operating model documents, including those related to legal and regulatory framework.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>The CBI is responsible for monitoring exchange controls and determining the extent to which powers are delegated to commercial banks through the Anti-Money-Laundering Unit, which replaced the Foreign Exchange Department.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On domestic ownership and/or trade</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>On external trade</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Iraqi citizens and noncitizens may bring into Iraq worked and unworked gold, regardless of its weight, provided they declare it on importation. Adult Iraqi citizens may take out with them personal gold jewelry up to 100 grams a person, provided they agree to bring the jewelry back on their return. Noncitizens may take out gold jewelry they brought with them for personal use, up to the amount they brought in and declared.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On exports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The maximum amount allowed is ID 200,000 for adult Iraqis.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The maximum amount allowed is US$10,000 or its equivalent for adult Iraqis. Foreigners may take out the amount imported and</td>
<td></td>
</tr>
</tbody>
</table>
declared up to one year from the date of importation.

On imports

*Domestic currency* Yes. The maximum amount allowed is ID 200,000 for Iraqis and others.

*Foreign currency* Yes. Travelers may bring in foreign exchange, including currency notes, in unlimited amounts, provided they declare the funds on an exchange control form; amounts not intended to be taken out of the country are exempt from declaration.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted** Yes. Banking Law No. 94 of 2004 does not distinguish between residents and nonresidents in terms of opening accounts or performing transfers except when it relates to money laundering. A home address is required to open an account.

Held domestically Yes. Resident Iraqis, resident nationals of other Arab countries, and domestic and foreign companies are allowed to open foreign exchange accounts at commercial banks and to use the balances in these accounts for domestic and foreign payments and transfers in accordance with banking procedures, provided documents are submitted proving that the accounts were credited with foreign currency.

**Approval required** No.

Held abroad Yes.

**Approval required** No.

**Accounts in domestic currency held abroad** No.

**Accounts in domestic currency convertible into foreign currency** Yes. Effective October 7, 2019, the requirement for individuals and companies of having at least one foreign exchange account for a period of more than six months to buy from banks foreign exchange derived from the CBI currency selling window was eliminated.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted** Yes. Nonresidents are allowed to open foreign exchange accounts at commercial banks and to use the balances in these accounts without restriction, provided the accounts were credited with foreign currency.

**Approval required** No.

**Domestic currency accounts** Yes.

**Convertible into foreign currency** Yes. Transfers abroad exceeding ID 15 million require a tax clearance certificate. Effective October 7, 2019, the requirement for individuals and companies of having at least one foreign exchange account for a period of more than six months to buy from banks foreign exchange derived from the CBI currency selling window was eliminated.

**Approval required** No.

**Blocked accounts** No.
### Imports and Import Payments

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes. Banks may open and accept LCs for importation and exportation of permitted goods. The relevant amount may be transferred as follows: (1) Banks must be in compliance with the terms of payment described in the LC. (2) The goods must be insured in Iraq to the extent possible. (3) The bill of lading must be in the name of an Iraqi bank. Banks may purchase foreign exchange for LCs at the currency selling window, provided total LCs do not exceed 100% of the bank capital. Banks must notify the CBI when an LC is fully or partially paid, so that the amount can be deducted from this limit. In cases exceeding the limit, the CBI will consider a bank’s request, provided it commits to return the LC amount transferred to it. If the bank does not submit documents proving the entry of goods in Iraq by the expiration date of the credit, the bank must return the amount of credit at the CBI selling price minus ID 1; this also applies to the unexecuted portion of the LC (in addition to the principal commission for opening the LC). Banks must submit a statement indicating amounts the bank transferred to its customers 15 days after the transfer date. Banks must send monthly statements with details of the transferred amounts in foreign currency to the Credit and Banking Supervision Department, using a form designed for this purpose.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes. Companies operating in Iraq are required to submit a tax clearance certificate before transferring funds purchased at the currency selling window in excess of US$50,000 abroad.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes. All goods may be imported, except weapons and drugs.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes. Importation is subject to licensing.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes. Duty rates vary by product. Implementation remains challenging and incomplete.</td>
</tr>
</tbody>
</table>
Taxes collected through the exchange system

State import monopoly

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Financing requirements

Yes.

Documentation requirements

Yes.

Letters of credit

Yes.

Guarantees

Yes.

Domiciliation

No.

Preshipment inspection

No.

Other

n.a.

Export licenses

No.

Without quotas

No.

With quotas

No.

Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes.

Trade-related payments

Yes.

Prior approval

Yes.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Procedures related to the anti-money-laundering law ensure the soundness of transferred funds.

Investment-related payments

Yes.

Prior approval

No.

Quantitative limits

No.
<table>
<thead>
<tr>
<th>Payment Type</th>
<th>Indicative limits/bona fide test</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations and debts to the government must be settled before the transfer of investment proceeds. Payments due on external investments in Iraq that were licensed by the valid investment law may be made on submission to the bank of documents confirming profits accrued, the investment license, financial statements audited by a licensed comptroller confirming the profits accrued in the investment project, and the payment of taxes and fees on distributed profits as verified by the project’s board.</td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
<td>No.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td>No.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td>Yes.</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Payments to foreign experts, whether under contract with the government or with the private sector, may be transferred on submission of supporting documents. All obligations and debts to the government must be settled before salaries and other compensation of non-Iraqi employees may be transferred out of Iraq.</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Nonresidents’ obligations and debts to the government must be settled before the transfer abroad of amounts exceeding ID 15 million.</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>CBI approval and compliance with the anti-money-laundering law are required for payments and transfers not explicitly authorized to be made by banks.</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

There is a US$10,000 limit on the amount in banknotes a traveler may take out of Iraq. Expenditures of government agency delegates are allowed as per defined entitlement.

The CBI allows individuals to buy foreign exchange banknotes up to US$3,000 a month for travel purpose on proof of airline ticket with a passport. The CBI provides additional amounts when required by Iraqi citizens. Indicative limits are imposed in accordance with the anti-money-laundering law.

Transfers of tuition fees require proof of current enrollment. Transfers for medical treatment require a medical report certified by a competent medical authority. Transfers to cover the household living expenses of Iraqis residing permanently abroad, on submission of a statement verifying their residency status, the relationship, and the source of the funds, not to exceed US$5,000 a month are allowed. The CBI addresses the additional requests of Iraqi citizens for lawful purposes, as they arise.

The Iraqi retail payment infrastructure and the National Switch were implemented enabling use of credit cards issued by banks abroad and settlement within the payment system.
**Prior approval**
Yes.

CBI approval and compliance with the anti-money-laundering law are required for payments and transfers not explicitly authorized to be made by banks.

**Quantitative limits**
No.

**Indicative limits/bona fide test**
Yes. Transfers for subscriptions to journals require documentation of the subscription.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Capital Transactions**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The investment law (Investment Law No. 13 of 2006) applies to promote investment in Iraq. Restrictions on capital transactions are not enforced; however, documentation and reporting requirements apply. Foreign exchange may not be purchased for capital transactions through the auction.

**Repatriation requirements**
No.

**Surrender requirements**
No.

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
No.

**Controls on capital and money market instruments**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Transfers of funds in connection with securities or shares owned by an Iraqi residing abroad or a foreign seller, including profits, require presentation of an ownership certificate in the seller’s name. Also required are the contract with the date of the sale and documenting the sale by the Iraq Securities Market as well as proof that the funds entered through the Iraqi banking system.

**Shares or other securities of a participating nature**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Transfers of funds in connection with securities or shares owned by an Iraqi residing abroad or a foreign seller, including profits, require presentation of an ownership certificate in the seller’s name. Also required are the contract with the date of the sale and documenting the sale by the Iraq Securities Market as well as proof that the funds entered through the Iraqi banking system.

**Sale or issue locally by nonresidents**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Banks are subject to CBI approval if they intend to deposit foreign currency or buy shares and stocks abroad. CBI approval is required for banks’ investments in securities exceeding 20% of their capital according to the provisions of Article 33 of Iraqi Banking Law Order No. 94 of 2004. Foreign exchange may not be purchased for capital transactions in the foreign exchange auctions.
<p>| <strong>Sale or issue abroad by residents</strong> | No. |
| <strong>Bonds or other debt securities</strong> | Yes. |
| <strong>Purchase locally by nonresidents</strong> | Yes. |
| <strong>Sale or issue locally by nonresidents</strong> | Yes. |
| <strong>Purchase abroad by residents</strong> | Yes. |
| <strong>Sale or issue abroad by residents</strong> | No. |
| <strong>On money market instruments</strong> | Yes. |
| <strong>Purchase locally by nonresidents</strong> | No. |
| <strong>Sale or issue locally by nonresidents</strong> | No. |
| <strong>Purchase abroad by residents</strong> | Yes. |
| <strong>Sale or issue abroad by residents</strong> | No. |
| <strong>On collective investment securities</strong> | Yes. |
| <strong>Purchase locally by nonresidents</strong> | No. |
| <strong>Sale or issue locally by nonresidents</strong> | No. |
| <strong>Purchase abroad by residents</strong> | Yes. |
| <strong>Sale or issue abroad by residents</strong> | No. |
| <strong>Controls on derivatives and other instruments</strong> | Yes. |
| <strong>Purchase locally by nonresidents</strong> | No. |
| <strong>Sale or issue locally by nonresidents</strong> | No. |
| <strong>Purchase abroad by residents</strong> | Yes. |
| <strong>Sale or issue abroad by residents</strong> | No. |
| <strong>Controls on credit operations</strong> | Yes. |
| <strong>Commercial credits</strong> | No. |
| <strong>By residents to nonresidents</strong> | No. |
| <strong>To residents from nonresidents</strong> | No. |
| <strong>Financial credits</strong> | Yes. |
| <strong>By residents to nonresidents</strong> | Yes. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td>Foreign exchange may not be purchased for capital transactions in the foreign exchange auctions.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
<td>All economic sectors are open to foreign investment, except for two sectors: (1) direct and indirect ownership of natural resource firms involved in primary extraction and initial processing and (2) banks and insurance companies.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
<td>All obligations and debts to the government must be settled before the transfer of proceeds from investments.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Foreign exchange may not be purchased for capital transactions in the foreign exchange auctions.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Foreign investors, except foreign banks, may hold long-term and renewable leases of real property but not ownership rights.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresidents may sell real estate for residential purposes according to the latest amendment of Investment Law No. 13 of 2006. The transfer of funds from the sale of property registered in Iraq and owned by Iraqis residing permanently abroad, whose value is certified by the Real Estate Registration Department, requires official verification that the owner or heir (of the seller) acquired the property before moving permanently abroad.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes.</td>
<td>Foreign exchange may not be purchased for capital transactions in the foreign exchange auctions.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No. Commercial banks may borrow from foreign financial markets and may obtain overdraft facilities from correspondent banks if it is reflected in their monthly balance sheets.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No. Banks may enter into agreements with correspondent banks abroad and must comply with disclosure and transparency requirements. Banks are allowed to maintain 20% of its capital for investment purposes according to Article 33 of Banking Law.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No. The banking law does not distinguish between residents’ and nonresidents’ financial operations.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No. Local lending in foreign currency is not regulated; banks may lend in foreign currency subject to lending instructions in Iraqi and foreign currency.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes. The differential treatment concerns the kinds of deposits, which are categorized as current deposits, savings deposits, and fixed deposits—each with a different interest rate.</td>
</tr>
</tbody>
</table>

| Reserve requirements | No. |
| Liquid asset requirements | Yes. |
| Interest rate controls | No. |
| Credit controls | Yes. |

| Differential treatment of deposit accounts held by nonresidents | Yes. The investment law (Investment Law No. 13 of 2006) applies. |
| Reserve requirements | Yes. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |

| Investment regulations | Yes. With regard to suspicious transactions defined in the Anti-Money Laundering/Combating the Financing of Terrorism Law, banks must obtain CBI approval to deposit foreign currency or buy shares and stocks abroad. CBI approval is required for banks’ investments in securities exceeding 20% of their capital under Article 33 of Iraqi Banking Law Order No. 94 of 2004. |

| Abroad by banks | Yes. |
| In banks by nonresidents | No. |
| Open foreign exchange position limits | No. |
| On resident assets and liabilities | No. |
| On nonresident assets and liabilities | No. |

| Provisions specific to institutional investors | No. Insurance companies must be licensed by the MOF. The CBI audits them only in two areas—investment portfolio and loans—that are |
| Insurance companies | No. |
considered banking activities, but they are not currently audited by the CBI because there is no legal basis and because insurance companies are governed by their own law.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

Pension funds
No.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

Investment firms and collective investment funds
No.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Spot exchange market

Operated by the central bank

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation</td>
<td>06/02/2019</td>
<td>The weekly cash limits for banks were decreased from US$200,000 to US$120,000.</td>
</tr>
<tr>
<td>Allocation</td>
<td>10/07/2019</td>
<td>Banks are allowed to sell foreign currency derived from the Central Bank of Iraq currency selling window to individuals and companies that do not have at least one foreign exchange account for a period more than six months. Previously, it was not allowed.</td>
</tr>
<tr>
<td>Allocation</td>
<td>03/01/2020</td>
<td>The weekly cash limits for banks were decreased from US$120,000 to US$100,000.</td>
</tr>
</tbody>
</table>

Resident Accounts

The requirement for individuals and companies of having at least one foreign exchange account for a period of more than six months to buy from banks foreign exchange derived from the Central Bank of Iraq currency selling window was eliminated.
Nonresident Accounts

Domestic currency accounts

Convertible into foreign currency 10/07/2019

The requirement for individuals and companies of having at least one foreign exchange account for a period of more than six months to buy foreign exchange derived from the Central Bank of Iraq currency selling window was eliminated.
IRELAND

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
August 8, 1957.

Article VIII

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

In accordance with EU Council regulations, Ireland maintains certain restrictions solely for the preservation of national or international security with respect to certain individuals and entities of Afghanistan concerning ISIL (Da’esh), Al-Qaeda and associated individuals, groups, undertakings, and entities; certain officials of Belarus; certain natural and legal persons whose activities undermine the sovereignty, territorial integrity, constitutional order, and international personality of Bosnia and Herzegovina; certain officials of Burundi; certain former members of the presidential guard of the Central African Republic; the Democratic Republic of the Congo and people in violation of the arms embargo; certain persons, entities, and bodies in view of the situation in Egypt; certain members of the military from the Republic of Guinea; certain persons, entities, and bodies of the Republic of Guinea-Bissau; the Islamic Republic of Iran; Iraq; the Democratic People’s Republic of Korea; Lebanon and certain persons suspected of involvement in the assassination of former Lebanese Prime Minister Rafik Hariri; Libya; Republic of Maldives; Mali; Myanmar (Burma); against persons, entities, or bodies responsible for serious human rights violations and for undermining democracy and the rule of law in the Republic of Nicaragua, as well as persons associated with them (effective October 14, 2019); Somalia; restrictive measures against those who threaten the peace, security or stability of South Sudan (since July 18, 2016); Sudan and certain persons impeding the peace process and breaking international law in the conflict in the Darfur region; certain persons, and entities part of and linked to the Syrian regime; Tunisia; certain persons identified as responsible for the misappropriation of state funds and persons responsible for human rights violations in Ukraine; restrictive measures in view of Turkey’s unauthorized drilling activities in the Eastern Mediterranean, in particular, certain natural persons or entities responsible for, involved in, or assisting drilling activities, which have not been authorized by the Republic of Cyprus, within its territorial sea or in its exclusive economic zone or on its continental shelf (effective November 11, 2019); Venezuela; Yemen; Zimbabwe; restrictive measures against the proliferation and use of chemical weapons; and restrictive measures against cyberattacks threatening the EU or its member states (effective May 17, 2019).

Other security restrictions
Yes.

In accordance with EU Council regulations, Ireland has restrictions solely for the preservation of national or international security with...
respect to the countries listed on the Irish Department of Finance’s financial sanctions page. This resource lists instruments issued by the minister of finance to implement in Ireland various EU regulations, which implement the UN’s international sanctions regime.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
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</tr>
</tbody>
</table>

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Exchange Arrangement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Currency</strong></td>
<td>Yes. The currency of Ireland is the euro.</td>
</tr>
<tr>
<td><strong>Other legal tender</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

- **Unitary**: Yes.
- **Dual**
- **Multiple**

#### Classification

- **No separate legal tender**
- **Currency board**
- **Conventional peg**
- **Stabilized arrangement**
- **Crawling peg**
- **Crawl-like arrangement**
- **Pegged exchange rate within horizontal bands**
- **Other managed arrangement**
- **Floating**: Yes. The exchange rate arrangement of the euro area is free floating. Ireland participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.
- **Official exchange rate**: Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:30 to around 16:00 Central European Time. The reference rate against the euro is the average of the buying and selling rates.

### Monetary policy framework

- **Exchange rate anchor**
  - U.S. dollar
  - Euro
Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body
  Government
  Central Bank
    Monetary Policy Committee
    Central Bank Board
  Other
  Government and Central Bank

Inflation target
  Target number
    Point target
    Target with tolerance band
      Band/Range
  Target measure
    CPI
    Core inflation
  Target horizon

Operating target (policy rate)
  Policy rate
  Target corridor band
  Other

Accountability
  Open letter
  Parliamentary hearings
  Other

Transparency
  Publication of votes
  Publication of minutes
  Publication of inflation forecasts
To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). Section 6A of the Central Bank Act 1942 notes that in discharging its functions and exercising its powers as part of the European System of Central Banks, the primary objective of the CBI is to maintain price stability. “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and noninflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term.

Banks are free to provide spot and forward exchange rate facilities. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients. Certain foreign-exchange-related operations may be subject to a regulatory authorization regime or certain restrictions reflecting obligations in European legislation. For example, with regard to investment firms for the purposes of Directive 2014/65/EU (Markets in Financial Instruments Directive, or MiFID II), “spots” which meet the requirements in Article 10(2) of Commission Delegated Regulation (EU) No. 2017/56 are not considered “financial instruments under MiFID II, and accordingly, the performance of certain activities/services in relation to these “spots” may not require a firm to be authorized in Ireland in accordance with the regime provided for in MiFID II. Investment firms for the purposes of MiFID II may require an authorization in Ireland to perform activities or services in relation to foreign exchange forwards. UCITS management companies authorized in Ireland are permitted to use foreign exchange derivatives on behalf of UCITS funds in line with Directive 2009/65/EU, subject to certain restrictions. Alternative Investment Fund (AIF) managers authorized in Ireland are also permitted to use foreign exchange derivatives on behalf of AIFs under management.

Euro foreign exchange policy is the responsibility of the ECB. There were 25 credit institutions authorized by the CBI as of December 31, 2019, all of which may deal in foreign exchange. Credit institutions are authorized and supervised under the provisions of, inter alia, the Central Bank Act 1971, Regulation (EU) No. 575/2013/Directive 2013/36/EU (CRDIV/CRR), and Council Regulation (EU) No. 1024/2013 (The Single Supervisory Mechanism (SSM) Regulation). As of December 31, 2019, 10 firms were authorized as exchange bureaus by the CBI under Part V of the Central Bank Act 1997. These firms do not have a counterparty relationship with the CBI. Most firms authorized as exchange bureaus only provide OTC services to the public.

The provision of foreign exchange services in addition to the provision of payment services by a payment institution is recognized in Regulation No. 29(1) of the EU (Payment Services) Regulations 2018, which implemented Directive 2015/2366/EU – Payment Services Directive (PSD2). A payment institution authorized to provide payment services may, in addition, provide foreign exchange services.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.
Interbank market  Yes.
Over the counter  Yes.
Brokerage  Yes.
Market making  No.
Forward exchange market  Yes.

Foreign exchange swaps and forwards are used by credit institutions to facilitate client-driven transactions and to manage internal foreign exchange asset exposures. Institutional investors use outright forwards and foreign exchange swaps owing to their needs to hedge international asset portfolios and future foreign exchange cash flows. The CBI participates in the forward exchange market to hedge investment activities and the swaps market to hedge certain foreign exchange exposures.

Official cover of forward operations  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  No.

Controls on the use of domestic currency  No.
For current transactions and payments  No.
For capital transactions  No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations  No.

Use of foreign exchange among residents  No.
Payments arrangements  No.
Bilateral payments arrangements  No.
Operative  No.
Inoperative  No.
Regional arrangements  No.
Clearing agreements  No.
Barter agreements and open accounts  No.
Administration of control  No.
<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Foreign exchange balances may be freely transferred: all exchange control legislation in Ireland expired December 31, 1992. Since January 1, 1993, no laws or restrictions prevent the free movement of capital or current payments to or from Ireland by individuals or corporate entities for any purpose whatsoever. This liberalization applies equally to EU and non-EU countries. However, in any such foreign exchange transactions the Irish resident parties, including financial institutions, must ensure conformity with (1) financial sanctions under various EU Council regulations enforced under domestic law, which affect transfers, including economic resources, to and from jurisdictions, entities, and individuals that are subject to sanctions; and (2) anti-money-laundering legislation to ensure that effective measures are taken to combat the laundering of the proceeds of criminal activity or the financing of terrorism. All credit and financial institutions providing services (including foreign-exchange-related services) must adopt policies and procedures to prevent money-laundering and terrorism financing. The procedures must specify “measures to be taken (by them in their businesses) to prevent the use, for money laundering or terrorism financing, of transactions or products that could favor or facilitate anonymity.” The CBI is specified in the Criminal Justice (Money-Laundering and Terrorism Financing) Act 2010 (the “Act”) as the appropriate authority for credit and financial institutions. The CBI, pursuant to Section 63 of the Act, is responsible for monitoring credit and financial institutions’ compliance with the AML/CFT obligations contained in the Act. If a credit or financial institution fails to establish procedures to guard against the use of its foreign exchange services for money-laundering or the financing of terrorism, it
commit an offense under Section 54(15) of the Act and is also subject to regulatory action by the CBI, including an administrative sanction.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required                  | No.  |
| Domestic currency accounts         | Yes. |
| Convertible into foreign currency  | Yes. |
| Approval required                  | No.  |
| Blocked accounts                   | Yes.  Accounts may be frozen in accordance with the relevant EU Council regulations. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

| Foreign exchange budget             | No. |
| Financing requirements for imports  | No. |
| Minimum financing requirements      | No. |
| Advance payment requirements        | No. |
| Advance import deposits             | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements          | No. |
| Preshipment inspection              | No. |
| Letters of credit                   | No. |
| Import licenses used as exchange licenses | No. |
| Other                               | No.  |
| Import licenses and other nontariff measures | Yes. For reasons of national policy, imports of certain goods (for example, |
| Positive list                        | No. |
| Negative list                       | Yes. |
specified drugs, explosives, and firearms and ammunition) are prohibited without special licenses.

<p>| | |</p>
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports of certain goods (including textiles, steel, footwear, and ceramic products) originating in certain non-EU countries are subject to either quantitative restrictions or surveillance measures. Imports from non-EU countries of products covered by the Common Agricultural Policy (CAP) of the EU are subject to a system of access quotas.

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The EU system of customs duties applies to imports.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</tbody>
</table>

## Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Financing requirements    | No. |
| Documentation requirements| No. |
| Letters of credit         | No. |
| Guarantees                | No. |
| Domiciliation             | No. |
| Preshipment inspection    | No. |
| Other                     | No. |

### Export licenses

<table>
<thead>
<tr>
<th>Without quotas</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>With quotas</td>
<td>No.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Export taxes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

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</tr>
</tbody>
</table>

## Payments for Invisible Transactions and Current Transfers
| Controls on these transfers | No. |
| Trade-related payments | No. |
| Prior approval | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |
| Investment-related payments | No. |
| Prior approval | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |
| Payments for travel | No. |
| Prior approval | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |
| Personal payments | No. |
| Prior approval | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |
| Foreign workers' wages | No. |
| Prior approval | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |
| Credit card use abroad | No. |
| Prior approval | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |
| Other payments | No. |
| Prior approval | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**
Repatriation requirements  No.
Surrender requirements  No.
  Surrender to the central bank  No.
  Surrender to authorized dealers  No.
Restrictions on use of funds  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.  Controls on capital transactions apply in accordance with EU regulations. In accordance with Article 63 of the Treaty on the Functioning of the EU, all restrictions on the movement of capital between EU member states and between EU member states and third countries are prohibited.

Repatriation requirements  No.
  Surrender requirements  No.
  Surrender to the central bank  No.
  Surrender to authorized dealers  No.
Controls on capital and money market instruments  No.
  On capital market securities  No.
    Shares or other securities of a participating nature  No.
      Purchase locally by nonresidents  No.
    Sale or issue locally by nonresidents  No.
    Purchase abroad by residents  No.
    Sale or issue abroad by residents  No.
  Bonds or other debt securities  No.
    Purchase locally by nonresidents  No.
    Sale or issue locally by nonresidents  No.
    Purchase abroad by residents  No.
    Sale or issue abroad by residents  No.
  On money market instruments  No.
    Purchase locally by nonresidents  No.
    Sale or issue locally by nonresidents  No.
    Purchase abroad by residents  No.
    Sale or issue abroad by residents  No.
  On collective investment securities  No.
Purchase locally by nonresidents: No.
Sale or issue locally by nonresidents: No.
Purchase abroad by residents: No.
Sale or issue abroad by residents: No.
Controls on derivatives and other instruments:
  Purchase locally by nonresidents: No.
  Sale or issue locally by nonresidents: No.
Purchase abroad by residents: No.
Sale or issue abroad by residents: No.
Controls on credit operations: No.
Commercial credits:
  By residents to nonresidents: No.
  To residents from nonresidents: No.
Financial credits:
  By residents to nonresidents: No.
  To residents from nonresidents: No.
Guarantees, sureties, and financial backup facilities:
  By residents to nonresidents: No.
  To residents from nonresidents: No.
Controls on direct investment: Yes.
Outward direct investment: No.
Inward direct investment: Yes.

Controls apply to (1) investment in airlines, which must be majority owned and effectively controlled by EU countries and/or nationals of EU countries, unless otherwise provided for through an international agreement to which the EU is a signatory; (2) the acquisition by non-EU nationals of land for agricultural purposes, except with authorization; (3) the acquisition of Irish-registered shipping vessels, except through an enterprise incorporated in Ireland; (4) the acquisition by non-EU nationals of sea-fishing vessels registered in Ireland; (5) investment by residents of non-EU countries in flour milling activities; (6) the establishment of branches of third-country insurance undertakings as set out in the Solvency II Framework and supplemented with a CBI Handbook consistent with Solvency II for Branches of Third-Country Insurance Undertakings authorized by the CB; (7) the extent that, under Directive 2009/65/EU, a depository of a UCITS must either have its registered office in the same EEA member state as that of the UCITS or be established in the EEA member state of the UCITS if its registered office is in another EEA member state; (8) the extent that, under AIFM Directive (2011/61/EU), the depositary for an EU AIF must be established in...
the EEA member state of the AIF and the depositary for a non-EU AIF must be established in the third country where the AIF is established or in the EEA member state of the AIFM managing the AIF or in the EEA member state of reference of the AIFM managing the AIF; and (9) investment by foreign-controlled enterprises does not require authorization, except for a very limited number of sectors that are subject to special conditions.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| **Purchase abroad by residents** | No. |
| **Purchase locally by nonresidents** | Yes. |
| **Sale locally by nonresidents** | No. |
| Controls on personal capital transactions | No. |
| **Loans** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Gifts, endowments, inheritances, and legacies** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Settlement of debts abroad by immigrants** | No. |
| **Transfer of assets** | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| **Transfer of gambling and prize earnings** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Provisions Specific to the Financial Sector**

<p>| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad | No. |
| Maintenance of accounts abroad | No. |
| Lending to nonresidents (financial or commercial credits) | No. |
| Lending locally in foreign exchange | No. |</p>
<table>
<thead>
<tr>
<th>Purchase of locally issued securities denominated in foreign exchange</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
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<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Pursuant to Article 92 of the Capital Requirements Regulation (EU No. 575/2013), banks must provide capital for foreign exchange risk, unless they can take advantage of the de minimis provision of Article 351. There are no limits on open foreign exchange positions, but the CBI expects banks to be prudent in the management of foreign exchange risk.

<table>
<thead>
<tr>
<th><strong>On resident assets and liabilities</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
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</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>
assets/liabilities composition

Investment firms and collective investment funds  No.

Limits (max.) on securities issued by nonresidents  No.

Limits (max.) on investment portfolio held abroad  No.

Limits (min.) on investment portfolio held locally  No.

Currency-matching regulations on assets/liabilities composition  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

Exchange measures imposed for security reasons

In accordance with IMF Executive Board Decision No. 144-(52/51)

05/17/2019  Restrictive measures against cyberattacks threatening the EU or its member states were imposed.

10/14/2019  Restrictive measures against persons, entities, or bodies responsible for serious human rights violations and for undermining democracy and the rule of law in the Republic of Nicaragua, as well as persons associated with them were implemented.

11/11/2019  Restrictive measures in view of Turkey’s unauthorized drilling activities in the Eastern Mediterranean, in particular, certain natural persons or entities responsible for, involved in, or assisting drilling activities, which have not been authorized by the Republic of Cyprus, within its territorial sea or in its exclusive economic zone or on its continental shelf were implemented.
ISRAEL

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: July 12, 1954.

Article VIII

Yes. Date of acceptance: September 21, 1993.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons

Yes. Under Prevention of Terrorism Ordinance No. 33, 5708-1948, money and other assets may not benefit an organization associated with terrorism. The Prohibition on Terrorism Financing Law, No. 5765-2004, prohibits transactions in property for purposes of terrorism and prohibits transactions in terrorist’s property. Israel maintains a licensing mechanism on imports from eight non-WTO members that have no diplomatic relations with Israel or prohibit imports from Israel—namely, Afghanistan, Algeria, Iraq, the Democratic People’s Republic of Korea, Libya, Saudi Arabia, Sudan, and Yemen. Licenses are granted for imports from these countries on an ad hoc basis, under exceptional circumstances (for example, economic necessity) and with authorization from the Ministry of Industry, Trade and Labor. Imports and exports of rough diamonds are controlled to avoid trade with countries that do not participate in the Kimberley Process Certification Scheme. Imports of goods that are clearly identified with organizations associated with terrorism (for example, flags) are prohibited. Trading is prohibited with the Islamic Republic of Iran, Iraq, Lebanon, and Syria; however, because of the US presence in Iraq, trade in Iraqi dinars was authorized temporarily.

Economic activity is prohibited with a foreign entity that has been identified by a ministerial committee as assisting Iran in the advancement of its nuclear program or in obtaining weapons of mass destruction or the means of delivery of weapons of mass destruction, unless the ministerial committee has permitted economic activity with that foreign entity. In addition, financial institutions are prohibited from investing in a corporation that has been identified by a ministerial committee as maintaining a substantial business relationship with Iran, unless the ministerial committee has permitted it.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Israel is the new Israeli shekel.

Other legal tender

No.

Exchange rate structure
Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating: Yes. The de jure exchange rate arrangement is free floating. However, the Bank of Israel (BOI) may intervene in the foreign exchange market in the event of unusual movements in the exchange rate that are inconsistent with underlying economic conditions or when conditions in the foreign exchange market are disorderly. The BOI purchased US$3.9 billion in the foreign exchange market during 2019 (US$3.3 billion in 2018). The de facto exchange rate arrangement is classified as a floating arrangement. The BOI publishes monthly purchase information.

Free floating

Official exchange rate: Yes. The representative rate of the new shekel against the US dollar for a specific day is the average rate of new shekels in bilateral interbank quotes during a predetermined sampling period. Deviations from the sample average of more than 2 standard deviations are excluded from the calculation. In exceptional cases, if the calculated exchange rate does not reflect actual rates in the market, discretion may be exercised in determining the representative rate. The representative rates of the new shekel against other currencies are based on the representative rate of the US dollar and the exchange rates of the relevant currencies in the international money markets at the time the rates are determined. Therefore, the representative rate of any currency against the new shekel is an indicator of the exchange rate in the foreign exchange market, is based on an average of banks’ published buying and selling prices, and does not necessarily reflect actual transaction rates. The rates have no official or legal standing and are not published in the Official Gazette. They are used mainly for valuations and in contracts. Parties to a foreign-currency-indexed business transaction may use any mutually acceptable rate. The representative rate is binding on such transactions only if explicitly stipulated in advance.

Monetary policy framework

Exchange rate anchor

U.S. dollar
Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework Yes.

Target setting body Yes.

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank Yes. Israel’s government, in consultation with the governor of the BOI, sets a price stability target—an annual rate of increase in the CPI. The current target is between 1% and 3% a year, and the BOI is obliged to strive to achieve that goal.

Inflation target Yes.

Target number Yes.

Point target

Target with tolerance band

Band/Range Yes. The government sets an inflation target (currently 1%–3%) as part of its economic policy.

Target measure Yes. The target is set in terms of the headline CPI and is evaluated continuously referring to the CPI inflation rate in the past 12 months.

CPI Yes. Israel’s government, in consultation with the governor of the BOI, sets a price stability target—an annual rate of increase in the CPI. The current target is between 1% and 3% a year, and the BOI is obliged to strive to achieve that goal.

Core inflation

Target horizon Yes. The target is set in terms of the headline CPI and is evaluated continuously referring to the CPI inflation rate in the past 12 months.

Operating target (policy rate) Yes. The BOI is independent in setting the short-term rate of interest and in using the monetary instruments to achieve its goals. The BOI’s interest rate serves as the basis according to which a range of interest rates are set in the economy, including the rates of interest that the public (households and businesses) pays the banks on short-term loans and the rates of interest that it receives from the banks on its short-term deposits.

Target corridor band n.a.

Other n.a.

Accountability n.a.
<table>
<thead>
<tr>
<th>Transparency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of votes</td>
<td>n.a.</td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The BOI publishes the minutes of the discussions regarding the determination of the interest rate. The minutes are published about two weeks after the announcement of the interest rate. The publication of the minutes of the interest-rate discussions, in the format adopted by the CBs of the advanced economies throughout the world, is intended to increase the transparency of the BOI’s interest-rate policy, and together with other of the BOI’s publications will enable the public, the Knesset (Israel’s unicameral parliament), and the government to deepen their understanding of that policy.

The Monetary Committee presents the government and the Knesset Finance Committee no less than twice annually a report on the monetary policy. The report includes a survey of developments in the field of price stability and economic developments in the time period covered by the report, and the policy that the Committee believes necessary for the maintenance of price stability within the range determined by the government and for the attainment of the BOI’s other objectives. The reports are issued about a month after the end of each half-year. Appendices to the report contain tables with updated figures, which are used by policymakers. The BOI generally published this report before the Committee’s appointment as well.

Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Commercial banks may freely set the exchange rate in transactions with their clients.

The spot exchange market is unregulated and operates in an identical manner to developed country markets. Foreign exchange bureaus are licensed by the MOF; their activities are generally unrestricted, and several hundred bureaus are in operation. Foreign exchange bureaus may not make foreign exchange transactions directly with the BOI. They may maintain accounts abroad and make foreign currency transfers on behalf of their clients. They are subject to the Money-Laundering and Terrorism Financing Prohibition.

Operated by the central bank | No.   |
| Foreign exchange standing facility | No.   |
| Allocation                      | No.   |
| Auction                         | No.   |
| Fixing                          | No.   |

Interbank market | Yes. |

The interbank market operates freely with no formal framework. As of December 31, 2019, there were between 5 and 7 local market-maker banks and between 30 and 40 foreign financial institutions that were also active at times, as well as a few brokers. The BOI monitors the foreign exchange market (daily volume, volatility, bid-
offer spreads, and so on) to ensure its orderly functioning.
The interbank market operates freely; there is no formal framework.
The interbank market operates freely; there is no formal framework.
The interbank market operates freely; there is no formal framework.
The BOI does not participate in the foreign exchange derivatives market. There are reporting requirements for transactions in spots, swaps, and new shekel–foreign currency forwards.

Official cover of forward operations
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements
No.

Controls on the use of domestic currency
No.

For current transactions and payments
No.

For capital transactions
No.

Transactions in capital and money market instruments
No.

Transactions in derivatives and other instruments
No.

Credit operations
No.

Use of foreign exchange among residents
No.

Payments arrangements
No.

Bilateral payments arrangements
No.

Operative
No.

Inoperative
No.

Regional arrangements
No.

Clearing agreements
No.

Barter agreements and open accounts
No.

Administration of control
No.

Payments arrears
No.

Official
No.

Private
No.

Controls on trade in gold (coins and/or bullion)
No.

On domestic ownership and/or trade
No.

On external trade
No.

Controls on exports and imports of banknotes
No.
 Controls on exports and imports of banknotes

On exports

| Domestic currency | No. |
| Foreign currency | No. |

On imports

| Domestic currency | No. |
| Foreign currency | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Approval required

No.

Held abroad

Yes.

Approval required

No.

Accounts in domestic currency held abroad

Yes.

Accounts in domestic currency convertible into foreign currency

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes.

Approval required

No.

Domestic currency accounts

Yes.

Convertible into foreign currency

Yes.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

No.

Minimum financing requirements

No.

Advance payment requirements

No.
Advance import deposits | No.
--- | ---
**Documentation requirements for release of foreign exchange for imports** | No.
Domiciliation requirements | No.
Preshipment inspection | No.
Letters of credit | No.
Import licenses used as exchange licenses | No.
Other | No.
**Import licenses and other nontariff measures** | Yes.
Positive list | n.a.
Negative list | n.a.
Open general licenses | n.a.
Licenses with quotas | n.a.
Other nontariff measures | Yes.

Israel has taken steps to reduce tariffs and nontariff barriers. With the exception of agricultural products, imports are free of quantitative restrictions. A special regime applies to imports from countries that restrict or prohibit imports from Israel. Most of Israel’s trade is covered by bilateral free trade agreements; additional free trade agreements with neighboring countries are under consideration.

Import taxes and/or tariffs | No.
--- | ---
Taxes collected through the exchange system | No.
**State import monopoly** | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements | No.
--- | ---
Surrender requirements | No.
*Surrender to the central bank* | No.
*Surrender to authorized dealers* | No.
**Financing requirements** | No.
**Documentation requirements** | No.
Letters of credit | No.
Guarantees | No.
Domiciliation | No.
Preshipment inspection | No.
Other | No.
<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
</tr>
<tr>
<td><strong>Foreign workers' wages</strong></td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
</tr>
<tr>
<td><strong>Credit card use abroad</strong></td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
</tr>
</tbody>
</table>

**Export licenses**
- Yes. Except for exports of oil and certain defense equipment, most exports do not require licenses.

**Without quotas**
- Yes. Licenses for exports of oil and certain defense equipment are without quotas.

**With quotas**
- No.

**Export taxes**
- No.

**Collected through the exchange system**
- No.

**Other export taxes**
- No.

**References to legal instruments and hyperlinks**
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Residents’ investments abroad are subject to reporting requirements pertaining to financial assets and direct investment balances and purchases and realization of such assets above a certain threshold.

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Controls on capital and money market instruments

On capital market securities Yes.

Shares or other securities of a participating nature

Purchase locally by nonresidents Yes. The purchase of shares and other securities of a participating nature by nonresidents may be affected by the laws on inward direct investment and establishment.

Sale or issue locally by nonresidents No.
Purchase abroad by residents No.
Sale or issue abroad by residents No.
Bonds or other debt securities No.
Purchase locally by nonresidents No.
Sale or issue locally by nonresidents
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Control Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
<td>There are reporting requirements for transactions in spots, swaps, and new shekel–foreign currency forwards.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
<td>There are reporting requirements for transactions in spots, swaps, and new shekel–foreign currency forwards.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
<td>Controls apply to (1) establishment of branches by nonresident investment advisors and marketing, portfolio management, and</td>
</tr>
</tbody>
</table>

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pension fund management service providers; (2) establishment of branches by nonresident private pension funds; (3) air transportation, in which foreign equity participation is limited to 49% of capital; (4) maritime transportation, to the extent that (a) acquisition of 49% or more in Israeli flag vessels is reserved for Israeli residents and (b) port services at international shipping ports open to the general public must be majority controlled by Israelis; (5) telecommunication services, to the extent that (a) for international communication services, foreigners may hold no more than 49% of the controlling interest and at least 26% of the control must be held by resident Israelis; (b) for domestically licensed fixed line operators, controlling interest must be held by an Israeli individual or a company incorporated in Israel in which an Israeli individual holds at least a 20% interest; (c) for radio and mobile telephone services, in which at least 20% of the shares must be held by resident Israelis; (d) for satellite broadcasting, in which at least 26% of the controlling interest must be held by resident Israelis; (e) in cable broadcasting, in which (1) at least 26% of the controlling interest must be held by resident Israelis and (2) a foreign government shareholder may not be granted a license, unless the minister of communications authorizes indirect holdings of up to 10% by such an applicant; and (f) in commercial television and regional radio, in which at least 51% of the controlling interest must be held by resident Israelis; and (6) electricity generation, in which the maximum investment, direct or indirect, by a nonresident in a company licensed to transmit, distribute, or produce a substantial amount of electricity is determined by the minister of national infrastructure; the controlling interest must be held by resident Israelis.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |
| Purchase locally by nonresidents | Yes. |
| Sale locally by nonresidents | No. |
| Controls on personal capital transactions | No. |
| Loans | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Gifts, endowments, inheritances, and legacies | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Settlement of debts abroad by immigrants | No. |
| Transfer of assets | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |

The acquisition of land by foreign nationals is subject to approval of the Israel Land Administration Council.
Transfer of gambling and prize earnings  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions  Yes.  There is a reporting requirement for spot derivative transactions.

Borrowing abroad  No.

Maintenance of accounts abroad  No.

Lending to nonresidents (financial or commercial credits)  No.

Lending locally in foreign exchange  No.

Purchase of locally issued securities denominated in foreign exchange  No.

Differential treatment of deposit accounts in foreign exchange  Yes.

Reserve requirements  Yes.  The same reserve requirement ratios apply to bank accounts held by residents and nonresidents. Reserve requirements against resident foreign exchange accounts are denominated in local currency, whereas reserve requirements against nonresident foreign exchange accounts are denominated in foreign currency.

Liquid asset requirements  Yes.  The ratio of foreign currency liquid assets to foreign currency net cash outflow for a repayment period of up to one month may not be less than 1. Banks are subject to the Basel III LCR requirement.

Interest rate controls  No.

Credit controls  No.

Differential treatment of deposit accounts held by nonresidents  Yes.

Reserve requirements  Yes.  The same reserve requirement ratios apply to bank accounts held by residents and nonresidents. Reserve requirements against resident foreign exchange accounts are denominated in local currency, whereas reserve requirements against nonresident foreign exchange accounts are denominated in foreign currency.

Liquid asset requirements  Yes.  Banks must have an overall liquidity management policy. The ratio of liquid assets to net cash outflow (including accounts held by residents and nonresidents) for a repayment period of up to one month may not be less than 1. Banks are subject to the Basel III LCR requirement.

Interest rate controls  No.

Credit controls  No.

Investment regulations  Yes.  There are limits on banks’ investments in nonfinancial companies (including insurance companies).

Abroad by banks  Yes.

In banks by nonresidents  Yes.  No person may have control of more than 5% of a particular category of means of control of a banking corporation or bank holding corporation, except with a permit from the governor of the BOI after consultation with the Licenses Committee.

Open foreign exchange position limits  No.

On resident assets and liabilities  No.
On nonresident assets and liabilities | No.
--- | ---
Provisions specific to institutional investors | Yes.
Insurance companies | Yes.

**Limits (max.) on securities issued by nonresidents** | Yes. Investments in securities issued by nonresidents are allowed only in countries with a sovereign rating of BBB or higher.
--- | ---
**Limits (max.) on investment portfolio held abroad** | No.
**Limits (min.) on investment portfolio held locally** | No.
**Currency-matching regulations on assets/liabilities composition** | No.

Pension funds | Yes.

**Limits (max.) on securities issued by nonresidents** | Yes. Investments in securities issued by nonresidents are allowed only in countries with a sovereign rating of BBB or higher.
--- | ---
**Limits (max.) on investment portfolio held abroad** | No.
**Limits (min.) on investment portfolio held locally** | No.
**Currency-matching regulations on assets/liabilities composition** | No.

Investment firms and collective investment funds | n.a.

**Limits (max.) on securities issued by nonresidents** | n.a.
**Limits (max.) on investment portfolio held abroad** | n.a.
**Limits (min.) on investment portfolio held locally** | n.a.
**Currency-matching regulations on assets/liabilities composition** | n.a.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
ITALY

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>March 27, 1947.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with IMF Executive Board Decision No. 144-(52/51)

Italy has not adopted autonomous sanctions regimes. In accordance with EU regulations and the relevant UNSC resolutions, certain restrictions are maintained with respect to:

1. Belarus in the form of freezing of funds and economic resources of certain individuals and entities, and an embargo on arms and on goods intended for internal repression;
2. Bosnia and Herzegovina in the form of freezing of assets and prohibition against making funds available;
3. Democratic Republic of the Congo (DRC) in the form of freezing of funds and economic resources of certain individuals and entities, and an embargo on arms;
4. Egypt in the form of freezing of funds and economic resources of certain individuals and entities;
5. Guinea (Conakry) in the form of freezing of funds and economic resources of certain individuals and entities;
6. Iran (since July 26, 2010, and April 12, 2011) in the form of (a) freezing of funds and economic resources of certain individuals and entities; (b) an embargo on exports of arms, equipment used for internal repression, certain telecommunications equipment, goods and services related to missile technology and nuclear proliferation, and certain metals and software; and (c) an embargo on dual-use goods;
7. Iraq in the form of freezing of funds and economic resources of certain individuals and entities, and an arms embargo;
8. Democratic People’s Republic of Korea (DPRK) in the form of freezing of funds and economic resources of certain individuals and entities and an embargo on arms, goods, and services related to missile technology and nuclear proliferation and on luxury goods;
9. Lebanon in the form of an arms embargo;
10. Libya in the form of (a) freezing of funds and economic resources of certain individuals and entities; (b) an embargo on exports of arms and equipment used for internal repression; (c) restrictions on trading of oil and oil-derived products;
11. Myanmar in the form of freezing of funds and economic resources of certain individuals and entities, and an embargo on arms, equipment used for internal repression, and certain telecommunications equipment;
12. Somalia in the form of freezing of funds and economic resources of certain individuals and entities, an arms embargo, and a ban on charcoal imports;
(13) Sudan in the form of freezing of funds and economic resources of certain individuals and entities, and an arms embargo;
(14) Syria in the form of freezing of funds and economic resources of certain individuals and entities; an embargo on arms and equipment used for internal repression; restrictions on financing and financial assistance related to certain telecommunications systems or for construction of new power plants; restrictions on trading of oil and oil-derived products, precious minerals, and precious metals; and restrictions on investments related to oil exploration and production and to power plant construction;
(15) Tunisia in the form of freezing of funds and economic resources of certain individuals and entities;
(16) Zimbabwe in the form of freezing of funds and economic resources of certain individuals and entities;
(17) terrorist groups in the form of freezing of funds and economic resources of persons and entities associated with Osama bin Laden, Al-Qaeda, and the Taliban, and of certain individuals, groups, and entities, with a view to combating terrorism.

Other security restrictions

In accordance with EU regulations and the relevant UNSC resolutions, certain restrictions are maintained with respect to:
(1) Burundi (since October 1, 2015) in the form of freezing of funds and economic resources of certain individuals and entities;
(2) Central African Republic (since December 23, 2013) in the form of an embargo on arms, freezing of assets, and prohibition against making funds;
(3) Guinea Bissau (since May 31, 2012) in the form of freezing of funds and economic resources of certain individuals and entities; (4) Nicaragua (effective October 14, 2019) in the form of freezing of funds and economic resources of certain individuals and entities; (5) Russia (since July 31, 2014) in the form of (a) limited access to EU primary and secondary capital markets for certain Russian banks and companies; (b) an export and import ban on trade in arms; (c) an export ban for dual-use goods for military use or military end users in Russia; (d) restrictions on trading of sensitive technologies and services that can be used for certain types of oil production and exploration;
(6) South Sudan (since May 7, 2015) in the form of freezing of funds and economic resources of certain individuals and entities, and an arms embargo;
(7) Turkey (effective November 11, 2019) in the form of freezing of funds and economic resources of certain individuals and entities;
(8) Ukraine (since March 5, 2014; March 17, 2014; June 23, 2014) in the form of (a) freezing of funds and economic resources of certain individuals and entities responsible for misappropriation of government funds; (b) an import ban on goods from Crimea and Sevastopol, restrictions on trade and investment related to certain economic sectors and infrastructure projects in Crimea and Sevastopol, and prohibition against the supply of tourism services in Crimea or Sevastopol;
(9) Venezuela (since November 13, 2017) in the form of (a) freezing of funds and economic resources of certain individuals and entities; (b) an embargo on exports of arms, equipment used for internal repression, and certain telecommunications equipment;
(10) Yemen (since December 18, 2014) in the form of (a) freezing of funds and economic resources of certain individuals and entities; and (b) arms embargo;
(11) individuals and entities connected with the proliferation of chemical weapons (since October 15, 2018) in the form of freezing of funds and economic resources; and
(12) individuals and entities responsible for cyberattacks threatening...
**Exchange Arrangement**

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

| Currency | Yes. | The currency of Italy is the euro. |
| Other legal tender | No. |

**Exchange rate structure**

| Unitary | Yes. |
| Dual |
| Multiple |

**Classification**

| No separate legal tender |
| Currency board |
| Conventional peg |
| Stabilized arrangement |
| Crawling peg |
| Crawl-like arrangement |
| Pegged exchange rate within horizontal bands |
| Other managed arrangement |
| Floating | Yes. | The exchange rate arrangement of the euro area is free floating. Italy participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers. |

**Official exchange rate**

| Yes. | The ECB publishes a reference rate based on the daily concertation procedure between CBs within the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 16:00 Central European Time on every working day, except on TARGET closing days. Reference rates will continue to be determined using the current methodology, which is based on a point-in-time snapshot at 14:15 Central European Time. The new publication regime aims to reinforce the distinction between exchange rate fixings used as benchmarks for transaction purposes and the reference rates that are published for information purposes only. The reference rates are used by the Italian public administration for administrative and fiscal purposes. |

**Monetary policy framework**

| Exchange rate anchor |
U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework | Yes. To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term.

Exchange tax | No.
Exchange subsidy | No.

Foreign exchange market | Yes. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.
Spot exchange market | Yes. Italian banks deal freely in the foreign exchange market. Banks are authorized by the CB to perform their general activities. Their operations are not limited to the purchase and sale of banknotes; they may also make foreign currency payments and transfers on behalf of their clients.

Operated by the central bank | No.
Foreign exchange standing facility | No.
Allocation | No.
Auction | No.
Fixing | No.

Interbank market | Yes. Dealers may freely determine their exchange rates. No data are available on the number of banks that deal on the OTC foreign exchange market.
Over the counter | Yes. The interbank foreign exchange market operates over the counter.
Brokerage | Yes.
Market making | Yes.
Forward exchange market | Yes. Premiums and discounts in the forward exchange market are determined by the interplay of market forces.

Official cover of forward operations | No.
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements | No.
Controls on the use of domestic currency | No. Transfers in cash or bearer instruments of €3,000 or more may be made only through banks, electronic money institutions, or payment institutions, provided they do not perform money remittance services, and the Poste Italiane S.p.A. For money remittance services, the applicable threshold is €1,000.

For current transactions and payments | No.
For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

No.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

No.

Clearing agreements

Yes. Italy maintains clearing accounts with Croatia and Slovenia. These accounts are used for trade in cross-border areas. The balances in these accounts may be used only to finance trade between certain districts of Croatia and Slovenia and the Italian province of Trieste. The balances are not transferable. There is no automatic mechanism by which outstanding balances are settled within 90 days. Only Italy is allowed to maintain a debit balance on these accounts.

Barter agreements and open accounts

No.

Administration of control

No.

Residents are allowed to conduct foreign exchange transactions freely, with settlements effected either indirectly—through the Bank of Italy (BOI), other financial intermediaries, or the Poste Italiane S.p.A.—or directly by drawing on external accounts or by offsetting debits and credits vis-à-vis other residents or nonresidents. Data on all transactions exceeding the equivalent of €15,000 must be registered and reported for fiscal purposes. Payments in cash or bearer instruments, when the amount exceeds €3,000, may be made only through authorized financial institutions.

Payments arrears

No.

Official

No.

Private

No.

Controls on trade in gold (coins and/or bullion)

Yes.

On domestic ownership and/or trade

Yes. Domestic purchases and sales of gold exceeding the equivalent of €12,500 must be declared to the BOI’s financial information unit (FIU) (Unità di Informazione Finanziaria (UIF)) for anti-money-laundering purposes.

On external trade

Yes. Purchases and sales of gold exceeding the equivalent of €12,500 must be declared to the UIF.

Controls on exports and imports of banknotes

No. Residents and nonresidents may take into or out of the country unlimited amounts of cash and securities in euros and/or foreign currency. For fiscal and anti-money-laundering purposes, the physical transfer of cash and/or securities exceeding the equivalent of €10,000 must be declared in writing on entry or departure, and the declaration must be submitted to the customs agency (Agenzia delle Dogane). For transfers by mail, the declaration must be submitted to the Poste Italiane S.p.A. or other postal service providers, which in
On exports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents and nonresidents may take into or out of the country unlimited amounts of cash and securities in euros and/or foreign currency. For fiscal and anti-money-laundering purposes, the physical transfer of cash and/or securities exceeding the equivalent of €10,000 must be declared in writing on entry or departure and the declaration submitted to the customs agency.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents and nonresidents may take into or out of the country unlimited amounts of cash and securities in euros and/or foreign currency. For fiscal and anti-money-laundering purposes, the physical transfer of cash and/or securities exceeding the equivalent of €10,000 must be declared in writing on entry or departure and the declaration submitted to the customs agency.</td>
<td></td>
</tr>
</tbody>
</table>

On imports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents and nonresidents may take into or out of the country unlimited amounts of cash and securities in euros and/or foreign currency. For fiscal and anti-money-laundering purposes, the physical transfer of cash and/or securities exceeding the equivalent of €10,000 must be declared in writing on entry or departure and the declaration submitted to the customs agency.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents and nonresidents may take into or out of the country unlimited amounts of cash and securities in euros and/or foreign currency. For fiscal and anti-money-laundering purposes, the physical transfer of cash and/or securities exceeding the equivalent of €10,000 must be declared in writing on entry or departure and the declaration submitted to the customs agency.</td>
<td></td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

<p>| Foreign exchange accounts permitted | Yes. |
| Approval required                  | No.  |
| Domestic currency accounts         | Yes. |
| Convertible into foreign currency  | Yes. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
</tbody>
</table>

Imports are governed by EU regulations, under which most imports are free of licensing and quantitative restrictions, except licensing for textiles (from the DPRK), licensing for agricultural products and licensing for dual-use items from Iran, according to Regulation (EU) No. 267/2012 and its amendments, included in the scope of the implementing measures of the CAP. Imports of certain iron and steel products originating in certain third countries are governed by EU regulation and are subject to presentation of a surveillance document. Imports of endangered wild fauna and flora (under CITES) are governed by EU regulations and are subject to ministerial authorization.


Surveillance documents are required for certain iron and steel products originating in certain third countries.
**State import monopoly**
No.

**References to legal instruments and hyperlinks**
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**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><em>Surrender to the central bank</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Surrender to authorized dealers</em></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports of endangered wild fauna and flora (under CITES) are governed by EU regulations and are subject to ministerial authorization. Exports of dual-use goods are subject to ministerial authorization according to Regulation (EU) No. 428/2009 and its amendments. Exports of agricultural products are established in Annex II of Regulation (EC) No. 376/2008.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><em>Prior approval</em></td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td><em>Indicative limits/bona fide test</em></td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><em>Prior approval</em></td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
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**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
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**Capital Transactions**
<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on capital transactions</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>According to the Consolidated Law of Finance (Legislative Decree No. 58 of February 24, 1998, TUF), if mutual funds are covered under EU directives (UCITS and the Alternative Investment Fund Managers Directive, AIFMD), the CONSOB (Italian Securities and Exchange Commission, Commissione Nazionale per le Società e la Borsa) must be notified before the offering.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Category</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

With respect to nonresidents, controls apply to (1) majority participation or controlling interest in companies that publish daily newspapers and periodicals; (2) licenses for audiovisual communications firms headquartered in a non-EU country; (3) majority participation by non-EU residents in companies licensed for television and sound-radio broadcasting and participation by non-EU residents in companies that are not legal persons and are licensed for television and sound-radio broadcasting; (4) acquisition of aircraft in Italy by foreigners and foreign ownership exceeding one-third of the capital of companies possessing such aircraft; (5) airlines established in the country, which must be majority owned and effectively controlled by EU states and/or nationals of EU states, unless otherwise indicated through an international agreement to which the EU is a signatory; (6) purchases by foreigners other than EU residents of a majority interest in Italian flag vessels or of a controlling interest in ship-owning companies headquartered in Italy; (7) purchases of Italian flag vessels used to fish in Italian territorial waters; and (8) establishment of branches, agencies, etc., of securities investment companies. In accordance with EU legislation, whatever the potential acquirer’s nationality (resident or nonresident), acquisition of holdings in the financial sector requires prior authorization by the relevant supervisor (for banks, by the ECB, with a preliminary investigation by the BOI; for investment firms and asset management companies, the BOI; for insurance companies, the Institute for the Supervision of Insurance Companies) if the holding (a) equals or exceeds 10%, 20%, 30%, or 50% of the target entity’s capital or voting rights; or (b) confers the power to exert significant influence over the target entity. Authorization is also needed if control is gained as a result of acquisition of holdings or contracts or through other bylaw provisions.

| Controls on liquidation of direct investment                             | No.    |
Controls on real estate transactions

Purchase abroad by residents No.

Purchase locally by nonresidents No.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Commercial banks and other credit institutions are subject to EU and national prudential regulations in accordance with the Basel Committee on Banking Supervision core principles for effective banking supervision and the Basel Accord (International Convergence of Capital Measurement and Capital Standards). The Consolidated Law on Banking “CLB” (Legislative Decree No. 385/1993, TUB), as well as BOI Circular No. 285 of December 17, 2013 (as amended), and Circular No. 286 on prudential reporting transpose into the national regulatory framework the provisions in Capital Requirements Directive IV (CRD IV—Directive 2013/36/EU) concerning authorization of credit institutions, acquisition of qualified holdings in a credit institution, cross-border activities, internal capital and liquidity adequacy assessment processes, corporate governance, risk management and control, remuneration policies and practices, capital buffers, prudential supervision, supervisory review and evaluation processes, and sanctions. The present framework is under revision to implement the new CRD V requirements. Moreover, provisions concerning own funds, own funds requirements, liquidity requirements, leverage, large exposures, and public disclosure obligations are laid out in the Capital Requirements Regulation (CRR — EU Capital Requirements Regulation No. 575/2013).
(1) A reform of “Banche Popolari” (a particular form of nonprevalent mutual cooperative bank) was approved by the parliament (Decree-Law No. 3/2015 converted to Law No. 33/2015); in December 2016, in particular, the reform introduced an obligation for Banche Popolari with consolidated assets exceeding €8 billion to become joint-stock companies. Following the enactment of primary legislation, the BOI’s implementing provisions went into effect, completing the legal framework by providing the necessary prudential rules and guidelines for the banks concerned.

(2) Decree-Law No. 18 of February 14, 2016, converted by Law No. 49 of April 8, 2016, introduced significant innovations in the Italian cooperative banking sector fostering the consolidation of the “Banche di Credito Cooperativo” (BCCs) and providing for the establishment of cooperative banking groups. According to the regulatory framework, each Italian BCC must either join a cooperative banking group to hold a banking license, become a joint-stock company, or liquidate. The parent company of the cooperative banking group must be a joint-stock company, with a banking license and net capital not less than €1 billion. The provisions of BOI Circular No. 285, as amended, aligned the rules applicable to cooperative banks on an individual basis to the reform of cooperative banking groups. Decree-Law No. 119 of October 23, 2018, amended the reform and allowed BCCs established in the Italian Region of Trentino Alto-Adige to create an institutional protection scheme (IPS) instead of joining a cooperative banking group to take into account particular features of the mutual banks located in that region.

(3) Directive 2014/92/EU on the comparability of fees related to payment accounts, payment account switching, and access to payment accounts with basic features (Payment Accounts Directive—PAD) was implemented in Legislative Decree No. 37 of March 15, 2017, which aims to enhance customer protection and financial inclusion.

On August 3, 2017, the BOI adopted implementing provisions (amending its provisions for banks and financial intermediaries on transparency and correct customer relations, originally issued July 29, 2009) to (a) enhance customer protection by ensuring continuity of payment services in the event of divestment of branches of business and (b) clarify the discipline of basic payment accounts, also regulated by Ministerial Decree No. 70 of May 3, 2018, which introduced detailed provisions regarding consumer access to a payment account with basic features. Effective June 18, 2019, the BOI adopted implementing provisions (amending its provisions for banks and financial intermediaries on transparency and correct relations with customers, originally issued July 29, 2009) to ensure that adequate information is delivered to consumers on payment account fees.

(4) Directive (EU) 2015/2366 on payment services in the internal market (Revised Payment Service Directive—PSD2), complemented by Regulation (EU) 2015/751, was transposed into Legislative Decree No. 218 of December 15, 2017. In particular, the regime (a) regulates the new payment services set out in the Directive; (b) aligns the electronic money distribution regime applicable to banks with those already applicable to electronic money institutions; (c) imposes EU payment institutions operating on an EU member state territory through agents under the right of establishment to appoint a central contact point, under certain conditions, to ensure adequate communication and information reporting; (d) strengthens customer protection in the event of unilateral changes to contract terms; and (e) prohibits additional fees for specified payment methods. Effective March 19, 2019, the BOI adopted implementing provisions
(amending its provisions for banks and financial intermediaries on transparency and correct relations with customers, originally issued July 29, 2009) to ensure that customers receive adequate information regarding payment services.

Effective July 24, 2019, the BOI issued a regulation amending supervisory provisions for payment institutions and electronic money institutions and updated Circular No. 285 on supervisory provisions for banks to implement the PDS2 provisions applicable to banks.

(5) The Banking Recovery and Resolution Directive (BRRD) was transposed (Legislative Decree Nos. 180 and 181). In particular, Decree No. 180/2015 (a) requires banks to meet at all times a prudential requirement on their own funds and liabilities to ensure resolution actions’ effectiveness; (b) empowers resolution authorities to assess banks’ resolvability and impose a wide range of measures to remove any impediment to their resolvability (for example, requirement to divest specific assets; restrict or prevent the development of business lines or products; require changes to legal or operational structures); and (c) provides that banks must contribute annually to the National Resolution Fund. The Deposit Guarantee Scheme Directive (Legislative Decree No. 30) requires banks to contribute annually to a deposit guarantee scheme; if a bank fails to do so, the ECB may, as a last resort, withdraw its banking license.

Directive (EU) 2017/2399 of the European Parliament and of the Council of December 12, 2017, amended Directive 2014/59/EU as regards the ranking of unsecured debt instruments in the insolvency hierarchy. The directive promotes the harmonization of the creditors’ hierarchy across national insolvency laws, introducing a new layer of unsecured debt instruments that ranks senior to subordinated debt and junior to senior preferred notes and any claims benefiting from legal or statutory preferences. The directive was transposed into Article 12-bis of the TUB by Law No. 205 of December 27, 2017, which created a new class of nonpreferred senior debt (“strumenti di debito chirografario di secondo livello”) ranked in insolvency proceedings above own funds instruments and subordinated liabilities that do not qualify as own funds instruments, but below other senior liabilities.

(6) Following the transposition of the Mortgage Credit Directive (MCD) relating to residential immovable property (Legislative Decree No. 72), an updated version of the regulation on transparency in banking services and conduct rules between intermediaries and clients entered into force. In particular, such amendments enhanced consumer protection by requiring banks to provide consumers with personalized information about mortgage credit agreements by means of a standardized document (according to the template attached to the MCD) and granting the consumer a seven-day reflection period before the conclusion of the agreement. Also, BOI Circular No. 285/2013 (Supervisory Provisions for Banks) and Circular No. 288/2015 (Supervisory Provisions for Financial Institutions) were updated and provide for the MCD rules on creditworthiness assessment and on the valuation of immovable property for mortgage lending purposes.

(7) Regarding the provision of investment services, the MiFIR/MiFID package on market in financial instruments (Regulation (EU) No. 600/2014 and Directive 2014/65/EU) was transposed into national law by Legislative Decree No. 129 of August 3, 2017, which amended the TUF and entered into force on January 3, 2018. Effective December 5, 2019, a BOI implementing regulation, which introduces organizational rules for intermediaries providing investment services (banks included) was issued. Circular
No. 285 on supervisory provisions for banks was also updated. (8) Directive (EU) 2018/843 on anti–money laundering and counter-terrorism financing was transposed into AML Law No. 231/2007, as amended by Legislative Decree No. 125 of October 4, 2019, and effective November 10, 2019. The implementation process of the previous directive (Directive EU (2015/849)—with regard to sanctioning procedures, customer due diligence, internal controls, and record-keeping—was finalized. The BOI has adopted the following implementing provisions: (a) Regulation of the BOI of March 26, 2019, effective March 26, 2019, on organization, procedures and internal control in the field of anti–money laundering, which introduces organizational rules for obligated entities and (b) BOI regulation of January 15, 2019, effective January 15, 2019, on sanctions and administrative sanctioning procedures; (c) BOI regulation of July 30, 2019, effective July 30, 2019, on customer due diligence; and (d) BOI regulation of March 24, 2020, effective March 24, 2020, on record-keeping.

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
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</tr>
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<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The open net foreign exchange position is subject to prudential regulations (cf. Art. 352, Regulation (EU) No. 575/2013).
**Investors**

- **Insurance companies**
  - Limits (max.) on securities issued by nonresidents: No.
  - Limits (max.) on investment portfolio held abroad: Yes. Portfolio investments abroad by life insurance companies and pension funds are subject to prudential regulations.
  - Limits (min.) on investment portfolio held locally: No.
  - Currency-matching regulations on assets/liabilities composition: Yes.

- **Pension funds**
  - Limits (max.) on securities issued by nonresidents: Yes.
  - Limits (max.) on investment portfolio held abroad: Yes. Portfolio investments abroad by pension funds are subject to prudential regulations.
  - Limits (min.) on investment portfolio held locally: No.
  - Currency-matching regulations on assets/liabilities composition: No.

- **Investment firms and collective investment funds**
  - Limits (max.) on securities issued by nonresidents: No.
  - Limits (max.) on investment portfolio held abroad: No.
  - Limits (min.) on investment portfolio held locally: Yes. There are concentration limits: alternative investment funds may not invest in credit toward a single counterparty exceeding 10% of the assets of the fund.
  - Currency-matching regulations on assets/liabilities composition: No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Measures**

- **Exchange measures imposed for security reasons**
  - Other security restrictions
    - 05/17/2019: In accordance with EU regulations and the relevant UNSC resolutions, certain restrictions were imposed with respect to individuals and entities responsible for cyberattacks threatening the European Union or its member states in the form of freezing of funds and economic resources.
    - 10/14/2019: In accordance with EU regulations and the relevant UNSC resolutions, certain restrictions were imposed with respect to Nicaragua in the form of freezing of funds and economic resources of certain individuals and entities.
    - 11/11/2019: In accordance with EU regulations and the relevant UNSC...
resolutions, certain restrictions were imposed with respect to Turkey in the form of freezing of funds and economic resources of certain individuals and entities.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/15/2019</td>
<td>The Bank of Italy (BOI) has adopted implementing provisions, Regulation of the BOI of January 15, 2019, on sanctions and administrative sanctioning procedures.</td>
</tr>
<tr>
<td>03/19/2019</td>
<td>The Bank of Italy adopted implementing provisions (amending its provisions for banks and financial intermediaries on transparency and correct relations with customers, originally issued July 29, 2009) to ensure that adequate information is delivered to customers in the provision of payment services.</td>
</tr>
<tr>
<td>03/26/2019</td>
<td>The Bank of Italy (BOI) has adopted implementing provisions, Regulation of the BOI of March 26, 2019, on organization, procedures, and internal control in the field of anti-money laundering, which introduced organizational rules for obligated entities.</td>
</tr>
<tr>
<td>06/19/2019</td>
<td>The Bank of Italy adopted implementing provisions (amending its provisions for banks and financial intermediaries on transparency and correct relations with customers, originally issued July 29, 2009) to ensure that adequate information is delivered to consumers on the fees related to payment accounts.</td>
</tr>
<tr>
<td>07/24/2019</td>
<td>The Bank of Italy issued a regulation amending supervisory provisions for payment institutions and electronic money institutions and updated Circular No. 285 on supervisory provisions for banks to implement the PDS2 provisions applicable to banks.</td>
</tr>
<tr>
<td>07/30/2019</td>
<td>Implementing Regulation of the BOI of July 30, 2019, on customer due diligence went into effect.</td>
</tr>
<tr>
<td>11/10/2019</td>
<td>Directive (EU) 2018/843 on anti-money laundering and counter-terrorism financing was transposed into AML Law No. 231/2007, as amended by Legislative Decree No. 125 of October 4, 2019. The implementation process of the previous directive ( Directive EU (2015/849)—with regard to sanctioning procedures, customer due diligence, internal controls, and record-keeping—was finalized.</td>
</tr>
<tr>
<td>12/05/2019</td>
<td>A Bank of Italy implementing regulation, which introduces organizational rules for intermediaries providing investment services (banks included), was issued.</td>
</tr>
<tr>
<td>03/24/2020</td>
<td>Implementing Regulation of the Bank of Italy of March 24, 2020, on record-keeping went into effect.</td>
</tr>
</tbody>
</table>
JAMAICA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

February 21, 1963.

Article VIII


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

Yes. The IMF staff report for 2018 Article IV Consultation, Third Review under the Stand-By Arrangement and Request for Modification of Performance Criteria states that, as of March 3, 2018, Jamaica maintained an MCP, subject to IMF approval under Article VIII, Section 3, due to the absence of a mechanism in the multiple price foreign currency auction to prevent exchange rates of accepted bids from deviating by more than 2%. (Country Report No. 18/103)

Exchange measures imposed for security reasons

No.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Jamaica is the Jamaican dollar.

Other legal tender

No.

Exchange rate structure

Unitary

Yes. The single exchange rate for each day is market determined.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands
The de jure and de facto exchange rate arrangements are floating. The rate of the Jamaican dollar is determined in the domestic foreign exchange market, in which the Bank of Jamaica (BOJ) intervenes occasionally with sales and purchases of foreign currency. The BOJ intervenes occasionally via market auctions. Intervention may be done on both sides of the market.

The BOJ announces the auction on the day of the auction by 9:30 a.m. and the results are published on the day by 10:45 a.m. The results are also published in its Annual Report and Quarterly Monetary Policy Report, with a two-month lag. The Bank also publishes, on each intervention date, a list of the foreign exchange intermediaries that participated in the auction, the amounts that each was allotted, and the respective weighted average prices of these allotments. To improve the transparency of the market, the BOJ, since mid-2019, has published all transactions over US$100,000 and the rate at which these transactions were consummated.

During 2019, the depreciation of the local currency was mainly due to periodic episodes of increased end-user demand to fund real sector activities and planned portfolio-related transactions. More specifically, the foreign exchange market was affected by increased demand impulses which emanated from: (1) efforts by some foreign exchange intermediaries to consolidate US dollar (USD) liquidity positions and (2) firms that opted to raise and/or restructure foreign exchange debt to capitalize on the low Jamaican dollar (JMD) interest rate. Further, intermittent demand pressures were, however, tempered by 16 BOJ Foreign Exchange Intervention Trading Tool (B-FXITT) flash sale operations in 2019.

For the period January to June 2020, the exchange market was affected by the impact of the COVID-19 pandemic. This was mainly reflected in a sharp reduction in year-on-year earner inflows, in particular tourism. The impact of the pandemic was mitigated by a number of initiatives by the BOJ to provide liquidity, including but not limited to foreign exchange intervention sale auctions, to maintain orderly functioning of financial markets.

The weighted-average selling rate of ADs and cambios is the official rate for customs duty valuation and tax purposes, legal transactions, accounting and foreign exchange transactions with the government. The official rate is calculated daily for use the following business day or until the day after the next calculation and publication of an exchange rate by the BOJ. This information is published via various media and on the BOJ website.

The mandate of monetary policy is the maintenance of price stability or low inflation. The BOJ conducts monetary policy with the aim of...
achieving an inflation target of 4%–6% a year. The Bank uses monetary policy tools to meet this target objective. Jamaica’s monetary policy framework is referred to as Inflation Targeting Lite. This framework is viewed as a transitional regime that countries utilize prior to obtaining the legal mandate to operate a full-fledged inflation-targeting regime.

Target setting body

Yes.

Government

Yes.

The inflation target is established by the Minister of Finance and the Public Service (MOFP). The target is a continuous medium-term inflation target.

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Yes.

Target number

Yes.

Point target

Target with tolerance band

Yes.

Band/Range

Yes.

Target measure

Yes.

CPI

Yes.

This inflation rate is measured as the 12-month point-to-point change in the CPI published by the Statistical Institute of Jamaica.

Core inflation

Target horizon

Yes.

The target horizon is four years.

Operating target (policy rate)

Yes.

The BOJ uses a variety of tools to achieve its inflation target. Since March 1, 2019, the main one is the interest rate on the overnight balances in the current accounts of deposit-taking institutions at the BOJ. Changes in the Bank’s policy rate signal the Bank’s policy stance toward achieving its inflation objective.

Policy rate

Yes.

As announced February 22, 2019, effective March 1, 2019, the overnight deposit facility for deposit-taking institutions was no longer available. Interest is paid on overnight balances in the current accounts of deposit-taking institutions at the BOJ. The applicable interest rate is the BOJ policy rate. At end-August 2020, the policy rate was 0.5%.

Target corridor band

Yes.

The floor of the corridor is set as the Bank’s policy rate while the ceiling, the interest rate on the standing overnight lending facility, is determined as a spread over the policy rate. As of August 31, 2019, the ceiling of the interest rate corridor was 200 basis points (bps) over the overnight deposit rate.

Other

n.a.

Accountability

n.a.

Open letter

n.a.
<table>
<thead>
<tr>
<th>Parliamentary hearings</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Publication of votes</td>
<td>n.a.</td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>n.a.</td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td><strong>Yes.</strong></td>
</tr>
</tbody>
</table>

The monetary policy report, published quarterly, describes the Bank’s most recent policy decision and outlines the Bank’s projections for inflation in Jamaica and the main macroeconomic variables that affect it.

**Other monetary framework**

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign exchange market</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Commercial banks and other ADs and cambios freely set the exchange rate in transactions with their clients. ADs are free to determine their foreign exchange commissions and margins with their clients.</td>
<td></td>
</tr>
<tr>
<td><strong>Spot exchange market</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>The market is operated by ADs, cambios, exchange bureaus (bureaux de change), and the BOJ. As of December 31, 2019, 11 ADs and 54 cambios were licensed by the BOJ. ADs include all commercial banks, merchant banks, and building societies. ADs are authorized to buy, sell, borrow, or lend foreign currency or foreign currency instruments. Cambios are licensed to buy and sell foreign currency. Starting in September 2015, commercial banks have stopped accepting as deposits or purchasing cash from cambios because of Anti-Money-Laundering and Combating the Financing of Terrorism (AML/CFT) concerns. Proceeds from official loans, divestment of government assets, and taxes on the bauxite sector payable in foreign currency are sold or payable directly to the BOJ. Exchange bureau operations are limited to the exchange of foreign currency notes (for Jamaican dollars) held by hotel guests. As of December 31, 2019, there were 131 exchange bureaus, whose purpose was to facilitate foreign exchange transactions in the hotel sector. Exchange bureaus which operate in hotels may purchase only up to US$8,000 or its equivalent in other currencies, in any one transaction. The sale of foreign exchange is limited to reconversion of unused Jamaican dollars acquired from guests. The BOJ operates a foreign exchange facility for public sector entities (PSEs) where foreign exchange is sold to meet their demand, thereby minimizing volatility in the market. The surrender requirement for ADs under the PSE facility is 15% of ADs’ US dollar purchases from commercial clients, and the surrender requirement for cambios is 10% of their daily foreign exchange purchases from commercial clients. The regular surrender arrangement for ADs is 5%. The total surrender obligation for ADs to the BOJ therefore is 20% of daily foreign currency purchases from commercial clients, and 15% for cambios. Under the surrender arrangement, the BOJ purchases US dollars, Canadian dollars, pounds sterling, and euros at the applicable mid-day rates.</td>
<td></td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
</tbody>
</table>
**Allocation**

No.

**Auction**

Yes. The BOJ purchases from and sells foreign exchange to ADs and cambios under the specified terms. The BOJ launched the B-FXITT in July 2017. Transactions are done via an auction mechanism that determines the price, while the BOJ only determines the volume. The rules of the B-FXITT stipulate, inter alia, that each bid must be no more than 10% of the auction size and no entity’s total bid may exceed 20% of the auction size. The BOJ will sell or purchase preannounced amounts of foreign exchange to ADs and cambios on a weekly basis. The amount of the intervention sale will be partly determined by BOJ’s assessment of the market’s foreign exchange liquidity needs, which may be zero on occasion. The BOJ also conducts an auction at short notice, in the event of abnormal or disorderly market conditions. The intermediaries may submit bids to buy or sell foreign exchange from or to the BOJ at a rate determined by the participants. While the framework allows for both the sale and purchase of foreign exchange to and from the market, in the initial stages, the BOJ used the framework for the sale of foreign exchange only. The BOJ started using the framework for the purchase of foreign exchange in April 2018. The BOJ has not used the framework for the purchase of foreign exchange since December 2018. Effective May 7, 2020, the BOJ introduced a reserve price in the B-FXITT auction to eliminate extreme pricing/bidding, aiming to maintain a rules-based, competitive, multiple price intervention system while eliminating outliers. The reserve price is calculated as a reference rate ± a predetermined spread where bids/offers above and below the highest and lowest reserve price, respectively, are not accepted.

**Fixing**

No.

**Interbank market**

Yes. There are no limits on the bid-ask spread and commission of market participants. All 11 ADs and 54 cambios can participate in the interbank market.

**Over the counter**

Yes. Institutions may transact with each other directly.

**Brokerage**

No.

**Market making**

No.

**Forward exchange market**

Yes. Forward transactions are very sparse.

**Official cover of forward operations**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

No. Transactions may take place in all currencies, but the principal currencies accepted in the exchange market are the US dollar, Canadian dollar, pound sterling, and euro. There are no restrictions on the use of foreign currency among residents.

**Controls on the use of domestic currency**

No. Economic agents are free to settle all transactions with domestic currency. The Jamaican dollar may be used to conduct and settle all current and capital transactions.

**For current transactions and payments**

No.

**For capital transactions**

No.

**Transactions in capital and money market**

No.
<table>
<thead>
<tr>
<th>Instruments</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Payments arrangements**

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
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</table>

**Operative**

<table>
<thead>
<tr>
<th>Regional arrangements</th>
<th>No.</th>
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</table>

**Clearing agreements**

<table>
<thead>
<tr>
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<th>Yes.</th>
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</thead>
</table>

There are no restrictions on residents’ use of foreign currency to settle their foreign-currency-denominated debts or any other obligation.

The former clearing arrangements under CARICOM are no longer in effect since September 25, 1991. The BOJ no longer intervenes in CARICOM private sector commercial transactions; settlements for such transactions take place in the commercial banking sector in convertible currencies. Exporters and importers from CARICOM members make their own settlement arrangements. The BOJ operates the Systemically Important Payment Systems in Jamaica, including the JamClear systems—Real-Time Gross Settlement (RTGS) and Central Securities Depository. The BOJ provides operational support to the Automated Clearing House (ACH)—another Systemically Important Payment System owned and operated by Automated Payments Limited, a company owned by participating commercial banks. The JamClear RTGS is specifically designed to clear large-value, time-critical payments by financial market participants on accounts held at the BOJ in real time throughout the business day. Payments settled in JamClear RTGS are final and irrevocable. The JamClear systems are fully integrated, facilitating settlement on a delivery versus payment basis of all securities traded in the domestic market. With regard to the ACH, the BOJ acts as (1) participant—negotiating checks drawn on commercial banks, sending and receiving electronic files with check data, and handling direct debits and credits to and from the ACH operator; (2) settlement bank—effecting the settlement of clearing balances on the accounts of commercial banks; (3) overseer—providing oversight to ensure the efficient operations of the clearing system; and (4) supervisor of the manual clearing process—facilitating processing of items that do not qualify for the ACH and for foreign currency checks that qualify for domestic clearing—that is, checks drawn on local commercial banks or their correspondent overseas banks in the four major currencies: US dollars, Canadian dollars, pounds sterling, and euros.

Barter agreements and open accounts

<table>
<thead>
<tr>
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<th>No.</th>
</tr>
</thead>
</table>

**Administration of control**

<table>
<thead>
<tr>
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<th>Yes.</th>
</tr>
</thead>
</table>

While all residents are free to conduct transactions in foreign currency, only ADs, cambios, and exchange bureaus may undertake the business of trading in foreign exchange. The minister of finance may issue directions to specified classes of persons regarding the acquisition of foreign assets and may exempt persons from one or more of the prohibitions outlined in Section 22A(2) of the BOJ Act. Trading in foreign currency by residents and nonresidents must be authorized in their capacity as ADs, cambios, or exchange bureaus. Persons whose acquisition of foreign assets is restricted may acquire them (including foreign securities) only as directed by the minister of
finance or the BOJ acting under delegated authority from the minister of finance. This delegated authority has been exercised for cambios and exchange bureaus.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on trade in gold (coins and/or bullion)</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
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</table>

<table>
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<tr>
<th>Controls on exports and imports of banknotes</th>
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</tr>
</thead>
<tbody>
<tr>
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<td>No.</td>
</tr>
</tbody>
</table>

**Domestic currency**: No.  
There is no restriction on the amount of JMD (Jamaican dollar) that can be taken out of the country, but there are strict reporting and declaration obligations which are implemented through the border control mechanisms, for example, Customs.

<table>
<thead>
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<th>Foreign currency</th>
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<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
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</tr>
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<tbody>
<tr>
<td>On imports</td>
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</table>

<table>
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<th>No.</th>
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<tbody>
<tr>
<td>On imports</td>
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</table>

<table>
<thead>
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<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Resident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

These are subject to the ordinary tax laws of Jamaica and the foreign country.

Residents may maintain foreign exchange accounts domestically, but these are subject to the ordinary tax laws of Jamaica. These accounts facilitate balance transfers abroad. As with the operation of domestic currency accounts, institutions must fulfill know-your-customer (KYC) requirements before accepting foreign currency deposits (Section V of the BOJ’s AML/CFT/PF Guidance Notes – Know Your Customer (KYC) Know the Transaction Counterparty Policy and Procedures). In addition, minimum operational standards are determined by the institutions’ internal policy.

The BOJ AML/CFT/PF Guidance Notes were substantially updated, effective March 1, 2019, to, inter alia, incorporate discussions on a risk-based approach and risk assessments and regulatory expectations and licensees’ obligations in these regards, and provide guidance on proliferation financing, KYC and CDD requirements, AML/CFT obligations of the Boards of Licensees, PEPs, correspondent banking and virtual assets, and nominated officer regime.

<table>
<thead>
<tr>
<th>Approval required</th>
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</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents may maintain foreign exchange accounts abroad, subject to the tax laws of the foreign country. Operations of these accounts are
subject to the foreign country’s laws and regulations.

<table>
<thead>
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<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes. Residents may hold domestic currency deposits abroad. Residents are free to transfer bank balances held abroad to accounts held domestically. The Jamaican dollar is not traded internationally.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes. The residents may use Jamaican dollar balances in their account to purchase foreign currency at any time with an AD (including the bank at which the account is held) or a cambio at the rate negotiated with the counterparty.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Nonresident Accounts

| Foreign exchange accounts permitted | Yes. Nonresidents may hold foreign exchange accounts in Jamaica. Funds from these accounts may be transferred freely between residents and nonresidents as well as between domestically held accounts and those held abroad. |
| Approval required       | No.                        |
| Domestic currency accounts | Yes. The regulations governing accounts held by residents apply. Nonresidents may hold domestic currency accounts. Institutions must fulfill the necessary KYC requirements before accepting foreign currency deposits (Section V of the BOJ AML/CFT/PF Guidance Notes – Know Your Customer (KYC) Know the Transaction Counterparty Policy and Procedures). The BOJ AML/CFT/PF Guidance Notes were substantially updated, effective March 1, 2019, to, inter alia, incorporate discussions on a risk-based approach and risk assessments and regulatory expectations and licensees’ obligations in these regards, and provide guidance on proliferation financing, KYC and CDD requirements, AML/CFT obligations of the Boards of Licensees, PEPs, correspondent banking and virtual assets, and nominated officer regime. In addition, minimum operational standards are determined by the institutions’ internal policy. The Jamaican dollar is not traded internationally. |
| Convertible into foreign currency | Yes. Jamaican dollar assets may be freely converted to foreign currency assets. The regulations apply equally to nonresidents under the principle of national treatment. |
| Approval required       | No.                        |
| Blocked accounts       | No.                        |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Imports and Import Payments

| Foreign exchange budget       | No.                        |
| Financing requirements for imports | No.                        |
| Minimum financing requirements | No.                        |
| Advance payment requirements  | No.                        |
| Advance import deposits       | No.                        |
| Documentation requirements for release of foreign exchange for imports | No.                        |
Domiciliation requirements: No.
Preshipment inspection: No.
Letters of credit: No.
Import licenses used as exchange licenses: No.
Other: No.
Import licenses and other nontariff measures: Yes.
Import licenses are required for pharmaceutical products and for items that endanger public health or security; otherwise, goods may be imported freely without a license. Import licenses are issued by the Trade Board, under the direction of the Ministry of Industry, Commerce, Agriculture and Fisheries. Imports of motor vehicles require a permit for government statistical purposes. Payments for imports may be made by commercial banks without reference to the BOJ.

Positive list: No.
Negative list: Yes. Prohibited items include indecent and obscene prints and base or counterfeit coins of any country. Restricted items, which require a permit prior to importation, include meat, fruits, vegetables, pharmaceuticals, chemicals, herbal teas, firearms, used tires, radios (two-way), coconut derivatives, oil-producing seeds, edible oils, detergent (solid or liquid), motor vehicles, explosives, alcohol in bulk, sugar, human remains, pesticides, and live animals. Imports of bone marrow, brains, and cows older than two and a half years are banned.

Open general licenses: No.
Licenses with quotas: No.
Other nontariff measures: No.
Import taxes and/or tariffs: Yes. The Customs Act, as amended by the Customs Tariff (Revision) (Amendment) Resolution of 2013, applies. Tariff rates are capped at 20% in most cases.

Taxes collected through the exchange system: No.
State import monopoly: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No.
Surrender requirements: Yes.

Surrender to the central bank: Yes. The surrender requirement for ADs under the PSE facility is 15% of ADs’ US dollar purchases from commercial clients, and the surrender requirement for cambios is 10% of their daily foreign exchange purchases from commercial clients. The regular surrender arrangement for ADs and cambios is 5%. The total surrender obligation for ADs to the BOJ therefore is 20% of daily foreign currency purchases from commercial clients, and 15% for cambios.

Surrender to authorized dealers: No.
Financing requirements: No.
Documentation requirements
Letters of credit No.
Guarantees No.
Domiciliation No.
Preshipment inspection No.
Other No.
Export licenses Yes.
Without quotas Yes. Most goods may be exported without restriction and there are no export quotas. However, specific licenses are required for exports of certain agricultural products, ammunition, explosives, firearms, antique furniture, motor vehicles, mineral and metal ores, paintings, gold bullion, jewelry, ores (minerals and metals including bauxite, alumina, and gypsum), and petroleum products.
With quotas No.
Export taxes No.
Collected through the exchange system No.
Other export taxes No.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers
Controls on these transfers No.
Trade-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Investment-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Payments for travel No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements Yes.
Surrender to the central bank Yes.
The surrender requirement for ADs under the PSE facility is 15% of ADs’ US dollar purchases from commercial clients, and the surrender requirement for cambios is 10% of their daily foreign exchange purchases from commercial clients. The regular surrender arrangement for ADs is 5%. The total surrender obligation for ADs to the BOJ therefore is 20% of daily foreign currency purchases from commercial clients, and 15% for cambios.

Surrender to authorized dealers No.
Restrictions on use of funds No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements Yes.
Surrender to the central bank Yes.
The surrender requirement for ADs under the PSE facility is 20% to 15% of ADs’ US dollar purchases from commercial clients, and the surrender requirement for cambios is 10% of their daily foreign exchange purchases from commercial clients. The regular surrender
Surrender to authorized dealers No.  

Controls on capital and money market instruments Yes. Residents and nonresidents who intend to make a public offering of securities in Jamaica must register with the Financial Services Commission (FSC). Issuers must provide detailed information about themselves to the FSC and to the public. Persons dealing in such instruments should comply with the Securities Act and, where applicable, the Exempt Distribution Guidelines issued by the FSC. If the issue of debt is undertaken in foreign currency, it is subject to the foreign exchange regime under the BOJ Act.

On capital market securities Yes. Residents and nonresidents who intend to make a public offering of securities in Jamaica must register with the FSC. Issuers must provide detailed information about themselves to the FSC and to the public. Persons dealing in such instruments should comply with the Securities Act, unless exempt. Deposit-taking financial institutions are prohibited from investing on behalf of clients. This business is conducted by separate corporate entities.

Shares or other securities of a participating nature Yes. Persons issuing shares to the public must comply with the Securities Act, Guidelines and the Companies Act and, if the shares are to be listed, the Jamaica Stock Exchange rules. Persons dealing in such instruments should comply with the Securities Act, unless exempt. An offer must be made to other shareholders of the same class if any person acquires, at once or over a period of time, shares that (taken together with shares held or acquired by persons acting in concert with that person) convey 50% or more of the voting rights of a company or control of the company. Additional requirements apply.

Purchase locally by nonresidents Yes. There are no limitations on the acquisition of shares in a company by nonresidents, except shares in locally incorporated commercial banks and licensed deposit-taking institutions, no more than 5% of which may be held by a foreign government or an agency of a foreign government without the written approval of the Supervisory Committee. Pursuant to the Banking Services Act (BSA), the Supervisory Committee replaces the minister of finance as the supervisory decision-making authority.

Sale or issue locally by nonresidents Yes. There are no limitations on the sale or issue of securities by a nonresident, except for the general rules that apply to all issuers of securities pursuant to the Securities Act and its regulations. The sale or issue of debt and equity is a regulated activity. Issuers may also be required to prepare a prospectus pursuant to the Companies Act and comply with the Jamaica Stock Exchange listing rules (if listing on the exchange).

Purchase abroad by residents Yes. In the case of individuals and non-financial firms, there are no restrictions on the purchase of bonds and other debt securities abroad. ADs, insurance companies, credit unions, cambios and exchange bureaus, unit trusts, and pension fund managers may not acquire foreign assets, except in accordance with directives from the MOFP. Commercial banks, merchant banks, and building societies are ADs and have the widest remit to undertake dealings in relation to foreign currency and foreign currency instruments. According to Ministerial directives from the MOF, securities dealers, insurance companies, pension funds, unit trusts, and other collective investment plans may acquire securities issued by the Government of Jamaica (GOJ) and securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. Foreign assets may not exceed 5% of the total assets of insurance companies and pension funds. The cap on foreign assets in collective investment...
The permissible acquisition of foreign assets has been expanded to include investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside Jamaica, and shares of such corporations. Otherwise, the standard minimum requirements apply and may change. Accordingly, the foreign asset acquisition activities of insurance companies and pension funds remain restricted to securities issued by the GOJ and issued or guaranteed by the governments of Canada, the United Kingdom, and the United States, and foreign asset acquisition activities may not exceed 5% of the total assets. No directives have been issued to authorize the acquisition of foreign assets by credit unions. Parties not in these categories are not limited in their acquisition of foreign assets but may otherwise be subject to the exemption requirements to proceed with a contemplated transaction once the activity fits the description of an activity under Section 22A (2) and (3) of the BOJ Act.

Sale or issue abroad by residents No.

Bonds or other debt securities Yes. These transactions are subject to the Securities laws.

Purchase locally by nonresidents Yes. In the case of bonds issued via exempt distribution, both residents and nonresidents must meet the criteria to be eligible to purchase the bonds or debt securities. Otherwise, the Securities Act and the attendant regulations do not impose any restrictions on the purchase of local bonds or debt securities by nonresidents. There is no minimum holding period.

Sale or issue locally by nonresidents Yes. As in the case of residents, nonresidents have to comply with the laws applicable to the sale or issue of bonds or debt securities. For example, the Securities Act requires the issuer to be registered with the FSC and the Disclosure of Interest Regulations mandates the filing of information and the periodicity of such filings, and that the issuer provides an information memorandum. Where the sale or issue of debt instruments involves debt denominated in foreign currency, such issues are subject to the foreign currency dealings framework under the BOJ Act. Payments must occur through ADs; instruments must be issued with or by persons licensed under the Securities Act as a securities dealer and must comprise instruments in respect of which securities dealers have obtained the requisite exemption to deal in.

Purchase abroad by residents Yes. In the case of individuals and non-financial firms, there are no restrictions on the purchase of bonds and other debt securities abroad. ADs, insurance companies, credit unions, cambios and exchange bureaus, unit trusts, and pension fund managers may not acquire foreign assets, except in accordance with directives from the MOFP. ADs are authorized to act as an authorized dealer in relation to foreign currency and foreign currency instruments. According to Ministerial directives from the MOF, securities dealers, insurance companies, pension funds, unit trusts, and other collective investment schemes may acquire securities issued by the GOJ and securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. Foreign assets may not exceed 5% of the total assets of insurance companies and pension funds. The cap on foreign assets in collective investment schemes is 25%. The permissible acquisition of foreign assets has been expanded to include investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside Jamaica, and shares of such corporations. Otherwise, the standard minimum requirements apply and may change. Accordingly, the foreign asset acquisition activities of insurance companies and pension funds remain restricted to securities issued by the GOJ and issued or
guaranteed by the governments of Canada, the United Kingdom, and the United States, and foreign securities acquisition activities may not exceed 5% of the total assets. No directives have been issued to authorize the acquisition of foreign assets by credit unions. Parties not in these categories are not limited in their acquisition of foreign assets.

**Sale or issue abroad by residents** Yes. The Securities Act and its attendant regulations apply to residents.

**On money market instruments** Yes. These transactions fall under the regulatory oversight of the Securities Regulator (that is, the FSC).

**Purchase locally by nonresidents** No. There are no regulations which specifically address the purchase of money market instruments by nonresidents.

**Sale or issue locally by nonresidents** Yes. Sale or issue of debt and equity locally is governed by the Securities Act. Issuers may also be required to prepare a prospectus pursuant to the Companies Act or comply with the Jamaica Stock Exchange rules (if listing on the exchange). If the issue of debt is to be conducted in foreign currency, it is subject to the foreign exchange regime as stipulated in Part IVA of the BOJ Act Sections 22A, 22B, and 22C of the BOJ Act.

**Purchase abroad by residents** Yes. In the case of individuals and non-financial firms, there are no restrictions in the purchase of money market instruments abroad. ADs, insurance companies, credit unions, cambios and exchange bureaus, unit trusts, and pension fund managers may not acquire foreign assets, except in accordance with Ministerial directives from the MOF. ADs are authorized to act as an authorized dealer in relation to foreign currency and foreign currency instruments. According to Ministerial directives from the MOF, securities dealers, insurance companies, pension funds, unit trusts, and other collective investment plans may acquire securities issued by the GOJ and securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. Foreign assets may not exceed 5% of the total assets of insurance companies and pension funds, while a limit of 25% applies to collective investment plans. The permissible acquisition of foreign assets has been expanded to include investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside Jamaica, and shares of such corporations. Otherwise, the standard minimum requirements apply and may change. Accordingly, the foreign asset acquisition activities of insurance companies and pension funds remain restricted to securities issued by the GOJ and issued or guaranteed by the governments of Canada, the United Kingdom, and the United States, and foreign asset acquisition activities may not exceed 5% of the total assets. No directives have been issued to authorize the acquisition of foreign assets by credit unions. Parties not in these categories are not limited in their acquisition of foreign assets.

**Sale or issue abroad by residents** Yes. The Securities Act and its attendant regulations apply. The residents must comply with Sections 7 and 26, unless except exempt under subsection 7(2)(a).

**On collective investment securities** Yes. Unit trusts, mutual funds, and other forms of collective investment schemes (CISs) are governed by regulations under the Securities Act. The Securities Act has established a comprehensive legal framework for the regulation of CISs facilitating various forms of CISs by removing obstacles that impede the growth and diversity of the CIS industry, while granting greater protection for users of these products. The investments are managed by an investment company, whereas trust assets are held by a trustee independent of the management company. The law seeks to ensure full disclosure to investors and proper licensing of sellers. The law requires (1)
registration of CIS with the FSC; (2) fit and proper requirements of trustees and managers; and (3) proper record keeping and accounting. The law also prohibits (1) failure to file returns with the FSC; (2) false statements or falsification or destruction of documents required under the law; (3) fraudulent or misleading inducements to acquire units; (4) distribution of circulars pertaining to unregistered unit trusts; and (5) failure to keep records required by law. Authorization from the minister of finance in relation to the foreign currency component of collective investment securities is required. Banks and other licensed deposit-taking institutions cannot directly undertake investment activities on behalf of third parties (or customers), but such activities may be accommodated through separate legal entities (that is, subsidiaries) with appropriate authorization. ADs have the broadest authorization to acquire foreign assets on their own behalf subject their respective prudential requirements.

Purchase locally by nonresidents No. There are no limitations.
Sale or issue locally by nonresidents Yes. Part III of the CIS Regulations states the requirements for overseas CIS to be registered to issue its securities in Jamaica. An example of the requirements is the submission of information and documents (including but not limited to financial statements, organizational documents, and a profile of directors and officers) to satisfy the FSC, including: (1) the overseas CIS which is from a jurisdiction where the laws and regulatory oversight for CIS are sufficient to ensure investor protection and market integrity; and (2) the CIS which is in good standing in the foreign jurisdiction. The FSC has the power to request any other information to assess the application of the overseas CIS.

Purchase abroad by residents Yes. In the case of individuals and non-financial firms, there are no restrictions in the purchase of collective investment securities abroad. ADs, insurance companies, credit unions, cambios and exchange bureaus, collective investment schemes, and pension fund managers may not acquire foreign assets, except in accordance with Ministerial directives from the MOF. ADs are authorized to act as an authorized dealer in relation to foreign currency and foreign currency instruments. According to Ministerial directives from the MOF, securities dealers, insurance companies, pension funds, unit trusts, and other collective investment plans may acquire securities issued by the GOJ and securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. Foreign assets may not exceed 5% of the total assets of insurance companies and pension funds, while a limit of 25% applies to collective investment plans. The permissible acquisition of foreign assets has been expanded to include investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside Jamaica, and shares of such corporations. Otherwise, the standard minimum requirements apply and may change. Accordingly, the foreign asset acquisition activities of insurance companies and pension funds remain restricted to securities issued by the GOJ and issued or guaranteed by the governments of Canada, the United Kingdom, and the United States, and foreign asset acquisition activities may not exceed 5% of the total assets. No directives have been issued to authorize the acquisition of foreign assets by credit unions. Parties not in these categories are not limited in their acquisition of foreign assets but are subject to the restriction against dealings in foreign currency or foreign currency instruments as a business in Jamaica.

Sale or issue abroad by residents Yes. The Securities Act and its attendant regulations apply to residents.
Controls on derivatives and other Yes. These are governed by securities under the Securities Act. The
instruments definition does not contemplate any financial commodity, contract, or instrument that may be gazetted from time to time. There is none gazetted at this time.

Purchase locally by nonresidents No. There are no limitations.

Sale or issue locally by nonresidents Yes. These transactions are subject to the Securities Act and the attendant requirements apply to nonresidents.

Purchase abroad by residents Yes. In the case of individuals and non-financial firms, there are no restrictions in the purchase of derivative instruments abroad. Foreign asset acquisition activities of insurance companies and pension funds are restricted to securities issued by the GOJ and issued or guaranteed by the governments of Canada, the United Kingdom, and the United States, and foreign asset acquisition activities may not exceed 5% of the total assets. The cap on foreign assets in collective investment scheme investments is 25%.

Sale or issue abroad by residents Yes. The Securities Act and its attendant regulations apply to residents.

Controls on credit operations Yes. The Money Lending framework imposes certain requirements on non-financial institutions wishing to undertake lending activities in Jamaican dollars. The law sets forth, among other things, the prescribed maximum rate of interest (that is, rate beyond which interest cannot be charged and is periodically prescribed by the Ministerial order), the form of the lending agreement, and how moneylenders may advertise. Commercial banks, merchant banks, and building societies, nonbank financial institutions governed by the Insurance Act, and Securities Act, Industrial and Provident Societies and Friendly Societies; and statutory bodies incorporated for the purposes of lending money are exempt from the requirements of this law. The business of money lending in foreign currency is subject to the provisions of the BOJ Act. Licensed deposit takers under the BSA (that is, commercial banks, merchant banks, and building societies) are subject to statutory lending limits and other prudential requirements applicable to the extension of credit as follows: (1) Facilities to any one person (not another bank) may not exceed in the aggregate 20% of a deposit-taking institution’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 5% of the deposit-taking institution’s capital base (10% for a building society). (2) Facilities to a group may not exceed in the aggregate 40% of the bank’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 10% of the deposit-taking institution’s capital base. There are also prudential provisioning requirements applicable to the extension of credit.

Commercial credits Yes. The Money Lending Act governs transactions involving persons who do not undertake the business of extending credit.

By residents to nonresidents Yes. In relation to private persons, such transactions are subject to the laws of the overseas jurisdiction. Licensed deposit takers (that is, commercial banks, merchant banks, and building societies) are subject to statutory lending limits and other prudential requirements applicable to the extension of credit as follows: (1) Facilities to any one person (not another bank) may not exceed in the aggregate 20% of a deposit-taking institution’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 5% of the deposit-taking institution’s capital base (10% for a building society). (2) Facilities to a group may not exceed in the aggregate 40% of the bank’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 10% of the deposit-taking institution’s capital base. There are also prudential provisioning requirements applicable to the extension of credit.

To residents from nonresidents Yes. While all residents are free to conduct transactions in foreign
currency, only ADs may undertake the business of lending in foreign currency. Otherwise persons (such as nonresidents) wishing to undertake the business of lending in Jamaica must obtain the requisite exemption by Ministerial order to proceed.

**Financial credits**

Yes.

**By residents to nonresidents**

Yes. Lending activities in Jamaica involving foreign currency are subject to the foreign currency dealings provisions of the BOJ Act. Licensed deposit takers under the BSA (that is, commercial banks, merchant banks, and building societies) are subject to statutory lending limits and other prudential requirements applicable to the extension of credit as follows: (1) Facilities to any one person (not another bank) may not exceed in the aggregate 20% of a deposit-taking institution’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 5% of the deposit-taking institution’s capital base. (2) Facilities to a group may not exceed in the aggregate 40% of the bank’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 10% of the deposit-taking institution’s capital base. There are also prudential provisioning requirements applicable to the extension of credit.

**To residents from nonresidents**

Yes. The provisions of the Money Lending Act and the BOJ Act apply, if the financing is offered and/or executed in Jamaica. Money lending in foreign currency to persons resident in Jamaica is subject to the provisions of the BOJ Act, and this extends to cases in which an overseas-based person conducts financing activities in foreign currency, or through foreign currency instruments, with a Jamaica-based person, regardless of whether negotiations take place and related contracts are executed outside Jamaica.

**Guarantees, sureties, and financial backup facilities**

Yes.

**By residents to nonresidents**

Yes. In the case of individuals and non-financial firms, there are no restrictions. Licensed deposit takers under the BSA (that is, commercial banks, merchant banks, and building societies) are subject to statutory lending limits and other prudential requirements applicable to the extension of credit as follows: (1) Facilities to any one person (not another bank) may not exceed in the aggregate 20% of a deposit-taking institution’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 5% of the deposit-taking institution’s capital base. (2) Facilities to a group may not exceed in the aggregate 40% of the bank’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 10% of the deposit-taking institution’s capital base. There are also prudential provisioning requirements applicable to the extension of credit.

**To residents from nonresidents**

Yes. The provisions of the Money Lending Act and possibly the BOJ Act apply, if the financing is offered and/or executed in Jamaica. The business of money lending in foreign currency to persons resident in Jamaica is subject to the provisions of the BOJ Act, and this extends to cases in which an overseas-based person conducts financing activities in foreign currency or through foreign currency instruments with a Jamaica-based person, regardless of whether negotiations take place and related contracts are executed outside Jamaica.

**Controls on direct investment**

Yes.

**Outward direct investment**

Yes. The Exchange Control (Removal of Restrictions) Order of 1991 eliminated controls on outward direct investment. There are limits on investments by deposit-taking institutions (DTI) that apply to equity investments. Aggregate shareholdings by a DTI may not exceed 50% of the DTI’s capital base, and in any one company or enterprise may
<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
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<tbody>
<tr>
<td>Inward direct investment</td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Inward direct investment**

Yes. There are no limitations on the acquisition of shares in a company by nonresidents, except shares in locally incorporated licensed deposit-taking institutions under the BSA, no more than 5% of which may be held by a foreign government or an agency of a foreign government without the written approval of the Supervisory Committee. The Supervisory Committee is the supervisory decision-making authority.

**Controls on liquidation of direct investment**

No. To the extent that the liquidation of direct investment in locally incorporated licensed deposit-taking institutions under the BSA amounts to divestment/transfers or disposal of shares, these are subject to the approval of the Supervisory Committee where the disposal involves 20% or more of the voting shares of the DTI. If the liquidation equates to a voluntary liquidation, this requires the approval of the supervisor of banks. To the extent that the liquidation of direct investment in a corporate securities dealer amounts to a divestment/transfer or a disposal of shares that amounts to a change in ownership, the Securities Act mandates that corporate securities dealers and advisers be owned, controlled, or supervised by persons who are citizens of and habitually resident in Jamaica or a CARICOM member.

**Controls on real estate transactions**

No. No controls are in place in relation to transactions between private persons. However, persons in the real estate business (that is, valuators, dealers, developers) are subject to the Real Estate Dealers and Developers Act and oversight by the Real Estate Board. Under the BOJ Act, foreign assets include real estate situated outside of Jamaica and the foreign asset acquisition restriction that applies to certain local financial firms includes real estate located outside of Jamaica.

**Purchase abroad by residents**

No. No restrictions are in place in relation to transactions between private persons. However, persons listed in Section 22B(1) of the BOJ Act are subject to restrictions, because this activity amounts to the acquisition of a foreign asset. Although licensed deposit takers under the BSA, who are also ADs, have the broadest permit to acquire foreign assets, they are also subject to prudent and statutory limits regarding the nature and quality of investments and fixed asset holdings, which may not exceed an amount equivalent to their capital base without the approval of the supervisor.

**Purchase locally by nonresidents**

No.

**Sale locally by nonresidents**

No. No restrictions are in place in relation to transactions between private persons. However, transactions involving commercial enterprises in the real estate business are subject to the requirements of the Real Estate Dealers and Developers Act and the Real Estate Board.

**Controls on personal capital transactions**

Yes. The Money Lending Act is applicable to transactions undertaken by persons who are not involved in the business of extending credit. Otherwise, if such transactions involve commercial enterprises, the BOJ Act may apply. In addition, the Companies Act specifically prohibits private companies from soliciting capital from the public. Any activities indicative of deposit-taking or securities business are expressly prohibited under the BSA and the Securities Act.

**Loans**

Yes. The laws of the overseas jurisdiction apply. In addition, the provisions of the Money Lending Act and possibly the BOJ Act apply, if the financing is offered and/or executed in Jamaica.

**Gifts, endowments, inheritances, and legacies**

Yes. Depending on the circumstances, these matters may be subject to the existing succession laws (that is, the Probate of Deeds Act, the
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>Yes</td>
<td>Deposit-taking financial institutions may not invest on behalf of clients. This business is conducted by separate corporate entities. The BOJ operates a foreign exchange facility for PSEs, which consolidates the foreign exchange demand of PSEs where foreign exchange is sold to meet their demand, thereby minimizing volatility in the market. The surrender requirement for ADs under the PSE facility is 15% of ADs’ US dollar purchases from commercial clients, and the surrender requirement for cambios is 10% of their daily foreign exchange purchases from commercial clients. The regular surrender arrangement for ADs remains at 5%. The total surrender obligation for ADs to the BOJ therefore is 20% of daily foreign currency purchases from commercial clients, and 15% for cambios.</td>
</tr>
<tr>
<td><strong>Borrowing abroad</strong></td>
<td>Yes</td>
<td>Licensed deposit takers are not prohibited from borrowing overseas, but the extent to which such activities may be undertaken is subject to these persons continuing to meet the prudential and statutory limits regarding the nature and quality of investments. Securities dealers, which are subject to margin and capital requirements, may not engage in credit operations that would result in a breach of margin and/or capital requirements.</td>
</tr>
<tr>
<td><strong>Maintenance of accounts abroad</strong></td>
<td>No</td>
<td>No restrictions apply, but institutions must be guided by local and overseas income tax laws in relation to any interest accrued and remitted to Jamaica as well as the AML/CFT laws in this regard as well as the respective AML/CFT guidance issued by functional regulators.</td>
</tr>
<tr>
<td><strong>Lending to nonresidents (financial or commercial credits)</strong></td>
<td>Yes</td>
<td>Licensed deposit takers under the BSA are not prohibited from lending overseas, but the extent to which such activities may be undertaken is subject to these persons continuing to meet the prudential and statutory limits regarding the nature and quality of such facilities as well as any financial regulations operating in that jurisdiction. The following limits apply: Financial institutions (operating under the BSA, that is, commercial banks, merchant banks, and building societies) and financial institutions (operating under Insurance Act and Securities Act) are exempt from the requirements of the Money Lending Act. The business of money...</td>
</tr>
</tbody>
</table>
lending in foreign currency is subject to the provisions of the BOJ Act. Licensed deposit takers under the BSA (that is, commercial banks, merchant banks, and building societies) are subject to statutory lending limits and other prudential requirements applicable to the extension of credit as follows: (1) Facilities to any one person (not another bank) may not exceed in the aggregate 20% of a deposit-taking institution’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 5% of the deposit-taking institution’s capital base. (2) Facilities to a group may not exceed in the aggregate 40% of the deposit-taking institution’s capital base; for any portion of such credit facilities that is unsecured, that portion may not exceed 10% of the deposit-taking institution’s capital base. There are also prudential provisioning requirements applicable to the extension of credit. In relation to the deposit-taking institutions, the BSA 2014 repealed Banking Act (BA) and Financial Institutions Act (FIA), which governed these entities and substantially amended the Building Societies Act. The BSA came into force September 30, 2015, by Appointed Day Notice signed by the minister of finance. However, notwithstanding the repeal of the BA and FIA and amendment of the Building Societies Act, regulations (including notices and notifications) under the repealed enactments remain in effect with such changes as may be necessary, as if made under the BSA (Section 139). Securities dealers are subject to margin and capital requirements and may not engage in credit operations that would result in a breach of margin and/or capital requirements.

Lending locally in foreign exchange Yes. Currently, lending in foreign currency may be carried out only by ADs. Other commercial lenders may apply for exemptions issued by the MOF.

Purchase of locally issued securities denominated in foreign exchange Yes. Any person may purchase instruments denominated in foreign currency. ADs have the broadest permit to carry out transactions with securities issued in foreign currency. Other specific categories of companies are allowed to acquire foreign securities only in accordance with the directives issued by the MOF. By Ministerial order of exemption from the foreign currency dealings restrictions under the BOJ Act, securities dealers may currently invest in instruments denominated in foreign exchange issued by the GOJ or issued or guaranteed by the governments of Canada, the United Kingdom, or the United States. The permissible acquisition of foreign assets includes investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside Jamaica, and shares of such corporations. However, the foreign asset acquisition activities of insurance companies and pension funds remain restricted to securities issued by the GOJ and securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. The MOF may exempt other parties from such prohibitions. Deposit takers must hold capital on a risk-weighted basis that depends on the classes of assets held. Limits are communicated by the BOJ on a case-by-case basis and on request.

Reserve requirements Yes. The minimum cash reserve requirements for domestic-currency-denominated liabilities were reduced to 9% from 12% effective March 1, 2019, to 7% effective June 3, 2019, and then to 5% effective May 15, 2020. The requirement on foreign currency liabilities was reduced to 13% from 15% effective May 15, 2020. The cash reserve and liquid assets requirements are differentially...
applied to building societies not meeting a prescribed threshold of qualifying assets (residential mortgage lending) in relation to savings funds.

For building societies, domestic and foreign currency reserve requirements are based on building societies meeting the 40% threshold for domestic-currency-denominated qualifying assets in relation to domestic currency deposits and withdrawable shares and for foreign-currency-denominated qualifying assets in relation to foreign currency deposits and withdrawable shares. Societies that meet the qualifying assets threshold have lower requirements of 1% and 5% for the cash reserve and liquid assets ratios (LARs), respectively. Higher requirements apply to societies that fail to meet the prescribed thresholds. The BSA came into effect September 30, 2015, by Appointed Day Notice signed by the minister of finance. The BSA repealed and replaced the BA and FIA and substantially amended the Building Societies Act. However, notwithstanding the repeal of the BA and FIA and amendment of the Building Societies Act, regulations (including notices and notifications) under the repealed enactments remain in effect with such changes as may be necessary, as if made under the BSA (Section 139), unless expressly revoked.

**Liquid asset requirements**

Yes.

The LAR for domestic currency liabilities of commercial banks, merchant banks, and building societies was reduced from 26% to 23% effective March 1, 2019, to 21% effective June 3, 2019, and then to 19% effective May 15, 2020. The LAR for foreign currency liabilities of commercial banks, merchant banks, and building societies, which was increased to 29% from 26% in May 2018, was then reduced to 27% effective May 15, 2020. The cash reserve and liquid assets requirements are differentially applied to building societies not meeting a prescribed threshold of qualifying assets (residential mortgage lending) in relation to savings funds. For building societies, domestic and foreign currency reserve requirements are based on building societies meeting the 40% threshold for domestic-currency-denominated qualifying assets in relation to domestic currency deposits and withdrawable shares and for foreign-currency-denominated qualifying assets in relation to foreign currency deposits and withdrawable shares. Societies that meet the qualifying assets threshold have lower requirements of 1% and 5% for the cash reserve and LARs, respectively. Higher requirements apply to societies that fail to meet the prescribed thresholds. Debt securities and instruments issued by the GOJ, whether denominated in Jamaican dollars or in foreign currency and regardless of original maturity, are designated liquid assets within nine months of maturity. The BSA came into force September 30, 2015, by Appointed Day Notice signed by the minister of finance. The BSA repealed and replaced the BA and FIA and substantially amended the Building Societies Act. However, notwithstanding the repeal of the BA and FIA and amendment of the Building Societies Act, regulations (including notices and notifications) under the repealed enactments remain in effect with such changes as may be necessary, as if made under the BSA (Section 139) unless expressly revoked.

**Interest rate controls**

No.

**Credit controls**

No.

**Differential treatment of deposit accounts held by nonresidents**

No.

Deposit accounts, whether held by residents or nonresidents, are treated alike, except for the tax treatment of A accounts.

**Reserve requirements**

No.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
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<tbody>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Banks may not engage in managed funds activities on behalf of customers or other third parties.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are limits on investments by deposit-taking institutions that apply to equity investments. Aggregate shareholding may not exceed 50% of the capital base, and in any one company may not exceed 10% of the capital base.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Substantial ownership (that is, holdings of 20% or more) in banks is subject to the Supervisory Committee. Foreign governments and their agents may not hold more than 5% of the shares in locally incorporated commercial banks and licensed deposit-taking institutions, unless the Supervisory Committee approves. Pursuant to the BSA, the Supervisory Committee replaces the minister of finance as the supervisory decision-making authority.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>As of 2017, GOJ foreign currency exposures were 100% risk-weighted. Foreign currency bonds issued by the GOJ adhere to the global standard as set out in the Basel Accord. ADs, insurance companies, credit unions, building societies, cambios and exchange bureaus, collective investment schemes, and pension fund managers may not acquire foreign assets, except in accordance with directives issued by the MOF. No directions have been issued to authorize the acquisition of foreign assets by credit unions. Securities dealers and collective investment schemes plans may acquire securities issued by the GOJ and securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. The cap on foreign assets in collective investment scheme investments is 25%. In addition, the permissible acquisition of foreign assets was extended to include investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside of Jamaica, and shares of such corporations. These transactions may be undertaken in accordance with the requisite exemption orders issued under the BOJ Act. The foreign asset acquisition activities of insurance companies and pension funds remain restricted to securities issued by the GOJ and securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States, and foreign asset acquisition activities generally may not exceed 5% of the total assets. These requirements are the standard minimum requirements. The insurance, securities, and pension sector have specific legislations and attendant regulations. Limits are communicated by the BOJ on a case-by-case basis or on request.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies are subject to the requirements of the Insurance Act and its regulations and to all other regulatory requirements issued by the FSC. Insurance companies may acquire securities issued by the GOJ and securities issued or guaranteed by the governments of Canada, the United Kingdom, or the United States. Foreign assets may not exceed 5% of total assets. These requirements are the standard minimum requirements. Insurance regulations 38–72</td>
<td></td>
</tr>
</tbody>
</table>
govern the investments that an insurance company may, specifying, for example, eligible investments, portfolio limits, and prohibited investments. Limits are communicated by the BOJ on a case-by-case basis or on request.

**Limits (max.) on securities issued by nonresidents**

Yes. Insurance companies may acquire only securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. Foreign assets may not exceed 5% of the total assets of the insurance company. Pursuant to Regulation No. 59 of the Insurance Regulations, an insurer that is authorized to transact business on a branch basis in a foreign country may hold foreign securities of that country not exceeding its deposit and reserve obligations incurred in that country.

**Limits (max.) on investment portfolio held abroad**

Yes. Insurance companies may acquire only securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States. Foreign assets may not exceed 5% of the total assets of the insurance company. Matching assets must be held in relation to liabilities.

**Limits (min.) on investment portfolio held locally**

Yes. The Insurance Regulations recognize the credit risk implications of an overexposure to one type of investment. For this reason, the regulations specify certain limits for various types of investments. These limits are generally specified as a percentage of the total assets of the insurance company and not the total amount of liabilities. For example, Insurance Regulation 42 restricts any combination of investment in one counterparty to 5% of the insurer’s assets.

**Currency-matching regulations on assets/liabilities composition**

Yes. Insurance companies must ensure that matching assets are held against liabilities incurred. Insurance companies are expected to apply an asset liability management program that is appropriate to the nature, scale, and complexity of the risk and its business. The insurance act was amended to expand the powers of the FSC to prescribe regulations for insurers to establish risk management procedures based on international standards, allowing the Commission to introduce new regulations which will require insurers to carry out annual stress testing and implement asset liability management policies and procedures to assess and mitigate the risk to which these entities are exposed in their daily business activities.

**Pension funds**

Yes. The Pensions (Superannuation Funds and Retirement Schemes) Act and regulations and directions from the BOJ in relation to the acquisition of foreign assets apply. The Pensions (Superannuation Funds and Retirement Schemes) (Investment) regulations governed the pension plans’ investment. Investment in ordinary shares must be from a recognized stock exchange of a recognized jurisdiction. Recognized jurisdiction is defined as Canada, United Kingdom, or United States. Limits are communicated by the BOJ on a case-by-case basis or on request.

**Limits (max.) on securities issued by nonresidents**

Yes. For pension funds that acquire foreign assets as part of their business activities, purchases must be in accordance with directions issued by the MOF. Accordingly, pension funds may acquire only securities issued or guaranteed by the governments of Canada, the United Kingdom, or the United States, and their foreign assets may not exceed 5% of their total assets. These requirements are the standard minimum requirements and may change.

**Limits (max.) on investment portfolio held abroad**

Yes. For pension funds that acquire foreign assets as part of their business activities, purchases must be in accordance with directives issued by the MOF and the BOJ Act Section 22B(1). Pension funds may acquire only securities issued or guaranteed by the governments of Canada, the United Kingdom, and the United States, and their foreign assets may not generally exceed 5% of their total assets. These requirements are the standard minimum requirements and may change.
| **Limits (min.) on investment portfolio held locally** | Yes. | No specific regulation requires a minimum on local portfolio holdings. However, directives include maximums for institutions’ foreign investment (that is, no more than 5% of total assets in foreign assets). |
| **Currency-matching regulations on assets/liabilities composition** | No. | While pension legislation does not explicitly require currency matching, it is a criterion considered in evaluating the maturity profile of the assets and liabilities of a pension plan. |
| **Investment firms and collective investment funds** | Yes. | Securities dealers (investment firms) must be incorporated in Jamaica or CARICOM member countries. For CIS, the CIS Regulations – Parts II and III provide for the registration for both local and overseas CIS, respectively. Part III of the CIS Regulations states the requirements for overseas CIS to be registered to issue its securities in Jamaica. An example of the requirements is the submission of information and documents (including but is not limited to financial statements, organizational documents, and a profile of directors and officers) to satisfy the FSC, including: (1) the overseas CIS which is from a jurisdiction where the laws and regulatory oversight for CIS are sufficient to ensure investor protection and market integrity; and (2) the CIS which is in good standing in the foreign jurisdiction. |
| **Limits (max.) on securities issued by nonresidents** | Yes. | CIS Regulation 33 mandates investment restrictions for CIS. For example, (1) no more than 15% of the scheme’s net assets may be invested in illiquid assets and (2) no more than 10% of the scheme’s net assets may consist of securities from one issuer, except in the case of securities that are (1) issued or guaranteed by the GOJ and the BOJ and issued by any government where those securities have received an investment grade credit rating. For the SDs, there are concentration limits and large exposure limits. For the purchase of foreign securities, the cap on foreign assets for SDs and collective investment schemes’ investments is 25%. The permissible acquisition of foreign assets also includes investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside of Jamaica, and shares of such corporations. |
| **Limits (max.) on investment portfolio held abroad** | Yes. | Foreign securities investments are subject to Ministerial order under the BOJ Act, which limits such activities to securities issued or guaranteed by the governments of Canada, the United Kingdom, or the United States. In relation to investments in foreign currency instruments for own accounts, securities dealers, unit trusts, and other collective investment schemes may only acquire (1) exempt instruments (securities issued or guaranteed by the GOJ or the governments of Canada, the United Kingdom, or the United States); (2) investment grade sovereign foreign currency instruments (other than the sovereigns included in the category of exempt instruments); (3) investment grade corporate instruments issued by corporate entities outside Jamaica; and (4) shares of corporate entities incorporated outside of Jamaica whose debt is rated investment grade. With the exception of dealer investments in exempt instruments, foreign asset investments may not exceed a specified percentage of a securities dealer’s or collective investment fund’s total assets. The cap on foreign assets in collective investment scheme investments is 25%. |
| **Limits (min.) on investment portfolio held locally** | Yes. | No regulation specifies a minimum on local portfolio holdings. This is a requirement under the BOJ Act directives to insurance companies, pension funds, and collective investment schemes, which are among those specified in Section 22B of the BOJ Act. CIS Regulation 33 mandates investment restrictions for CIS. For example, (1) no more than 15% of the scheme’s net assets may be invested in illiquid assets and (2) no more than 10% of the scheme’s net assets may consist of securities from one issuer, except in the... |
case of securities that are (1) issued or guaranteed by the GOJ and the BOJ and (2) issued by the BOJ and any government where those securities have received an investment grade credit rating. For the SDs, there are concentration limits and large exposure limits. Although securities legislation does not explicitly state that a securities dealer must match the currency composition of assets against liabilities, in calculating the capital adequacy ratio, a dealer must measure its exposure in each foreign currency position by deducting all liability amounts from all asset amounts in each currency. The overall net position is added to the total of the dealer’s risk-weighted assets in determining the capital adequacy ratio. Implicitly, it is in a dealer’s best interest to match the foreign currency asset and liability positions or to hold additional capital against this specific exposure.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework
Inflation-targeting framework

Operating target (policy rate)

Policy rate 03/01/2019 As announced February 22, 2019, the overnight deposit facility for deposit-taking institutions was no longer available. Interest is paid on overnight balances in the current accounts of deposit-taking institutions at the Bank of Jamaica (BOJ). The applicable interest rate is the BOJ policy rate.

Foreign exchange market
Spot exchange market

Operated by the central bank

Auction 05/07/2020 The Bank of Jamaica (BOJ) introduced a reserve price in the BOJ Foreign Exchange Intervention Trading Tool auction to eliminate extreme pricing/bidding, aiming to maintain a rules-based, competitive, multiple price intervention system while eliminating outliers. The reserve price was calculated as a reference rate ± a predetermined spread where bids/offers above and below the highest and lowest reserve price, respectively, were not accepted.

Resident Accounts

Foreign exchange accounts permitted
Held domestically 03/01/2019 The Bank of Jamaica anti-money laundering and combating the financing of terrorism/PF (BOJ AML/CFT/PF Guidance Notes) were substantially updated to, inter alia, incorporate discussions on a risk-based approach and risk assessments and regulatory expectations and licensees’ obligations in these regards, and provide guidance on proliferation financing, know-your-customer and CDD requirements, AML/CFT obligations of the Boards of Licensees, PEPs, correspondent banking and virtual assets, and nominated officer regime.

Nonresident Accounts

Domestic currency accounts 03/01/2019 The Bank of Jamaica anti-money laundering and combating the
financing of terrorism/PF (BOJ AML/CFT/PF Guidance Notes) were substantially updated to, inter alia, incorporate discussions on a risk-based approach and risk assessments and regulatory expectations and licensees' obligations in these regards, and provide guidance on proliferation financing, know-your customer and CDD requirements, AML/CFT obligations of the Boards of Licensees, PEPs, correspondent banking and virtual assets, and nominated officer regime.

### Provisions Specific to the Financial Sector

**Differential treatment of deposit accounts in foreign exchange**

**Reserve requirements**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/01/2019</td>
<td>The minimum cash reserve requirements for domestic-currency-denominated liabilities were reduced to 9% from 12%.</td>
</tr>
<tr>
<td>06/03/2019</td>
<td>The minimum cash reserve requirements for domestic-currency-denominated liabilities were reduced to 7% from 9%.</td>
</tr>
<tr>
<td>05/15/2020</td>
<td>The minimum cash reserve requirements for domestic-currency-denominated liabilities were reduced to 5% from 7%.</td>
</tr>
<tr>
<td>05/15/2020</td>
<td>The requirement on foreign currency liabilities was reduced to 13% from 15%.</td>
</tr>
</tbody>
</table>

**Liquid asset requirements**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/01/2019</td>
<td>The liquid assets ratio for domestic currency liabilities of commercial banks, merchant banks, and building societies was reduced to 23% from 26%.</td>
</tr>
<tr>
<td>06/03/2019</td>
<td>The liquid assets ratio for domestic currency liabilities of commercial banks, merchant banks, and building societies was reduced to 21% from 23%.</td>
</tr>
<tr>
<td>05/15/2020</td>
<td>The liquid assets ratio for domestic currency liabilities of commercial banks, merchant banks, and building societies was reduced to 19% from 21%.</td>
</tr>
<tr>
<td>05/15/2020</td>
<td>The liquid assets ratio for foreign currency liabilities of commercial banks, merchant banks, and building societies was reduced to 27% from 29%.</td>
</tr>
</tbody>
</table>
JAPAN

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
August 13, 1952.

Article VIII
Yes. Date of acceptance: April 1, 1964.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

(1) A license from the authorities is required for capital transactions and payments to the following individuals and entities: (a) Al-Qaida, the Taliban, and individuals, groups, and organizations associated with terrorism, in accordance with a UNSC Resolution (UNSCR); (b) individuals and entities who violated the arms embargo with regard to the Democratic Republic of the Congo, in accordance with a UNSCR; (c) individuals and entity whose acts undermined the peace of the Central African Republic, in accordance with a UNSCR; (d) individuals and entities responsible for the annexation of Crimea and destabilization of eastern Ukraine; (e) individuals impeding the peace process in Darfur, Sudan, in accordance with a UNSCR; (f) individuals and entities engaged in or contributing to the Islamic Republic of Iran’s proliferation-sensitive activities or the development of nuclear weapons delivery systems, etc. in accordance with a UNSCR; (g) individuals and entities involved with the Democratic People’s Republic of Korea’s (DPRK’s) nuclear-related, ballistic-missile-related, or weapons of mass destruction programs in accordance with UNSCRs; (h) individuals and entities who violated the arms embargo with regard to Somalia, in accordance with a UNSCR; (i) Syrian President Bashar al-Assad and individuals and entities affiliated with him; (j) individuals whose acts threaten the peace of Yemen, in accordance with a UNSCR; and (k) individuals engaged in acts that threaten the peace of South Sudan, in accordance with UNSCR 2206, (l) individuals whose acts threaten the peace of Mali, in accordance with UNSCR 2374 (effective March 27, 2020).

(2) A license from the authorities is required for capital transactions to (a) organizations, high officials, and persons affiliated with the former government of Iraq, in accordance with a UNSCR; (b) individuals and entities associated with former Yugoslav President Slobodan Milosevic and persons affiliated with him; and (c) individuals and entities associated with Libyan leader Muammar Qadhafi, in accordance with a UNSCR. (3) A license from the authorities is required for capital transactions and payments regarding activities related to the DPRK’s nuclear-related, ballistic-missile-related, or weapons of mass destruction-related programs, in accordance with a UNSCR. (4) A license from the authorities is required for payments for (a) activities connected with Iran’s development of nuclear and other weapons, in accordance with a UNSCR; and (b) activities that contribute to supplying Iran with conventional arms or related material, in accordance with a UNSCR.
(5) A license from the authorities is required for the transfer of shares to Iran-related entities and individuals of companies in nuclear-related industries in which a UNSCR prohibits investment by Iran. (6) A license from the authorities is required for the issuance of or offering for subscription of securities in Japan by designated Russian entities. (7) A license from the authorities is required for the payment to the DPRK, except for the case in which the amount is ¥0.1 million or less with humanitarian purposes, came into force.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Japan is the Japanese yen.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Yes. The de jure exchange rate arrangement is free floating. The exchange rate of the yen is determined on the basis of supply and demand in the foreign exchange market. However, the authorities intervene when necessary to counter disorderly conditions in the market. The principal intervention currency is the US dollar. Interventions fall within the mandate of the MOF, which publishes daily purchases and sales amounts as well as intervention currencies on its website. The BOJ, acting as agent of the Minister of Finance, intervenes in the market through financial institutions and/or brokers. The last time the MOF intervened in the foreign exchange market was from October 31 through November 4, 2011 (¥9,091.6 billion), to address excess volatility and disorderly exchange rate movement. Accordingly, the de facto exchange rate arrangement is classified as free floating. The MOF publishes monthly data on foreign exchange interventions in its monthly press release.
<table>
<thead>
<tr>
<th>Official exchange rate</th>
<th>No.</th>
<th>There are no officially set rates in the spot exchange market, and spot exchange transactions are based on free-market rates. Therefore, the authorities do not publish a reference rate.</th>
</tr>
</thead>
</table>

**Monetary policy framework**

<table>
<thead>
<tr>
<th>Exchange rate anchor</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. dollar</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Euro</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Composite</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monetary aggregate target</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation-targeting framework</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Target setting body</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Central Bank</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Monetary Policy Committee</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Central Bank Board</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Government and Central Bank**

<table>
<thead>
<tr>
<th>Inflation target</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target number</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Point target</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Target with tolerance band</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Band/Range</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target measure</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>CPI</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Core inflation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target horizon</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In 2013, the BOJ set the “price stability target” at 2% in terms of the year-on-year rate of change in the consumer price index (CPI), and has made a commitment to achieving this target at the earliest possible time.

In January 2013, the BOJ decided to set the “price stability target” under the framework for the conduct of monetary policy by majority vote. The “price stability target” is also stated in the joint statement of the government and the BOJ on Overcoming Deflation and Achieving Sustainable Economic Growth, released at the same time. The “price stability target” is set by the Board of the BOJ.

The BOJ set the target at 2% in terms of the year-on-year rate of change in the CPI. In 2016, the BOJ introduced an inflation-overshooting commitment, under which it continues expanding the monetary base until the year-on-year rate of increase in the observed CPI (all items less fresh food) exceeds 2% and stays above the target in a stable manner.

CPI headline inflation, year-on-year rate of change, is used for the target measure.

The headline inflation is CPI based.

The BOJ aims to achieve the price stability target of 2% at the earliest possible time (Joint statement of the Government and the
A negative interest rate of minus 0.1% to the Policy-Rate Balances in current accounts held by financial institutions at the BOJ is the short-term policy interest rate. The BOJ also targets the 10-year Japanese Government Bond (JGB) yield at around 0%. In 2018, with a view to persistently continuing with powerful monetary easing, the BOJ decided to strengthen its commitment to achieving the price stability target by introducing forward guidance for policy rates. Effective April 27, 2020, the BOJ lifted the quantitative target for the annual JGB purchases of ¥80 trillion and will purchase a necessary amount of JGBs without setting an upper limit on its guidance on JGB purchases to maintain 10-year JGB yields at around 0%.

The BOJ prepares and submits the Semiannual Report on Currency and Monetary Control to the Diet, twice a year.

The BOJ releases the Outlook for Economic Activity and Prices (Outlook Report) quarterly (usually January, April, July, and October). The Outlook Report presents the BOJ’s outlook for developments in economic activity and prices, assesses upside and downside risks, and outlines its views on the future course of monetary policy. The Monetary Policy Meetings are held eight times a year, and the Statement on Monetary Policy is released immediately after the meeting. The Summary of Opinions is published about a week after the meeting.

Votes are published in the Statement on Monetary Policy.

The minutes of each Monetary Policy Meeting are published after the following meeting. The transcript of each Monetary Policy Meeting is published ten years after the Monetary Policy Meeting (available only in Japanese).

Each Board member’s forecasts for the economy and prices are released in the Outlook Report quarterly.

Dealers are allowed to freely determine their bid-ask spreads and foreign exchange commissions with their clients.

Licenses are not required from any authority, including the BOJ, for financial institutions to deal in foreign exchange with the public. Other than interbank market participants, those conducting foreign exchange businesses who deal in foreign exchange transactions of more than ¥1 million a month must submit the report on transacted information to the authority; about 400 financial institutions reported to the MOF in 2016.
Participation in the foreign exchange market in Japan does not require a license, and there are no limits on the bid-ask spreads and commissions of market participants. Financial institutions also transact directly with each other. Brokers play a major role in the market. The participants in the interbank foreign exchange market must adhere to the Code of Conduct published by the Tokyo Foreign Exchange Market Committee. There are no officially set rates in the forward exchange market, and forward exchange transactions are based on free-market rates. The BOJ does not participate in the foreign exchange derivatives market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** No.

**Controls on the use of domestic currency** No.

**For current transactions and payments** No.

**For capital transactions** No.

**Transactions in capital and money market instruments** No.

**Transactions in derivatives and other instruments** No.

**Credit operations** No.

**Use of foreign exchange among residents** No.

**Payments arrangements** No.

**Bilateral payments arrangements** No.

**Operative** No.

**Inoperative** No.

**Regional arrangements** No.

**Clearing agreements** No.

**Barter agreements and open accounts** No.

**Administration of control** Yes. The exchange and trade control system is administered mainly by the MOF, the Ministry of Economy, Trade and Industry (METI), and the BOJ, which acts as the government’s agent.
<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Export and import of gold (not less than 90% purity) exceeding one kilogram in total weight must be declared to the MOF through the customs authorities. A license from the authorities is required for import from or export to the DPRK.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Export of means of payment (including banknotes, checks, traveler’s checks, promissory notes) and securities in domestic currency exceeding the equivalent of ¥1 million must be declared to the MOF through the customs authorities. The declaration threshold regarding export of cash and other means of payment/cash courier to the DPRK is ¥0.1 million or its equivalent. A license from the authorities is required for exports of means of payment and securities that contribute to activities related to the DPRK’s nuclear-related, ballistic-missile-related, or weapons of mass destruction-related programs, in accordance with a UNSCR.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Export of means of payment (including banknotes, checks, traveler’s checks, promissory notes) and securities in foreign currency exceeding the equivalent of ¥1 million must be declared to the MOF through the customs authorities. The declaration threshold regarding export of cash and other means of payment/cash courier to the DPRK is ¥0.1 million or its equivalent. A license from the authorities is required for imports of means of payment and securities that contribute to activities related to the DPRK’s nuclear-related, ballistic-missile-related, or weapons of mass destruction-related programs, in accordance with a UNSCR.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Import of means of payment (including banknotes, checks, traveler’s checks, promissory notes) and securities in domestic currency exceeding the equivalent of ¥1 million must be declared to the MOF through the customs authorities. A license from the authorities is required for imports of means of payment and securities that contribute to activities related to the DPRK’s nuclear-related, ballistic-missile-related, or weapons of mass destruction-related programs, in accordance with a UNSCR.</td>
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<tr>
<td>Foreign currency</td>
<td>Yes.</td>
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<td></td>
<td>Import of means of payment (including banknotes, checks, traveler’s checks, promissory notes) and securities in foreign currency exceeding the equivalent of ¥1 million must be declared to the MOF through the customs authorities. A license from the authorities is required for imports of means of payment and securities that contribute to activities related to the DPRK’s nuclear-related, ballistic-missile-related, or weapons of mass destruction-related programs, in accordance with a UNSCR.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>
### Resident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Certain goods are subject to import restrictions under the Import Trade Control Order for reasons of national security, public health,</td>
</tr>
</tbody>
</table>

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Imports of these goods require METI approval. For the importation of restricted items, METI authorization and an import quota certificate are required. The importation of certain other goods from specific countries or shipping areas requires individual METI authorization. Import settlements effected under special methods require METI authorization.

<table>
<thead>
<tr>
<th>Positive list</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports of certain illicit goods, including drugs, guns, and counterfeit goods, are prohibited under the Customs Law.

The Japanese tariff system is stipulated by the Customs Law, Customs Tariff Law, and Temporary Tariff Measures Law. The harmonized classification schedule annexed in the Customs Tariff Law sets out both the classification and the corresponding customs duty rate (called the general rate) of particular products. The rate actually applied, however, is not necessarily the general rate. The Temporary Tariff Measures Law sets out the temporary rate for certain products, which in these cases prevails over the general rate. In addition, when the customs duty rate in the WTO Concession Schedule (so-called WTO rate) is lower than the general rate (or the temporary rate, if applicable), the WTO rate or Economic Partnership Agreement (EPA) rate is applied. For designated developing countries and areas, the Temporary Tariff Measures Law also provides a preferential rate, which is applicable to certain products and lower than the above rates. The EPA rate is applicable to the originating goods of the party.

Taxes collected through the exchange system | No. |
State import monopoly | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements | No. |
Surrender requirements | No. |
Surrender to the central bank | No. |
Surrender to authorized dealers | No. |
Financing requirements | No. |
Documentation requirements | No. |
Letters of credit | No. |
Guarantees | No. |
Domiciliation | No. |
Preshipment inspection | No. |
<table>
<thead>
<tr>
<th><strong>Other</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Certain goods are subject to export restrictions under the Export Trade Control Order for reasons of international security and environmental protection, etc. Exports of specified raw materials for foreign processing and reimportation require individual licenses. Dual-use products are subject to licensing requirements based on the Export Trade Control Order.</td>
<td></td>
</tr>
<tr>
<td><strong>Without quotas</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>With quotas</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Collected through the exchange system</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Payments for Invisible Transactions and Current Transfers

| **Controls on these transfers** | Yes. |
| **Trade-related payments** | Yes. |
| **Prior approval** | No. |
| **Quantitative limits** | No. |
| **Indicative limits/bona fide test** | Yes. |
| Customers must present identification, such as a driver’s license, health insurance certificate, or passport, at the teller counter of a financial institution to transfer funds in cash exceeding ¥0.1 million. |
| **Investment-related payments** | Yes. |
| **Prior approval** | No. |
| **Quantitative limits** | No. |
| **Indicative limits/bona fide test** | Yes. |
| Customers must present identification, such as a driver’s license, health insurance certificate, or passport, at the teller counter of a financial institution to transfer funds in cash exceeding ¥0.1 million. |
| **Payments for travel** | Yes. |
| **Prior approval** | No. |
| **Quantitative limits** | No. |
| **Indicative limits/bona fide test** | Yes. |
| Customers must present identification, such as a driver’s license, health insurance certificate, or passport, at the teller counter of a financial institution to transfer funds in cash exceeding ¥0.1 million. |
| **Personal payments** | Yes. |
| **Prior approval** | No. |
| **Quantitative limits** | No. |
| **Indicative limits/bona fide test** | Yes. |
| Customers must present identification, such as a driver’s license, health insurance certificate, or passport, at the teller counter of a financial institution to transfer funds in cash exceeding ¥0.1 million. |
Foreign workers' wages  

*Yes.*

**Prior approval**  

*No.*

**Quantitative limits**  

*No.*

**Indicative limits/bona fide test**  

*Yes.*  

Customers must present identification, such as a driver’s license, health insurance certificate, or passport, at the teller counter of a financial institution to transfer funds in cash exceeding ¥0.1 million.

**Credit card use abroad**  

*No.*

**Prior approval**  

*No.*

**Quantitative limits**  

*No.*

**Indicative limits/bona fide test**  

*No.*

**Other payments**  

*Yes.*

**Prior approval**  

*No.*

**Quantitative limits**  

*No.*

**Indicative limits/bona fide test**  

*Yes.*  

Customers must present identification, such as a driver’s license, health insurance certificate, or passport, at the teller counter of a financial institution to transfer funds in cash exceeding ¥0.1 million.

**References to legal instruments and hyperlinks**  

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**  

*No.*

**Surrender requirements**  

*No.*

**Surrender to the central bank**  

*No.*

**Surrender to authorized dealers**  

*No.*

**Restrictions on use of funds**  

*No.*

**References to legal instruments and hyperlinks**  

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**  

*Yes.*

**Repatriation requirements**  

*No.*

**Surrender requirements**  

*No.*

**Surrender to the central bank**  

*No.*

**Surrender to authorized dealers**  

*No.*

**Controls on capital and money market instruments**  

*Yes.*

**On capital market securities**  

*Yes.*

**Shares or other securities of a participating nature**  

*Yes.*

**Purchase locally by nonresidents**  

*Yes.*  

Controls apply to the extent that the purchase of shares is affected by
laws on inward direct investment. Effective May 8, 2020, the amended Foreign Exchange and Foreign Trade Act (FEFTA) passed in November 2019 and its subsequent regulations introduced the exemption scheme for prior notification for stock purchases and lowered the threshold of inward direct investment in designated industries that require prior notification to 1% from 10%. The prior notification of stock purchases is exempted for investors that comply with the following conditions: (1) Investors or their closely-related persons do not become board members of the investee company (2) Investors do not propose to the general shareholders’ meeting transfer or disposition of investee company’s business activities in the designated business sectors; (3) Investors do not access non-public information about the investee company’s technology in relation with business activities in the designated business sectors.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Type of Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>
Outward direct investment by residents in the following industries requires prior notification: (1) fisheries and (2) manufacture of (a) leather or leather products, (b) weapons, (c) equipment related to weapons manufacturing, and (d) narcotics. Controls apply to investment in a company engaged in fishing regulated by international treaties to which Japan is a party or fishing operations under the Japanese Fisheries Act.

Inward direct investment by foreign investors in the following industries requires prior notification: (1) aircraft, armaments, nuclear power, space technology, and explosives production, cyber security (effective August 1, 2019), for national security; (2) electricity, gas, heat supply, telecommunications, broadcasting, water, railroad, and passenger transport, for public order; (3) biological and security industries, for public safety; (4) oil, leather and leather products, agriculture, forestry and fisheries, air transport, and maritime industries, to ensure smooth operation of the economy; and (5) investment by investors from countries with which Japan does not have a treaty or other international agreement on inward direct investment, for reciprocity reasons. Effective May 8, 2020, the amended Foreign Exchange and Foreign Trade Act (FEFTA) passed in November 2019 and its subsequent regulations introduced the exemption scheme for prior notification for stock purchases and lowered the threshold of inward direct investment in designated industries that require prior notification to 1% from 10%.

Under the Law Concerning Nippon Telegraph and Telephone Corporation, etc., direct and indirect foreign capital participation in the Nippon Telegraph and Telephone Corporation must be less than one-third. Under the Radio Law and Broadcast Law, foreigners and foreign-controlled firms may not hold licenses to operate broadcasting stations nor be approved as broadcasters. Firms are considered foreign controlled if any of their executive directors are foreigners or if foreigners hold at least one-fifth (for territorial broadcasting stations, including indirect investment) or one-third (for facility-supplying broadcasters) of voting rights. Under the Civil Aeronautics Law, only firms with less than one-third of voting rights held by foreigners and in which none of the representatives and less than one-third of the board of directors are foreigners may hold a license to operate an air transport business.
| **Controls on real estate transactions** | No. |
| **Purchase abroad by residents** | No. |
| **Purchase locally by nonresidents** | No. |
| **Sale locally by nonresidents** | No. |
| **Controls on personal capital transactions** | No. |
| **Loans** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Gifts, endowments, inheritances, and legacies** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Settlement of debts abroad by immigrants** | No. |
| **Transfer of assets** | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| **Transfer of gambling and prize earnings** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

| **Provisions specific to commercial banks and other credit institutions** | No. |
| **Borrowing abroad** | No. |
| **Maintenance of accounts abroad** | No. |
| **Lending to nonresidents (financial or commercial credits)** | No. |
| **Lending locally in foreign exchange** | No. |
| **Purchase of locally issued securities denominated in foreign exchange** | No. |
| **Differential treatment of deposit accounts in foreign exchange** | No. |
| **Reserve requirements** | No. |
| **Liquid asset requirements** | No. |
| **Interest rate controls** | No. |
| **Credit controls** | No. |
| **Differential treatment of deposit accounts held by nonresidents** | No. |
| **Reserve requirements** | No. |
Liquid asset requirements  No.
Interest rate controls  No.
Credit controls  No.
Investment regulations  No.
Abroad by banks  No.
In banks by nonresidents  No.
Open foreign exchange position limits  No.
On resident assets and liabilities  No.
On nonresident assets and liabilities  No.
Provisions specific to institutional investors  No.
Insurance companies  No.
Limits (max.) on securities issued by nonresidents  No.
Limits (max.) on investment portfolio held abroad  No.
Limits (min.) on investment portfolio held locally  No.
Currency-matching regulations on assets/liabilities composition  No.
Pension funds  No.
Limits (max.) on securities issued by nonresidents  No.
Limits (max.) on investment portfolio held abroad  No.
Limits (min.) on investment portfolio held locally  No.
Currency-matching regulations on assets/liabilities composition  No.
Investment firms and collective investment funds  No.
Limits (max.) on securities issued by nonresidents  No.
Limits (max.) on investment portfolio held abroad  No.
Limits (min.) on investment portfolio held locally  No.
Currency-matching regulations on assets/liabilities composition  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures
security reasons
In accordance with IMF Executive Board Decision No. 144-(52/51) 03/27/2020 Measures with respect to individuals whose acts threaten the peace of Mali were imposed in accordance with UNSCR 2374.

Exchange Arrangement

Monetary policy framework
Inflation-targeting framework
Operating target (policy rate)
Policy rate 04/27/2020 The BOJ lifted the quantitative target for the annual Japanese Government Bond (JGB) purchases of ¥80 trillion and will purchase a necessary amount of JGBs without setting an upper limit on its guidance on JGB purchases to maintain 10-year JGB yields at around 0%.

Capital Transactions

Controls on capital transactions
Controls on capital and money market instruments
On capital market securities
Shares or other securities of a participating nature
Purchase locally by nonresidents 05/08/2020 The prior notification of stock purchases is exempted for investors that comply with the following conditions: (1) Investors or their closely-related persons do not become board members of the investee company (2) Investors do not propose to the general shareholders’ meeting transfer or disposition of investee company’s business activities in the designated business sectors; (3) Investors do not access non-public information about the investee company’s technology in relation with business activities in the designated business sectors.

Controls on direct investment
Inward direct investment 08/01/2019 Cybersecurity was added to the list of industries that require prior notification.
05/08/2020 The amended Foreign Exchange and Foreign Trade Act passed in November 2019 and its subsequent regulations introduced the exemption scheme for prior notification for stock purchases.
05/08/2020 The amended Foreign Exchange and Foreign Trade Act passed in November 2019 and its subsequent regulations lowered the threshold of inward direct investment in designated industries that require prior notification to 1% from 10%.
JORDAN

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: August 29, 1952.


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): No.

Other security restrictions: Yes. The Central Bank of Jordan (CBJ) has instructed banks to comply with all UNSC resolutions regarding the freezing of funds. Banks are required to inform the CBJ of financial transactions by natural or legal persons listed by the UN in accordance with UNSC resolutions.

References to legal instruments and hyperlinks:

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Jordan is the Jordanian dinar. The CBJ issues commemorative gold coins, which are legal tender but do not circulate and are available to residents and nonresidents.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg: Yes. The exchange rate arrangement is a conventional pegged arrangement. The dinar is officially pegged to the SDR, but in practice, it has been pegged to the US dollar since late 1995. The CBJ is responsible for maintaining the stability of the dinar exchange rate.

Stabilized arrangement

Crawling peg

Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

Yes. The exchange rate is officially determined by the Jordanian dinar against the US dollar only. The selling and buying rates are US$1 per JD 0.710 and US$1 per JD 0.708, respectively.

**Monetary policy framework**

Exchange rate anchor

Yes. **U.S. dollar**

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

**Inflation target**

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

**Operating target (policy rate)**

Policy rate
The rates on foreign currencies (especially the rates for the US dollar) are monitored by the CBJ on a daily basis, to ensure that they are within the range of buying and selling boundaries announced by the CBJ.

Foreign exchange bureaus (including those jointly owned by Jordanians and foreigners) may operate in Jordan and must be licensed by the CBJ. There are 22 foreign exchange bureaus. Pursuant to Article 16 of Money Exchange Business Law No. 44 of 2015, they may practice buying, selling, and exchanging foreign currency notes and coins, and any of the following activities according to the license granted by the Board: (1) buying and selling checks denominated in foreign currency; (2) buying and selling precious metals; (3) importing and exporting foreign banknotes, coins, and precious metals; (4) sending and receiving of financial transfers; and (5) carrying out any other activities or services approved by the Board.

Foreign exchange bureaus cannot make foreign exchange transactions directly with the CB.

The CBJ buys and sells foreign exchange at the official rate. The difference between the CBJ’s buying and selling rates is JD 0.002.

Money changers operate according to supply and demand for foreign currency in the local market, and the buying and selling prices of foreign currency are quoted by the international market; therefore, money changers do not operate either as brokers or as market makers.
Brokerage | No.
Market making | No.
Forward exchange market | Yes. Licensed banks may buy an unlimited amount of foreign currency forward contracts against dinars from their customers, and they may sell foreign currency forward contracts against dinars to their customers to pay for imports into Jordan.

Official cover of forward operations | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

| Prescription of currency requirements | No. No restrictions apply to transactions in domestic or foreign currency. |
| Controls on the use of domestic currency | No. |
| For current transactions and payments | No. |
| For capital transactions | No. |
| Transactions in capital and money market instruments | No. |
| Transactions in derivatives and other instruments | No. |
| Credit operations | No. |
| Use of foreign exchange among residents | No. Residents may use foreign exchange for transactions. |
| Payments arrangements | Yes. |
| Bilateral payments arrangements | Yes. |
| Operative | No. |
| Inoperative | Yes. There is an inoperative arrangement with Syria. |
| Regional arrangements | No. |
| Clearing agreements | No. |
| Barter agreements and open accounts | No. |
| Administration of control | No. |
| Payments arrears | No. Payments arrears owed to bilateral creditors have been rescheduled under a Paris Club Agreement. |
| Official | No. |
| Private | No. |
| Controls on trade in gold (coins and/or bullion) | No. Inflows and outflows of local and foreign banknotes, coins, other payments, and gold are permitted without restriction. |
| On domestic ownership and/or trade | No. |
| On external trade | No. |
| Controls on exports and imports of banknotes | No. Inflows and outflows of local and foreign banknotes, coins, other payments, and gold are permitted without restriction. |
| On exports | No. |
**Domestic currency**  No.

**Foreign currency**  No.

On imports  No.

**Domestic currency**  No.

**Foreign currency**  No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**  Yes.

Held domestically  Yes.  Inflows and outflows of local and foreign banknotes, coins, other payments, and gold are permitted without restriction.

**Approval required**  No.

Held abroad  Yes.  Inflows and outflows of local and foreign banknotes, coins, other payments, and gold are permitted without restriction.

**Approval required**  No.

**Accounts in domestic currency held abroad**  Yes.  The balances of domestic currency accounts held abroad may be transferred to the home country freely.

**Accounts in domestic currency convertible into foreign currency**  Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted**  Yes.

Approval required  No.  For statistical purposes, proof of domicile is required when nonresident accounts are opened.

**Domestic currency accounts**  Yes.

Convertible into foreign currency  Yes.  The balances of domestic currency accounts may be freely converted to foreign currency and transferred abroad.

**Approval required**  No.

**Blocked accounts**  No.  Funds in accounts of certain individuals associated with the former government of Iraq have been transferred to the frozen deposits management fund.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

**Foreign exchange budget**  No.

**Financing requirements for imports**  No.

Minimum financing requirements  No.

Advance payment requirements  No.

Advance import deposits  No.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>The negative list includes certain goods that are prohibited for national security reasons.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>The maximum tariff rate is 30% in general; higher rates apply only to cigarettes and alcoholic beverages.</td>
<td></td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Five goods are subject to a government import monopoly.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses for exports are not required, except for wheat and barley products.</td>
<td></td>
</tr>
</tbody>
</table>
With quotas
Yes.

Export taxes
No.

Collected through the exchange system
No.

Other export taxes
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
No.

Trade-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Investment-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Payments for travel
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Personal payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Foreign workers' wages
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Credit card use abroad
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.
<table>
<thead>
<tr>
<th>Other payments</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
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### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**Restrictions on use of funds**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on capital and money market instruments**
Yes.

**On capital market securities**
Yes.

**Shares or other securities of a participating nature**
Yes.

**Purchase locally by nonresidents**
Yes.

Effective May 16, 2019, nonresident investments are limited to less than 50% of the subscribed shares of the capital of a number of economic activities, most notably, retail and wholesale trade, construction services and related services, restaurants and cafes, commercial and insurance brokerage, and passengers transport services.

Other economic activities are open to non-Jordanians with no restrictions on the percentage of ownership. In addition, any non-Jordanian investor is allowed to own a business with no restrictions on the percentage of ownership in any of the following cases: (1) the investor intends to own an existing Jordanian company, (2) the project is located outside the capital, or (3) the project is of special economic importance according to specific conditions. Previously, nonresident investments were limited to 49% ownership or 50% subscription in shares in the following major sectors: commerce and trade services, contracting, and transportation. Nonresidents could not invest in the following sectors: investigation and security firms, quarries for natural sand and rocks, and bakeries of all types.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Control Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>There are no controls on these transactions, except exposure limits.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Activity</td>
<td>Status</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No</td>
</tr>
<tr>
<td>Loans</td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer abroad by emigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer into the country by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

| **Provisions specific to commercial banks and other credit institutions** | Yes. |
| **Borrowing abroad** | No. |
| **Maintenance of accounts abroad** | No. |
| **Lending to nonresidents (financial or commercial credits)** | Yes. | Licensed banks may lend to nonresidents who engage in business activities in Jordan. Licensed banks are not permitted to lend nonresidents who do not engage in business activities in Jordan. |
| **Lending locally in foreign exchange** | Yes. | Licensed banks may lend locally in foreign exchange for export and reexport purposes, in addition to certain sectors such as tourism, transportation, and hotels. |
| **Purchase of locally issued securities denominated in foreign exchange** | No. |
| **Differential treatment of deposit accounts in foreign exchange** | Yes. |

**Reserve requirements**
No. | The reserve requirement is 7.0% for deposit accounts in dinars and foreign exchange. |

**Liquid asset requirements**
Yes. | According to CBJ Instruction for Legal Liquidity No. 37/2007 of 2007, banks must keep liquid assets equal to at least 100% of their weighted liabilities in all currencies (including dinars) and at least 70% of their weighted liabilities in dinars. |

**Interest rate controls**
No. |

**Credit controls**
Yes. | Pursuant to CBJ instruction on direct credit facilities in foreign currencies granted to the exportation and reexportation sectors No. 53/2011 of February 9, 2011, banks are prohibited from extending direct credit facilities in foreign currency except for export and reexport activities, in addition to certain sectors such as tourism, transportation, and hotels. |

**Differential treatment of deposit accounts held by nonresidents**
No. |

**Reserve requirements**
No. |

**Liquid asset requirements**
No. |

**Interest rate controls**
No. |

**Credit controls**
No. |

**Investment regulations**
No. |

**Abroad by banks**
No. | No controls apply, except foreign exchange exposure limits. |

**In banks by nonresidents**
No. |
### Open foreign exchange position limits

**Yes.**

The open foreign exchange position in individual foreign currency (excluding US dollars) is limited to 5% of bank equity. The aggregate open position (and that in US dollars) is limited to 15% of bank capital.

### On resident assets and liabilities

**Yes.**

The open foreign exchange position in individual foreign currency (excluding US dollars) is limited to 5% of bank equity. The aggregate open position (and that in US dollars) is limited to 15% of bank capital.

### On nonresident assets and liabilities

**Yes.**

The open foreign exchange position in individual foreign currency (excluding US dollars) is limited to 5% of bank equity. The aggregate open position (and that in US dollars) is limited to 15% of bank capital.

### Provisions specific to institutional investors

**Yes.**

**Insurance companies**

**No.**

**Limits (max.) on securities issued by nonresidents**

**No.**

**Limits (max.) on investment portfolio held abroad**

**No.**

**Limits (min.) on investment portfolio held locally**

**No.**

**Currency-matching regulations on assets/liabilities composition**

**No.**

No controls apply, except foreign exchange exposure limits.

**Pension funds**

**Yes.**

**Limits (max.) on securities issued by nonresidents**

**Yes.** The Social Security Corporation may not invest more than 10% of its assets abroad.

**Limits (max.) on investment portfolio held abroad**

**Yes.** The Social Security Corporation may not invest more than 10% of its assets abroad.

**Limits (min.) on investment portfolio held locally**

**Yes.** The Social Security Corporation must invest at least 90% of its assets locally.

**Currency-matching regulations on assets/liabilities composition**

**n.a.**

**Investment firms and collective investment funds**

**Yes.**

**Limits (max.) on securities issued by nonresidents**

**Yes.** Mutual funds and investment companies may not invest more than 5% of their assets in securities traded on foreign stock exchanges issued by one entity.

**Limits (max.) on investment portfolio held abroad**

**Yes.** The investment portfolio may not exceed 75% of its investments on all foreign stock exchanges.

**Limits (min.) on investment portfolio held locally**

**Yes.** Investments may not exceed 10% of total investments held locally, except for investment in the securities guaranteed by the government, which may not exceed 50% of total assets.

**Currency-matching regulations on assets/liabilities composition**

**n.a.**

**References to legal instruments and hyperlinks**

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### Changes during 2019 and 2020

### Capital Transactions

**Controls on capital transactions**

Controls on capital and money market instruments

**On capital market securities**
Nonresident investments are limited to less than 50% of the subscribed shares of the capital of a number of economic activities, most notably, retail and wholesale trade, construction services and related services, restaurants and cafes, commercial and insurance brokerage, and passengers transport services. Other economic activities are open to non-Jordanians with no restrictions on the percentage of ownership. In addition, any non-Jordanian investor is allowed to own a business with no restrictions on the percentage of ownership in any of the following cases: (1) the investor intends to own an existing Jordanian company, (2) the project is located outside the capital, or (3) the project is of special economic importance according to specific conditions. Previously, nonresident investments were limited to 49% ownership or 50% subscription in shares in the following major sectors: commerce and trade services, contracting, and transportation. Nonresidents could not invest in the following sectors: investigation and security firms, quarries for natural sand and rocks, and bakeries of all types.
### KAZAKHSTAN

*(Position as of June 30, 2020)*

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 15, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

**Date of acceptance:** July 16, 1996.

#### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

There are restrictions on financial transactions and accounts of persons and organizations associated with, or suspected of association with, terrorism or the financing of terrorism, pursuant to UNSC resolutions and the list of organizations and persons associated with the financing of terrorism and extremism prepared by the Financial Monitoring Committee of the Republic of Kazakhstan Ministry of Finance.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**The currency of Kazakhstan is the Kazakhstani tenge.**

#### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
<tr>
<td>Stabilized arrangement</td>
</tr>
<tr>
<td>Crawling peg</td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
</tr>
<tr>
<td>Pegged exchange rate within horizontal bands</td>
</tr>
</tbody>
</table>

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Other managed arrangement

Floating

The de jure exchange rate arrangement is free floating. Throughout 2019 and the first half of 2020, the exchange rate of the tenge has been influenced by internal and external factors. External factors include the price of oil and the dynamics of trading partners’ currencies. Internal factors include the inflation rate, the status of the balance of payments, interest rates, performance of tax payments by large exporters, the rate of spending of budget funds, dollarization, as well as internal seasonal factors. In 2019 political events – the resignation of the First President and presidential elections – were also an internal factor.

In 2019 external factors moved in different directions during the year, there was volatility in oil prices because of trade disputes between the United States and China and the risk of a slowdown in global economic growth. After strengthening in the first two months of 2019, starting in late February 2019, the exchange rate followed a depreciating trend against the US dollar. The drop in oil prices, in addition to political events in Kazakhstan, had the greatest impact on the weakening of the tenge during this period. In the third quarter of 2019, against the backdrop of a continuing decline in oil prices because of unsuccessful talks between the United States and China and the announcement of new reciprocal duties, the exchange rate of the domestic currency continued its moderate weakening. In the fourth quarter, the weakening trend in the tenge was interrupted against a backdrop of favorable external factors – progress that was made in trade talks between the United States and China, which had a positive impact on oil quotations, and also higher demand by investors for risk assets. Furthermore, in November–December large sales by exporters of foreign exchange earnings to pay tax liabilities had an impact on the strengthening of the domestic currency.

From 2019 through June 30, 2020, the exchange rate of the tenge fluctuated widely between 373.56 and 448.52 tenge to the US dollar.

The National Bank of Kazakhstan (NBK) publishes monthly data on foreign exchange interventions on a regular basis, with time series available from January 1996. Data are usually published within two weeks from the end of the reporting period. The de facto exchange rate arrangement is classified as floating.

Free floating

Official exchange rate

Yes.

The National Bank sets the official exchange rate of the domestic currency with respect to foreign currencies on a daily basis on business days on which the stock exchange holds foreign currency trading.

The weighted average market exchange rate of the domestic currency against the US dollar as of 3:30 p.m. Nur-Sultan time, based on the results of two stock exchange sessions – the morning (main) session and the afternoon (additional) session – is set as the official exchange rate of the domestic currency against the US dollar for the business day following the trading day.

For other foreign currencies, the market exchange rate of the domestic currency with respect to a foreign currency is calculated by the National Bank using the cross-rate against the US dollar, arrived at in accordance with the demand quotes received through news agency channels as of 4:00 p.m. Nur-Sultan time on a stock exchange trading day and it is set as the official exchange rate for the next business day.
On non-business days, the exchange rates set by the National Bank on the business day preceding the non-business day are in effect. The NBK publishes daily exchange rates of certain currencies against the tenge for accounting and computation of customs and other mandatory payments to the budget.

**Monetary policy framework**

**Exchange rate anchor**

*U.S. dollar*

*Euro*

*Composite*

*Other*

**Monetary aggregate target**

**Inflation-targeting framework**

Yes. Since August 20, 2015, the monetary policy is based on an inflation-targeting framework. The annual inflation rate at the end of the year is compared to the target inflation range. There are no provisions addressing the consequences of a failure to meet the inflation target. The consequences if inflation misses its target have not been specified.

**Target setting body**

Yes.

**Government**

Yes.

**Central Bank**

Yes.

**Monetary Policy Committee**

Yes. The inflation target is set by the NBK Executive Board. The Executive Board consists of five representatives of the National Bank, as well as one representative each from the Presidential Administration of the Republic of Kazakhstan, the Ministry of National Economy, and the MOF. The NBK Executive Board approves the government’s monetary policy, within the framework of which targets are set.

Decisions at meetings of the Executive Board are adopted by a majority vote of the Executive Board members who are present. In the event of a tie, the Chairman of the National Bank casts the deciding vote.

Meetings of the Executive Board are legally valid if the number of members present is sufficient for a quorum, which is defined as the attendance of at least two-thirds of the total number of Executive Board members, which must include the Chairman of the National Bank or a person serving in his place. There are no legal provisions regarding an adjustment of the target; however, the NBK adheres to the position that a target that has already been set is not subject to change.

**Other**

**Government and Central Bank**

Yes.

**Inflation target**

Yes.

**Target number**

Yes.

**Point target**
### Target with tolerance band

<table>
<thead>
<tr>
<th>Band/Range</th>
<th>Yes.</th>
<th>The NBK set a target band for inflation in 2020–2022 at 4%-6%. From 2023, there will be an intermediate target of 4%-5%, which will allow for a smoother slowdown in inflation. The 3%-4% target will start to be achieved from 2025.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target measure</td>
<td>Yes.</td>
<td>Target inflation is expressed in terms of end-year inflation (December on December of the previous year).</td>
</tr>
<tr>
<td>CPI</td>
<td>Yes.</td>
<td>For the purposes of inflation targeting, the CPI is used. The CPI is calculated by the Statistics Committee of the Ministry of National Economy. The CPI describes the change over time in average prices for a fixed basket of goods and services purchased by the public for personal consumption.</td>
</tr>
</tbody>
</table>

### Core inflation

<table>
<thead>
<tr>
<th>Target horizon</th>
<th>Yes.</th>
<th>The horizon over which the inflation target must be accomplished is one year.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating target (policy rate)</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Policy rate</td>
<td>Yes.</td>
<td>The NBK targets the interbank short-term money market rate TONIA, which is the weighted average interest rate on overnight repo transactions on the Kazakhstan Stock Exchange (KASE) in the automatic repo sector.</td>
</tr>
<tr>
<td>Target corridor band</td>
<td>Yes.</td>
<td>The NBK sets a base rate with a corridor of ±100 basis points. The NBK has standing deposit and liquidity provision facilities.</td>
</tr>
<tr>
<td>Other</td>
<td>n.a.</td>
<td></td>
</tr>
</tbody>
</table>

### Accountability

<table>
<thead>
<tr>
<th>Accountability</th>
<th>Yes.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Open letter</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Parliamentary hearings</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>Reporting as part of a Memorandum approved by the Chief of the Republic of Kazakhstan Presidential Administration, as well as protection of the annual report of the National Bank of the Republic of Kazakhstan.</td>
</tr>
</tbody>
</table>

### Transparency

<table>
<thead>
<tr>
<th>Transparency</th>
<th>Yes.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of votes</td>
<td>No.</td>
<td>Votes are not published. There are press releases regarding the base rate.</td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
<td>Inflation forecasts are published quarterly in “Inflation Forecast” press releases (four times a year) and in quarterly “Inflation Surveys.”</td>
</tr>
</tbody>
</table>

### Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
<td>The foreign exchange market includes the KASE, which conducts daily trading online using an electronic trading system; an OTC interbank market; and a network of exchange bureaus handling foreign exchange cash transactions.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
<td>Authorized banks conduct spot transactions on the KASE and in the interbank market. Residents and nonresidents perform the purchase and sale of foreign currency.</td>
</tr>
</tbody>
</table>
currency in the Republic of Kazakhstan exclusively with authorized banks that have the right to organize exchange operations with foreign currency, through foreign exchange bureaus of such authorized banks, as well as foreign exchange bureaus of authorized institutions following the procedure established by the NBK. Licenses to conduct foreign exchange transactions (as part of a general banking license) are issued to authorized banks by the NBK. Banks authorized to conduct transactions in foreign currency in accordance with their licenses or under the law may freely purchase and sell foreign currency both in the Republic of Kazakhstan and abroad. As of June 1, 2019, there were 28 institutions that held licenses to perform banking and other operations.

The NBK also issues licenses for foreign exchange transactions to nonbank exchange bureaus, which have the right to perform exclusively activities related to the organization of foreign exchange transactions with the public involving the exchange of foreign currency in cash. Nonbank exchange bureaus do not have the right to conduct foreign exchange operations directly with the NBK. Nonbank exchange bureaus may not perform payments and transfers in foreign currency on behalf of their customers. Nonbank exchange bureaus have the right to open accounts abroad. Nonbank exchange bureaus may purchase foreign currency from and sell foreign currency to authorized banks and the public. As of January 1, 2020, there were 2,637 bank and nonbank foreign exchange bureaus performing operations with foreign exchange cash.

Banks, authorized institutions, and nonbank foreign exchange bureaus set their exchange rates independently.

Operative January 1, 2019, pursuant to NBK Resolution No. 296 of November 29, 2018, the limits on the margin between the buying and selling rates of cash in US dollars and euros for tenge cash transactions conducted with the public through exchange bureaus were eliminated. (Previously, the NBK placed a limit of 6 tenge and 7 tenge for the US dollar and the euro, respectively.) However, effective March 20, 2020, by the Resolution No.33 of March 19, 2020, the NBK re-established the limits on the margin between the buying and selling rates on cash foreign exchange transactions against tenge conducted by individuals through exchange offices of authorized banks and authorized nonbanking organizations as follows: 6 tenge for the US dollars and 7 tenge for the euro. The resolution is adopted in the context of COVID-19. On July 14, 2020, considering the lack of a definite consensus with regard to the outlook for an end to the negative impact of external economic factors related to the COVID-19 pandemic on the country’s economy and the domestic foreign exchange market, by way of National Bank of the Republic of Kazakhstan Executive Board Resolution No. 86 of July 14, 2020, on the Establishment of Limits on the Margin between Buying and Selling Rates for Foreign Exchange Transactions against the Tenge Performed through Exchange Offices, the decision was made to extend the margin limits of 6 tenge for the US dollar and 7 tenge for the euro until January 1, 2021.

There are no provisions with regard to the charging of a commission for the sale and purchase of foreign exchange cash through exchange bureaus.

Operated by the central bank No.

Foreign exchange standing facility No.

Allocation No.

Auction No.
Fixing

No.

Interbank market

Yes.

Banks conduct transactions in the KASE and in the OTC interbank market at freely negotiated rates. Daily online trading is carried out using an electronic trading system, through which participants submit their bids. The NBK monitors the trading sessions and if necessary participates in trading. The NBK participates in trading sessions via a remote terminal or sends a trader to the trading floor if the remote connection is not available. Internal regulations of the KASE govern trade execution and settlement. Banks set their own exchange rates. There are no limits on the commissions charged by market participants. As of July 1, 2019, there were 28 banks licensed to perform banking and other operations and to operate in the securities market.

The NBK intervenes directly with market participants at their quoted rates and proposes its own quotes.

Over the counter

Yes.

Brokerage

Yes.

As of July 19, 2019, there were 41 broker-dealers (including second-tier banks).

Market making

Yes.

Some banks operate as market makers in the KASE.

Forward exchange market

Yes.

Foreign exchange futures are quoted in the KASE. Swap transactions in the KASE have been allowed since 2008. The NBK participates in foreign exchange swap transactions in the KASE. Forward exchange operations are conducted in the interbank market. Forward transactions are not conducted in the KASE.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes.

Payments and transfers between residents take place in domestic currency, except in cases specified by the Law on Foreign Exchange Regulation and Foreign Exchange Control. Payments and transfers of funds in transactions with nonresidents may be performed in any currency. A payment and/or transfer of funds in domestic currency between a resident and a nonresident is treated as a foreign exchange transaction.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

Yes.

Foreign exchange transactions among residents are prohibited, except for:

(1) transactions in which one of the parties is the NBK, the Republic of Kazakhstan MOF, or institutions of the Republic of Kazakhstan abroad;

(2) transactions in which one of the parties is a resident who has the right to perform foreign exchange transactions with residents.
pursuant to the laws of the Republic of Kazakhstan or acts of the President of the Republic of Kazakhstan adopted prior to the entry into force of the Law (effective July 1, 2019);

(3) transactions with foreign exchange assets that are considered banking and other transactions, which authorized banks and authorized institutions have the right to perform under a license issued to them by the National Bank, the Republic of Kazakhstan Agency for the Regulation and Development of the Financial Market, or under the laws of the Republic of Kazakhstan;

(4) payment for banking services involving foreign exchange transactions;

(5) transactions involving the purchase, sale, payment of interest on, and/or redemption of securities whose nominal value is in foreign currency;

(6) transactions between brokers and consigners involving the provision of brokerage services related to the conclusion and execution of import or export contracts with nonresidents, including transactions involving the return of foreign exchange assets to a consigner;

(7) transactions involving the purchase and/or sale of refined gold bullion for domestic currency;

(8) transfers of bills of exchange denominated in foreign currency as fulfillment of monetary obligations;

(9) settlement transactions for goods sold in duty-free shops or for goods sold and services provided to passengers traveling internationally;

(10) transactions between branch offices (representative offices) of foreign organizations (effective July 1, 2019). Previously, these entities were not considered residents and could transact with residents in foreign currency. The regulation applies only to branch offices (representative offices) of foreign organizations that form a permanent institution for tax purposes in the Republic of Kazakhstan;

(11) transactions involving business travel expense payments to individuals for travel abroad, including hospitality expenses, and also transactions involving the repayment of unused advances for business travel abroad;

(12) gifts or donations of money or foreign exchange assets by individuals to individuals and also to legal entities that are charitable organizations;

(13) bank deposits by individuals in favor of other individuals;

(14) transactions between securities market professionals who perform foreign exchange transactions on instructions from clients, and between individuals or legal entities, related to the transfer of money and financial instruments from (to) accounts for the recording and safekeeping of money and financial instruments belonging to clients within the context of the execution and termination of brokerage service agreements (effective July 1, 2019);

(15) transactions involving the payment of taxes and other mandatory payments to the budget in those cases provided for by the Tax Code;

(16) transactions of a party serving as a recipient of minerals on behalf of the state, which are transferred to said party in accordance with the Tax Code for in-kind fulfillment by a mineral resources operator of its tax obligations related to the transport, storage, and sale of such minerals (effective July 1, 2019); and

(17) payments by individuals for goods, work, and services under transactions concluded and executed within a special economic zone, the boundaries of which coincide fully or partially with sections of the customs border of the Eurasian Economic Union (EAEU), are set to be included in the list of permitted foreign exchange transactions on January 1, 2020.
Effective July 1, 2019, branch offices (representative offices) of foreign organizations that form a permanent institution for tax purposes in the Republic of Kazakhstan were classified as residents and may no longer transact with other residents in foreign currency.

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Administration of control**

Yes.

Foreign exchange control is administered by the government, the NBK, and other foreign exchange control bodies and agents in accordance with the Law on Foreign Exchange Regulation and Foreign Exchange Control and the legislation of the Republic of Kazakhstan. The NBK and other government bodies (the MOF, the Public Revenue Committee under the MOF) serve as foreign exchange control agents in accordance with the scope of authority established by the legislation of the Republic of Kazakhstan. Authorized banks, nonbank exchange bureaus, as well as professional participants in the securities market who perform foreign exchange transactions on instructions from clients serve as foreign exchange control agents.

The NBK monitors compliance by residents and nonresidents with the requirements of foreign exchange legislation and performance of the functions of foreign exchange control agents by authorized banks and nonbank exchange bureaus.

The NBK licenses banks and financial institutions to engage in banking operations in foreign exchange and supervises the activities of banks and other financial institutions. The Republic of Kazakhstan Agency for the Regulation and Development of the Financial Market and the NBK also license nonbank exchange bureaus and supervise their activities.

The MOF monitors and supervises government loans and government-guaranteed loans. Public revenue authorities (the Public Revenue Committee of the MOF) participate in foreign exchange control related to exports and imports. At the time of the customs clearance of goods, an authorized official of a territorial subdivision of the public revenue body, when there is an export or import foreign exchange contract which requires the assignment of a record number in accordance with the Rules for Export–Import Foreign Exchange Control in the Republic of Kazakhstan, checks the record number of the export or import foreign exchange contract entered in the declaration of the goods against the information received regarding the export or import foreign exchange contract with a record number. If there is a discrepancy between the declaration and the actual information, the exporter or importer makes the relevant corrections to the declaration of goods following the procedure established by the customs legislation of the Republic of Kazakhstan. Government agencies that issue export and import licenses also monitor compliance with eligibility criteria and licensing rules.

| Payments arrears | No. |
Official No.
Private No.

Controls on trade in gold (coins and/or bullion) Yes. Refined gold bullion is classified as a foreign exchange asset, and transactions with it for domestic currency are classified as foreign exchange transactions and are subject to the same regulation as other foreign exchange transactions. Refined gold and gold for minting coins are classified as commodities subject to export restrictions under Decision No. 30 of the Board of the Eurasian Economic Commission (EAEC) of April 21, 2015, on Nontariff Regulatory Measures. (This restriction does not extend to the CBs of EAEU member states.)

On domestic ownership and/or trade No. Large transactions (for the purpose of reporting transactions with precious metals and precious stones to the Financial Monitoring Committee of the MOF in accordance with the legislation on combating money laundering and the financing of terrorism) are defined as those of more than the equivalent of 10 million tenge. This is not a control measure. Information is provided by subjects of financial monitoring to the Financial Monitoring Committee under the Republic of Kazakhstan MOF to allow for the analysis of large transactions.

On external trade Yes. The Ministry of Industry and Infrastructure Development administers government control of imports and exports of precious metals and commodities containing precious metals. EAEU member states apply identical controls on external trade in gold. Refined gold bullion is classified as a foreign exchange asset, and transactions with it are classified as foreign exchange transactions and are subject to the same regulation as other foreign exchange transactions. Refined gold and gold for minting coins are classified as commodities subject to export restrictions under Decision No. 30 of the Board of the EAEC of April 21, 2015, on Nontariff Regulatory Measures, and specifically, a license is issued in accordance with the Instruction on the Preparation of an Application for a License to Export and/or Import Certain Types of Goods and on the Preparation of Such a License, approved by Decision No. 199 of the Board of the EAEC of November 6, 2014, along with a government control document. (This restriction does not extend to CBs of EAEU member states.) Exports of precious metals, including refined gold bullion, from the EAEU, require a license from the pertinent government authority of the EAEU member where the exporter is registered. Exports of precious metal coins from the EAEU require a government control document. Exports from the EAEU of precious metal coins that are the legal tender of an EAEU member are handled by that country’s CB and commercial banks.

Controls on exports and imports of banknotes No. Within the EAEU, individuals may move cash and/or monetary instruments in an unlimited amount and without declaration. A declaration is required in the case of imports by individuals from third countries (countries that are not EAEU members) or exports by individuals to third countries of cash and/or traveler’s checks exceeding the equivalent of US$10,000 and of monetary instruments denominated in domestic and foreign currency (for example, bills of exchange, bank checks, certified bearer securities). Banks are permitted to freely import and export domestic and foreign currency, provided they comply with the requirements of the customs legislation.

On exports No.

Domestic currency No. For individuals:
Cash and/or traveler’s checks are subject to customs declaration if the total amount of cash and/or traveler’s checks being imported into or exported from the customs territory of the EAEU at one time is in excess of the equivalent of US$10,000 at the exchange rate in effect on the day the passenger customs declaration is presented to a customs authority.

For legal entities:
Domestic currency banknotes are subject to customs declaration as goods.

### Foreign currency

For individuals:
Cash and/or traveler’s checks are subject to customs declaration if the total amount of cash and/or traveler’s checks being imported into or exported from the customs territory of the EAEU at one time is in excess of the equivalent of US$10,000 at the exchange rate in effect on the day the passenger customs declaration is presented to a customs authority.

For legal entities:
Domestic currency banknotes are subject to customs declaration as goods.

### Domestic currency

For individuals:
Cash and/or traveler’s checks are subject to customs declaration if the total amount of cash and/or traveler’s checks being imported into or exported from the customs territory of the EAEU at one time is in excess of the equivalent of US$10,000 at the exchange rate in effect on the day the passenger customs declaration is presented to a customs authority.

For legal entities:
Domestic currency banknotes are subject to customs declaration as goods.

### Foreign currency

For individuals:
Cash and/or traveler’s checks are subject to customs declaration if the total amount of cash and/or traveler’s checks being imported into or exported from the customs territory of the EAEU at one time is in excess of the equivalent of US$10,000 at the exchange rate in effect on the day the passenger customs declaration is presented to a customs authority.

For legal entities:
Domestic currency banknotes are subject to customs declaration as goods.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

#### Foreign exchange accounts permitted
Yes.

#### Held domestically
Yes.
Residents may open accounts in foreign currency with authorized banks without restriction.
There are no restrictions on the use of funds from such accounts.

#### Approval required
No.

#### Held abroad
Yes.
Effective July 1, 2019, a resident legal entity (with the exception of banks and branch offices (representative office) of a foreign organization) must notify the NBK of accounts opened with a foreign bank by applying for the assignment of a record number to the account prior to the performance of transactions using such account.
Previously, the deadline for notification was 30 days after the date of entry into an agreement with a foreign bank.
**Resident Individuals**

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. notification to NBK</td>
<td>No.</td>
<td>Resident individuals are not required to notify the NBK of accounts held at foreign banks. There are no restrictions on the use of funds from such accounts.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
<td>The regulations are the same as those for accounts in foreign currency.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
<td>All accounts in domestic currency are convertible. Effective March 23, 2020, the purchase of foreign currency by resident legal entities (other than banks) on the same business day through a single bank is limited to the equivalent of US$50,000. Previously, the limit was US$100,000. The requirement regarding the submission of a foreign exchange contract and/or other documents concerning a foreign exchange operation does not extend to individuals purchasing foreign currency.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Nonresident Accounts**

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
<td>Nonresidents may open foreign exchange accounts with authorized banks without restriction. There are no restrictions on the use of funds from such accounts. No restrictions have been introduced in the context of COVID-19. Nonresidents may freely transfer balances on their accounts in foreign currency abroad.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
<td>Nonresidents may open domestic currency accounts with authorized banks without restriction. There are no restrictions on the use of funds from such accounts. No restrictions have been introduced in the context of COVID-19. Nonresidents may freely transfer balances on their accounts in foreign currency abroad.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
<td>All accounts in domestic currency are convertible.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
<td>Residents and nonresidents may purchase foreign currency in the domestic market. When preparing a request to purchase noncash foreign currency for domestic currency for purposes not related to the fulfillment of obligations, in an amount in excess of the equivalent of, effective March 23, 2020, US$50,000 on the same day through a single bank (previously US$100,000), a resident legal entity must...</td>
</tr>
</tbody>
</table>
confirm the purpose and amount of the foreign currency being purchased by attaching to the request effective July 1, 2019, a copy of the foreign exchange contract and an invoice or other document for payment, the obligations under which the noncash foreign currency is being purchased to meet. (Previously, the type of supporting document was less precisely defined.)

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

When making payments and/or transfers, importers must submit to the bank a foreign trade contract or any other corroborating document.

Effective July 1, 2019, deferral of payment on imports is no longer classified as a commercial credit.

**Import licenses and other nontariff measures**

EAUE member states apply uniform nontariff regulatory measures with respect to third countries. There is a Uniform List of Goods Subject to Nontariff Regulatory Measures in Trade with Third Countries, as established by EAEC Board Decision No. 134 of August 16, 2012, and No. 30 of April 21, 2015. In accordance with this list, prohibitions are established on imports or exports of goods into and from the customs territory of the EAEU and exports of goods from the customs territory of the EAEU are performed on the basis of a permitting document. Licenses to import ozone-depleting substances and products containing ozone-depleting substances and hazardous waste are issued by the Ministry of Energy; licenses to import means of plant protection (pesticides), poisonous substances that are not precursors of narcotics and psychotropic substances, special technical devices, and encryption (cryptographic) means for secret information acquisition are issued by the Ministry of Industry and Infrastructure Development; licenses to import radioelectronic equipment and high-frequency devices for civilian use, including those built into or part of other goods, are issued by the Ministry of Information and Communications; licenses to import human organs tissue, blood, and blood components are issued by the Ministry of Health; licenses to import certain kinds of meat, raw cane sugar without flavoring, aromatic, or dye additives are issued by the Ministry of Trade and Integration; licenses to import narcotics, psychotropic substances, and their precursors are issued by the Ministry of Internal Affairs.

<table>
<thead>
<tr>
<th>List</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Uniform List of Goods Subject to Nontariff Regulatory Measures, as established by EAEC Board Decision No. 134 of August 21, 2012, and No. 30 of April 21, 2015 (Section I of the Uniform List of Goods), applies within the framework of the EAEU.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses are issued for (lower) import customs duty rates on beef, poultry, and pork imported within tariff quotas. Licenses for imports of raw sugar are granted within the limits of tariff quotas with an import customs duty rate of 0.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of goods are subject to (1) VAT of 12% and customs duties (some exemptions); (2) excise taxes, where applicable; and (3)</td>
<td></td>
</tr>
</tbody>
</table>
antidumping protective and compensatory duties, if applicable. Imports from EAEU member countries are exempt from customs duties. There is a uniform customs tariff within the EAEU, along with other uniform measures for regulating trade in goods with third countries, in accordance with the Treaty on the EAEU of May 29, 2014 (EAEC Council Decision No. 54 of July 16, 2012, on Approval of the Uniform Foreign Economic Activity Commodity Nomenclature of the EAEU and the Uniform Customs Tariff of the EAEU).

With a view to meeting the tariff obligations of the Russian Federation and the Republic of Kazakhstan with the WTO for 2018, in accordance with EAEC Council Decision No. 66 of July 13, 2018, and EAEC Board Decision No. 94 of June 5, 2018, import customs duty rates were lowered for 179 tariff subheadings from September 1, 2018.

With a view to meeting the Republic of Kazakhstan’s tariff obligations for 2017–2018 that differ from those of the Russian Federation, on December 1, 2017, the Republic of Kazakhstan’s import tariffs for 2,475 tariff lines were lowered by an average of 1.4 percentage points.

In addition, effective January 1, 2019, there are import duty rates in effect pursuant to Order No. 105 of the Republic of Kazakhstan Minister of the National Economy of December 19, 2018, on an Amendment to Order No. 58 of the Republic of Kazakhstan Minister of the National Economy of February 9, 2017, on Approval of a List of Goods Subject to Import Customs Duties, Their Rates, and Effective Dates.

Taxes collected through the exchange system

No.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Residents (with the exception of a branch office (representative office) of a foreign organization) must ensure that domestic and foreign currency received in payment for exports of goods (work, services) is credited to accounts at authorized banks within the time period stipulated by the terms of the contract.

The repatriation requirement is considered to have been met in full or in part if:

1. proceeds in domestic and/or foreign currency are credited to a resident’s accounts at foreign banks in fulfillment of the resident’s liabilities under the terms of a financial loan from a nonresident or for the use of the resident’s overseas branches (representative offices);
2. effective July 1, 2019, foreign currency received by residents from holding exhibitions or sporting, cultural, and other similar events outside Kazakhstan is used to cover expenses during the time that the events are under way;
3. effective July 1, 2019, foreign exchange earnings are posted to accounts at foreign banks held by resident transportation organizations for the purpose of covering expenses related to the payment of port and other fees in foreign states and the servicing of transportation equipment owned by such transportation organizations and their passengers while they are located outside the Republic of Kazakhstan, and expenses to support the operations of branch offices (representative offices) of such transportation organizations located...
outside the Republic of Kazakhstan;
(4) a nonresident’s obligation is offset by a counterclaim under foreign exchange export or import contracts;
(5) a nonresident’s obligation is met by replacing the original obligation between a resident and nonresident with a different obligation between the same parties that provides for a different object or means of fulfillment;
(6) an insurance payment is received when an insured event occurs, under insurance contracts covering the risk of default on obligations by a nonresident.

**Surrender requirements**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No</td>
</tr>
</tbody>
</table>

**Financing requirements**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing</td>
<td>No</td>
</tr>
</tbody>
</table>

**Documentation requirements**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>No</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No</td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
</tr>
</tbody>
</table>

**Export licenses**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The Republic of Kazakhstan Government Resolution on the Surrender by Quasi-Public Sector Entities of a Portion of their Foreign Currency Proceeds was adopted on March 21, 2020. The Government Resolution is in effect until January 1, 2021. The resolution requires the sale of part of the foreign currency export proceeds of the quasi-public sector entities. This measure is temporary in nature and applies only to legal entities in which the government’s stake exceeds 50%.

When making payments and/or money transfers under foreign exchange contracts in an amount greater than the equivalent of US $50,000, exporters must submit a copy of a foreign trade contract or other corroborating documents to the bank.

Effective July 1, 2019, deferrals of export payments and advance export payments are no longer classified as commercial credits.

EAEU member states apply uniform nontariff regulatory measures with respect to third countries. There is a Uniform List of Goods Subject to Nontariff Regulatory Measures in Trade with Third Countries, as established by EAEC Board Decision No. 134 of August 16, 2012, and No. 30 of April 21, 2015. In accordance with this list, imports and exports of goods into and from the customs territory of the EAEU are performed on the basis of a license or the conclusion of a permitting document. State licensing authorities: exports of ozone-depleting substances and products containing ozone-depleting substances and exports of hazardous waste – Ministry of Energy; exports of collectible mineralogy and paleontology materials and animal fossils – Ministry of Education and Science; exports of live wild animals, certain wild plants, and medicinal raw materials growing in the wild, exports of rare and endangered species of wild animals and wild plants listed in the Red Book of the Republic of Kazakhstan, in accordance with Republic of Kazakhstan Government Resolution No. 1034 of October 31, 2006 – Ministry of Agriculture; exports of precious metals and raw materials containing precious metals, exports of mineral raw materials, exports of special technical devices intended for the secret acquisition of information, exports of
encryption (cryptographic) equipment, exports of information on mineral resources indicating areas and deposits of fuel and energy and mineral resources – Ministry of Industry and Infrastructure Development.

Without quotas

Yes. EAEU member states apply uniform nontariff regulatory measures with respect to third countries. There is a Uniform List of Goods Subject to Nontariff Regulatory Measures in Trade with Third Countries, approved by EAEC Board Decision No. 134 of August 16, 2012, and No. 30 of April 21, 2015. In accordance with this list, imports and exports of goods into and from the customs territory of the EAEU are performed on the basis of a license or the conclusion of a permitting document.

With quotas

No.

Export taxes

Yes.

Collected through the exchange system

No.

Other export taxes

Yes. Customs duties apply to exports of petroleum and petroleum products, scrap and waste of ferrous and nonferrous metals, ferrous metal products used for railway or streetcar tracks, aluminum and aluminum products, parts of railway locomotives, streetcars, and rolling stock, and skins and wool of domesticated animals.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. Effective July 1, 2019, to implement the norm of Article 9 of the Law “On Currency Regulation and Currency Control” of March 30, 2019, a record number needs to be obtained for contracts involving the export/import of work (services). When making payments and/or money transfers, an exporter must submit a copy of a foreign trade contract or other corroborating documents to the bank.

Trade-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Supporting documentation is required if the amount of a foreign exchange contract for exports or imports is greater than the equivalent of US$50,000.

Investment-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Supporting documentation is required.

Payments for travel

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Resident legal entities must present supporting documentation for foreign exchange used by employees for expenses related to business travel outside the Republic of Kazakhstan.

Personal payments

Yes.
### Prior approval

- **Foreign workers' wages**
  - No.

### Quantitative limits

- **Foreign workers' wages**
  - No.

### Indicative limits/bona fide test

- **Foreign workers' wages**
  - No.

### Credit card use abroad

- **Foreign workers' wages**
  - No.

### Other payments

- **Foreign workers' wages**
  - No.

### Supporting documentation is required.

### Proceeds from Invisible Transactions and Current Transfers

#### Repatriation requirements

- **Foreign workers' wages**
  - Yes. A repatriation requirement applies to foreign exchange proceeds from exports of goods (services, work). The proceeds from exports of goods (work and services) must be repatriated during the time period stipulated by the terms of the contract. A contract whose value is in excess of the equivalent of US$50,000 is subject to monitoring of compliance with the repatriation requirement.

#### Surrender requirements

- **Foreign workers' wages**
  - Yes. The Republic of Kazakhstan Government Resolution on the Surrender by Quasi-Public Sector Entities of a Portion of their Foreign Currency Proceeds was adopted on March 21, 2020. The Government Resolution is in effect until January 1, 2021. The resolution requires the sale of part of the foreign currency export proceeds of the quasi-public sector entities. This measure is temporary in nature and applies only to legal entities in which the government’s stake exceeds 50%.

### References to legal instruments and hyperlinks

- **Foreign workers' wages**
  - This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Capital Transactions

Controls on capital transactions: Yes.

Repatriation requirements: No. The repatriation requirement is applicable only to foreign trade activity of residents (exports and imports of goods, works, and services), not to capital transactions.

Surrender requirements:
- No.
- No.
- No.

Surrender to the central bank: No.
Surrender to authorized dealers: No.

Controls on capital and money market instruments: Yes.
Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

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Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

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The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

On capital market securities: Yes.

Shares or other securities of a participating nature: Yes.

Purchase locally by nonresidents: No.
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The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

**Sale or issue locally by nonresidents** Yes.

Issuance of securities locally by nonresidents must be registered with the Agency for the Regulation and Development of the Financial Market for trade in the organized securities market.

The state registration of corporate issue-grade securities issues is performed by the authorized body as part of the state regulation, oversight, and supervision of the activities of entities operating in the market for securities and other financial instruments.

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

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The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Effective July 1, 2019, for statistical purposes residents must apply to the NBK for registration of contracts involving the purchase from nonresidents of equity securities issued by residents or nonresidents in an amount in excess of the equivalent of US$500,000 (previously US$100,000).

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the NBK to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

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The registration and notification procedures did not constitute
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their reporting on foreign exchange operations performed in
accordance with an established list, including those performed on
behalf of customers.

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the NBK for registration of contracts involving the purchase from
nonresidents of equity securities issued by residents or nonresidents
in an amount in excess of the equivalent of US$500,000 (previously
US$100,000).

Sale or issue abroad by residents

No.

Effective July 1, 2019, a single procedure has been in place for the
registration of contracts on the movement of capital and settlements
at foreign banks. When a payment is made and/or money is
transferred under a contract for which an account number needs to be
obtained, or when an account at a foreign bank to which an account
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The registration requirement applies to agreements on the movement
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permitting processes. Authorized banks notified the NBK as part of
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Bonds or other debt securities

Yes.
Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

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The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Issuance of securities locally by nonresidents must be registered with the Agency for the Regulation and Development of the Financial Market for trade in the organized securities market.

The state registration of a bond issue (bond program) of a nonresident issuer is performed on the condition that the given nonresident issuer meets the following requirements:

1. it has a minimum credit rating of at least B under the Standard & Poor’s international scale or an equivalent rating assigned by one of the other rating agencies;

2. a foreign supervisory body of the given legal entity’s country of origin has signed the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information of the International Organization of Securities Commissions;

3. the nonresident issuer meets the requirements for the official listing of the debt securities of a nonresident issuer by a stock exchange and for trading on a stock exchange;

4. permission from the relevant supervisory body of a foreign state for the issuing of bonds in accordance with the legislation of the
Republic of Kazakhstan or a letter from said body that such permission is not required under the laws of the country in which the nonresident issuer is located;

(5) compliance with prudential ratios and other standards and limits established by the relevant supervisory body for the three months prior to the date an application for state registration of the bond issue (bond program) is filed (if the nonresident issuer is a financial institution).

State registration of a nonresident issuer’s bond issue, in which the bonds are denominated in foreign currency, is performed, provided the issue prospectus for the nonresident issuer’s bonds contains a mandatory condition that the interest and principal on the given bonds will be paid in the currency in which they are issued.

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

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The state registration of corporate issue-grade securities issues is performed by the authorized body as part of the state regulation, oversight, and supervision of the activities of entities operating in the market for securities and other financial instruments.

A resident organization of the Republic of Kazakhstan has the right to perform the issue and/or placement of issue-grade securities within the territory of a foreign state only with the relevant permission from the authorized body.

When shares are placed by a resident organization of the Republic of Kazakhstan, the following conditions must be met:
(1) the issue-grade securities of one or more issues of issue-grade securities previously issued by the given resident organization of the Republic of Kazakhstan are listed on a stock exchange operating within the territory of the Republic of Kazakhstan;
(2) in the placement of shares of a resident organization of the Republic of Kazakhstan or depositary receipts, the given shares or

Sale or issue abroad by residents Yes.

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depository receipts must be included in stock exchange listing
categories or consent must be obtained from a stock exchange for
their inclusion in stock exchange listing categories established by a
regulatory legal act of the authorized body;
(3) a decision by the authorized body of the issuer of the shares must
contain a condition that at least 20% of the total number of the given
shares must be offered for purchase through the organized securities
market of the Republic of Kazakhstan.

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<th>On money market instruments</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
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Sale or issue locally by nonresidents Yes.
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On collective investment securities Yes.

Purchase locally by nonresidents No.
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Issuance of shares in a mutual fund must be registered with the Agency for the Regulation and Development of the Financial Market.

The state registration of corporate issue-grade securities issues is performed by the authorized body as part of the state regulation, oversight, and supervision of the activities of entities operating in the market for securities and other financial instruments.

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

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Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

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The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Purchase abroad by residents No.
Effective July 1, 2019, for statistical purposes residents must apply to the NBK for registration of contracts involving the purchase from nonresidents of securities issued by residents or nonresidents in an amount in excess of the equivalent of US$500,000 (previously US$100,000).

Sale or issue abroad by residents

No.

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the NBK to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

Up until July 1, 2019, registration or notification of operations with foreign currency was required. Foreign exchange operations requiring registration were performed only with a certificate of registration. If a resident did not have a document confirming notification, an authorized bank performed the operations after notifying the resident in any manner of the need to obtain a document confirming notification.

The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Controls on derivatives and other instruments

Yes.

In terms of foreign exchange regulation, there are no restrictions on purchases of derivatives and other instruments by nonresidents (from residents and nonresidents).

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch
thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the NBK to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

Up until July 1, 2019, registration or notification of operations with foreign currency was required. Foreign exchange operations requiring registration were performed only with a certificate of registration. If a resident did not have a document confirming notification, an authorized bank performed the operations after notifying the resident in any manner of the need to obtain a document confirming notification.

The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Effective July 1, 2019, for statistical purposes residents must apply to the NBK for registration of transactions with derivative financial instruments, if the amount of the payment and/or transfer by a nonresident to a resident exceeds the equivalent of US$500,000 (previously US$100,000).

Issuance of securities locally by nonresidents must be registered with the agency for trade in the organized securities market.

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the NBK to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Sale or issue locally by nonresidents  Yes.

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Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

Up until July 1, 2019, registration or notification of operations with foreign currency was required. Foreign exchange operations requiring registration were performed only with a certificate of registration. If a resident did not have a document confirming notification, an authorized bank performed the operations after notifying the resident in any manner of the need to obtain a document confirming notification.

The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Effective July 1, 2019, for statistical purposes residents must apply to the NBK for registration of transactions with derivative financial instruments, if the amount of the payment and/or transfer by a resident to a nonresident exceeds the equivalent of US$500,000 (previously US$100,000).

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the NBK to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

Up until July 1, 2019, registration or notification of operations with foreign currency was required. Foreign exchange operations requiring registration were performed only with a certificate of registration. If a resident did not have a document confirming notification, an authorized bank performed the operations after notifying the resident in any manner of the need to obtain a document confirming notification.

### Purchase abroad by residents

No.
The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Effective July 1, 2019, for statistical purposes residents must apply to the NBK for registration of transactions with derivative financial instruments, if the amount of the payment and/or transfer by a resident to a nonresident exceeds the equivalent of US$500,000 (previously US$100,000).

Sale or issue abroad by residents

Yes.

A resident organization of the Republic of Kazakhstan has the right to issue and/or place derivative securities, the underlying asset of which is shares of the given resident organization with the relevant permission from the authorized body.

A decision by an authorized body of an issuer of shares that is a resident organization of the Republic of Kazakhstan, or by the relevant shareholder selling the shares of the given issuer that is performing the initial placement of derivative securities, must contain a condition that at least 20% of the total number of the given shares must be offered for purchase through the organized securities market of the Republic of Kazakhstan.

Effective July 1, 2019, a single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the NBK to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

Up until July 1, 2019, registration or notification of operations with foreign currency was required. Foreign exchange operations requiring registration were performed only with a certificate of registration. If a resident did not have a document confirming notification, an authorized bank performed the operations after notifying the resident in any manner of the need to obtain a document confirming notification.
The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

Effective July 1, 2019, for statistical purposes residents must apply to the NBK for registration of transactions with derivative financial instruments, if the amount of the payment and/or transfer by a nonresident to a resident exceeds the equivalent of US$500,000 (previously US$100,000).

**Controls on credit operations**

The following table summarizes the controls on credit operations:

<table>
<thead>
<tr>
<th>Type of Credit</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
</tbody>
</table>
| By residents to nonresidents          | Effective July 1, 2019, for statistical purposes, informational registration requirements for contracts involving the movement of capital do not extend to commercial credits. Until July 1, 2019, for statistical purposes, commercial credits associated with exports (imports) of goods that were extended by residents to nonresidents for a term of over 180 days in amounts exceeding US$100,000 were subject to registration with the NBK. The registration requirement did not apply to:
|                                        | - commercial credits associated with the delivery of goods if contract registration numbers had been obtained for them (up to January 5, 2012, if transaction passports had been prepared); |
|                                        | - commercial credits of resident banks extended to nonresidents. |
| To residents from nonresidents        | Effective July 1, 2019, for statistical purposes, informational registration requirements for contracts involving the movement of capital do not extend to commercial credits. Until July 1, 2019, for statistical purposes, commercial credits of residents that were associated with exports (imports) of goods and were extended for a term of over 180 days and in amounts exceeding US$500,000 were subject to registration with the NBK. The registration requirement did not apply to:
|                                        | - commercial credits associated with the delivery of goods or services, if contract registration numbers have been obtained for them (up to January 5, 2012, if transaction passports have been prepared); |
|                                        | - commercial credits of resident banks received from nonresidents. |
| Financial credits                     | No.                                   |
| By residents to nonresidents          | Effective July 1, 2019, for statistical purposes, residents (other than authorized banks and branches (representative offices) of foreign organizations) apply to the NBK for the registration of financial loans (financial loans) in amounts exceeding US$500,000 (previously US$100,000) that are extended by residents (that are not banks) regardless of the term (previously if the term was over 180 days) are subject to informational registration with the NBK. If a contract does not specify the amount, the contract is considered to be one that is subject to registration. |
| To residents from nonresidents        | Financial credits (financial loans) in amounts exceeding US$500,000 that are extended by nonresidents to residents (that are not banks) effective July 1, 2019, regardless of the term (previously, if the term was over 180 days) are subject to informational registration with the NBK. |
Resident authorized banks are required to notify the NBK of loans in amounts exceeding the equivalent of US$500,000 attracted for a term of more than 180 days through the reporting process.

**Guarantees, sureties, and financial backup facilities**

- **By residents to nonresidents**: No.
- **To residents from nonresidents**: No.

**Controls on direct investment**

- **Outward direct investment**: No.
  
  Effective July 1, 2019, for statistical purposes, direct investment abroad in excess of US$500,000 is subject to informational registration with the NBK. A resident party to a foreign exchange contract applies to the NBK for the assignment of a record number prior to the fulfillment of obligations under the foreign exchange contract by any of its parties. Previously, for statistical purposes, registration with the NBK was required for direct investment in excess of US$100,000, except by resident banks, which were required to notify the NBK of such transactions.

- **Inward direct investment**: No.
  
  Effective July 1, 2019, for statistical purposes, direct investment in the Republic of Kazakhstan in excess of US$500,000 is subject to informational registration with the NBK. A resident party to a foreign exchange contract applies to the NBK for the assignment of a record number prior to the fulfillment of obligations under the foreign exchange contract by any of its parties. Previously, for statistical purposes, registration with the NBK was required for direct investment in excess of US$500,000, except in resident banks, which were required to notify the NBK of such transactions.

**Controls on liquidation of direct investment**: No.

**Controls on real estate transactions**: No.

**Purchase abroad by residents**: No.

There are no restrictions on the purchase of real estate outside the country by residents or on transactions by nonresidents in the domestic real estate market.

Effective July 1, 2019, for statistical purposes, resident legal entities apply to the NBK for informational registration of transactions with residents and nonresidents in amounts in excess of US$500,000 which involve the acquisition by residents of title to real property abroad. Previously, for statistical purposes, resident legal entities were required to notify the NBK of completed transactions involving the acquisition of title to real property from nonresidents if the amount of the acquisition exceeded the equivalent of US$100,000.

**Purchase locally by nonresidents**: No.

There are no restrictions on the purchase of real estate in the Republic of Kazakhstan. Effective July 1, 2019, for statistical purposes, resident legal entities apply to the NBK for informational registration of transactions with nonresidents in amounts in excess of US$500,000 which involve the acquisition by nonresidents of title to real property in the Republic of Kazakhstan. Previously, for statistical purposes, resident legal entities were required to notify the NBK of completed transactions involving the sale of title to real property to nonresidents if the amount of the transaction exceeded the equivalent of US$500,000.

**Sale locally by nonresidents**: No.

There are no restrictions on transactions by nonresidents in the...
domestic real estate market. Effective July 1, 2019, for statistical purposes, resident legal entities apply to the NBK for informational registration of transactions with nonresidents in amounts in excess of US$500,000 which involve the sale by nonresidents of title to real property in the Republic of Kazakhstan. Previously, for statistical purposes, resident legal entities were required to notify the NBK of completed transactions involving the acquisition of title to real property from nonresidents if the amount of the acquisition exceeded the equivalent of US$100,000.

Controls on personal capital transactions No.

Loans

By residents to nonresidents No. Effective July 1, 2019, for statistical purposes, financial loans provided by residents to nonresidents in amounts in excess of US$500,000 are subject to informational registration with the NBK regardless of the term (previously if the term was over 180 days). A resident party to a foreign exchange contract applies to the NBK for the assignment of a record number prior to the fulfillment of obligations under the foreign exchange contract by any of its parties. Previously, loans in excess of US$100,000 for a term of more than 180 days were subject to NBK registration.

To residents from nonresidents No. Effective July 1, 2019, for statistical purposes, financial loans provided by nonresidents to residents in amounts in excess of US$500,000 are subject to informational registration with the NBK. A resident party to a foreign exchange contract applies to the NBK for the assignment of a record number prior to the fulfillment of obligations under the foreign exchange contract by any of its parties. Previously, loans to residents for a term of more than 180 days and in excess of US$500,000 were subject to NBK registration.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.ELibrary-Areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. Banks must comply with the following ratio of liabilities to nonresidents to equity capital: The ratio of total short-term liabilities to nonresidents to the bank’s equity capital (coefficient k-7) may not exceed 1. The amount of obligations to nonresidents of the Republic of Kazakhstan includes: (1) demand liabilities, including liabilities for which no settlement period has been set; (2) term liabilities to
nonresidents with initial maturity up to 1 year inclusive; and (3) term obligations to nonresidents with the unconditional right of the creditor to demand early repayment of obligations, including term and conditional deposits of banks, except for term and conditional deposits of individuals and legal entities.

Maintenance of accounts abroad
No.

Lending to nonresidents (financial or commercial credits)
Yes.

Lending locally in foreign exchange
Yes.

Purchase of locally issued securities denominated in foreign exchange
Yes.

The securities banks may purchase are specified in the Law on Banks and Banking. Specifically, there is a requirement that banks have the right to perform transactions with debt securities that have a minimum required rating. The rating for bonds of foreign issuers and issuers of the Republic of Kazakhstan must be at least B (based on the classification of the Standard & Poor’s and/or Fitch rating agencies) or at least B2 (based on the Moody’s Investors Service classification). The rating for foreign government bonds must be at least BBB- (based on the Standard & Poor’s and/or Fitch classification) or at least Baa3 (based on the Moody’s Investors Service classification). There are no restrictions regarding the currency in which a debt security is issued.

Differential treatment of deposit accounts in foreign exchange
Yes.

Reserve requirements
Yes.

Foreign exchange deposits are included in the liability base for which banks must meet minimum reserve requirements (MRRs). For the purpose of calculating the MRRs, liabilities in domestic and foreign currencies are differentiated according to the principle of maturity (short term and long term). The ratios for liabilities in foreign currency are 3% for short-term and 1% for long-term liabilities, while in national currency they are 2% for short-term and 0% for long-term liabilities.

Liquid asset requirements
Yes.

For the purpose of monitoring liquidity of commercial banks, the NBK sets limits (minimum values) for coefficients of the bank’s current, quick, and quick foreign exchange liquidity. The liquidity coefficients are calculated as the ratio of the average monthly amount of a bank’s assets to the average monthly amount of its liabilities, taking into account the accrued fees, types of assets and liabilities, and other factors.

The limit for the current liquidity ratio (k-4), calculated as the ratio of the average monthly amount of a bank’s highly liquid assets to the average monthly amount of its demand liabilities, including accrued fees, is 0.3.

The quick liquidity ratio k4-1, calculated as the ratio of a bank’s average monthly highly liquid assets to average monthly term liabilities with remaining maturity up to and including seven days, may not be less than 1. Limits are set at 0.9 and 0.8, respectively, for quick asset ratios k4-2 and k4-3, which are calculated as the ratio of a bank’s average monthly liquid assets to average monthly term liabilities with remaining maturity up to one month (k4-2) and up to three months (k4-3).

The foreign exchange liquidity ratio k4-4, calculated as the ratio of average monthly highly liquid foreign currency assets to average monthly term liabilities in the same foreign currency with remaining maturity up to and including seven days, may not be less than 1. When calculating the foreign exchange liquidity ratio k4-4, a bank’s term liabilities with a remaining maturity up to seven days, multiplied by a conversion coefficient equal to 100%, are included in
the amount of liabilities in foreign currency with a remaining maturity up to seven days. Accordingly, there are limits of 0.9 and 0.8 for foreign exchange liquidity ratios k4-5 and k4-6, which are calculated similarly for term liabilities with maturities up to one month and three months. When calculating the foreign exchange liquidity ratio k4-5, a bank’s term liabilities with a remaining maturity up to one month, multiplied by a conversion coefficient equal to 90%, are included in the amount of liabilities in foreign currency with a remaining maturity up to one month; when calculating the foreign exchange liquidity ratio k4-6, a bank’s term liabilities with a remaining maturity up to three months, multiplied by a conversion coefficient equal to 80%, are included in the amount of liabilities in foreign currency with a remaining maturity up to three months.

**Interest rate controls**

No. The Kazakhstan Deposit Guarantee Fund (KDGF) determines the amount and procedure for the payment of banks’ contributions, which are calculated through a methodology developed by the KDGF, taking into account the compliance of interest rates on new personal deposits with those recommended by the KDGF for deposits in foreign currency and deposits in domestic currency.

**Credit controls**

No.

**Differential treatment of deposit accounts held by nonresidents**

No.

**Reserve requirements**

No. Deposits in foreign currency are included in the liability base for which banks must comply with MRRs. For the purpose of calculating the MRRs, liabilities in domestic and foreign currencies are differentiated according to the principle of maturity (short term and long term). The ratios for liabilities in foreign currency are 3% for short-term liabilities and 1% for long-term liabilities, while the ratios for liabilities in domestic currency are 2% for short-term liabilities and 0% for long-term liabilities.

**Liquid asset requirements**

No. The calculation of liquid assets includes all financial assets, including highly liquid assets, minus (1) specially formed provisions and (2) claims on nonresidents that are legal entities registered abroad or their citizens or legal entities registered in countries on the list of countries that have not accepted OECD information exchange obligations or their citizens or organizations that are subsidiaries of legal entities registered in the aforementioned countries. Loans are included on the redemption schedule in accordance with loan agreements.

The following securities, which are not included in the calculation of highly liquid assets, are included in the calculation of liquid assets, provided the given securities are serving as collateral for liabilities that are included in the calculation of liabilities: (1) government securities of the Republic of Kazakhstan issued by the government and the NBK; (2) securities issued by the Samruk-Kazyna National Welfare Fund and the Baiterek Management Holding Company Joint-Stock companies; (3) government securities of countries with a sovereign debt rating in foreign currency no lower than the level established by the NBK; and (4) bonds of foreign issuers with a minimum required rating assigned by one of the rating agencies and conforming to the requirements of the NBK. When calculating liquid assets, the time remaining to maturity for securities is considered to be the time remaining to maturity for the liabilities for which the given securities are serving as collateral. There is no difference in the liquid asset requirement for deposits of/liabilities to nonresidents and residents.
<table>
<thead>
<tr>
<th><strong>Interest rate controls</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The KDGF determines the amount and procedure for the payment of banks’ contributions, which are calculated through a methodology developed by the KDGF, taking into account the compliance of interest rates on new personal deposits with those recommended by the KDGF for deposits in foreign currency and deposits in domestic currency.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Credit controls</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Investment regulations</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments of resident banks abroad are restricted by limits on the placement of equity and borrowed funds in domestic assets. For commercial banks (with the exception of banks founded by the Republic of Kazakhstan Government), average monthly internal assets must be equal to at least the average monthly amount of equity capital, subordinated debt, perpetual financial instruments, debt securities issued by the bank—except securities issued by the bank in foreign currency—and internal liabilities. In addition to the average monthly indicator, banks must adhere to a daily limit, which is equal to 95% of internal assets for each day based on the average monthly volume of internal liabilities for the previous month. In addition, the relevant credit risk weights are established for banks’ assets placed with nonresident institutions when calculating capital adequacy coefficients (k1, k1-2, and k-2), which are calculated as follows: k-1 is calculated as the ratio of core capital to the sum of assets and contingent liabilities weighted by the degree of credit risk, and assets and contingent claims and liabilities calculated taking into account market risk and operational risk. The minimum level is 0.055. k1-2 is calculated as the ratio of Tier 1 capital to the sum of assets and contingent liabilities weighted by the degree of credit risk, and assets and contingent claims and liabilities calculated taking into account market risk and operational risk. The minimum level is 0.065. k-2 is calculated as the ratio of equity capital to assets and contingent liabilities weighted by the degree of credit risk, and assets and contingent claims and liabilities calculated taking into account market risk and operational risk. The minimum level is 0.08.</td>
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<table>
<thead>
<tr>
<th><strong>Abroad by banks</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonresident banks may open their own representative offices without approval of the NBK. The opening of branches of nonresident banks is prohibited. A nonresident legal entity may obtain approval from the NBK to become a bank holding company or a major stakeholder in a bank if it has a minimum required rating from one of the rating agencies. A nonresident bank that has the required rating from one of the major rating agencies may be a parent bank of a subsidiary bank. A list of the major rating agencies and the minimum required rating are established by the NBK. Legal entities that are registered in offshore zones, or that have affiliates registered in offshore zones, and individuals who are participants in (founders or shareholders of) legal entities registered in offshore zones, a list of which is established by the authorized agency, may not directly or indirectly hold, use, and/or determine the disposition of voting shares in resident banks. This restriction does not apply to banks that are subsidiaries of nonresident banks with a minimum required rating from one of the rating agencies. A minimum long-term credit rating in foreign currency of at least BBB on the Standard &amp; Poor’s international scale or equivalent ratings assigned by one of the established rating agencies is...</td>
<td></td>
</tr>
</tbody>
</table>
established for the following nonresident legal entities:
legal entities that are acquiring (or that have) the status of a bank
holding company or holding company;
legal entities that are acquiring (or that have) the status of a major
stakeholder in a bank;
banks that are creating (or that have) subsidiary banks in the
Republic of Kazakhstan.
This requirement does not apply to:
(1) nonresident legal entities that meet all of the following
conditions:
the legal entity has a minimum long-term credit rating in foreign
currency of at least BB- on the Standard & Poor’s international scale
or equivalent ratings assigned by one of the established rating
agencies;
it is a resident of a foreign state that has a minimum sovereign rating
in foreign currency of at least BB- according to Standard & Poor’s or
equivalent ratings assigned by one of the established rating agencies;
an information-sharing agreement has been concluded between the
authorized body for the regulation, oversight, and supervision of the
financial market and financial institutions and the authorized body
for banking regulation of the foreign country of which the legal
entity is a resident;
(2) nonresident bank holding companies that acquired the relevant
status prior to January 1, 2013, and that meet all of the following
requirements as of the indicated date:
the bank holding company has a long-term credit rating in foreign
currency of at least AAA on the national scale of the Japanese Credit
Rating Agency or a rating agency that is a Japanese Credit Rating
Agency affiliate;
it is a resident of a foreign state that has a sovereign rating in foreign
currency of at least BB- according to Standard & Poor’s or
equivalent ratings assigned by one of the established rating agencies;
an information-sharing agreement has been concluded between the
Republic of Kazakhstan authorized body for the regulation,
oversight, and supervision of the financial market and financial
institutions and the authorized body for banking regulation of the
foreign country of which the bank holding company is a resident.
A nonresident who is a founder of a bank must have written
notification from the authorized agency (for banks that are not
located in the Republic of Kazakhstan, the banking supervision
agency) of the relevant country indicating that the person is
permitted to hold shares in a bank located in the Republic of
Kazakhstan, or must have a statement from the authorized agency
(for nonresident banks, the banking supervision body) of the relevant
country indicating that such permission is not required under the
legislation of the country of the founder in question.
A nonresident bank holding company that directly holds 25% or
more of the bank’s placed shares (excluding preferred shares and
those repurchased by the bank) or that is able to directly cast votes
based on 25% or more of the bank’s voting shares may only be a
nonresident financial institution that is subject to consolidated
supervision in its home country.

Open foreign exchange position limits
Yes.

On resident assets and liabilities
Yes.
The open foreign exchange position is calculated separately for each
foreign currency and for each refined precious metal.
The following limits apply: (1) The limit on the open foreign
exchange position (long and short) for euros and currencies of
countries whose sovereign rating is not below A from Standard &
Poor’s or an equivalent rating by one of the other rating agencies,
and for bank metals, is not more than 12.5% of the bank’s own capital. (2) The limit on the open foreign exchange position (long and short) for currencies of countries whose sovereign rating is below A from Standard & Poor’s or an equivalent rating by one of the other rating agencies is 5% of the bank’s own capital. (3) The limit for the overall net foreign exchange position is not more than 25% of the bank’s own capital. (4) A bank’s open long and/or short foreign exchange position for derivatives in the currency of an individual foreign state (or group of foreign states) opened on contingent claim accounts and contingent liability accounts may not exceed 50% of the bank’s own capital.

The same open foreign exchange position limits apply to resident and nonresident assets and liabilities.

**On nonresident assets and liabilities**

The open foreign exchange position is calculated separately for each foreign currency and for each refined precious metal. The following limits apply: (1) The limit on the open foreign exchange position (long and short) for euros and currencies of countries whose sovereign rating is not below A from Standard & Poor’s or an equivalent rating by one of the other rating agencies, and for bank metals, is not more than 12.5% of the bank’s own capital. (2) The limit on the open foreign exchange position (long and short) for currencies of countries whose sovereign rating is below A from Standard & Poor’s or an equivalent rating by one of the other rating agencies is 5% of the bank’s own capital. (3) The limit for the overall net foreign exchange position is not more than 25% of the bank’s own capital. (4) A bank’s open long and/or short foreign exchange position for derivatives in the currency of an individual foreign state (or group of foreign states) opened on contingent claim accounts and contingent liability accounts may not exceed 50% of the bank’s own capital.

The same open foreign exchange position limits apply to resident and nonresident assets and liabilities.

**On nonresident assets and liabilities**

Yes.

The open foreign exchange position is calculated separately for each foreign currency and for each refined precious metal.

The following limits apply: (1) The limit on the open foreign exchange position (long and short) for euros and currencies of countries whose sovereign rating is not below A from Standard & Poor’s or an equivalent rating by one of the other rating agencies, and for bank metals, is not more than 12.5% of the bank’s own capital. (2) The limit on the open foreign exchange position (long and short) for currencies of countries whose sovereign rating is below A from Standard & Poor’s or an equivalent rating by one of the other rating agencies is 5% of the bank’s own capital. (3) The limit for the overall net foreign exchange position is not more than 25% of the bank’s own capital. (4) A bank’s open long and/or short foreign exchange position for derivatives in the currency of an individual foreign state (or group of foreign states) opened on contingent claim accounts and contingent liability accounts may not exceed 50% of the bank’s own capital.

The same open foreign exchange position limits apply to resident and nonresident assets and liabilities.

**Provisions specific to institutional investors**

Yes.

Insurance companies

Yes.

Nonresident insurance companies and brokers may not establish branches in Kazakhstan. Legal entities that are registered in offshore zones listed by the NBK may not directly or indirectly control, use, or dispose of the voting shares of resident insurance (reinsurance) companies. This restriction does not apply to insurance (reinsurance) companies that are subsidiaries of insurance (reinsurance) companies that are nonresidents of the Republic of Kazakhstan with a minimum required rating from one of the rating agencies.

Only a nonresident financial institution under consolidated supervision in its home country may be a nonresident insurance holding company that directly controls 25% or more of the outstanding shares of an insurance (reinsurance) company (net of preferred shares and those repurchased by the insurance/reinsurance company) or with 25% or more of the voting shares.

**Limits (max.) on securities issued by nonresidents**

Yes.

An insurance (reinsurance) company may not acquire stakes in the authorized capital or shares of nonresident legal entities, with the exception of the acquisition of stakes or shares of nonresident legal entities that have the status of a bank, insurance (reinsurance) company, pension fund, or professional participant in the securities market, or shares of nonresident legal entities on a list established in accordance with a regulatory legal act of the authorized body.

The acquisition by an insurance (reinsurance) company of stakes in the authorized capital or shares of legal entities must not exceed 10% of the insurance (reinsurance) company’s equity capital for each legal entity.
This restriction applies to an insurance (reinsurance) company’s ownership of stakes in the authorized capital or shares of said legal entities, including cases in which they participate in the establishment of the legal entities.

The aggregate value of an insurance (reinsurance) company’s stakes in the authorized capital of legal entities or shares must not exceed 50% of the insurance (reinsurance) company’s equity capital.

Insurance (reinsurance) companies are prohibited from performing transactions with financial derivatives, with the exception of transactions performed for the purposes of hedging risks.

Insurance (reinsurance) companies are permitted to acquire the following financial instruments issued by nonresidents of the Republic of Kazakhstan:

1. Shares of legal entities that are nonresidents of the Republic of Kazakhstan, with price quotes on the active market that are necessary for measuring fair value, and depositary receipts for which these shares serve as underlying assets;
2. Shares that have been issued in accordance with the legislation of the Republic of Kazakhstan and meet the requirements of the “share” sector in the official stock exchange list as provided for by NBK Resolution No. 189 of October 22, 2014, on Approval of the Requirements for Issuers and their Securities Put into Circulation in the Stock Exchange, and also for Certain Categories in the Stock Exchange List, entered in the Register for State Registration of Regulatory Legal Acts under No. 9871, and depositary receipts for which these shares serve as underlying assets;
3. Shares of legal entities that are on the stock exchange index’s representative list and depositary receipts for which these shares serve as underlying assets;
4. Debt securities issued by the following IFIs:
   - Asian Development Bank;
   - Inter-American Development Bank;
   - African Development Bank;
   - Eurasian Development Bank;
   - European Investment Bank;
   - European Bank for Reconstruction and Development;
   - Islamic Development Bank;
   - Bank for International Settlements;
   - International Bank for Reconstruction and Development;
   - International Finance Corporation;
5. Securities with the status of government securities which have been issued by the central governments of foreign states with a sovereign rating of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies;
6. Nongovernment securities issued by foreign companies:
   a. Shares of issuers with a rating of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies;
   b. Debt securities with a rating of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies;
7. Debt securities included in the official stock exchange list;
8. Shares in exchange-traded funds, the pricing for which is linked to the following estimated indicators (indices):
   - CAC 40 (Compagnie des Agents de Change 40 Index);
   - DAX (Deutscher Aktienindex);
   - DJIA (Dow Jones Industrial Average);
   - ENXT100 (Euronext 100);
   - FTSE 100 (Financial Times Stock Exchange 100 Index);
   - MSCI World Index (Morgan Stanley Capital International World Index);
   - NIKKEI – 225 (NIKKEI – 225 Index);
   - S&P 500 (Standard and Poor’s 500 Index);
   - TOPIX (Tokyo Price Index);
   - HSI (Hang Seng Index);
9. Shares in exchange-traded funds, exchange-traded commodities (ETCs), and exchange-traded notes (ETNs) that have a rating of at least four stars by the Morningstar credit rating agency;
(10) Islamic financing instruments with a rating assigned to the security and/or the issuer of at least B on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies;

(11) Islamic financing instruments of an Islamic bank, provided the following conditions are met:
(a) the parent company of the Islamic bank has a rating of at least BB on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies;
(b) the requirements regarding compliance with prudential standards established for an Islamic bank in accordance with the banking legislation of the Republic of Kazakhstan are met.

An insurance (reinsurance) company must meet the following standards for the diversification of its assets (including investments abroad):

1. Overall investment in securities (including reverse repo operations) and cash (less the reserve for doubtful debts) at a single legal entity that is not a second-tier bank, and affiliates of the given legal entity – not more than 10% of total assets;
2. Overall investment in securities (including reverse repo operations) that have the status of government securities issued by the central government of a foreign state, less the reserve for doubtful debts – not more than 10% of total assets;
3. Overall investment in securities (including reverse repo operations) of an international financial institution included on the list established under Paragraph 39 of Resolution No. 304, less the reserve for doubtful debts – not more than 10% of total assets;
4. Overall investments in the units of the exchange-traded funds – not more than 10% of total assets;
5. Overall investments in Islamic financing instruments that meet the requirements under Paragraph 38, subparagraphs (15) and (16), of Resolution No. 304, less the reserve for doubtful debts – not more than 10% of total assets.

Total assets are calculated in accordance with Paragraph 34 of Resolution No. 304.

As of January 1, 2019, the only organization engaged in the attraction of mandatory pension contributions, mandatory professional pension contributions, and voluntary pension contributions which is operating in Kazakhstan is the Single Pension Savings Fund (SPSF) Joint-Stock Company.

In accordance with Article 35 of the Republic of Kazakhstan Law on Pension Security in the Republic of Kazakhstan, the NBK manages the pension assets of the SPSF on the basis of a trust management agreement.

The pension assets of the SPSF are invested in instruments determined by the Council for the Management of the National Fund of the Republic of Kazakhstan.

The NBK invests the pension assets of the SPSF in accordance with a list of financial instruments approved by a resolution of the Republic of Kazakhstan government and the requirements and limitations of the SPSF Investment Declaration, which was approved by a resolution of the NBK Executive Board and was compiled...
Taking the given list into account, the activities of voluntary pension funds are governed by the NBK Resolution No. 236 of August 27, 2013; however, at present, no one voluntary pension fund has been registered.

The following is applicable to SPSF with respect to investment in securities issued by nonresidents. The SPSF Investment Declaration provides for the following investment limits in financial instruments of foreign issuers. Investments in financial instruments of foreign issuers – not more than 50% of pension assets, including:

1. Government and agency securities and securities of IFIs – not more than 50%:
   (a) with a rating of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 50%;
   (b) with a rating between BB+ and BB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 20%;

2. Corporate debt securities – not more than 30% of pension assets:
   (a) with a rating assigned to the security and/or issuer of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 30%;
   (b) with a rating assigned to the security and/or issuer between BB+ and BB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 15%;

3. Mortgage-backed securities (MBS) and asset-backed securities (ABS) with a rating assigned to the security and/or issuer of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 20%;

4. Shares, depositary receipts for shares – not more than 20%;

5. Structured products issued by organizations with a rating of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 10%;

6. Islamic financing instruments – not more than 10%:
   (a) with a rating assigned to the security and/or issuer of at least BBB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 10%;
   (b) with a rating assigned to the security and/or issuer between BB+ and BB- on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies – not more than 5%;

The proportion of debt securities of a single issue of an issuer, who is a nonresident of the Republic of Kazakhstan, purchased at the expense of pension assets must not exceed 25% of the total volume of the given issue.

The proportion of equity securities issued by a single issuer purchased at the expense of pension assets must not exceed 10% of the total number of shares of the given issuer that have been placed. According to the NBK Executive Board Resolution No. 236 of August 27, 2013, for voluntary pension funds, the amount of a fund’s investments in financial instruments issued (offered) by a Republic of Kazakhstan nonresident issuer are as follows:

(a) using its own assets – less than 10% of the fund’s own assets;
(b) using the pension and own assets in the aggregate, or using either pension assets or its own assets alone – less than 25% of the own capital of the given issuer or its parent entity, if the parent entity has provided a guarantee for the issuer’s nongovernmental debt securities, the amount of which guarantee equals the full amount of

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<table>
<thead>
<tr>
<th><strong>Limits (max.) on securities issued by nonresidents</strong></th>
<th><strong>Yes.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments in financial instruments of foreign issuers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>- not more than 50% of pension assets, including:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.</strong> Government and agency securities and securities of IFIs</td>
<td>not more than 50%</td>
</tr>
<tr>
<td>(a) with a rating of at least BBB- on the Standard &amp; Poor’s international scale or an equivalent rating by one of the other rating agencies</td>
<td>not more than 50%</td>
</tr>
<tr>
<td>(b) with a rating between BB+ and BB- on the Standard &amp; Poor’s international scale or an equivalent rating by one of the other rating agencies</td>
<td>not more than 20%</td>
</tr>
<tr>
<td><strong>2.</strong> Corporate debt securities</td>
<td>not more than 30%</td>
</tr>
<tr>
<td>(a) with a rating assigned to the security and/or issuer of at least BBB- on the Standard &amp; Poor’s international scale or an equivalent rating by one of the other rating agencies</td>
<td>not more than 30%</td>
</tr>
<tr>
<td>(b) with a rating assigned to the security and/or issuer between BB+ and BB- on the Standard &amp; Poor’s international scale or an equivalent rating by one of the other rating agencies</td>
<td>not more than 15%</td>
</tr>
<tr>
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<td>not more than 20%</td>
</tr>
<tr>
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</tr>
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</tr>
<tr>
<td><strong>5.</strong> Structured products issued by organizations with a rating of at least BBB- on the Standard &amp; Poor’s international scale or an equivalent rating by one of the other rating agencies</td>
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</tr>
<tr>
<td><strong>6.</strong> Islamic financing instruments</td>
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</tr>
<tr>
<td>(a) with a rating assigned to the security and/or issuer of at least BBB- on the Standard &amp; Poor’s international scale or an equivalent rating by one of the other rating agencies</td>
<td>not more than 10%</td>
</tr>
<tr>
<td>(b) with a rating assigned to the security and/or issuer between BB+ and BB- on the Standard &amp; Poor’s international scale or an equivalent rating by one of the other rating agencies</td>
<td>not more than 5%</td>
</tr>
</tbody>
</table>
the given issuer’s issue of nongovernmental debt securities of the given issuer.

If the issuer’s parent entity is a second-tier bank, the amount of a fund’s investments in financial instruments issued (offered) by the given Republic of Kazakhstan nonresident issuer using pension assets and its own assets in the aggregate or using either pension assets or its own assets alone must equal less than 35% of the given second-tier bank’s own capital.

The percentage of debt securities in a single issue by a Republic of Kazakhstan nonresident issuer acquired by a fund using pension assets and its own assets in aggregate or using either pension assets or its own assets alone must equal less than 25% of the total amount of the debt securities of the issuer’s given issue.

The percentage of shares issued by a single Republic of Kazakhstan nonresident issuer and acquired by a fund using pension assets and its own assets in the aggregate or using either pension assets or its own assets alone must equal less than 10% of the total amount of shares of the given issuer.

The amount of a fund’s investments in foreign issuers’ securities denominated in foreign currency using its own assets must equal less than 50% of the fund’s own assets, of which investments in the securities of foreign issuers having a rating of lower than “BBB” on the Standard & Poor’s international scale or a an equivalent rating by one of the other rating agencies must total less than 10% of the total amount of its own assets.

The amount of a fund’s investments in the units of an investment fund having an international rating “Standard & Poor’s Principal Stability Fund Ratings” of at least “BBBm,” or “Standard & Poor’s Fund Credit Quality Ratings” of at least “BBBf” must be as follows:
(1) using its own assets – less than 10% of the fund’s own assets;
(2) using its own assets and pension assets in the aggregate or using either pension assets or its own assets alone – less than 10% of the given investment fund’s assets.

The total amount of a fund’s investments using its own assets in the units of investment funds having an international rating “Standard & Poor’s Principal Stability Fund Ratings” of at least “BBBm” or “Standard and Poor’s Credit Quality Ratings” of at least “BBBf-,” and managed by a single management company, and in financial instruments issued (offered) by the given management company must equal less than 10% of the fund’s own assets.

According to the NBK Executive Board Resolution No. 237 of August 27, 2013, the list of financial instruments in which a voluntary pension saving fund may place pension assets and the requirements to which they are held must be as follows:
(1) debt securities issued by the following IFIs and having a rating of at least “BBB-” on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies: Asian Development Bank; African Development Bank; Bank for International Settlements; Eurasian Development Bank; European Bank for Reconstruction and Development; European Investment Bank; Islamic Development Bank; Inter-American Development Bank; International Bank for Reconstruction and Development; International Financial Corporation;
(2) securities with the status of government securities issued by the central governments of foreign states having a sovereign rating of at least “BBB-” on the Standard & Poor’s international scale or an equivalent rating by one of the other rating agencies;
(3) nongovernmental securities issued by foreign entities:
(a) debt securities having a rating of at least “BBB-” on the Standard & Poor’s international scale or an equivalent rating by one of the
other rating agencies;
(b) debt securities issued by an issuer under a guarantee by a
Republic of Kazakhstan nonresident parent entity that has a rating of
at least “BBB-” on the Standard & Poor’s international scale or an
equivalent rating by one of the other rating agencies, or a guarantee
by a resident parent entity with a rating of at least “B-” on the
Standard & Poor’s international scale or an equivalent rating by one
of the other rating agencies, the amount of which guarantee ensures
the full amount of the issue of nongovernmental debt securities;
(c) shares of foreign issuers with a rating of at least “BBB-” on the
Standard & Poor’s international scale or an equivalent rating by one
of the other rating agencies;
(d) shares of foreign entities recognized as Republic of Kazakhstan
residents pursuant to Article 22(1), Clause 3, of the Law on the
Securities Market, and officially listed with the stock exchange and
meeting the requirements of the “premium” category of the “shares”
sector on the “Main” floor of the official stock exchange list;
(4) futures, options, swaps, and forwards, the underlying assets of
which are financial instruments allowed to be acquired using pension
assets, foreign exchange, and the following indexes: MICEX
(Moscow Interbank Currency Exchange Index); DAX (Deutscher
Aktiengesellschaft Index); CAC 40 (Compagnie des Agents de Change 40 Index);
NIKKEI – 225 (NIKKEI – 225 Index); TOPIX (Tokyo Price Index);
HSI (Hang Seng Index); ENXT 100 (Euronext 100); RTSI (Russian
Trade System Index); DJIA (Dow Jones Industrial Average); S&P
500 (Standard and Poor’s 500 Index); FTSE 100 (Financial Times
Stock Exchange 100 Index); KASE; MSCI World Index (Morgan
Stanley Capital International World Index).

Limits (max.) on investment portfolio
held abroad  Yes.  
The aggregate amount of investments of the SPSF’s pension assets in
financial instruments and currency denominated in foreign exchange
represents no more than 50% of these pension assets, including:
(1) not more than 50% of the SPSF’s pension assets in US dollars
and/or euros;
(2) not more than 10% of the SPSF’s pension assets in other foreign
currencies;
(3) deposits at foreign banks with a rating of at least A- on the
Standard & Poor’s international scale or an equivalent rating by one
of the other rating agencies – not more than 50%.

Limits (min.) on investment portfolio
held locally  Yes.  
The following limits are applied on investment portfolio held locally
by SPSF: Government securities of the Republic of Kazakhstan may
not be less than 20% and not more than 60% of the pension assets of
SPSF.

Currency-matching regulations on
assets/liabilities composition  No.

Investment firms and collective
investment funds  Yes.

Limits (max.) on securities issued by
nonresidents  Yes.  
The total amount of investments of an investment fund’s assets in
financial instruments (other than currency) issued (offered) by a
single entity or affiliates thereof must not exceed:
(1) 20% of the value of net assets for an open-end or interval mutual
fund;
(2) 30% of the value of net assets for a joint-stock investment fund
and a closed-end mutual fund.
These limits do not apply to Republic of Kazakhstan government
securities, or to financial instruments issued (offered) by entities
more than 50% of whose voting shares are held by the state or a
national management holding company, or a national holding
company and affiliates thereof, operating in the same sector of the
national economy.
The requirements under this item do not apply to risk-based investment funds and real estate funds.

The total amount of investments of an investment fund’s assets in financial instruments issued (offered) by a single entity, more than 50% of whose voting shares are held by the state or a national management holding company, or a national holding company and affiliates thereof, operating in the same sector of the national economy, must not exceed:

1. 30% of the value of net assets for an open-end or interval mutual fund;
2. 50% of the value of net assets for a joint-stock investment fund and a closed-end mutual fund. The requirements under this item do not apply to risk-based investment funds and real estate funds.

TheNBK has established a list of financial instruments that may be included in open-end and interval mutual funds, as well as in real estate funds. The assets of other joint-stock investment funds and of closed-end mutual funds may be invested as determined by the investment declaration of the investment fund.

Open-end and interval mutual funds’ investments in nongovernment securities of foreign organizations must be (1) debt securities with an international Standard & Poor’s rating no lower than BB- or an equivalent rating from another rating agency and/or debt securities listed by a stock exchange in a foreign country and recognized by a stock exchange in the Republic of Kazakhstan; (2) shares issued by foreign organizations with an international Standard & Poor’s rating no lower than BB- or an equivalent rating from another rating agency, and/or shares listed by a stock exchange in a foreign country and recognized by a stock exchange in the Republic of Kazakhstan; (3) depositary receipts whose underlying assets are instruments referred to under (1) and (2) or whose underlying assets are securities of issuers with an international Standard & Poor’s rating in foreign currency no lower than B- or an equivalent rating from another rating agency; (4) government securities issued by central foreign governments with a sovereign rating no lower than BBB or an equivalent rating from another rating agency; (5) foreign currency of countries with a sovereign rating no lower than BBB or an equivalent rating from another rating agency; (6) principal-protected notes issued by organizations with an international Standard & Poor’s rating no lower than BB- or an equivalent rating from another rating agency; (7) derivative financial instruments (futures, options, swaps, forwards) for hedging purposes whose underlying assets are financial instruments of open-end and interval mutual funds or foreign currency or performance ratios (indicators).

Joint-stock real estate investment funds’ investments in financial instruments issued by foreign organizations may be:

1. shares issued by foreign organizations with an international Standard & Poor’s rating no lower than AA- or an equivalent rating from another rating agency; (2) debt securities issued by foreign organizations with a rating no lower than AA- on the Standard & Poor’s international scale or an equivalent rating from one of the other rating agencies; (3) debt securities issued by IFIs with an international Standard & Poor’s rating no lower than BBB or an equivalent rating from another rating agency; (4) government securities issued by foreign central governments with a sovereign rating no lower than BBB or an equivalent rating from another rating agency; (5) foreign currency of countries with a sovereign rating no lower than BBB or an equivalent rating from another rating agency; and (6) derivative financial instruments for hedging purposes whose underlying assets are financial instruments permissible for
acquisition with the assets of real estate funds in accordance with this list.

Limits on minimum investments held locally have not been established. Instead, the NBK has established a list of financial instruments in which investment funds may place their assets, and requirements have been established for these assets. The given requirements do not apply to high-risk investment funds.

The NBK has established a list of financial instruments that may be included in open-end and interval mutual funds, as well as in real estate funds. The assets of other joint-stock investment funds and of closed-end mutual funds may be invested as determined by the investment declaration of the investment fund. Open-end and interval mutual funds’ investments in nongovernment securities of foreign organizations must be:

1. Debt securities with an international Standard & Poor’s rating no lower than BB- or an equivalent rating from another rating agency and/or debt securities listed by a stock exchange in a foreign country and recognized by a stock exchange in the Republic of Kazakhstan;
2. Shares issued by foreign organizations with an international Standard & Poor’s rating no lower than BB- or an equivalent rating from another rating agency, and/or shares listed by a stock exchange in a foreign country and recognized by a stock exchange in the Republic of Kazakhstan;
3. Depositary receipts whose underlying assets are instruments referred to under (1) and (2) or whose underlying assets are securities of issuers with an international Standard & Poor’s rating in foreign currency no lower than B- or an equivalent rating from another rating agency;
4. Government securities issued by central foreign governments with a sovereign rating no lower than BBB or an equivalent rating from another rating agency;
5. Foreign currency of countries with a sovereign rating no lower than BBB or an equivalent rating from another rating agency;
6. Principal-protected notes issued by organizations with an international Standard & Poor’s rating no lower than A- or an equivalent rating from another rating agency that meets the conditions of regulatory legal acts; and
7. Derivative financial instruments (futures, options, swaps, forwards) for hedging purposes whose underlying assets are financial instruments of open-end and interval mutual funds or foreign currency or performance ratios (indicators).

Joint-stock real estate investment funds’ investments in financial instruments issued by foreign organizations may be:

1. Shares issued by foreign organizations with an international Standard & Poor’s rating no lower than AA- or an equivalent rating from another rating agency;
2. Debt securities issued by foreign organizations with a rating no lower than AA- on the Standard & Poor’s international scale or an equivalent rating from another rating agency;
3. Debt securities issued by IFIs with an international Standard & Poor’s rating no lower than BBB or an equivalent rating from another rating agency;
4. Government securities issued by foreign central governments with a sovereign rating no lower than BBB or an equivalent rating from another rating agency;
5. Foreign currency of countries with a sovereign rating no lower than BBB or an equivalent rating from another rating agency;
6. Derivative financial instruments for hedging purposes whose underlying assets are financial instruments permissible for acquisition with the assets of real estate funds in accordance with this list.

Currency-matching regulations on assets/liabilities composition: No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Spot exchange market

Pursuant to National Bank of Kazakhstan (NBK) Resolution No. 296 of November 29, 2018, the limits on the margin between the buying and selling rates of cash in US dollars and euros for tenge cash transactions conducted with the public through exchange bureaus were eliminated. Previously, the NBK placed a limit of 6 tenge and 7 tenge for the US dollar and the euro, respectively.

The National Bank of Kazakhstan re-established the limits on the margin between the buying and selling rates on cash foreign exchange transactions against tenge conducted by individuals through exchange offices of authorized banks and authorized nonbanking organizations as follows: 6 tenge for the US dollars and 7 tenge for euro. The resolution is adopted in the context of COVID-19. On July 14, 2020, considering the lack of a definite consensus with regard to the outlook for an end to the negative impact of external economic factors related to the COVID-19 pandemic on the country’s economy and the domestic foreign exchange market, by way of National Bank of the Republic of Kazakhstan Executive Board Resolution No. 86 of July 14, 2020, on the Establishment of Limits on the Margin between Buying and Selling Rates for Foreign Exchange Transactions against the Tenge Performed through Exchange Offices, the decision was made to extend the margin limits of 6 tenge for the US dollar and 7 tenge for the euro until January 1, 2021.

Arrangements for Payments and Receipts

Prescription of currency requirements

Use of foreign exchange among residents

The following were added to the list of permitted foreign exchange transactions: transactions in which one of the parties is a resident who has the right to perform foreign exchange transactions with residents pursuant to the laws of the Republic of Kazakhstan or acts of the President of the Republic of Kazakhstan adopted prior to the entry into force of the Law; transactions between branch offices (representative offices) of foreign organizations; transactions between securities market professionals who perform foreign exchange transactions on instructions from clients, and between individuals or legal entities, related to the transfer of money and financial instruments from (to) accounts for the recording and safekeeping of money and financial instruments belonging to clients within the context of the execution and termination of brokerage service agreements; transactions of a party serving as a recipient of minerals on behalf of the state, which are transferred to said party in accordance with the Tax Code for in-kind fulfillment by a mineral resources operator of its tax obligations related to the transport, storage, and sale of such minerals.

Branch offices (representative offices) of foreign organizations that form a permanent establishment for tax purposes in the Republic of Kazakhstan were classified as residents and may no longer transact with other residents in foreign currency.

Resident Accounts

Foreign exchange accounts permitted

Held abroad

A resident legal entity (with the exception of banks and branch offices (representative office) of a foreign organization) must notify
the National Bank of Kazakhstan of accounts opened with a foreign bank by applying for the assignment of a record number to the account prior to the performance of transactions using such account. Previously, the deadline for notification was 30 days after the date of entry into an agreement with a foreign bank. The purchase of foreign currency by resident legal entities (other than banks) on the same business day through a single bank is limited to the equivalent of US$50,000. Previously, the limit was US$100,000.

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>07/01/2019</td>
</tr>
<tr>
<td>When preparing a request to purchase noncash foreign currency for domestic currency in an amount in excess of the equivalent of US $100,000, a resident legal entity must confirm the purpose and amount of the foreign currency being purchased by attaching to the request a copy of the foreign exchange contract, the obligations under which the noncash foreign currency is being purchased to meet. (Previously, the type of supporting document was less precisely defined.) 03/23/2020</td>
<td></td>
</tr>
<tr>
<td>When preparing a request to purchase noncash foreign currency for domestic currency for purposes not related to the fulfillment of obligations, in an amount in excess of the equivalent of US$50,000 on the same day through a single bank (previously US$100,000), a resident legal entity must confirm the purpose and amount of the foreign currency being purchased. 03/23/2020</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>07/01/2019</td>
</tr>
<tr>
<td>Deferral of payment on imports is no longer classified as a commercial credit. 07/01/2019</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>01/01/2019</td>
</tr>
<tr>
<td>Furthermore, there are import duty rates in effect pursuant to Order No. 105 of the Republic of Kazakhstan Minister of the National Economy of December 19, 2018, on an Amendment to Order No. 58 of the Republic of Kazakhstan Minister of the National Economy of February 9, 2017, on Approval of a List of Goods Subject to Import Customs Duties, Their Rates, and Effective Dates. 07/01/2019</td>
<td></td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>07/01/2019</td>
</tr>
<tr>
<td>The conditions when the repatriation requirement is considered to have been met in full were expanded to include foreign currency received by residents from holding exhibitions or sporting, cultural, and other similar events outside Kazakhstan when it is used to cover expenses during the time that the events are under way, as well as foreign exchange earnings posted to accounts at foreign banks held by resident transportation organizations for the purpose of covering expenses related to the payment of port and other fees in foreign states and the servicing of transportation equipment owned by such transportation organizations and their passengers while they are located outside the Republic of Kazakhstan, and expenses to support the operations of branch offices (representative offices) of such transportation organizations located outside the Republic of Kazakhstan. 07/01/2019</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>07/01/2019</td>
</tr>
<tr>
<td>Deferrals of export payments and advance export payments are no longer classified as commercial credits. 07/01/2019</td>
<td></td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>07/01/2019</td>
</tr>
<tr>
<td>To implement the norm of Article 9 of the Law “On Currency Regulation and Currency Control” of March 30, 2019, a record number needs to be obtained for contracts involving the export/import of work (services). When making payments and/or money transfers, an exporter must submit a copy of a foreign trade 07/01/2019</td>
<td></td>
</tr>
</tbody>
</table>
Controls on capital transactions

A single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the National Bank of Kazakhstan (NBK) to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

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On capital market securities

A single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

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For statistical purposes residents must apply to the National Bank of Kazakhstan for registration of contracts involving the purchase from nonresidents of equity securities issued by residents or nonresidents in an amount in excess of the equivalent of US$500,000 (previously US$100,000).

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Bonds or other debt securities

Purchase locally by nonresidents 07/01/2019
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On money market instruments

Purchase locally by nonresidents 07/01/2019

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Sale or issue locally by nonresidents

07/01/2019

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07/01/2019

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Purchase abroad by residents

07/01/2019

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For statistical purposes residents must apply to the National Bank of Kazakhstan for registration of transactions with derivative financial instruments, if the amount of the payment and/or transfer by a nonresident to a resident exceeds the equivalent of US$500,000 (previously US$100,000).

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A single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the National Bank of Kazakhstan (NBK) to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.
Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

Up until July 1, 2019, registration or notification of operations with foreign currency was required. Foreign exchange operations requiring registration were performed only with a certificate of registration. If a resident did not have a document confirming notification, an authorized bank performed the operations after notifying the resident in any manner of the need to obtain a document confirming notification.

The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

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For statistical purposes residents must apply to the National Bank of Kazakhstan for registration of transactions with derivative financial instruments, if the amount of the payment and/or transfer by a resident to a nonresident exceeds the equivalent of US$500,000 (previously US$100,000).

**Sale or issue abroad by residents**

A single procedure has been in place for the registration of contracts on the movement of capital and settlements at foreign banks. When a payment is made and/or money is transferred under a contract for which an account number needs to be obtained, or when an account at a foreign bank to which an account number has been assigned is used, an authorized bank (or a branch thereof) checks the presence of an account number and in the payment document, the presence of the details of the foreign exchange contract.

The registration requirement applies to agreements on the movement of capital, the parties to which are residents (other than authorized banks and branches (representative offices) of foreign organizations). The resident party to an agreement asks the National Bank of Kazakhstan (NBK) to assign an account number before obligations under the contract are fulfilled by any of the parties. The registration procedure does not constitute a permitting process.

Authorized banks must present to the NBK a report on all of the foreign exchange operations performed, including those performed on behalf of customers, the amount of which is equal to or greater than the equivalent of US$50,000, indicating the account number, if any.

Up until July 1, 2019, registration or notification of operations with foreign currency was required. Foreign exchange operations requiring registration were performed only with a certificate of registration. If a resident did not have a document confirming notification, an authorized bank performed the operations after notifying the resident in any manner of the need to obtain a document confirming notification.

The notification requirement did not apply to direct investment transactions subject to registration with the NBK.

The registration and notification procedures did not constitute permitting processes. Authorized banks notified the NBK as part of their reporting on foreign exchange operations performed in accordance with an established list, including those performed on behalf of customers.

**Controls on credit operations**

**Commercial credits**

For statistical purposes residents must apply to the National Bank of Kazakhstan for registration of transactions with derivative financial instruments, if the amount of the payment and/or transfer by a nonresident to a resident exceeds the equivalent of US$500,000 (previously US$100,000).

Previously, for statistical purposes, commercial credits associated with exports (imports) of goods that were extended by residents to nonresidents for a term of over 180 days in amounts exceeding...
US$100,000 were subject to registration with the NBK. The registration requirement did not apply to:
- commercial credits associated with the delivery of goods if contract registration numbers had been obtained for them (up to January 5, 2012, if transaction passports had been prepared);
- commercial credits of resident banks extended to nonresidents.

To residents from nonresidents 07/01/2019
For statistical purposes, informational registration requirements for contracts involving the movement of capital do not extend to commercial credits.

Previously, for statistical purposes, commercial credits of residents that were associated with exports (imports) of goods and were extended for a term of over 180 days and in amounts exceeding US$500,000 were subject to registration with the NBK. The registration requirement did not apply to:
- commercial credits associated with the delivery of goods or services, if contract registration numbers have been obtained for them (up to January 5, 2012, if transaction passports have been prepared);
- commercial credits of resident banks received from nonresidents.

Financial credits

By residents to nonresidents 07/01/2019
Financial credits (financial loans) in amounts exceeding US$500,000 (previously US$100,000) that are extended by residents (that are not banks) regardless of the term are subject to informational registration with the National Bank of Kazakhstan.

To residents from nonresidents 07/01/2019
Financial credits (financial loans) in amounts exceeding US$500,000 that are extended by residents (that are not banks) regardless of the term (previously if the term was over 180 days) are subject to informational registration with the National Bank of Kazakhstan.

Controls on direct investment

Outward direct investment 07/01/2019
For statistical purposes, direct investment abroad in excess of US$500,000 is subject to informational registration with the National Bank of Kazakhstan (NBK).

A resident party to a foreign exchange contract applies to the NBK for the assignment of a record number prior to the fulfillment of obligations under the foreign exchange contract by any of its parties. Previously, for statistical purposes, registration with the NBK was required for direct investment in excess of US$100,000, except by resident banks, which were required to notify the NBK of such transactions.

Inward direct investment 07/01/2019
Direct investment abroad in excess of US$500,000 (previously US$100,000) is subject to informational registration with the NBK.

For statistical purposes, direct investment in the Republic of Kazakhstan in excess of US$500,000 is subject to informational registration with the National Bank of Kazakhstan (NBK).

A resident party to a foreign exchange contract applies to the NBK for the assignment of a record number prior to the fulfillment of obligations under the foreign exchange contract by any of its parties. Previously, for statistical purposes, registration with the NBK was required for direct investment in excess of US$500,000, except in resident banks, which were required to notify the NBK of such transactions.

Controls on real estate transactions

Purchase abroad by residents 07/01/2019
For statistical purposes, resident legal entities apply to the National Bank of Kazakhstan (NBK) for informational registration of...
transactions with residents and nonresidents in amounts in excess of US$500,000 which involve the acquisition by residents of title to real property abroad.

Previously, for statistical purposes, resident legal entities were required to notify the NBK of completed transactions involving the acquisition of title to real property from nonresidents if the amount of the acquisition exceeded the equivalent of US$100,000. Resident legal entities apply to the National Bank of Kazakhstan for informational registration of transactions with residents and nonresidents in amounts in excess of US$500,000 (previously US$100,000) which involve the acquisition by residents of title to real property abroad.

For statistical purposes, resident legal entities apply to the National Bank of Kazakhstan (NBK) for informational registration of transactions with nonresidents in amounts in excess of US$500,000 which involve the acquisition by nonresidents of title to real property in the Republic of Kazakhstan. Previously, for statistical purposes, resident legal entities were required to notify the NBK of completed transactions involving the acquisition of title to real property from nonresidents if the amount of the acquisition exceeded the equivalent of US$500,000.

Residents apply to the National Bank of Kazakhstan for informational registration of transactions with nonresidents in amounts in excess of US$500,000 (previously US$100,000) which involve the sale by nonresidents of title to real property in the Republic of Kazakhstan.

For statistical purposes, resident legal entities apply to the National Bank of Kazakhstan (NBK) for informational registration of transactions with nonresidents in amounts in excess of US$500,000 which involve the sale by nonresidents of title to real property in the Republic of Kazakhstan. Previously, for statistical purposes, resident legal entities were required to notify the NBK of completed transactions involving the sale of title to real property to nonresidents if the amount of the transaction exceeded the equivalent of US$500,000.

For statistical purposes, financial loans provided by residents to nonresidents in amounts in excess of US$500,000 are subject to informational registration with the National Bank of Kazakhstan (NBK). A resident party to a foreign exchange contract applies to the NBK for the assignment of a record number prior to the fulfillment of obligations under the foreign exchange contract by any of its parties. Previously, loans in excess of US$100,000 for a term of more than 180 days were subject to NBK registration.

For statistical purposes, financial loans provided by residents to nonresidents in amounts in excess of US$500,000 (previously US $100,000) are subject to informational registration with the NBK. Previously, loans to residents for a term of more than 180 days and in excess of US$500,000 were subject to NBK registration.
KENYA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
February 3, 1964.

Article VIII
Yes. Date of acceptance: June 30, 1994.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Kenya is the Kenyan shilling.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Yes. The de jure exchange rate arrangement is free floating. Kenya pursues a flexible exchange rate regime, and the value of the Kenyan shilling is determined by the market according to the demand and supply of foreign exchange. Official foreign exchange market interventions aim to moderate the rate of change and prevent undue
fluctuations in the exchange rate, rather than to establish a particular level. The de facto exchange rate arrangement is classified as other managed. Data on interventions are not published.

Floating
Free floating

**Official exchange rate** Yes. The Central Bank of Kenya (CBK) publishes a daily indicative foreign exchange rate, which is the previous day’s average market rate at closing.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*

*Core inflation*

Target horizon

*Operating target (policy rate)*

Policy rate

Target corridor band
Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. The CBK is in transition from targeting monetary aggregates toward an inflation-targeting framework. The cabinet secretary for the national treasury specifies the price stability target at the beginning of every financial year. The inflation target is specified as a range in order to provide for adverse shocks. The inflation target for fiscal year 2020/21 is 5.0%, with a flexible margin of 2.5% on either side. Section 4 (Subsection 5) of the CBK Act indicates that the minister shall specify at least once every 12 months the price stability target in consultation with the central bank and government economic policies.

The Monetary Policy Committee (MPC) is responsible for the formulation of monetary policy. The MPC meets at least every two months. The cabinet secretary for the national treasury receives two reports from the MPC every six months. The CBK does not publish the minutes of the MPC meetings but publishes a press release and holds press and banking sector briefings after every MPC meeting.

The inflation target is measured by the 12-month change in the consumer price index (CPI) as published by the Kenya National Bureau of Statistics. The inflation measure is indicated in the notice by the cabinet secretary to the CBK on the price stability target at the beginning of the financial year.

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. Authorized commercial and microfinance banks are licensed to buy, sell, borrow, and lend in foreign currency and transact any other business involving foreign currency. Foreign exchange bureaus may deal in spot foreign currency transactions involving cash and other instruments approved by the CBK; conduct money transfers as agents of mobile phone companies and as subagents of international money transfer agencies subject to approval by the CBK; transact telegraphic transfers through a bank in amounts not exceeding the equivalent of US$100,000 a customer a day, subject to CBK conditions; sell foreign currency drafts to their customers; engage in traveler’s check transactions; purchase foreign currency drafts from customers up to US$1,000 or its equivalent in any currency; and conduct any other business approved by the CBK. ADs freely determine their bid-ask spreads and foreign exchange commissions in transactions with their clients. In addition to transactions by foreign exchange bureaus, money remittance providers may also handle
money transfers in and out of Kenya.

As of December 31, 2019, there were 38 commercial banks, 1 mortgage finance company, 69 foreign exchange bureaus, and 19 money remittance providers licensed by the CBK to deal in foreign exchange with the public. Foreign exchange bureaus and money remittance providers conduct exchange transactions, including sales and purchases of currency, traveler’s checks, and similar instruments.

The CBK deals with authorized commercial bank dealers either through foreign exchange auctions or direct purchases and sales.

The CBK may conduct auctions for foreign exchange transactions based on prevailing market conditions.

The interbank market is based on a market-making arrangement. There were 38 commercial banks, 1 mortgage finance company, 69 foreign exchange bureaus, and 19 money remittance providers licensed by the CBK to operate in the foreign exchange market. ADs freely determine their bid-ask spreads and foreign exchange commissions in transactions with their clients.

Commercial banks and foreign exchange bureaus deal in foreign exchange with their customers on an over-the-counter basis.

ADs may carry out interbank transactions via approved brokers.

The interbank market is based on a market-making arrangement.

Commercial banks may conduct forward foreign exchange transactions with their customers at market-determined exchange rates.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

No.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

No.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.
Kenya is a member of COMESA, the EAC, the East African Payment System Harmonization Committee, and the Association of African Central Banks.

Kenya operates through the Local Foreign Currency Clearing System and the Society for Worldwide Interbank Financial Telecommunications (SWIFT).

The CBK Act gives the CBK power to license and regulate foreign exchange dealers.

Rescheduling with Paris Club creditors ended in December 2006, paving the way for repayment of foreign loans that henceforth fall due.

Private sector external obligations are paid mainly with foreign exchange reserves held by commercial banks, over which the CBK has no control.

For statistical purposes, people leaving or entering Kenya must declare amounts exceeding K Sh 1 million in domestic currency or the equivalent of US$10,000 in foreign currency.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Residents and nonresidents may hold foreign exchange accounts domestically and may freely transfer funds abroad. Banks must document and report to the CBK the purpose of account inflows and outflows.

Residents and nonresidents may hold foreign exchange accounts abroad and may freely transfer funds back to Kenya. Banks must document and report to the CBK the purpose of inflows and outflows.
### Accounts in domestic currency held abroad

Yes. Kenyan residents abroad open accounts only in foreign currency. The Kenyan shilling is an exotic currency not easily tradable outside the East African region. Opening a Kenyan shilling account abroad is thus a moot question.

### Accounts in domestic currency convertible into foreign currency

Yes. Residents may convert their balances in domestic currency accounts to foreign currency without limit.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange accounts permitted</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency accounts</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Convertible into foreign currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Blocked accounts</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes. Payments must be made through authorized commercial banks. Documentary evidence of imports is required for transfers by commercial banks.</td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>Yes. A preshipment inspection is required for all imports with an f.o.b. value of more than US$5,000 or its equivalent. These are subject to inspection for quality, quantity, and price.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>Yes. Documentary evidence of imports is required for transfers by commercial banks.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes. The negative list includes a few items prohibited for health, security, and environmental reasons.</td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>
Other nontariff measures | No.
---|---
**Import taxes and/or tariffs** | Yes. A CET applies to imports from countries outside the EAC.
Taxes collected through the exchange system | No.
**State import monopoly** | No.
**References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Exports and Export Proceeds

**Repatriation requirements** | No.
Surrender requirements | No.
*Surrender to the central bank* | No.
*Surrender to authorized dealers* | No.
**Financing requirements** | No.
**Documentation requirements** | No.
Letters of credit | No.
Guarantees | No.
Domiciliation | No.
Preshipment inspection | No.
Other | No.
**Export licenses** | Yes.
Without quotas | Yes. Coffee, tea, and horticultural products may be exported only if a sales contract is registered with the Coffee Board, Tea Board, and Horticultural Crops Development Authority, respectively. Exports of certain foods and agricultural products require special licenses to ensure adequate supplies in the domestic market. Exports of minerals, precious stones, and other essential strategic materials are also subject to special licensing.
With quotas | No.
**Export taxes** | No.
Collected through the exchange system | No.
Other export taxes | No.
**References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** | No.
Trade-related payments | No.
*Prior approval* | No.
Quantitative limits No.
Indicative limits/bona fide test No.
Investment-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Payments for travel No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
| **Surrender to authorized dealers** | No. |
| **Restrictions on use of funds** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Capital Transactions**

<p>| <strong>Controls on capital transactions</strong> | Yes. |
| <strong>Repatriation requirements</strong> | No. |
| <strong>Surrender requirements</strong> | No. |
| <strong>Surrender to the central bank</strong> | No. |
| <strong>Surrender to authorized dealers</strong> | No. |
| <strong>Controls on capital and money market instruments</strong> | Yes. Kenyans issuing instruments overseas require Capital Markets Authority (CMA) approval. |
| <strong>On capital market securities</strong> | Yes. Kenyan pension funds may invest up to 15 percent of the aggregate market value of their assets abroad. |
| <strong>Shares or other securities of a participating nature</strong> | Yes. East African investors are treated as local investors; domestic investors must hold 40% of the share capital of a listed company. No controls apply to the sale of securities locally by nonresidents. However, local issuance of securities by nonresidents requires CMA approval in accordance with the Capital Markets Act. |
| <strong>Purchase locally by nonresidents</strong> | Yes. |
| <strong>Sale or issue locally by nonresidents</strong> | Yes. |
| <strong>Purchase abroad by residents</strong> | No. |
| <strong>Sale or issue abroad by residents</strong> | Yes. The sale or issuance of securities abroad by residents requires CMA approval. |
| <strong>Bonds or other debt securities</strong> | Yes. There are no restrictions on purchases and sales of securities by nonresidents. However, nonresidents must invest through nominee accounts. |
| <strong>Purchase locally by nonresidents</strong> | No. |
| <strong>Sale or issue locally by nonresidents</strong> | Yes. The regulations governing securities of a participating nature apply. |
| <strong>Purchase abroad by residents</strong> | No. |
| <strong>Sale or issue abroad by residents</strong> | Yes. The sale or issuance of securities abroad by residents requires CMA approval. |
| <strong>On money market instruments</strong> | Yes. |
| <strong>Purchase locally by nonresidents</strong> | No. |
| <strong>Sale or issue locally by nonresidents</strong> | Yes. No controls apply to sales, but money market instruments may not be issued without CBK approval. |
| <strong>Purchase abroad by residents</strong> | No. |
| <strong>Sale or issue abroad by residents</strong> | Yes. The sale or issuance of money market instruments abroad by residents requires CBK approval. |
| <strong>On collective investment securities</strong> | Yes. CMA Collective Investment Schemes regulations apply. |</p>
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Approval/Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes. Only banks may open correspondent relations accounts abroad. Foreign exchange bureaus are prohibited from opening accounts abroad.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes. These transactions are subject to prudential regulations.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes. Lending locally in foreign exchange is subject to prudential lending regulations.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No. Banks must maintain a proportion of their total deposit liabilities at the CBK in a cash reserve ratio (CRR) account. Currently, the CRR is 4.25% of the bank’s domestic and foreign currency deposit liabilities. Banks must base their CRR on their daily average level from the 15th of the previous month to the 14th of the current month and may not fall below a CRR of 3% on any day.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
| Open foreign exchange position limits | Yes. The limit on the foreign exchange exposure of banks is 10% of an
### KENYA

Institution’s core capital.

<table>
<thead>
<tr>
<th>On resident assets and liabilities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Pension funds | Yes. |
| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | Yes. |
| Currency-matching regulations on assets/liabilities composition | No. |

| Investment firms and collective investment funds | Yes. |
| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | Yes. |
| Currency-matching regulations on assets/liabilities composition | No. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

#### Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
KIRIBATI
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>June 3, 1986.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance: August 22, 1986.</td>
<td></td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>Yes.</td>
</tr>
<tr>
<td>A small number of Kiribati coins are also in circulation.</td>
<td></td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
</tr>
<tr>
<td>Stabilized arrangement</td>
<td></td>
</tr>
<tr>
<td>Crawling peg</td>
<td></td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
<td></td>
</tr>
<tr>
<td>Pegged exchange rate within horizontal bands</td>
<td></td>
</tr>
</tbody>
</table>
### Other managed arrangement
- Floating
- Free floating

### Official exchange rate
- No.

### Monetary policy framework
- Exchange rate anchor: Yes.
  - **U.S. dollar**
  - **Euro**
  - **Composite**
  - **Other**: Yes. The Australian dollar is legal tender and circulates freely in Kiribati. In addition, a small number of Kiribati coins are in circulation.

### Monetary aggregate target

### Inflation-targeting framework
- **Target setting body**
  - Government
  - Central Bank
    - **Monetary Policy Committee**
    - **Central Bank Board**
  - **Other**: Government and Central Bank

- **Inflation target**
  - **Target number**
    - **Point target**
    - **Target with tolerance band**
      - **Band/Range**
  - **Target measure**
    - **CPI**
      - **Core inflation**
  - **Target horizon**

- **Operating target (policy rate)**
  - **Policy rate**
  - **Target corridor band**
- **Other**
Accountability

Open letter
Parliamentary hearings
Other

Transparency

Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax No.
Exchange subsidy No.
Foreign exchange market Yes.

Spot exchange market Yes. There is no central monetary institution, and the authorities do not buy or sell foreign exchange. The ANZ Bank (Kiribati) Limited, the only commercial bank, quotes daily rates for 15 currencies on the basis of their respective rates against the Australian dollar.

Operated by the central bank No.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.

Interbank market No.
Over the counter No.
Brokerage No.
Market making No.

Forward exchange market Yes. The ANZ Bank (Kiribati) Limited provides forward contracts for maturities of up to three months.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No. Outward and inward payments may be settled in any currency. Only the ANZ Bank (Kiribati) Limited may purchase and sell foreign currency in exchange for Australian dollars.

Controls on the use of domestic currency No.

For current transactions and payments No.
For capital transactions
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents No.

Payments arrangements
Yes.
Bilateral payments arrangements No.
Operative No.
Inoperative No.

Regional arrangements Yes. Kiribati participates in PACER and PICTA.

Clearing agreements No.
Barter agreements and open accounts No.

Administration of control
No.

Payments arrears
No.
Official No.
Private No.

Controls on trade in gold (coins and/or bullion)
Yes. Only ADs are permitted to own or trade in gold.
On domestic ownership and/or trade Yes. Only ADs are permitted to own or trade in gold.
On external trade Yes. Only ADs are permitted to own or trade in gold.

Controls on exports and imports of banknotes
No.
On exports No.
Domestic currency No.
Foreign currency No.
On imports No.
Domestic currency No.
Foreign currency No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically Yes. Residents are allowed to hold foreign exchange accounts in Kiribati. These accounts are strictly monitored for genuine underlying flows by ANZ.
Approval required
No. Other than the ANZ account approval process, there is no additional approval requirement.

Held abroad
Yes. Residents are allowed to hold foreign exchange accounts abroad. These accounts will have to be opened separately at banks in that jurisdiction.

Approval required
No.

Accounts in domestic currency held abroad
Yes. Residents are allowed to hold Australian dollar (AUD) accounts offshore. These accounts will have to be opened separately at banks in that jurisdiction.

Accounts in domestic currency convertible into foreign currency
n.r.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes. These accounts are allowed for working permit holders.

Approval required
No. Other than the ANZ account opening approval process, there is no additional requirement.

Domestic currency accounts
Yes.

Convertible into foreign currency
n.r.

Approval required
n.r.

Blocked accounts
No. Only in cases of anti-money laundering/combating the financing of terrorism would accounts be blocked.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No. There is no requirement. Advance payment is usually contract dependent.

Advance import deposits
No. There is no requirement. Advance import deposits are usually 20–30% of the contract value.

Documentation requirements for release of foreign exchange for imports
n.r.

Domiciliation requirements
n.r.

Preshipment inspection
n.r.

Letters of credit
n.r.

Import licenses used as exchange licenses
No.

Other
n.r.

Import licenses and other nontariff measures
Yes.

Positive list
No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative list</td>
<td>Yes.</td>
<td>Imports of some goods are prohibited for health, safety, or environmental reasons.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
<td>Tariffs ranging from 0% to 80% apply to most private imports. Specific duties apply to imports of rice, flour, petroleum products, alcoholic beverages, and tobacco products.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Surrender to the central bank</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><em>Surrender to authorized dealers</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>No.</td>
<td>Copra may be exported only through the Kiribati Coconut Development Limited.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.
Investment-related payments: No.
Payments for travel: No.
Personal payments: No.
Foreign workers’ wages: No.
Credit card use abroad: No.
Other payments: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements: n.r.
Surrender requirements: No.
Surrender to the central bank
No.

Surrender to authorized dealers
No.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes.
These transactions are covered by the provisions of the Exchange Control Act.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
Yes.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
Yes.

Sale or issue locally by nonresidents
Yes.

Purchase abroad by residents
Yes.

Sale or issue abroad by residents
Yes.

Bonds or other debt securities
Yes.

Purchase locally by nonresidents
Yes.

Sale or issue locally by nonresidents
Yes.

Purchase abroad by residents
Yes.

Sale or issue abroad by residents
Yes.

On money market instruments
Yes.

Purchase locally by nonresidents
Yes.

Sale or issue locally by nonresidents
Yes.

Purchase abroad by residents
Yes.

Sale or issue abroad by residents
Yes.

On collective investment securities
Yes.

Purchase locally by nonresidents
Yes.

Sale or issue locally by nonresidents
Yes.

Purchase abroad by residents
Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>Yes</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>Yes</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>Yes</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Commercial credits</em></td>
<td>Yes</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Financial credits</em></td>
<td>Yes</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Guarantees, sureties, and financial backup facilities</em></td>
<td>Yes</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Outward direct investment</em></td>
<td>Yes</td>
</tr>
<tr>
<td><em>Inward direct investment</em></td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>n.r.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>Yes</td>
</tr>
<tr>
<td><em>Sale locally by nonresidents</em></td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>n.r.</td>
</tr>
<tr>
<td><em>Loans</em></td>
<td>n.r.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.r.</td>
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<tr>
<td><em>Gifts, endowments, inheritances, and legacies</em></td>
<td>n.r.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.r.</td>
</tr>
</tbody>
</table>

Investment in the export-promotion and import-substitution sectors is encouraged. Applications for foreign investment up to the equivalent of $A 250,000 must be approved by the Foreign Investment Commission. Applications for a larger capital contribution require cabinet approval.

Nonresidents are not permitted to purchase land or real estate.
<table>
<thead>
<tr>
<th>Provisions to commercial banks and other credit institutions</th>
<th>n.r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
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<td>Lending locally in foreign exchange</td>
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<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
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</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
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<tr>
<td>Reserve requirements</td>
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</tr>
<tr>
<td>Liquid asset requirements</td>
<td>n.r.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>n.r.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>n.r.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
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<tr>
<td>Reserve requirements</td>
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<tr>
<td>Liquid asset requirements</td>
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<td>Interest rate controls</td>
<td>n.r.</td>
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<tr>
<td>Credit controls</td>
<td>n.r.</td>
</tr>
<tr>
<td>Investment regulations</td>
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<tr>
<td>Abroad by banks</td>
<td>n.r.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>n.r.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>n.r.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>n.r.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Institutional Investors</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>n.r.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.r.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.r.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.r.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
KOREA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

August 26, 1955.

Article VIII

Yes. Date of acceptance: November 1, 1988.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

In accordance with UNSC resolutions, Korea maintains certain exchange restrictions against the following individuals and entities: certain individuals and entities associated with the Taliban, the Al-Qaeda network, terrorists in general, and the former regime of Saddam Hussein; certain individuals and entities posing a threat to international peace and security in the Democratic Republic of the Congo, Côte d’Ivoire, and Sudan; certain individuals and entities threatening peace and security in Eritrea and Somalia; certain individuals and entities involved in the Democratic People’s Republic of Korea’s nuclear, ballistic missile, or other weapons of mass destruction (WMD) and related programs; certain individuals and entities threatening peace and security in Liberia; certain individuals and entities associated with Muammar Qadafi’s regime; and certain individuals and entities threatening peace and security in Central African Republic, Republic of South Sudan, and Yemen.
Korea maintains certain exchange restrictions against certain individuals named by the Guidance of the MOEF.
Also, certain individuals and entities related to the Islamic Republic of Iran (Iranian residents or groups located in Iran) were eliminated from certain exchange restrictions list because of the MOEF revised notice.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Korea is the Korean won.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple
Classification

No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating

Yes.

The de jure exchange rate arrangement is free floating. The exchange rate of the won is freely determined on the basis of supply and demand in the foreign exchange market. As such, the system is managed in accordance with the principles defined by the free floating system, and the government’s role is very limited to remain within the range allowed by the free floating system. However, because of the lack of information on the authorities’ interventions, the de facto exchange rate arrangement is classified as floating. The Bank of Korea (BOK) may intervene in the market with the funds of the BOK and the Foreign Exchange Equalization Fund when it is deemed necessary for the stability of the market. Interventions in the spot market or through derivatives in the forward market are not announced, but quarterly aggregate intervention data in net terms are published. The Korean government and the BOK (the foreign exchange authorities) are implementing their disclosure in two stages. In the first stage, information is disclosed on a semiannual basis, no later than three months after the end of each six-month period. Specifically, information for the period of July to December in 2018 was disclosed March 29, 2019, and information for the period of January to June in 2019 was disclosed September 30, 2019. In the second stage, from July 2019 onward, information is disclosed on a quarterly basis, no later than three months after the end of the respective quarter. Specifically, information for the period of July to September in 2019 was disclosed December 31, 2019, information for the period of September to December in 2019 was disclosed March 31, 2020, and information for the period of January to March in 2020 was disclosed June 30, 2020. Henceforth, information will be disclosed on an identical period and time basis on the website of the BOK.

Free floating

Official exchange rate

No.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite
Monetary aggregate target

Inflation-targeting framework  Yes.  Inflation targeting was officially adopted in accordance with the revised BOK Act, which came into effect April 1, 1998.

Target setting body  Yes.

Government
Central Bank
Monetary Policy Committee
Central Bank Board

Other

Government and Central Bank  Yes.  The BOK sets the operational framework of the inflation targeting in consultation with the government (MOEF). The operational framework includes the numerical inflation target, the inflation target measure, and the target horizon.

Inflation target  Yes.
Target number  Yes.

Point target  Yes.  Effective January 1, 2019, the inflation target for 2019 onward has been set at 2%. The BOK will review the inflation target framework in consultation with the government every two years and explain the review to the public. If adjustment of the inflation target becomes inevitable, due for instance to unexpected domestic or global economic shocks or to changes in economic conditions, the BOK will adjust the target in consultation with the government. Previously, the inflation target of 2% was set for a three-year period (2016–2018).

Target with tolerance band

Band/Range

Target measure  Yes.

CPI  Yes.  The target measure is the monthly year-on-year (y-o-y) CPI inflation published by the Statistics Korea.

Core inflation

Target horizon  Yes.  The BOK conducts monetary policy to maintain the annual rate of CPI inflation near the target over a midterm horizon.

Operating target (policy rate)  Yes.

Policy rate  Yes.  The Monetary Policy Board of the BOK meets eight times a year to determine the base rate. As of July 31, 2020, the policy rate was 0.5%.

Target corridor band  Yes.  The BOK uses the base rate as a fixed bid rate for its sales of 7-day repurchase agreements and as the minimum bid rate for its purchases of 7-day repurchase agreements. The interest rates of liquidity adjustment deposits and loans are 100 basis points (bps) below and above the base rate, respectively. If the base rate falls below 1%, then the interest rate of liquidity adjustment loans is equal to two times the base rate, and the rate for liquidity adjustment deposit is 0%.

Other  n.a.
Accountability

Yes.

Open letter

No.

Parliamentary hearings

Yes. If there is a request from the national assembly, the governor will attend the meeting and answer questions.

Other

Yes. The BOK publishes its “Monetary Policy Report” four times a year to explain how it is implementing the inflation target monetary policy. Effective January 1, 2019, the BOK publishes twice a year an inflation assessment, which includes price developments, future inflation forecasts and risks, and the monetary policy stance for achieving price stability, and provides explanations of the assessment to the public through various means (or channels), such as by holding governor’s press conferences. Previously, if the inflation deviated from the target by more than 0.5 percentage points in either direction for six consecutive months, the BOK would explain the reasons for the deviation, the prospect for inflation, the monetary policy strategy toward returning inflation to the target, etc., through a governor’s press conference. If the inflation subsequently deviates continuously, the BOK provided further explanations every three months.

Transparency

Yes.

Publication of votes

Yes. Right after a committee meeting, the governor holds a press conference to announce the policy decision. In the press conference, the governor also informs who were minor voters.

Publication of minutes

Yes. The committee meeting minutes are published on the first Tuesday falling after two weeks from the meeting by posting it in the website of the BOK. The names of committee members are concealed in the minutes.

Publication of inflation forecasts

Yes. The inflation forecast is published through a quarterly economic forecast (Economic Outlook) by the BOK. A fan-chart type forecasting is provided with two-year horizon.

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. The Korean foreign exchange market consists of OTC markets and exchanges. The OTC markets comprise a customer market in which foreign exchange banks deal with customers, including importers, exporters, travelers, and nonresidents, and an interbank market, in which foreign exchange banks deal among themselves. Standardized products are traded on the exchanges. Residents may buy and sell financial futures on internationally recognized futures exchanges or on the domestic exchange, the Korea Exchange. Commercial banks may set exchange rates and commissions freely in transactions with their clients.

Spot exchange market

Yes. Financial institutions trade foreign exchange either via brokers or directly among themselves. As of December 31, 2019, 64 institutions, including 55 foreign exchange banks, participated in the spot foreign exchange market through brokers. Financial institutions are required to register with the MOEF to deal in foreign exchange. Foreign exchange bureaus, such as hotels, department stores, and travel agencies, need to register with Korea Customs Service. As of December 31, 2019, there were 1,493 foreign exchange bureaus. They may not enter into foreign exchange transactions directly with the BOK and are limited to purchasing and selling banknotes.
denominated in foreign currency and purchasing traveler’s checks issued in a foreign country. Foreign Exchange Transaction Regulation Article 2-16, which regulates the tasks and duty of foreign exchange bureaus, was moved to Article 3-2.2. Foreign exchange bureaus can pay by domestic payment means to buy foreign currency or traveler’s check from residents or nonresidents. They are responsible for preparing exchange books, which contain exchange date, name of buyer (seller), personal information such as ID card number, exchange amount, applied exchange rate, and other transaction information and report the exchange books to Korea Customs Service. Spot foreign exchange transactions are allowed between security brokerages. The won–yuan spot foreign exchange market operates based on a market-making agreement with 11 designated market makers as of December 31, 2019.

Operated by the central bank No.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.
Interbank market Yes. Foreign exchange banks participate in the interbank market mainly to dispose of open foreign exchange positions arising from transactions with nonfinancial customers such as companies and nonresidents. There are no limits on the bid-ask spreads and commissions of market participants. Financial institutions participating in the interbank foreign exchange market have formed an autonomous committee, the Seoul Foreign Exchange Market Committee. Foreign exchange brokers, the BOK, and the government also participate in this committee. Ten institutions have been licensed as foreign exchange brokers, with licenses granted by the MOEF.

Over the counter Yes. Financial institutions transact directly among themselves.

Brokerage Yes. Most interbank transactions are handled through brokers who intervene between foreign exchange banks without holding a position. MOEF authorization is required to operate a foreign exchange brokerage business.

Market making Yes. Eleven foreign exchange banks are designated as market makers in the won–yuan spot foreign exchange market.

Forward exchange market Yes. Foreign exchange banks may freely carry out forward transactions between foreign currencies, as well as between won and foreign currencies in the interbank and customer markets. Effective March 19, 2020, the limits on banks’ foreign exchange derivatives contracts were increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort.

Official cover of forward operations No.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. All settlements with other countries may be made in any currency. Nonresidents may carry out current transactions and limited capital transactions denominated in won.
<table>
<thead>
<tr>
<th>Category</th>
<th>Control Status</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on the use of domestic currency</td>
<td>Yes</td>
<td>Nonresidents may effect won-denominated current transactions only through nonresident free won accounts.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>Yes</td>
<td>Nonresidents may effect limited capital transactions denominated in won only through nonresident free won accounts.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No</td>
<td>Residents may conduct transactions denominated in foreign currency, provided the payments are made through foreign exchange banks.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Operative</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Inoperative</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes</td>
<td>The MOEF may require authorization for residents and nonresidents to make payments from Korea to a foreign country or to nonresidents or receive payments from nonresidents, if these payments are necessary to fulfill obligations under treaties concluded by Korea and generally recognized international laws and regulations or when necessary for international peace and security.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No</td>
<td>Exports of domestic banknotes in excess of the equivalent of US $10,000 by residents and nonresidents must be declared to customs.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No</td>
<td>Exports of foreign banknotes in excess of the equivalent of US $10,000 by residents and nonresidents must be declared to customs. Nonresidents may in addition export the amounts they hand-carried into Korea or exchanged during their stay.</td>
</tr>
<tr>
<td>On imports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No</td>
<td>Residents and nonresidents must make a declaration to customs if the amount of domestic currency they bring into Korea exceeds the</td>
</tr>
</tbody>
</table>
Resident Accounts

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
<th>Residents and nonresidents must make a declaration to customs if the amount of foreign currency they bring into Korea exceeds the equivalent of US$10,000.</th>
</tr>
</thead>
<tbody>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

Foreign exchange accounts permitted

| Held domestically | Yes. | Residents may hold foreign exchange accounts freely. |
| Approval required | No. | Prior BOK notification is required for transfers abroad by individuals if the amount exceeds US$50,000 a person for each transfer. Balances in the foreign exchange accounts held abroad can be freely transferred to home country. |

| Held abroad | Yes. |
| Approval required | No. |

Accounts in domestic currency held abroad

| Accounts in domestic currency convertible into foreign currency | Yes. |

Nonresident Accounts

| Foreign exchange accounts permitted | Yes. | Remittances from these accounts and withdrawals in foreign currency may be made freely. The approval of the bank is not required when the account is held for remittances abroad or transfers to other foreign exchange accounts, for purchases and withdrawals of foreign means of payment, or for payments relating to approved transactions. |
| Approval required | No. |

| Domestic currency accounts | Yes. | Nonresidents may open three kinds of domestic currency accounts with domestic foreign exchange banks: (1) nonresident domestic currency accounts; (2) nonresident free won accounts; and (3) exclusive domestic currency accounts for investment. A nonresident domestic currency account is for domestic settlement, whereas a nonresident free won account is for international settlement. An exclusive domestic currency account, a special form of nonresident free won account, is for settlement of investments in shares, bonds, or money-market instruments. |
| Convertible into foreign currency | Yes. | Remittances from nonresident free won accounts and exclusive domestic currency accounts for investment may be made freely, but remittances abroad from nonresident domestic currency accounts require notification to BOK in advance of the transfer. (BOK does not have a right to stop remittance from nonresidents’ won accounts, but remittance cannot be proceeded without such declaration.) |
| Approval required | No. |

| Blocked accounts | No. | Transfers are blocked between nonresident domestic currency accounts and nonresident free won accounts, between nonresident domestic currency accounts and domestic currency accounts exclusively for investment, and between nonresident free won accounts. (See above for description of the types of nonresident |
### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are adjustment tariffs on 15 products. There are antidumping duties on 17 products.

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Letters of credit | No.  
Guarantees | No.  
Domiciliation | No.  
Preshipment inspection | No.  
Other | No.  
**Export licenses** | Yes.  
Without quotas | Yes.  
With quotas | No.  
**Export taxes** | No.  
Collected through the exchange system | No.  
Other export taxes | No.  
**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers** | No.  
Trade-related payments | No.  
*Prior approval* | No.  
*Quantitative limits* | No.  
*Indicative limits/bona fide test* | No.  
Investment-related payments | No.  
*Prior approval* | No.  
*Quantitative limits* | No.  
*Indicative limits/bona fide test* | No.  
Payments for travel | No.  
*Prior approval* | No.  
*Quantitative limits* | No.  
*Indicative limits/bona fide test* | No.  
Personal payments | No.  
*Prior approval* | No.  
*Quantitative limits* | No.  
*Indicative limits/bona fide test* | No.  
Foreign workers' wages | No.  

There are export bans for environmental reasons on 11 six-digit items from the Harmonized System.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions
Controls on capital transactions Yes. Capital transactions are controlled through a negative list. Certain transactions must be reported to the MOEF, BOK, or a foreign exchange bank.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Controls on capital and money market instruments Yes.
On capital market securities Yes.
Shares or other securities of a participating nature Yes.
Purchase locally by nonresidents Yes. Nonresidents may purchase shares issued by Korean companies freely, but purchases that are not made through an account exclusively for investment must be reported to a designated foreign exchange bank or BOK. In addition, purchases of shares of unlisted
or unregistered corporations may be subject to laws on inward direct investment and establishment. Controls apply to purchases of listed shares issued by designated resident public sector utilities undergoing privatization if the investment would bring individual or aggregate holdings of foreign investors above the percentages allowed by law and to purchases of securities not quoted on a recognized securities market that may be subject to laws on inward direct investment and establishment.

Sale or issue locally by nonresidents

No. Nonresidents are eligible to list their shares on the Korea Exchange in the form of depository receipts. However, the issuer must notify the MOEF.

Purchase abroad by residents

No. Residents may freely purchase shares abroad, but purchases that are not made through an account exclusively for investment must be reported to BOK.

Sale or issue abroad by residents

No. Sale or issuance of foreign-currency-denominated shares abroad by residents requires notification to a designated foreign exchange bank. Sale or issuance of foreign-currency-denominated shares exceeding the equivalent of US$30 million or of won-denominated shares abroad by residents requires notification to the MOEF.

Bonds or other debt securities

No.

Purchase locally by nonresidents

No. Nonresidents may freely purchase bonds and other debt securities issued by residents, but purchases that are not made through an account exclusively for investment must be reported to a designated foreign exchange bank or BOK.

Sale or issue locally by nonresidents

No. Nonresidents may issue bonds in the domestic capital market; however, the issuer must notify the MOEF.

Purchase abroad by residents

No. Residents may freely purchase bonds abroad, but purchases that are not made through an account exclusively for investment must be reported to BOK.

Sale or issue abroad by residents

No. Sale or issuance of foreign-currency-denominated bonds abroad by residents requires notification to a designated foreign exchange bank. Sale or issuance of foreign-currency-denominated bonds exceeding the equivalent of US$30 million or of won-denominated bonds abroad by residents requires notification to the MOEF.

On money market instruments

No.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

No. Nonresidents may issue money-market instruments in the domestic market; however, the issuer must notify the MOEF.

Purchase abroad by residents

No. Residents may freely purchase money-market instruments abroad, but purchases that are not made through an account exclusively for investment must be reported to BOK.

Sale or issue abroad by residents

No. Sale or issuance of foreign-currency-denominated money-market instruments abroad by residents requires notification to a designated foreign exchange bank. Sale or issuance of foreign-currency-denominated money-market instruments exceeding the equivalent of US$30 million or of won-denominated money-market instruments abroad by residents requires notification to the MOEF.

On collective investment securities

No.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

No. Nonresidents may sell collective investment securities through a domestic distributor after MOEF notification, provided they register the relevant foreign fund with the Financial Supervisory Commission (FSC).
| **Purchase abroad by residents** | No. | Residents may freely purchase collective investment securities abroad, but purchases that are not made through an account exclusively for investment must be reported to BOK. |
| **Sale or issue abroad by residents** | No. | Sale or issuance of foreign-currency-denominated collective investment securities abroad by residents requires notification to a designated foreign exchange bank. Sale or issuance of foreign-currency-denominated collective investment securities exceeding the equivalent of US$30 million or of won-denominated collective investment securities abroad by residents requires notification to the MOEF. |
| **Controls on derivatives and other instruments** | Yes. | There are no controls on the trading of OTC-related derivatives if the transactions are made through domestic foreign exchange banks. However, direct transactions between residents or between residents and nonresidents require BOK notification. The maximum derivatives trading limit, including forward transactions, for corporate clients is 100% of real transactions (imports and exports) hedged. |
| **Purchase locally by nonresidents** | No. |
| **Sale or issue locally by nonresidents** | No. |
| **Purchase abroad by residents** | Yes. | Effective March 19, 2020, the limits on banks’ foreign exchange derivatives contracts were increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort. |
| **Sale or issue abroad by residents** | Yes. | Effective March 19, 2020, the limits on banks’ foreign exchange derivatives contracts were increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort. |
| **Controls on credit operations** | No. |
| **Commercial credits** | No. |
| By residents to nonresidents | No. | Commercial credits other than deferred receipts and advance payments in domestic currency and in foreign currency require BOK notification, except for credits in domestic currency up to W1 billion or in foreign currency granted by authorized foreign exchange banks. |
| To residents from nonresidents | No. | Commercial credits other than trade credits (including deferred payments, installment payments, export advances, and export down payments) up to US$30 million require notification to foreign exchange banks. Other credits exceeding US$30 million require notification to the MOEF. |
| **Financial credits** | No. |
| By residents to nonresidents | No. | Credits and loans denominated in domestic currency require BOK notification, except for credits and loans granted to authorized resident foreign exchange banks up to W10 billion. |
| To residents from nonresidents | No. | Financial credits up to the equivalent of US$30 million require notification to an authorized foreign exchange bank. Other credits exceeding US$30 million require MOEF notification. |
| **Guarantees, sureties, and financial backup facilities** | No. |
| By residents to nonresidents | No. | Guarantees and sureties by residents to nonresidents require BOK or a foreign exchange bank notification. |
| To residents from nonresidents | No. |
| Controls on direct investment | Yes. |
**Outward direct investment**
No. Residents are free to invest abroad on notification to designated foreign exchange banks. Overseas investment by financial institutions and insurance companies requires notification to and acceptance by the FSC. Certain examination requirements, such as financing and appropriateness, are applicable only for investments in the financial and insurance businesses.

**Inward direct investment**
Yes. Nonresidents may invest in Korea as long as they meet the requirements specified by relevant laws. Controls apply to (1) investment in primary sectors, as follows: (a) rice and barley cultivation; (b) cattle husbandry and wholesale meat sales unless foreign investors hold less than 50% of the share capital; (c) fishing in internal waters, the territorial sea, and the Exclusive Economic Zone if foreign investors hold 50% or more of the share capital; and (d) nuclear power generation and electric power transmission, distribution, and supply via state enterprises if foreign investors hold 50% or more of the share capital or a foreign investor would become the single largest shareholder; (2) establishment of financial institutions, as follows: (a) branches of mutual savings and finance companies, short-term investment and finance companies, credit information companies, and merchant banks; (b) subsidiaries or joint ventures providing credit information services, if foreign investors other than foreign financial institutions own 50% or more of the shares, and acquisitions that cause foreign ownership by investors other than foreign financial institutions to reach or exceed 50% of the share capital; (3) investment in the transportation sector, as follows: (a) airline companies if foreign investors hold 50% or more of the share capital; (b) shipping companies engaged in cabotage, except those transporting passengers and/or cargo between Korea and the Democratic People’s Republic of Korea if foreign investors hold less than 50% of the share capital; (4) investment in the communications sector, as follows: (a) news agencies if foreign investors hold 25% or more of the share capital; (b) newspaper publishing if foreign investors hold 30% or more of the share capital; (c) periodicals publishing if foreign investors hold 50% or more of the share capital; (d) broadcasting, except if foreign investors hold 49% or less of the share capital of a satellite broadcasting operator and in a program provider not engaged in multigenre programming or news reporting; (e) a signal transmission network business operator, if foreign investors hold 20% or less in a program provider engaged in multigenre programming or a cable system operator and if foreign investors hold 10% or less in a news reporting program provider; and (f) facilities-based telecommunications, if foreign investors hold more than 49% of the share capital; and (5) investment in designated resident public sector utilities undergoing privatization, if the investment would bring individual or aggregate holdings of foreign investors above the respective percentages of a firm’s outstanding shares allowed by the relevant laws. Certain examination requirements prior to direct investment, including financing and appropriateness, are applicable only in the case of investment in the banking and insurance businesses.

**Controls on liquidation of direct investment**
No.

**Controls on real estate transactions**
No.

**Purchase abroad by residents**
No. Neither acceptance nor notification is required for the acquisition of overseas real estate by residents for business purposes and by foreign exchange banks. Overseas purchases of real estate for any purpose other than residence require notification to a foreign exchange bank. Notification is required for overseas purchases of houses for

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residence for over two years by individuals. Amounts up to US$0.1 million, but not exceeding 10% of the estimated total cost of the property, may be transferred in advance of a real estate settlement, provided documents are available as a preliminary report before the contract is submitted.

**Purchase locally by nonresidents**  
No. Nonresidents are free to purchase local real estate and its associated rights. The acquisition of real estate with imported funds requires notification to a designated foreign exchange bank. Otherwise, BOK notification is required.

**Sale locally by nonresidents**  
No. No controls apply if the real estate was acquired in compliance with foreign exchange regulations.

**Controls on personal capital transactions**  
No.

**Loans**  
No.

- **By residents to nonresidents**  
No. BOK notification is required for all lending by residents to nonresidents.

- **To residents from nonresidents**  
No. BOK notification is required for borrowing from nonresidents by personal residents.

**Gifts, endowments, inheritances, and legacies**  
No.

- **By residents to nonresidents**  
No. There is no limit, but residents intending to make endowments exceeding the equivalent of US$50,000 a year must notify BOK and submit payment certificates to foreign exchange banks.

- **To residents from nonresidents**  
No.

**Settlement of debts abroad by immigrants**  
No.

**Transfer of assets**  
No.

- **Transfer abroad by emigrants**  
No.

- **Transfer into the country by immigrants**  
No.

**Transfer of gambling and prize earnings**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**  
Yes.

- **Borrowing abroad**  
No. Foreign exchange banks are required to notify the MOEF of funding with maturities exceeding one year and amounts exceeding US$50 million.

- **Maintenance of accounts abroad**  
No.

- **Lending to nonresidents (financial or commercial credits)**  
Yes. Lending in foreign currency by a foreign exchange bank to nonresidents does not require notification. However, credits and loans in domestic currency of more than W 30 billion granted by foreign exchange banks require BOK notification.

- **Lending locally in foreign exchange**  
Yes. Foreign-currency-denominated loans to residents are restricted to funding overseas transactions. An exception is applied to small and medium manufacturers for the purposes of purchasing domestic facilities.

- **Purchase of locally issued securities denominated in foreign exchange**  
Yes. Foreign exchange agencies are prohibited from investing in foreign-currency-denominated bonds issued domestically by residents with the intention of converting foreign currency to Korean won.
### Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Differential treatment of deposit accounts held by nonresidents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No</td>
</tr>
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<td><strong>Liquid asset requirements</strong></td>
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<td>No</td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes</td>
</tr>
</tbody>
</table>

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The reserve requirements on foreign currency deposit accounts are (1) 1% for nonresident/emigrant accounts and resident accounts opened by foreign exchange banks; (2) 2% for time deposits for maturities of more than one month and installment savings deposits for maturities of more than six months and certificates of deposit for maturities of more than 30 days; and (3) 7% for foreign currency deposits, including demand deposits, except those indicated above.

Effective April 16, 2020, as part of the pandemic response, the ratio that foreign exchange banks must maintain of the stock of high-quality liquid assets denominated in foreign currency to total net cash outflows denominated in foreign currency over the next 30 calendar days was temporarily eased to 70% from 80% for commercial banks and specialized banks (except Korea Development Bank). The ratio for Korea Development Bank remained unchanged at 60%.

Previously, effective January 1, 2019, foreign exchange banks had to maintain the following ratios of the stock of high-quality liquid assets denominated in foreign currency to total net cash outflows denominated in foreign currency over the next 30 calendar days: 80% or more (for commercial banks (previously 70%) and specialized banks (previously 60%) except Korea Development Bank) and 60% or more for Korea Development Bank (previously 50%).

In addition, foreign exchange banks must maintain a ratio of foreign currency funds borrowed with maturities of more than one year to foreign currency loans with maturities of one year or longer of 100/100 or more.

Nonfinancial business operators may acquire up to 4% of a bank’s total stock that have voting rights without restriction; acquisitions exceeding 4% require FSC approval.

A foreign exchange bank’s overall net open position, sum of overall net short positions, or sum of overall net long positions in each...
currency is limited to 50% of its total equity capital at the end of the previous month. Effective March 19, 2020, the limits on banks’ foreign exchange derivatives contracts were increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort.

**On nonresident assets and liabilities**

No.

**Provisions specific to institutional investors**

Yes.

- Insurance companies

Yes.

- **Limits (max.) on securities issued by nonresidents**

Yes. Controls apply to foreign-currency-denominated deposit accounts held (abroad and locally) by insurance companies whose assets denominated in foreign currency exceed 30% of total assets.

- **Limits (max.) on investment portfolio held abroad**

Yes. Controls apply to the purchase of stock, money-market fund, and collective investment securities issued in a foreign market or such securities issued in the domestic market but denominated in foreign currency that would cause the sum of its assets denominated in foreign currency to exceed 30% of its total assets. Controls also apply to acquisition of foreign real estate by an insurance company that would cause the sum of its assets denominated in foreign currency to exceed 30% of its total assets.

- **Limits (min.) on investment portfolio held locally**

No.

- **Currency-matching regulations on assets/liabilities composition**

Yes. Insurance companies are required to observe both of the following rules: (1) An insurance company’s assets denominated in foreign currency may not exceed 30% of its total assets; and (2) their net position of foreign currency must be lower than 20% of solvency margin at the end of previous quarter. Net position of foreign currency is the absolute value of difference between foreign-currency-denominated asset and liability.

- **Pension funds**

No. There are no restrictions imposed by the relevant laws on the composition of foreign currency assets. For example, according to the National Pension Fund Act, there are no restrictions on the composition of the National Pension Fund’s foreign currency assets.

- **Limits (max.) on securities issued by nonresidents**

No.

- **Limits (max.) on investment portfolio held abroad**

No.

- **Limits (min.) on investment portfolio held locally**

No.

- **Currency-matching regulations on assets/liabilities composition**

No.

- **Investment firms and collective investment funds**

No. According to the Financial Investment Services and Capital Markets Act, there are no restrictions on the investment composition of investment firms and collective investment funds.

- **Limits (max.) on securities issued by nonresidents**

No.

- **Limits (max.) on investment portfolio**

No.
Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Inflation-targeting framework

Inflation target

Target number

Point target

01/01/2019

The inflation target for 2019 onward has been set at 2%. The Bank of Korea (BOK) will review the inflation target in consultation with the government every two years and explain the review to the public. If adjustment of the inflation target becomes inevitable, due for instance to unexpected domestic or global economic shocks or to changes in economic conditions, the BOK will adjust the target in consultation with the government. Previously, the inflation target of 2% was set for a three-year period (2016–2018).

Accountability

Other

01/01/2019

The Bank of Korea (BOK) publishes twice a year an inflation assessment, which includes price developments, future inflation forecasts and risks, and the monetary policy stance for achieving price stability, and provides explanations of the assessment to the public through various means (or channels), such as by holding governor’s press conferences. Previously, if the inflation deviated from the target by more than 0.5 percentage points in either direction for six consecutive months, the BOK would explain the reasons for the deviation, the prospect for inflation, the monetary policy strategy toward returning inflation to the target, etc., through a governor’s press conference. If the inflation subsequently deviates continuously, the BOK provided further explanations every three months.

Foreign exchange market

Forward exchange market

03/19/2020

The limits on banks’ foreign exchange derivatives contracts were increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort.

Capital Transactions

Controls on capital transactions

Controls on derivatives and other instruments

Purchase abroad by residents

03/19/2020

The limits on banks’ foreign exchange derivatives contracts were increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort.

Sale or issue abroad by residents

03/19/2020

The limits on banks’ foreign exchange derivatives contracts were
increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
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<tbody>
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<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
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<tr>
<td><strong>Differential treatment of deposit accounts in foreign exchange</strong></td>
</tr>
</tbody>
</table>

#### Liquid asset requirements

<table>
<thead>
<tr>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>The ratio of the stock of high-quality liquid assets to total net cash outflows over the next 30 calendar days should be 80% or more (for commercial banks and specialized banks except Korea Development Bank) and 60% or more for Korea Development Bank. Previously, the ratio for commercial banks was 70%, for specialized banks except Korea Development Bank 60%, and for Korea Development Bank 50%.</td>
</tr>
<tr>
<td>04/16/2020</td>
<td>As part of the pandemic response, the ratio that foreign exchange banks must maintain of the stock of high-quality liquid assets denominated in foreign currency to total net cash outflows denominated in foreign currency over the next 30 calendar days was temporarily eased to 70% from 80% for commercial banks and specialized banks (except Korea Development Bank). The ratio for Korea Development Bank remained unchanged at 60%.</td>
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</tbody>
</table>

#### Open foreign exchange position limits

<table>
<thead>
<tr>
<th>Date</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>03/19/2020</td>
<td>The limits on banks’ foreign exchange derivatives contracts were increased to 50% from 40% of bank capital for domestic banks and to 250% from 200% for foreign bank branches, to prepare for a sudden volatility in the foreign exchange swap market as part of the COVID-19 pandemic response effort.</td>
</tr>
</tbody>
</table>
KOSOVO
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
June 29, 2009.

Article VIII
Yes.
Date of acceptance, January 11, 2018.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.
Kosovo implements certain restrictive measures, such as freezing of funds, other financial assets, and economic resources.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.
Kosovo maintains restrictions in accordance with UNSC resolutions, sanctions issued by institutions of the EU and the Government of the USA. Those restrictions are imposed purely for the preservation of national and international security.

Government of Kosovo Decision No. 09/196 of September 17, 2014, endorsed sanctions issued by institutions of the EU and the Government of the USA against legal entities and the authorities of Russia. An Administrative Directive on Prevention and Detection of Terrorism Financing is in place. Article 4 of the Directive provides for lists of persons and entities suspected of terrorism as follows: Consolidated Lists of Individuals and Entities belonging to or associated with the Taliban and Al-Qaida Organization as established and maintained by the UNSC (UNSC Resolution No. 1267); the list established by the EU (EU Council Resolution No. 2580/2001); the list established by the Secretary State of the USA (Section 219 of the Immigration and Nationality Act of the USA).

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes.
The euro is legal tender in Kosovo.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender
Yes.
The exchange rate arrangement is an exchange arrangement with no separate legal tender. Since January 2002, when Kosovo unilaterally adopted the euro, this currency is a legal tender in the Territory and circulates freely.

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UNMIK Regulation No. 1999/4 of September 2, 1999, “On the currency permitted to be used in Kosovo” specifies in Section 1 that “Parties to a contract or any voluntary transaction may denominate such transaction in any currency agreed on by the parties. Unless proven otherwise, such an agreement must be deemed to exist with regard to any foreign currency that is widely accepted in the Territory of Kosovo.”

Administrative Direction No. 1999/2 of October 4, 1999, “Implementing UNMIK Regulation No. 1999/4 of 2 September 1999, On the Currency Permitted to be used in Kosovo” designated Deutschmark (DEM) as the only currency to formulate accounts and to perform compulsory payments. Later, because of the changeover of DEM into euro, Administrative Direction No. 2001/24 of December 21, 2001, “Amending Administrative Direction No. 1999/2 implementing UNMIK Regulation No. 1999/4 on the currency permitted to be used in Kosovo” replaced DEM by euro (1 euro = 1.95583 DEM).

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**

No.

**Monetary policy framework**

Exchange rate anchor

Yes.

*U.S. dollar*

*Euro*

Yes. The euro is legal tender and circulates freely.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

Central Bank Board
Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes. Banks and other financial institutions may trade in foreign exchange among themselves at freely determined exchange rates.

Spot exchange market  Yes. Commercial banks and other financial institutions in Kosovo may purchase and sell euros for other currencies. There were 10 commercial banks and 44 foreign exchange bureaus participating in the foreign exchange market as of December 31, 2019. The foreign exchange market in Kosovo is limited because most international payments and transfers are done in euro. Foreign exchange bureaus must be licensed and operate under the CBK regulation. The number of authorized foreign exchange bureaus is not limited. Foreign
exchange bureaus may not do business directly with the CBK, and their operations are limited to the purchase and sale of foreign exchange banknotes.

| **Operated by the central bank** | No. |
| **Foreign exchange standing facility** | No. |
| **Allocation** | No. |
| **Auction** | No. |
| **Fixing** | No. |
| **Interbank market** | Yes. |
| **Over the counter** | Yes. |
| **Brokerage** | No. |
| **Market making** | Yes. |
| **Forward exchange market** | No. |
| **Official cover of forward operations** | No. |

**Interbank market**
There were 10 commercial banks participating in the foreign exchange market as of December 31, 2019. The euro foreign exchange market operates according to a market-making agreement. The volume of interbank market is low as Kosovo does not have its own currency, and the euro is treated as a local currency.

**Over the counter**
Foreign exchange transactions continue to take place over the counter.

**Market making**
Banks are free to set their bid-ask rates in the interbank foreign exchange market. Ten banks and 46 foreign exchange bureaus are market participants who continuously quote buy and sell prices.

**Forward exchange market**
There is no forward exchange market in Kosovo, but there are no restrictions on forward deals by residents abroad. Some banks may offer a forward exchange rate contract, but there is no demand for such contracts.

**Official cover of forward operations**

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**
No.

**Controls on the use of domestic currency**
No.

**For current transactions and payments**
No.

**For capital transactions**
No.

**Transactions in capital and money market instruments**
No.

**Transactions in derivatives and other instruments**
No.

**Credit operations**
No.

**Use of foreign exchange among residents**
No.

**Payments arrangements**
No.

**Bilateral payments arrangements**
No.

**Operative**
No.

**Inoperative**
No.
<table>
<thead>
<tr>
<th>Regional arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
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<tr>
<td><strong>Administration of control</strong></td>
<td>No.</td>
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<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no limits on the amount of euros or other foreign currency that may be exported. However, anyone leaving Kosovo and carrying cash worth €10,000 or more must declare it and its source in writing. The authorities record and report this information.

**Domestic currency**  
No.

The euro is legal tender. Exports of cash worth €10,000 or more in any currency must be reported to customs authorities. Banks and other financial institutions are allowed to export banknotes. The rules are the same for individuals and any legal entity.

**Foreign currency**  
No.

Exports of cash worth €10,000 or more in any currency must be reported to customs authorities. Banks and other financial institutions are allowed to export banknotes. The rules are the same for individuals and any legal entity.

<table>
<thead>
<tr>
<th>On imports</th>
<th>No.</th>
</tr>
</thead>
</table>

Imports of cash worth €10,000 or more in any currency must be reported to customs authorities.

**Domestic currency**  
No.

The euro is legal tender. Imports of cash worth €10,000 or more must be reported to customs authorities. Banks and other financial institutions are allowed to export banknotes. The rules are the same for individuals and any legal entity.

**Foreign currency**  
No.

Imports of cash exceeding €10,000 in any currency must be reported to customs authorities. Banks and other financial institutions are allowed to export banknotes. The rules are the same for individuals and any legal entity.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**  
Yes.

There is no restriction on any foreign exchange account.

**Held domestically**  
Yes.

Residents may open and maintain foreign exchange accounts without restriction, on proof of identity. There are no restrictions on the amounts that can be transferred abroad.

**Approval required**  
No.

**Held abroad**  
Yes.

Residents may open and maintain foreign exchange accounts abroad, but controls are applied for prudential reasons such as prevention of money laundering and terrorism financing. There are no restrictions on the amounts that can be transferred from abroad to home country.
Residents may open and maintain foreign exchange accounts abroad, and there is no approval requirement.

The euro is used as domestic currency, and residents may have accounts in euros abroad.

Balances may be converted from euros to other foreign currency without restriction.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresidents may open and maintain foreign exchange accounts in Kosovo without restriction.

Nonresidents may open and maintain euro accounts in Kosovo without restriction.

Nonresidents may open and maintain, without restriction, euro accounts. The balances of such accounts may be freely converted to foreign currency and transferred abroad.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Companies wishing to engage in foreign trade must register with the relevant ministry (however, this is not for the purpose for release of foreign exchange). Commercial banks may require documents verifying the purpose of the transaction before payment.

Imports are free of licensing requirements, except for certain products, consistent with international conventions (for example, arms, gold, diamonds, drugs, narcotics, hazardous waste). Some products, such as pharmaceuticals, fuel, and some agricultural products, require licenses, which are issued on a case-by-case basis. Imports are not limited according to quantity or value. There are statistical and security reporting requirements for residents’ external payments. Imports require only a commercial invoice, import
customs declaration, and certificate of origin. From January 1, 2012, through December 31, 2015, Kosovo benefited from a preferential trade agreement with the EU. The Stabilisation and Association Agreement in force since April 1, 2016, extended the preferential trade agreement with the EU.

Positive list: Yes.

Negative list: Yes.

From January 1, 2012, through December 31, 2015, Kosovo benefited from a preferential trade agreement with the EU. The Stabilisation and Association Agreement in force since April 1, 2016, extended the preferential trade agreement with the EU. The importation of narcotic drugs or raw materials for the production or processing of narcotic drugs is prohibited. The importation of weapons, ammunition, or explosive is also prohibited. The importation of certain chemicals and pharmaceuticals is restricted.

Open general licenses: No.

Licenses with quotas: No.

Licenses for importation of goods are not issued with any value or volume quotas.

Other nontariff measures: Yes.

Rules apply to the quality of imported petroleum. Imported cars may be no more than 13 years old.

Import taxes and/or tariffs: Yes.

Commodity imports are subject to customs tariffs at 10% of the value of goods. Excise taxes are applied to certain products such as fuel, cars, alcoholic beverages, and tobacco; no customs tax is applied to a number of agricultural and food products. VAT is collected at customs clearance for many imported goods. Kosovo belongs to the Regional Free Trade Agreement known as CEFTA signed December 19, 2006, and applies tariffs on trade with members in accordance with the agreement. All products imported from Serbia and Bosnia and Herzegovina are subject to a 100% tariff.

Taxes collected through the exchange system: No.

State import monopoly: No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No.

Surrender requirements: No.

Surrender to the central bank: No.

Surrender to authorized dealers: No.

Financing requirements: No.

Documentation requirements: Yes.

Letters of credit: No.

Guarantees: No.

Domiciliation: No.

Preshipment inspection: No.

Other: Yes. During the arrangement of the export transaction’s financing by a bank, the bank conducts the normal credit risk assessment of the exporter and the latter is required to submit the commercial invoice and customs declaration to the bank providing financing.

Export licenses: Yes.

Exports are free of restrictions, except for certain products that are licensed for security or health reasons in accordance with
international conventions and codes. From January 1, 2012, through December 31, 2015, Kosovo benefited from a preferential agreement with the EU. The Stabilisation and Association Agreement in force since April 1, 2016, extended the preferential trade agreement with the EU. Preferential rates allow exportation of all goods without customs duties or quantity limits (except for wine and some foods). Kosovo is also a beneficiary country in the GSP, which means that selected products may be exported duty free to the US market.

Licenses for exportation of goods are not issued with any value or volume quotas.

Without quotas: Yes.
With quotas: No.

**Export taxes**

- No.

**Collected through the exchange system**

- No.

**Other export taxes**

- No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

- No.

Documentation is required for transactions of €10,000 and above, including the reason for the transfer and the source of the funds based on Regulation on Balance of Payments Statistics and International Investment Position. This is also required for the purpose of preventing AML/TF and is not a mean of control on these transfers. The bona fide test is mainly for Know Your Customer (KYC) test and not a test for transaction, so the documentation required is ID of the client.

**Trade-related payments**

- No.

**Prior approval**

- No.

**Quantitative limits**

- No.

**Indicative limits/bona fide test**

- No.

**Investment-related payments**

- No.

**Prior approval**

- No.

**Quantitative limits**

- No.

**Indicative limits/bona fide test**

- No.

**Payments for travel**

- No.

**Prior approval**

- No.

**Quantitative limits**

- No.

**Indicative limits/bona fide test**

- No.

**Personal payments**

- No.

**Prior approval**

- No.

**Quantitative limits**

- No.

**Indicative limits/bona fide test**

- No.
Foreign workers' wages  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Credit card use abroad  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

Other payments  No.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  No.

Repatriation requirements  No.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Controls on capital and money market instruments  No.

On capital market securities  No.

Shares or other securities of a participating nature  No.

Purchase locally by nonresidents  No.

Sale or issue locally by nonresidents  No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in government securities are governed by the CBK and Ministry of Finance Regulation (MOF-CBK) No. 01/2014 on the Primary and Secondary Markets for Issuance and Trading of Government Securities.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on banks’ purchase abroad of securities are applied for prudential regulation. There is only a quantitative limitation to a single counterparty exposures for the purpose of reducing credit risk concentration. There is no quantitative limitation on the overall amount of debt securities purchased abroad.</td>
<td></td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>There is no control on international trade transactions or with the rendering of international services. The control in credit operation is limit on large exposures to bank capital. Large exposures include all on- and off-balance-sheet claims. There is also a quantitative limitation to a single counterparty exposures for the purpose of reducing credit risk concentration. There is no quantitative limitation on the overall amount of credit operations, including with nonresidents.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

Yes. Law No. 04/L-093 on Banks, Microfinance Institutions and Nonbank Financial Institutions is the legal basis for the CBK rules regulating commercial banks and other financial institutions.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Regulatory Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
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<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>Banks may invest freely abroad. However, these investments are subject to the CBK regulations on large exposures and capital adequacy. There is no limitation on the overall amount that can be invested abroad. The limitation is only for reducing credit risk concentration on a single party. There is limitation for foreign branches as Article 17 of the Law on Banks requires branches of foreign banks to maintain claims on residents of Kosovo in excess of its liabilities to residents of Kosovo.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>The CBK sets limits on foreign exchange (non-euro) positions of banks. Banks may not have a net open position in any one foreign currency exceeding 15% or an aggregate net open foreign currency position exceeding 30% of its Tier 1 capital. These limits are applied to both resident and nonresident assets and liabilities.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>The CBK sets limits on foreign exchange (non-euro) positions of banks. Banks may not have a net open position in any one foreign currency exceeding 15% or an aggregate net open foreign currency position exceeding 30% of its Tier 1 capital. These limits are applied to both resident and nonresident assets and liabilities.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Insurance companies are regulated by Law No. 05/L-045 on Insurances, the Regulation of December 29, 2016, and in force since December 31, 2016, on Investment of Assets Covering Technical and Mathematical Provisions and Investment of Charter Capital for

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Limits (max.) on securities issued by nonresidents

Yes. The maximum limits is 20% of the total gross technical and mathematical provisions invested in assets issued and guaranteed by the central banks of governments of EU member states, which need to have a credit ranking not lower than BBB from Standard & Poor’s or its equivalent of this category from Fitch and Moody’s, or their equivalents ranked by other agencies of credit ranking recognized by the CBK.

Limits (max.) on investment portfolio held abroad

Yes. There are no limits on maximum portfolio held abroad. There are limits applicable only for the credit rating of the issuer but not the country of the issuer. Limits on investment covering technical provisions apply: No more than 20% of gross technical and mathematical provisions may be invested in treasury bonds, securities and other capital market financial instruments issued and guaranteed by the central banks of governments of EU member states, which need to have a credit rating no lower than BBB from Standard & Poor’s or its equivalent of this category from Fitch and Moody’s, or their equivalents ranked by other credit ranking agencies recognized by the CBK. With prior approval from the CBK, insurers may invest in other securities, traded in a regulated market, where their issuers are ranked no lower than BBB by Standard & Poor’s or its equivalent from Fitch and Moody’s, or their equivalents ranked by other credit ranking agencies recognized by the CBK, no more than 20% in total and no more than 5% of technical and mathematical provision in single issuer.

Limits (min.) on investment portfolio held locally

Yes. There are no minimum limits on investment portfolio held locally, except the insurer’s guarantee fund and properties as stated below:

Insurers operating in the Republic of Kosovo, with a prior approval from CBK, may invest their charter capital (guarantee fund) in the following investment categories:

1. Treasury bonds and other securities issued by the Government of Kosovo;
2. Deposits in euro currency into escrow account with commercial banks licensed in Kosovo, no more than 30% of the deposited amount in a single bank, and
3. Insurers are required to deposit and maintain at all time, 10% of their charter capital in cash in CBK.

Investment in real estate is admissible if the property is equipped with necessary documentation, including registration in the cadaster records in the name of the insurer or evidence that the purchase contract (or a pre-contract) has been notarized and the property has construction permit from the competent authorities.

There is a prior approval requirement for the investments of the insurer's guarantee fund.

Currency-matching regulations on assets/liabilities composition

No.

Pension funds

No. Pension funds are regulated by the Law No. 04/L-101 on Pension Funds of Kosovo, Amended and Supplemented by the Law No. 04/L-115, the Law No. 04/L-168, and the Law No. 05/L-116.

There are limits on assets classes and credit rating. Pursuant to Article 9.8 of the Law on Pension Funds of Kosovo, the maximum proportion of the securities of any single issuer, including its affiliated entities, which may be held by the Kosovo Pensions Savings Trust, is 5% for stocks and 30% for bonds. No such limitation applies for Government Securities of Kosovo.

Pursuant to Article 4 - 1. Article 9, paragraph 9.9. of the Basic Law, the maximum proportion of total pension funds, which may be invested in the assets of an issuer, including the calculation of affiliated persons assets, is 5% for shares, 30% in securities of the
Kosovo, 20% for AA-rated bonds or higher, 10% for “A-” rated bonds or higher, 5% for BBB-rated bonds or lower, and 1% for BB+ rated bonds or lower. The maximum proportion of total pension funds that may be invested in bonds rated BB+ or lower may not exceed 5% of total funds. Credit rating must be provided by an internationally known credit rating agency.

There are no limits on the purchase by pension funds of securities issued by nonresidents. There are limits on assets classes and credit rating, and these limits apply to the whole portfolio whether held abroad or domestically.

There are no limits on the investment portfolio held abroad by pension funds. There are limits on assets classes and credit rating, and these limits apply to the whole portfolio whether held abroad or domestically.

There are no limits that specifically state the minimum to be invested locally. There are limits on the maximum to be invested in Government Securities of Kosovo. Pursuant to Article 9.9 of the Law on Pension Funds of Kosovo, the maximum proportion of total Pension Assets that may be invested in the assets of any single issuer, including in this calculation assets of affiliated entities, is 5% for stocks, 10% for AA and above rated bonds, and up to 30% of the total assets may be invested in Government Securities of Kosovo, and pursuant to Article 9.10 of the Law, the Kosovo Pensions Savings Trust may not, in any given calendar year, invest more than 50% of its gross contribution revenue from the preceding calendar year in securities issued by the Government of the Republic of Kosovo.

There are no investment firms or collective investment funds operating in Kosovo.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
KUWAIT
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

September 13, 1962.

Article VIII

Yes. Date of acceptance: April 5, 1963.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

No.

Exchange measures imposed for security reasons

Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Yes. Measures have been taken to implement relevant UNSC resolutions against terrorism, with regard to anti-money-laundering operations through financial transfers involving charitable organizations, suspect accounts, and sanctioned countries.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Kuwait is the Kuwaiti dinar.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Yes. The de jure exchange rate arrangement is a conventional peg vis-à-vis a currency composite. According to the law of the Central Bank of Kuwait (CBK), the exchange rate arrangement is specified by an
“amiri” decree in consultation with the governor of the CBK (see CBK Law, Chapter I, Article II). Because the composite weights cannot be confirmed, the de facto exchange rate arrangement was reclassified to “other managed” from “conventional peg”, effective January 1, 2019. Intervention data are not disclosed to the public.

Floating

Free floating

**Official exchange rate**  Yes.  Since May 20, 2007, the de jure exchange rate arrangement of the dinar has been a peg against an undisclosed basket of currencies, composed of Kuwait’s major trading and financial partner countries (Decree No. 147/2007), whereby the CBK declares on a daily basis the exchange rate of the dinar against the US dollar. The official exchange rate is used for accounting and valuation. The official exchange rate is disclosed to the market through the CBK website.

**Monetary policy framework**

Exchange rate anchor  Yes.

* U.S. dollar
* Euro
* Composite  Yes.  The monetary policy framework is an exchange rate anchor vis-à-vis a composite.
* Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

* Government
* Central Bank
  * Monetary Policy Committee
  * Central Bank Board
* Other

Government and Central Bank

**Inflation target**

* Target number
  * Point target
  * Target with tolerance band
  * Band/Range
* Target measure
  * CPI
  * Core inflation
Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. Commercial banks are free to determine the exchange rate in transactions with their clients.

Spot exchange market

Yes. The CBK provides foreign exchange to 23 authorized Islamic and conventional banking counterparties and 39 exchange companies. The local and foreign banks (Islamic and conventional) are subject to licensing by the CBK. All foreign exchange transactions must process through a bank or licensed exchange companies. The CBK does not normally disclose information concerning the volume of exchange transactions conducted with institutions at the declared rate. The exchange companies are subject to licensing by the CBK. They may make foreign exchange transactions directly with the CBK, maintain accounts abroad, purchase and sell banknotes, and make foreign currency payments and transfers on behalf of their clients.

Operated by the central bank

Yes.

Foreign exchange standing facility

Yes. The CBK provides foreign exchange to authorized counterparties at the declared US dollar–Kuwaiti dinar rate versus verification of the underlying transactions’ bona fide nature. Dinars are quoted by the CBK against the US dollars on a total bid-ask spread of 10 basis points to authorized counterparties on the date of customer transactions. The CBK deals directly with the government and governmental entities.

Allocation

No.

Auction

No.

Fixing

No.

Interbank market

Yes. Twenty-three institutions are licensed to operate in the market as
ADs. There are no limits on the bid-ask spreads and market participant commissions.

Over the counter Yes. There is a market for dinar foreign exchange between market makers.

Brokerage Yes. A number of specialized brokerage companies quote dinar foreign exchange rates.

Market making Yes. The foreign exchange market operates under a market-making arrangement.

Forward exchange market Yes. Official coverage is extended to forward contracts related to commercial transactions.

Official cover of forward operations Yes. This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

References to legal instruments and hyperlinks

<table>
<thead>
<tr>
<th>Arrangements for Payments and Receipts</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No. There are no controls on the use of domestic currency in international transactions or on the use of foreign currencies between residents, with the exception of Israeli currency. Transactions may not take place with Israel.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes. Kuwait is a member of the GAFTA and the GCC Customs Union.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No. There are no exchange controls, and both residents and nonresidents may freely purchase and sell foreign exchange. All trade with Israel is prohibited; payments may not be made to or received from Israel for any type of transaction.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
On domestic ownership and/or trade: No.

On external trade: Yes. Monetary authorities and merchants registered with the Ministry of Commerce and Industry (MCI) may import and export gold of at least 18 karats in any form; gold jewelry may not be imported or sold unless it is properly hallmarked. Jewelry and precious metals in any form, manufactured or unmanufactured, are subject to an import duty of 5%.

**Controls on exports and imports of banknotes**

- No.
- On exports:
  - Domestic currency: No. Amounts in excess of Kuwaiti dinar 3,000 must be declared.
  - Foreign currency: No. Amounts in excess of Kuwaiti dinar 3,000 must be declared.

**Residents Accounts**

- Foreign exchange accounts permitted: Yes.
  - Held domestically: Yes. Balances can be transferred freely abroad.
    - Approval required: No.
  - Held abroad: Yes. Balances can be transferred to home country freely.
    - Approval required: No.

- Accounts in domestic currency held abroad: Yes. Residents can maintain accounts in domestic currency abroad and balances can be transferred abroad freely.
- Accounts in domestic currency convertible into foreign currency: Yes.

**Nonresident Accounts**

- Foreign exchange accounts permitted: Yes. Balances can be transferred abroad freely.
- Approval required: No.
- Domestic currency accounts: Yes. Balances can be transferred abroad freely.
- Convertible into foreign currency: Yes.
- Approval required: No.
- Blocked accounts: No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**
<table>
<thead>
<tr>
<th><strong>Foreign exchange budget</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Import licenses are required for all commercial imports other than fresh fruits and vegetables, wheat, and flour. Licenses are issued freely to registered Kuwaiti merchants and companies. To be registered, the importer must be either a Kuwaiti citizen, a firm in which all partners are Kuwaiti citizens, or a shareholding or limited liability company in which Kuwaiti citizens own at least 51% of the stock.

| **Positive list** | No. |
| **Negative list** | Yes. |

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Kingdom of Saudi Arabia, are banned because of the emergence of H5N8 Avian Influenza.

Imports of all kinds of live birds from Spain are banned because of the emergence of West Nile Fever.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Germany, are banned because of the emergence of Avian Influenza.

Imports of all Equine species from Turkey are temporarily banned because of the emergence of Glanders.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from India (Except for imports from Bona City, Frinches Company), are banned because of the emergence of Avian Influenza.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from the United Kingdom, are banned because of the emergence of Avian Influenza.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from the Republic of Ghana, are banned because of the emergence of H9N2 Avian Influenza.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Mexico, are banned because of the emergence of Avian Influenza.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from the State of Texas, USA, are banned because of the emergence of Avian Influenza. Imports of melons from Australia are temporarily banned because of Listeriosis, until further notice.

Imports of beef, sheep, and goat meat (fresh, chilled, frozen, and...
processed) of all types and by-products from Kazakhstan, are banned because of the emergences of Anthrax.

There is a temporary ban of imports of crustaceans such as shrimp (fresh, chilled, frozen, and processed) from Vietnam, because of the detection of White Spot Syndrome Virus and Acute Hepatopancreatic Necrosis Disease except for the following:

Frozen Products with removed heads and shells (except for shrimp’s tails), provided all packages are being visually examined and lab tested. (2) Thermally treated products, to ensure the elimination of the virus, by one of the following procedures as prescribed in the Aquatic Animal Health Code: Tightly sealed products treated with heat sterilization at 121°C for at least 3.6 minutes (or the equivalent temperature and time sufficient to inactivate the virus). Cooked products thermally treated at 60°C for at least 1 minute (or the equivalent temperature and time sufficient to inactivate the virus). Products prepared for direct human consumption such as those marinated or prepared for grilling, frying or any other method of cooking. Pasteurized products thermally treated at 90°C for at least 10 minutes–20 minutes (or the equivalent temperature and time sufficient to inactivate the virus).

Imports of all kinds of oysters from Canada are banned, because of the detection of Norovirus, until further notice.

Imports of poultry meat (fresh, chilled, frozen and processed) of all types, and by-products and table eggs, except those thermally treated at 70°C from Nepal, are banned because of the emergences of highly pathogenic H5N1 Avian Influenza.

Imports of beef, sheep and goat meat (fresh, chilled, frozen, and processed) of all types and by-products from Uganda are banned because of the emergences of Anthrax.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Malaysia, are temporary banned because of the emergence of Avian Influenza.

Imports of poultry meat (fresh, chilled, frozen, and processed) of all types, and by-products and table eggs, except those thermally treated at 70°C from Vietnam, are banned because of the emergences of highly pathogenic Avian Influenza.

Imports of poultry meat (fresh, chilled, frozen, and processed) of all types, and by-products and table eggs, except those thermally treated at 70°C from Malaysia, are banned because of the emergences of highly pathogenic Avian Influenza.

Imports of beef, sheep and goat meat (fresh, chilled, frozen, and processed) of all types and by-products from France are banned because of the emergences of Anthrax.

Imports of poultry meat of all types, and by-products from China, known as Chinese Taipei of Taiwan, are banned because of the emergences of highly pathogenic Avian Influenza.

Imports of all kinds of live birds from Germany are banned because of the emergence of West Nile Fever.

Imports of all kinds of live birds, one-day-old chicks for broilers and egg-laying hens and hatching eggs, from the State of California, USA, are temporary banned because of the emergence of Avian Influenza.

Imports of all kinds of live birds from Croatia are banned because of the emergence of West Nile Fever.

Imports of all kinds of live birds from Brazil are banned because of the emergence of West Nile Fever.

Imports of all kinds of live birds from Romania are banned because of the emergence of West Nile Fever.
E.Coli O157:H7.

Imports of beef, sheep and goat meat (fresh, chilled, frozen, and processed) of all types and by-products from Namibia are banned because of the emergences of Anthrax. Effective February 4, 2019, the ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from the United Mexican States, after being found free from highly pathogenic Avian Influenza (bird flu) was lifted.

Effective February 4, 2019, the ban on the import of beef, sheep and goat meat (fresh, chilled, and frozen) of all types and by-products from Italy, after being found free from Anthrax was lifted.

Effective February 10, 2019, imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Denmark were temporarily banned because of the emergence of Avian Influenza, while the ban on the import of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from the Democratic Republic of the Congo, after being found free from Avian Influenza was lifted.

The ban on baby food products made by Lactalis Nutrition Sante, brand name: Celia Expert & Premium Car, was lifted effective February 13, 2020.

The ban on all baby food products made by Lactalis Nutrition Sante in France was lifted effective February 26, 2020.

The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from the Kingdom of Saudi Arabia, after being found free from highly pathogenic Avian Influenza, was lifted effective March 14, 2019.

The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from Russia was lifted effective March 19, 2019.

The ban on the import of crustaceans such as shrimp (fresh, chilled, and frozen) from Australia, after being found free from White Spot Virus Syndrome, was lifted effective March 19, 2019.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Pakistan were temporarily banned because of the emergence of Avian Influenza effective March 21, 2019.

Imports of Dark Chocolate Chunks from the United Kingdom of (Waitrose) Brand, Size 100g, were banned effective April 9, 2019.

Imports of rice and grain from the Republic of India of (Jaya Rice) Brand, Production Date 01/01/2019, Expiry Date 01/01/2021, Size 40g were banned because of exceeding the maximum permitted levels of pesticide residues effective April 9, 2019.

Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Nepal, were temporarily banned because of the emergence of Avian Influenza effective April 12, 2019.

Imports of all kinds of live ruminants and camels from Belgium were temporarily banned, because of the detection of Bluetongue disease effective April 21, 2019.

The ban on the import of beef, sheep and goat meat (fresh, chilled, frozen, and processed) of all types and by-products from Myanmar, after being found free from Anthrax, was lifted effective July 1, 2019.

The ban on the import of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products from Hungary, after being found free from Anthrax, was lifted effective July 1, 2019.

The ban on the import of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products, after being found free from Anthrax and Rift Valley fever from the following Kenyan
establishments –
Quality Meat Packers Ltd. (Nairobi), Neema Livestock &
Slaughtering Investment (Nairobi), Ken Meat (EPZ) Ltd. (Nairobi),
Choice Meat (EPZ) Ltd. (Nairobi) – was lifted effective July 1, 2019.

Companies wishing to import products from the above-mentioned
establishments must ensure that the requirements of the World
Organization for Animal Health (OIE) stated in Chapter 8.15.11
concerning rift valley fever are met. All shipments from Kenya to the
State of Kuwait should be attached with health certificate sand
documents as stated in the above-mentioned chapter.

The ban on the import of poultry meat (fresh, chilled, frozen, and
processed) of all types and by-products and table eggs from the
Republic of Ghana, after being found free from highly pathogenic
Avian Influenza, was lifted effective July 24, 2019.

Imports of ruminants’ meat (fresh, chilled, frozen, and processed) of
all types and by-products from the Kingdom of Lesotho were
banned, because of an Anthrax outbreak, effective July 24, 2019. The
ban on the import of all kinds of live ruminants from the Republic of
Serbia, after being found free from Bluetongue disease, was lifted
effective September 1, 2019. The ban on the import of poultry meat
(fresh, chilled, frozen, and processed) of all types and by-products
from Rostovskaya Oblast, Russia, after being found free from Avian
Influenza, was lifted effective September 8, 2019.

Imports of the following products were banned effective September
8, 2019: Snickers protein bars, Mars protein bars, Bounty protein
bars, Milky way protein bars.

Imports of ruminants’ meat (fresh, chilled, frozen, and processed) of
all types and by-products from Kazakhstan were banned, because of
an Anthrax outbreak, effective September 8, 2019.

The ban on the import of beef, sheep, and goat meat (fresh, chilled,
and frozen) of all types and by-products from Kyrgyzstan, after being
found free from Anthrax, was lifted effective September 8, 2019.

The ban on the import of all kinds of live birds, hatching eggs and
one-day-old chicks for broilers and egg-laying hens from Iran, after
being found free from Avian Influenza, was lifted effective
September 29, 2019.

Imports of all kinds of live birds, one-day-old chicks for broilers and
egg-laying hens and hatching eggs, from Chile, were temporarily
banned because of the emergence of Avian Influenza effective
October 7, 2019.

The ban on the import of all kinds of live ruminants and camels from
Austria, after being found free from Bluetongue disease, was lifted
effective October 7, 2019.

Imports of all kinds of live birds from Austria were temporarily
banned because of the emergence of West Nile Fever effective
October 7, 2019.

Imports of ruminants’ meat (fresh, chilled, frozen, and processed) of
all types and by-products from Bhutan were banned, because of an
Anthrax outbreak effective October 24, 2019.

The ban on the import of “Ice Breakers” of various flavors and types
was lifted, while imports of “Ice Breakers gum” of various flavors
and types continue to be banned, because of the presence of pig
gelatin effective October 24, 2019.

The ban on the import of poultry meat (fresh, chilled, frozen, and
processed) of all types and by-products and table eggs from Iran,
after being found free from Avian Influenza, was lifted effective
October 24, 2019. Imports of all types of unmanned aerial vehicles
(drones) of all sizes, which are operated by remote control system
and equipped with cameras, communication or reception equipment,
were banned except after obtaining a license from the Ministry of Interior effective October 28, 2019. Companies and shops which are licensed by the Ministry of the Interior to sell drones need to record name of the buyer, Civil ID number and phone number.

The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from India, after being found free from Avian Influenza, was lifted effective October 30, 2019. Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from France were temporarily banned because of the emergence of Avian Influenza effective November 21, 2019.

Imports of all kinds of live ruminants and camels from Sudan were banned, because of the detection of Rift Valley Fever effective November 21, 2019.

Imports of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products from the Republic of Botswana were banned, because of an Anthrax outbreak effective December 30, 2019.

The ban on the import of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products from Italy, after being found free from Anthrax, was lifted effective December 30, 2019.

Imports of all kinds of live ruminants from Morocco were permitted effective January 5, 2020.

The ban on the import of live bird species and other living animals from Belgium, except camels and ruminants, was lifted effective December 31, 2019.

Open general licenses: Yes.

Imports of industrial equipment and machinery and their spare parts require industrial licenses, which are valid for one-time use. Licenses are issued to registered and licensed industrial establishments with the approval of the Industrial Development Commission at the MCI. Private imports of personal objects may be permitted under individual or specific licenses. Registered importers handling a variety of commodities may obtain a general license valid for one year. Other importers must obtain specific licenses for individual commodities, which are also valid for one year.

Licenses with quotas: No.

Other nontariff measures: Yes.

Government procurement policies give preference to Kuwaiti-produced goods up to a price margin of 5% over goods produced in other GCC countries and 10% over goods produced in non-GCC countries.

Import taxes and/or tariffs: Yes.

In accordance with the GCC Customs Union, a minimum tariff of 5% applies to non-GCC imports; there are no tariffs on imports from other GCC members with at least 40% local value added. Imports of foodstuffs and some machinery and equipment, spare parts, and raw materials are exempt from import duties. Kuwait applies higher tariffs in industries with domestic producers that supply at least 40% of the local market. Tariff rates differ depending on the domestic-value-added content of the products in question. If domestically produced goods contain at least 20%, 30%, or 40% of domestic value added, protective duties of 15%, 20%, and 25%, respectively, may be applied to competing imports. The degree of protection is reduced by 5% in the case of consumer goods. The maximum duty imposed on products that compete with locally manufactured goods is 100%. Duties on goods imported from GAFTA member countries are being gradually reduced.

Taxes collected through the exchange system: No.

State import monopoly: No.
Exports and Export Proceeds

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<tr>
<th>Requirement</th>
<th>Details</th>
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<tr>
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<tr>
<td>Surrender requirements</td>
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<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
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<tr>
<td>Surrender to authorized dealers</td>
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<tr>
<td>Financing requirements</td>
<td>No.</td>
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<tr>
<td>Documentation requirements</td>
<td>No.</td>
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<td>Letters of credit</td>
<td>No.</td>
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<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
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<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exports of live sheep and poultry, sugar, fats, rice, meat, eggs, milk, cheese, butter, olive oil, fresh fruits, vegetables in any form, beans, lentils, chickpeas, jams, and cement may be prohibited in times of emergency or shortages in Kuwait. At such times, these items may be exported in limited quantities only under a special license issued by the MCI. Exports of arms and ammunition also require licenses. Exports of scrap iron are temporarily prohibited. Exports of all fish and crustaceans caught in Kuwaiti regional waters or farms, whether fresh, chilled, frozen, or processed, are prohibited, except those from the Kuwaiti United Fisheries Company and the National Fisheries Company, which may export in frozen form 35% of their total prawn production, and those of other companies licensed to operate fish farms, which may export in chilled or frozen form 50% of their annual fish and crustacean production. Exports and reexports of fish and crustaceans (fresh, chilled, frozen, or manufactured) caught or farmed by licensed companies or individuals are subject to PAAF approval during seasonal no-fishing periods, and marketing of all kinds of fish (chilled, trophy, dried, sliced, with additives, or canned) in free zones is subject to free zone regulation, except fish produced locally (from sea or farms), which is subject to PAAF regulation. The MCI determines in advance how much may be exported on an exceptional basis during the specified period, according to local market conditions. Exports of female lambs are prohibited. The Al-Mutthahida Poultry Company may export 8,100 kg of frozen poultry products, and the Kuwait Agriculture Company may export 3,600 kg of frozen chicken. Companies, firms, and individuals licensed to export domestic and imported eggs require approval by the MCI, according to the PAAF local market surplus survey. Exports and reexports of locally manufactured goods and products containing more than 10% subsidized kerosene, including paint, detergent, and organic solvents, are prohibited. The percentage of subsidized...
KUWAIT

Kerosene is determined by the Kuwait National Petroleum Company. Exports of locally manufactured bottled water are prohibited (since October 26, 2017).

Export of crushed/ground copper and non-insulated copper cables of all types (new/scrap) was prohibited, unless in its original form and after obtaining a written approval from the Ministry of Electricity and Water effective February 7, 2019.

Export and reexport of all kinds of live (domestic/imported) sheep and goats were banned effective May 9, 2019.

Export taxes

| No. | Collected through the exchange system | No. | Other export taxes | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

<table>
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<tr>
<th>Controls on these transfers</th>
<th>No.</th>
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</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Investment-related payments | No. |
| Prior approval              | No. |
| Quantitative limits         | No. |
| Indicative limits/bona fide test | No. |

| Payments for travel | No. |
| Prior approval      | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |

| Personal payments | No. |
| Prior approval    | No. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | No. |

| Foreign workers' wages | No. |
| Prior approval         | No. |
| Quantitative limits    | No. |
| Indicative limits/bona fide test | No. |

| Credit card use abroad | No. |
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Restrictions on use of funds No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions
Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Controls on capital and money market instruments Yes.
On capital market securities Yes.
Shares or other securities of a participating nature Yes. Controls apply to banks subject to CBK supervision. A resident or nonresident natural person or legal entity purchasing up to 5% of a Kuwaiti bank’s shares is subject to CBK approval.
Sale or issue locally by nonresidents Yes. The listing of foreign stocks and bonds on the Boursa Kuwait is subject to the approval of the Capital Market Authority.
Purchase locally by nonresidents Yes.

Purchase abroad by residents No.
Sale or issue abroad by residents No.
Bonds or other debt securities Yes.
Sale or issue locally by nonresidents: Yes. The listing of foreign stocks and bonds on the Boursa Kuwait is subject to the approval of the Capital Market Authority.

Purchase abroad by residents: No.

Sale or issue abroad by residents: Yes. Controls apply to banks and financial institutions subject to CBK supervision. Banks are subject to approval requirement set by CBK.

On money market instruments: Yes.

Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: Yes. The listing of foreign stocks and bonds on the Boursa Kuwait is subject to the approval of the Exchange Committee.

Purchase abroad by residents: No.

Sale or issue abroad by residents: No.

On collective investment securities: No.

Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: No.

Purchase abroad by residents: No.

Sale or issue abroad by residents: No.

Controls on derivatives and other instruments: Yes. According to CBK’s Capital Adequacy Framework:

Islamic banks are not permitted to undertake derivative transactions for speculative purposes and should only use these to hedge their exposures.

All positions by Islamic banks should also be compliant with shariah principles and approved by the respective Shariah Supervisory Board (SSB). The CBK has discretion to impose additional capital charges on such positions on case-by-case basis.

Islamic banks to use the applicable market-accepted standard agreements such as the International Swaps and Derivatives Association, Inc (ISDA)/ International Islamic Financial Market (IIFM) Tahawwut Master Agreement (TMA).

Purchase locally by nonresidents: Yes.

Sale or issue locally by nonresidents: Yes.

Purchase abroad by residents: No.

Sale or issue abroad by residents: No.

Controls on credit operations: Yes. Credit facilities local banks may extend in dinars to nonresidents must be limited to those that finance dinar-denominated contracts awarded by government entities in Kuwait, while observing the terms and controls included in the CB instructions of May 2, 1995. The following are relevant in this regard: (1) Credit must be extended on a sound basis, particularly regarding the purpose of the credit; the consistency of the credit type, size, and currency with the actual needs of the customer and within the limits of the financed contract; and use of the credit for the purpose for which it was extended. In general, an integrated credit study must be conducted on the feasibility of the requested credit, taking into account the soundness of the customer’s financial position, the availability of repayment sources, the collateral submitted, and other considerations. (2) Banks should minimize their exposure to credit risk by distributing credit

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risk across a wide customer base, diversifying their credit facilities portfolio and distributing it across various sectors of the economy, and establishing maximum limits for risk associated with foreign credit, taking into account the nature of country risks. Banks must periodically review their credit policies and introduce appropriate amendments, particularly in regard to applied limits and delegated authority, all within the strategic direction of the bank and current developments.

<table>
<thead>
<tr>
<th>Commercial credits</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Local banks are allowed to extend credit facilities in KD to nonresidents, without the need of seeking the CBK’s prior consent, for financing contracts whose value may not exceed KD 40 million, provided such facilities do not exceed 70% of the total value of each contract. As for other contracts or credit facilities exceeding such limits, they must require the prior consent of the CBK. The following conditions must be satisfied in respect of all KD credit facilities extended by the local banks to their nonresident customers: The credit facilities extended in KD to nonresidents must be limited to financing the contracts denominated in KD, and awarded by government bodies in the State of Kuwait. The financing bank must verify that the contracts to be financed are in fact real contracts, and must retain copies thereof. (2) Finance extended for such cases must be limited for each separate contract, and may not be concluded through general credit lines extended to the borrowing customers. (3) A Letter of Assignment over all the financed contract payments must be signed in favor of the lending bank. Such payments must be utilized for repayment of the granted credit facilities in compliance with such facilities' conditions.</td>
<td></td>
</tr>
</tbody>
</table>

| To residents from nonresidents | No. |

<table>
<thead>
<tr>
<th>Financial credits</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Credit facilities that local banks may extend in dinars to nonresidents must be limited to those that finance dinar-denominated contracts awarded by government entities in Kuwait, while observing the terms and controls included in the CB instructions of May 2, 1995. The CBK must allow the coverage of forward foreign exchange contracts, as well as the conversion of KD cash facilities to foreign currencies, up to a maximum of 50% of the contract value, where the bank must be responsible for financing the remaining portion of the contract value from its own resources.</td>
<td></td>
</tr>
</tbody>
</table>

| To residents from nonresidents | No. |

<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Controls on direct investment | Yes. |

<table>
<thead>
<tr>
<th>Outward direct investment</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Inward direct investment</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreigners may own up to 49% of Kuwaiti companies and may establish 100% owned subsidiaries subject to the Kuwait Foreign Investment Law (Foreign Investment Bureau) and the conditions determined by the council of ministers. The Companies Law No. 1 of 2021.</td>
<td></td>
</tr>
</tbody>
</table>
2016 maintained the requirement that a Kuwaiti national own at least 51% of all local companies, unless foreign investors apply through the Kuwait Direct Investment Promotion Authority. The Council of Ministers Decision No. 75 of 2015 directed Kuwait Direct Investment Promotion Authority to exclude foreign firms from investment in the following sectors: extraction of crude petroleum, extraction of natural gas, manufacture of coke oven products, manufacture of fertilizers and nitrogen compounds, manufacture of gas, distribution of gaseous fuels through mains, real estate (excluding privately operated building development projects), security and investigation activities, public administration and defense, compulsory social security, activities of membership organizations, and labor hiring activities including domestic labor.

Controls on liquidation of direct investment                No.
Controls on real estate transactions                        Yes.

*Purchase abroad by residents*                              No.

*Purchase locally by nonresidents*                          Yes. Only GCC nationals may purchase real estate of up to 3,000 square meters for private residence purposes.

*Sale locally by nonresidents*                              Yes.

Controls on personal capital transactions                   No.

*Loans*                                                    No.

By residents to nonresidents                                No.
To residents from nonresidents                              No.

*Gifts, endowments, inheritances, and legacies*             No.

By residents to nonresidents                                No.
To residents from nonresidents                              No.

*Settlement of debts abroad by immigrants*                  No.

*Transfer of assets*                                        No.

Transfer abroad by emigrants                                No.
Transfer into the country by immigrants                     No.

*Transfer of gambling and prize earnings*                   No.

References to legal instruments and hyperlinks             This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

*Provisions specific to commercial banks and other credit institutions* Yes.

Borrowing abroad                                            Yes. Controls apply to the sale and issuance of bonds and other debt securities abroad. Banks are subject to approval requirements set by CBK for the sale and issuance of bonds and other debt securities abroad.

Maintenance of accounts abroad                             Yes. CBK AML requirement states that banks may not enter into a cross-border correspondent or business relationship with a shell bank or correspondent financial institution in foreign country that allows its
Lending to nonresidents (financial or commercial credits) | Yes.  
---|---  
Credit facilities local banks may extend in dinars to nonresidents are limited to those that finance dinar-denominated contracts awarded by government entities in Kuwait, in accordance with the terms and controls in the CBK instructions of May 2, 1995. When extending credit facilities to their resident and nonresident customers for work and projects outside Kuwait, local banks must comply with the minimum limits under CBK Instruction No. BSB/105/1993 concerning the Rationalization and Organization of Banks' Credit Policy and the relevant circulars. The following are relevant in this regard: (1) Credit must be extended on a sound basis, particularly regarding the purpose of the credit; the consistency of the credit type, size, and currency with the actual needs of the customer and within the limits of the financed contract; and use of the credit for the purpose for which it was extended. In general, an integrated credit study is required on the feasibility of the requested credit, taking into account the soundness of the customer’s financial position, the availability of repayment sources, and the collateral submitted, among other considerations. (2) Banks should minimize their exposure to credit risk by distributing risk across a wide customer base, diversifying their credit facilities portfolio and distributing it across various sectors of the economy, and establishing limits for risk associated with foreign credit, taking into account the nature of country risks. Banks must periodically review their credit policies and introduce appropriate amendments, particularly in regard to applied limits and delegated authority, all within the strategic direction of the bank and current developments.

Lending locally in foreign exchange | Yes.  
---|---  
Banks are also required to follow up the customer’s observance of the purpose for which these facilities were extended, whereby that review should encompass assessing the customer’s need for the requested foreign currencies to finance his activities, and the real utilization of such currencies within the request for credit. Additionally, banks must verify the availability of sources of repayment in the same currencies.

Purchase of locally issued securities denominated in foreign exchange | No.  
---|---
Differential treatment of deposit accounts in foreign exchange | No.  
Reserve requirements | No.  
Liquid asset requirements | No.  
Interest rate controls | No.  
Credit controls | No.  
Differential treatment of deposit accounts held by nonresidents | No.  
Reserve requirements | No.  
Liquid asset requirements | No.  
Interest rate controls | No.  
Credit controls | No.  
Investment regulations | Yes.  
Investment regulations concerning the organization of local banks’ investment policy apply.

Abroad by banks | Yes.  
---|---
Investment regulations concerning the organization of local banks’ investment policy apply.
### In banks by nonresidents

Yes. CBK regulations concerning the organization of local banks’ investment policy apply. Nonresident or resident natural person or legal entity purchasing up to 5% of a Kuwaiti bank’s shares is subject to CBK approval.

### Open foreign exchange position limits

Yes. Banks are subject to limits concerning both single and overall foreign currency positions. These limits are based on the capital of each bank.

### On resident assets and liabilities

Yes. Banks are subject to limits concerning both single and overall foreign currency positions. These limits are based on the capital of each bank.

### On nonresident assets and liabilities

No.

### Provisions specific to institutional investors

No.

#### Insurance companies

No.

#### Limits (max.) on securities issued by nonresidents

No.

#### Limits (max.) on investment portfolio held abroad

No.

#### Limits (min.) on investment portfolio held locally

No.

#### Currency-matching regulations on assets/liabilities composition

No.

### Pension funds

No. Pension funds are not supervised by any regulatory authority.

#### Limits (max.) on securities issued by nonresidents

No.

#### Limits (max.) on investment portfolio held abroad

No.

#### Limits (min.) on investment portfolio held locally

No.

#### Currency-matching regulations on assets/liabilities composition

No.

### Investment firms and collective investment funds

No.

#### Limits (max.) on securities issued by nonresidents

No.

#### Limits (max.) on investment portfolio held abroad

No.

#### Limits (min.) on investment portfolio held locally

No.

#### Currency-matching regulations on assets/liabilities composition

No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Classification**

Other managed arrangement **01/01/2019**

Because the composite weights cannot be confirmed, the de facto exchange rate arrangement was reclassified to “other managed” from “conventional peg”.

#### Imports and Import Payments
Import licenses and other nontariff measures

Negative list

02/04/2019 The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from the United Mexican States, after being found free from highly pathogenic Avian Influenza (bird flu) was lifted.

02/04/2019 The ban on the import of beef, sheep, and goat meat (fresh, chilled, and frozen) of all types and by-products from Italy, after being found free from Anthrax was lifted.

02/10/2019 Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Denmark were temporarily banned because of the emergence of Avian Influenza. The ban on the import of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from the Democratic Republic of the Congo, after being found free from Avian Influenza was lifted.

02/13/2019 The ban on baby food products made by Lactalis Nutrition Sante, brand name: Celia Expert & Premium Car, was lifted.

02/26/2019 The ban on all baby food products made by Lactalis Nutrition Sante in France was lifted.

03/14/2019 The ban on plastic bottles and jars produced by the company Nalge Nunc, brand names: Nalge Nunc International, Nunc, was lifted.

03/19/2019 The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from Russia was lifted.

03/19/2019 The ban on the import of crustaceans such as shrimp (fresh, chilled, and frozen) from Australia, after being found free from White Spot Virus Syndrome, was lifted.

03/21/2019 Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Pakistan were temporarily banned because of the emergence of Avian Influenza.

04/09/2019 Imports of Dark Chocolate Chunks from the United Kingdom of (Waitrose) Brand, Size 100g, were banned.

04/09/2019 Imports of rice and grain from the Republic of India of (Jaya Rice) Brand, Production Date 01/01/2019, Expiry Date 01/01/2021, Size 40g were banned because of exceeding the maximum permitted levels of pesticide residues.

04/12/2019 Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Nepal, were temporarily banned because of the emergence of Avian Influenza.

04/21/2019 Imports of all kinds of live ruminants and camels from Belgium were temporarily banned, because of the detection of Bluetongue disease.

07/01/2019 The ban on the import of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products from Hungary, after being found free from Anthrax, was lifted.

07/01/2019 The ban on the import of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products, from the following Kenyan establishments - Quality Meat Packers Ltd. (Nairobi), Neema Livestock & Slaughtering Investment (Nairobi), Ken Meat (EPZ) Ltd. (Nairobi), Choice Meat (EPZ) Ltd. (Nairobi) – was lifted. Companies wishing to import products from the above-mentioned establishments must ensure that the requirements of the World Organization for Animal Health (OIE) stated in Chapter 8.15.11 concerning rift valley fever are met. All shipments from Kenya to the State of Kuwait should be attached with health certificate sand documents as stated in the above-mentioned chapter.
The ban on the import of beef, sheep, and goat meat (fresh, chilled, frozen, and processed) of all types and by-products from Myanmar, after being found free from Anthrax, was lifted.  

07/24/2019  
The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from the Republic of Ghana, after being found free from highly pathogenic Avian Influenza, was lifted.  

07/24/2019  
Imports of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products from the Kingdom of Lesotho were banned, because of an Anthrax outbreak.  

09/01/2019  
The ban on the import of all kinds of live ruminants from the Republic of Serbia, after being found free from Bluetongue disease, was lifted.  

09/08/2019  
The ban on the import of beef, sheep, and goat meat (fresh, chilled, and frozen) of all types and by-products from Kyrgyzstan, after being found free from Anthrax, was lifted.  

09/08/2019  
The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products from Rostovskaya Oblast, Russia, after being found free from Avian Influenza, was lifted.  

09/08/2019  
Imports of the following products were banned: Snickers protein bars, Mars protein bars, Bounty protein bars, Milky way protein bars.  

09/08/2019  
Imports of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products from Kazakhstan were banned, because of an Anthrax outbreak.  

09/29/2019  
The ban on the import of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from Iran, after being found free from Avian Influenza, was lifted.  

10/07/2019  
Imports of all kinds of live birds, one-day-old chicks for broilers and egg-laying hens and hatching eggs, from Chile, were temporarily banned because of the emergence of Avian Influenza.  

10/07/2019  
The ban on the import of all kinds of live ruminants and camels from Austria, after being found free from Bluetongue disease, was lifted.  

10/07/2019  
Imports of all kinds of live birds from Austria were temporarily banned because of the emergence of West Nile Fever.  

10/24/2019  
Imports of ruminants’ meat (fresh, chilled, frozen, and processed) of all types and by-products from Bhutan were banned, because of an Anthrax outbreak.  

10/24/2019  
The ban on the import of “Ice Breakers” of various flavors and types was lifted, while imports of “Ice Breakers gum” of various flavors and types continue to be banned, because of the presence of pig gelatin.  

10/24/2019  
The ban on the import of poultry meat (fresh, chilled, frozen, and processed) of all types and by-products and table eggs from Iran, after being found free from Avian Influenza, was lifted.  

10/28/2019  
Imports of all types of unmanned aerial vehicles (drones) of all sizes, which are operated by remote control system and equipped with cameras, communication or reception equipment, were banned except after obtaining a license from the Ministry of Interior. Companies and shops which are licensed by the Ministry of the Interior to sell drones need to record name of the buyer, Civil ID number and phone number.  

10/30/2019  
The ban on the import of poultry meat (fresh, chilled, frozen and processed) of all types and by-products and table eggs from India, after being found free from Avian Influenza, was lifted.  

11/21/2019  
Imports of all kinds of live birds, hatching eggs and one-day-old chicks for broilers and egg-laying hens from France were temporarily banned because of the emergence of Avian Influenza.  

11/21/2019  
Imports of all kinds of live ruminants and camels from Sudan were banned, because of the detection of Rift Valley Fever.
Imports of ruminants’ meat (fresh, chilled, frozen and processed) of all types and by-products from the Republic of Botswana were banned, because of an Anthrax outbreak.

The ban on the import of ruminants’ meat (fresh, chilled, frozen and processed) of all types and by-products from Italy, after being found free from Anthrax, was lifted.

The ban on the import of live bird species and other living animals from Belgium, except camels and ruminants, was lifted.

Imports of all kinds of live ruminants from Morocco were permitted.

Exports and Export Proceeds

Export licenses

With quotas

02/07/2019   Export of crushed/ground copper and non-insulated copper cables of all types (new/scrap) was prohibited, unless in its original form and after obtaining a written approval from the Ministry of Electricity and Water.

05/09/2019   Export and reexport of all kinds of live (domestic/imported) sheep and goats were banned.
KYRGYZ REPUBLIC

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: May 8, 1992.

Article VIII

Yes. Date of acceptance: March 29, 1995.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

Yes. The IMF staff report for the 2019 Article IV Consultation with Kyrgyz Republic states that, as of May 23, 2019, Kyrgyz Republic maintained an MCP arising from the use of the official exchange rate for government transactions. The official rate may differ by more than 2% from market rates because it is based on the average transaction-weighted rate of the preceding day. In practice, the official and market exchange rates have stayed within a 2% band since early 2018. The authorities intend to continue to use the official exchange rate for government transactions. (Country Report No. 19/208)

Exchange measures imposed for security reasons

Yes. In accordance with IMF Executive Board Decision No. 144-(52/51)

Other security restrictions

Yes. Measures have been adopted that restrict financial transactions and freeze the accounts of certain individuals and organizations associated with terrorism, pursuant to UNSC resolutions, the current FATF list of organizations associated with terrorism, and a list of individuals and entities involved in terrorism and/or extremist activities, or in the proliferation of weapons of mass destruction, compiled by the State Financial Intelligence Service under the Government of the Kyrgyz Republic (GKR).

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of the Kyrgyz Republic is the Kyrgyz som.

Other legal tender

No.

Exchange rate structure

Unitary

Dual

Yes. The exchange rate structure is dual, because the official rate may differ by more than 2% from market rates because it is based on the average transaction-weighted rate from 3:00 p.m. of the preceding trading day until 3:00 p.m. of the current trading day. In practice, the official and market rates have never differed by more than 2%. Since 2010, the official exchange rate of the US dollar against the som has been calculated daily as the weighted average of the exchange rates used in US dollar purchase and sale transactions carried out in the exchange market through the NBKR’s ATS for the reporting period.
from 3:00 p.m. of the previous trading day until 3:00 p.m. of the current trading day.

Since 2012, the official exchange rates of the euro, ruble, and tenge have been determined daily. The official exchange rates of other foreign currencies are determined on a weekly basis, based on the cross-rates of quotes for these currencies against the US dollar in international financial markets.

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement Yes. The de jure exchange rate arrangement is floating. The NBKR participates and intervenes in the interbank foreign exchange market to limit exchange rate volatility as necessary. The de facto exchange rate arrangement is classified as stabilized. While the exchange rate has depreciated since March 2020, more observations are necessary to determine its new trend. Until then, the de facto exchange rate arrangement remains classified as a stabilized arrangement. Information on interventions is published on the NBKR’s official website on the day an intervention is performed, after the close of the trading day. Data on the date of the intervention and the volume purchased or sold in US dollars are published.

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Official exchange rate Yes. Since 2010, the official exchange rate of the US dollar against the som has been calculated daily as the weighted average of the exchange rates used in US dollar purchase and sale transactions carried out in the exchange market through the NBKR’s ATS for the reporting period from 3:00 p.m. of the previous trading day until 3:00 p.m. of the current trading day.

Since 2012, the official exchange rates of the euro, ruble, and tenge have been determined daily. The official exchange rates of other foreign currencies are determined on a weekly basis, based on the cross-rates of quotes for these currencies against the US dollar in international financial markets. The NBKR determines and announces the official exchange rates of foreign currency against the som for accounting and settlement purposes, without any obligation to buy or sell foreign currency at these rates.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro
Monetary aggregate target

Inflation-targeting framework

Target setting body
- Government
- Central Bank
  - Monetary Policy Committee
  - Central Bank Board
- Other

Government and Central Bank

Inflation target
- Target number
  - Point target
  - Target with tolerance band
    - Band/Range

Target measure
- CPI
- Core inflation

Target horizon

Operating target (policy rate)
- Policy rate
- Target corridor band
- Other

Accountability
- Open letter
- Parliamentary hearings
- Other

Transparency
- Publication of votes
- Publication of minutes
- Publication of inflation forecasts
The NBKR’s goal is to achieve and maintain price stability, as specified in the Kyrgyz Republic Law on the NBKR, Banks, and Banking. In accordance with the Medium-Term Monetary Policy Guidelines (approved by Executive Board Resolution No. 2017-P-07/51-1-(DKP) of December 13, 2017), the intermediate target of monetary policy is an inflation forecast based on a comprehensive analysis of the macroeconomic situation in the Kyrgyz Republic and in the external environment. The National Bank’s discount rate as the main monetary policy instrument is a benchmark for the cost of funds in the money market. Short-term money market interest rates serve as an operational monetary policy benchmark.

The National Bank defines the procedure and conditions for the performance of transactions in the interbank foreign exchange market, and it develops and implements a single foreign exchange policy and regulation in the Kyrgyz Republic. Transactions involving the purchase and sale (exchange) of cash and noncash domestic and/or foreign currency within the Kyrgyz Republic are not restricted and are performed at banks, specialized financial and financial and lending institutions, microfinance companies, microcredit companies, credit unions, and exchange bureaus with the relevant license from the National Bank.

Transactions involving the purchase and sale (exchange) of cash and noncash domestic and/or foreign currency, as well as requirements imposed on authorized persons, are determined by the National Bank (Article 36 of the Kyrgyz Republic Law on the NBKR, Banks, and Banking). As of June 30, 2020, there were 23 licensed commercial banks (including one branch of a foreign bank), 396 foreign currency exchange bureaus, 9 microfinance companies licensed to perform certain banking operations in foreign currency, and 2 microcredit companies licensed to perform the purchase and sale of foreign currency on their own behalf.

In accordance with Article 11 of Kyrgyz Republic Law No. 206 of December 16, 2016, on the NBKR, Banks, and Banking, commission fees and rates for the performance of banking services are set independently by the persons performing the banking services, in accordance with the requirements of the banking legislation of the Kyrgyz Republic.

In accordance with Article 35 of the same law, the official exchange rate is determined and announced by the National Bank on the basis of the market spot exchange rate and other market rates. The official exchange rate is determined and announced by the National Bank with an obligation on the part of the National Bank to purchase and sell foreign currency at the announced exchange rates, and at the same time, pursuant to paragraph 2 of the same article, the spot exchange rate and other market rates are freely determined between the seller and the buyer, unless otherwise established by the National Bank.

In accordance with Article 2-1 of Kyrgyz Republic Law No. 116 of...
July 22, 2011, on Competition, anti-monopoly regulation in the banking services market is performed by the NBKR in accordance with regulatory legal acts, compliance with which is mandatory for commercial banks and other financial and lending institutions licensed and regulated by the NBKR.

The sale and purchase of cash and noncash foreign exchange through clearing transactions, payment of traveler’s checks, and payments in foreign currency are limited to NBKR-licensed banks. Licenses to perform the activity of a foreign currency exchange bureau are issued only to legal entities. The activities of foreign currency exchange bureaus are licensed and regulated by the NBKR. Foreign currency exchange bureaus may conduct only transactions specified in their licenses. They may not perform foreign exchange transactions directly with the CB. Legal entities that open exchange bureaus and have a license to perform exchange transactions with foreign exchange cash may without restriction purchase and sell using their own resources (within the limits of their reported working capital) and on their own behalf only foreign exchange cash, and only in exchange for cash domestic currency. Exchange bureaus must provide information on the sources of their working capital (NBKR Executive Board Resolution No. 53/10 of November 27, 2014). If a legal entity opens an account abroad, this does not mean that this is an account of the foreign currency exchange bureau. A foreign currency exchange bureau itself may not open an account abroad. To engage in the purchase and sale of foreign currency on its own behalf, credit union and microcredit company have to obtain an additional license from the NBKR. A microfinance company has to obtain a license to perform certain banking operations in foreign currency. A specialized financial and lending institution has to obtain licenses to perform exchange operations with foreign currency.

Operated by the central bank: Yes.

Foreign exchange standing facility: Yes. The NBKR participates in the foreign exchange market for the purpose of smoothing out excessive fluctuations in the exchange rate. The NBKR deals directly with market participants. Foreign currency interventions have not been performed on an ongoing basis but have been isolated events.

Allocation: No.

Auction: No.

Fixing: No.

Interbank market: Yes. The foreign exchange market operates within the framework of the ATS. Electronic trading is carried out daily from 10:00 a.m. to 5:00 p.m. except on weekends. To become a participant in the interbank foreign exchange market, a financial institution must obtain a license for foreign exchange transactions and sign the Agreement on Participation in ATS. The NBKR grants licenses for foreign exchange transactions. Twenty-three commercial banks (including one branch of a foreign bank) have been licensed and have signed agreements on participation in the ATS as of June 30, 2020. There are no limits on the bid-ask spreads, nor are there any commissions. The NBKR performs transactions directly with market participants at their quoted rates.

Over the counter: No.

Brokerage: No.

Market making: Yes. Market participants continuously report buying and selling prices and
volumes to other market participants. The minimum allowable volume of an ATS bid for US dollars is US$50,000. There are no limits on the bid-ask spreads, and no commission is charged by market participants. The foreign exchange market operates on the basis of market-making agreements.

Forward exchange market No.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.

Controls on the use of domestic currency No.

For current transactions and payments No. Kyrgyz Republic Civil Code No. 15 of May 8, 1996, states that the som is legal tender throughout the entire territory of the Kyrgyz Republic, and it must be accepted at face value. Law No. 206 of December 16, 2016, on the NBKR, Banks, and Banking also stipulates that the som is the sole legal tender within the Kyrgyz Republic and legal entities and individuals are required to accept it without restriction.

For capital transactions No. The Civil Code of the Kyrgyz Republic states that the som is legal tender throughout the entire territory of the Kyrgyz Republic, and it must be accepted at face value. The Law on the NBKR, Banks, and Banking also stipulates that the som is the sole legal tender within the Kyrgyz Republic and legal entities and individuals are required to accept it without restriction.

Transactions in capital and money market instruments No. In accordance with the Regulation on the Issue, Placement, Circulation, and Redemption of Government Securities of the Kyrgyz Republic, approved by Kyrgyz Republic Government Resolution No. 556 of October 2, 2008, the Kyrgyz Republic Government has the right to issue government treasury bonds in the domestic currency of the Kyrgyz Republic and in foreign currency.

Transactions in derivatives and other instruments No. The Civil Code of the Kyrgyz Republic states that the som is legal tender throughout the entire territory of the Kyrgyz Republic, and it must be accepted at face value. Law No. 206 of December 16, 2016, on the NBKR, Banks, and Banking also stipulates that the som is the sole legal tender within the Kyrgyz Republic and legal entities and individuals are required to accept it without restriction.

Credit operations No. The Civil Code of the Kyrgyz Republic states that the som is legal tender throughout the entire territory of the Kyrgyz Republic, and it must be accepted at face value. The Law on the NBKR, Banks, and Banking also stipulates that the som is the sole legal tender within the Kyrgyz Republic and legal entities and individuals are required to accept it without restriction.

Use of foreign exchange among residents Yes. Legal tender is the domestic currency, but foreign currency may be used for deposit and loan operations. However, pursuant to National Bank Executive Board Resolution No. 7/3 of February 10, 2016, amendments and additions were made to regulatory legal acts of the NBKR, according to which financial and lending institutions are prohibited from providing consumer and mortgage loans in foreign currency to individual borrowers. Pursuant to Kyrgyz Republic Government Resolution No. 135 of March 18, 2016, monetary obligations on price tags and labels for goods (products), articles made of precious metals and precious stones, and price lists for services provided must be expressed in the
domestic currency of the Kyrgyz Republic.

Payments arrangements

Bilateral payments arrangements

Operative
Yes. There are agreements on settlement procedures with China, Malaysia, and countries of the CIS.

Inoperative
No.

Regional arrangements

Yes. There are agreements with the Interstate Bank of the CIS to participate in the national gross settlement system.

Clearing agreements

No.

Barter agreements and open accounts

No.

Administration of control

Yes. The NBKR is the government body for foreign exchange regulation and exercises this function by issuing regulations on the conduct of foreign currency transactions; issuing and revoking licenses to exchange intermediaries, including banks; and exercising supervision over their activities pursuant to laws of the Kyrgyz Republic.

Payments arrears

Official
Yes.

Technical indebtedness to official bilateral creditors is allowed as a result of discussions with Paris Club creditors in March 2005 on restructuring the Kyrgyz Republic’s external debt. Within the framework of agreements with the Paris Club, debt consolidation and restructuring agreements have been signed with Denmark, France, Germany, Japan, Russia, and Turkey. In addition, the Kyrgyz Republic has negotiated and entered into agreements on settling debt to Uzbekistan and the Kuwaiti Arab Economic Development Fund and on writing off debt to China, India, and Pakistan. In 2011, an agreement was entered into writing off a debt to Turkey (US$49.2 million). In 2012, an agreement was signed for settling the Kyrgyz Republic’s debt to Russia (US$488.9 million). In 2013, the ratification procedure was completed on an agreement between the Kyrgyz Republic and Russia on settling debt to Russia for credits previously provided, signed May 22, 2013, and a debt of US$188.9 million received a one-time write-off. Debt in the amount of US$300 million will be written off in stages from 2016 through 2025, in annual installments of US$30 million. In accordance with the Agreement on the Settlement of Debt to Russia, debt in the amount of US$30 million was written off in March 2016. On June 20, 2017, a Protocol was signed to the Agreement between the GKR and the Government of Russia on the settlement of the debt of the Kyrgyz Republic to Russia on previously granted loans, signed September 20, 2012, providing for a one-time write-off on the date of the entry into force of the Protocol of 100% of the amount of the debt (US$240 million). The Protocol took effect on February 22, 2018; thus, there is no state debt of the Kyrgyz Republic to Russia.

In 2014, the Agreement on the Restructuring of the Kyrgyz Republic’s Debt to the Export–Import Bank of Korea was ratified. In 2014, an agreement on a second amendment to the Agreement on the Modernization of the Telecommunications Network Between the Kyrgyz Republic Government and the Export–Import Bank of Korea Project took effect, according to which the Kyrgyz Republic’s debt to the Republic of Korea was restructured. The Debt Restructuring Agreement of November 19, 2013, makes it possible to reduce annual payments from 1.2 billion Korean won (about US$1.1 million) to 0.4 billion Korean won (US$0.3 million). The deadlines for repayment of the principal have been extended to
Private

Controls on trade in gold (coins and/or bullion) Yes.

Legal entities and individuals may participate in the precious metals market in transactions in minted, standard, and nonstandard bullion. Pursuant to Article 7(2) of the Kyrgyz Republic on Law of Precious Metals and Precious Stones, the Kyrgyz Republic Government and the National Bank have priority in the purchase of refined precious metals. Pursuant to Article 7(3), precious metals sold in primary trading may subsequently be traded freely in the secondary market.

On domestic ownership and/or trade Yes. Relations involving the purchase and sale of precious metals in the form of measured, standard, and nonstandard bullion in primary trading within the Kyrgyz Republic are governed by the Regulation on the Performance of Transactions Involving the Purchase and Sale of Precious Metals in the Form of Measured, Standard, and Nonstandard Bullion, pursuant to Kyrgyz Republic Government Resolution No. 834 of December 9, 2002. The legislation of the Kyrgyz Republic does not provide for restrictions on domestic ownership of gold or trading domestically in gold.

The Department of Precious Metals within the MOF of the Kyrgyz Republic performs assay supervision to ensure compliance by legal entities and individuals with the requirements of the law and approved standards for the production, processing, and use of precious metals and precious stones, and for the manufacture of jewelry and other items thereof, regardless of the form of ownership.

On external trade Yes.

In accordance with the regulation on the import and export of precious metals and raw materials containing precious metals into and from the customs territory of the EAEU, approved by Decision No. 30 of the Eurasian Economic Commission (EAEC) Board of April 21, 2015, imports and exports of unprocessed gold or silver (only refined gold or silver in the form of ingots, plates, powder, and granules, as well as gold used for the minting of coins) into and from the customs territory of the EAEU are subject to licensing.

2045, with payments scheduled to begin in 2018. This will substantially reduce the burden on the expenditure side of the Kyrgyz Republic budget with regard to the servicing of external public debt over the medium and long term. In March 2016, on the basis of the Agreement of March 31, 2010, and the Agreement of December 11, 2012, debt to the KfW bank (Germany) in the amount of 13.5 million euros was written off.
The import and export of precious metals and precious stones in any form, with the exception of those subject to a state monopoly in accordance with Article 4 of the Kyrgyz Republic Law on Precious Metals and Precious Stones, into and from the territory of the Kyrgyz Republic, are performed by legal entities and individuals in accordance with decisions of the EAEC and the legislation of the Kyrgyz Republic, accompanied by mandatory declaration at customs control posts.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Domestic currency**

No. According to the Treaty on the Procedure for the Movement of Cash and/or Monetary Instruments by Individuals across the Customs Border of the Customs Union within the Framework of the EAEU of July 5, 2010, in the event of a one-time export of cash and/or traveler’s checks in a total amount equal to or less than US$10,000, such funds and/or traveler’s checks are not subject to written customs declaration.

Effective February 4, 2020, new rules for the movement of cash across the customs border of the EAEU took effect. In the event of the one-time movement of more than US$100,000 by a single individual, he must present documents confirming the origin of the cash, together with a customs declaration (Decision No. 130 of the Executive Board of the EAEC of August 6, 2019).

**Foreign currency**

No. Pursuant to Article 260, paragraphs 7 and 8, of the EAEU Customs Code, the following are subject to customs declaration:

- cash and/or traveler’s checks if the total amount of such cash and/or traveler’s checks being imported at one time into the customs territory of the Union or being exported at one time from the customs territory of the union is greater than the equivalent of US$10,000 at the exchange rate of the currencies in effect on the date the passenger customs declaration is presented to the customs authority;
- monetary instruments, with the exception of traveler’s checks. The movement by individuals of cash (Article 2, paragraph 1, subparagraph 23, of the Customs Code of the EAEU) and/or monetary instruments (Article 2, paragraph 1, subparagraph 8, of the Customs Code of the EAEU) across the customs border of the EAEU is performed without restriction in accordance with the Customs Code of the EAEU.

In the event of the movement of cash and/or traveler’s checks across the customs border of the EAEU in a total amount that is greater than the equivalent of US$10,000, they need to be declared in writing, indicating the entire amount of cash and/or traveler’s checks being imported or exported.

If the total amount of cash and/or traveler’s checks being transported is equal to or less than the equivalent of US$10,000, the individual may declare said cash or travel quarantine’s checks in writing if he wishes to do so.

Monetary instruments, other than traveler’s checks, transported across the customs border of the EAEU must be declared regardless of their amount.

When individuals make a customs declaration of cash and/or monetary instruments, a passenger customs declaration is used, and the supplemental form “Declaration of cash and/or monetary instruments” should be completed following the procedure established by Decision No. 287 of the Customs Union Commission of July 18, 2010.

No permits need to be submitted in this process.
On imports

Domestic currency

Foreign currency

The movement by individuals of cash (Article 2, paragraph 1, subparagraph 8, of the Customs Code of the EAEU) and/or monetary instruments (Article 2, paragraph 1, subparagraph 23, of the Customs Code of the EAEU) across the customs border of the EAEU is performed without restriction in accordance with the Customs Code of the EAEU.

In the event of the movement of cash and/or traveler’s checks across the customs border of the EAEU in a total amount that is greater than the equivalent of US$10,000, they need to be declared in writing, indicating the entire amount of cash and/or traveler’s checks being imported or exported.

If the total amount of cash and/or traveler’s checks being transported is equal to or less than the equivalent of US$10,000, the individual may declare said cash or traveler’s checks in writing if he wishes to do so.

Monetary instruments, other than traveler’s checks, transported across the customs border of the EAEU must be declared regardless of their amount.

When individuals make a customs declaration of cash and/or monetary instruments, a passenger customs declaration is used, and the supplemental form “Declaration of cash and/or monetary instruments” should be completed following the procedure established by Decision No. 287 of the Customs Union Commission of July 18, 2010.

No permits need to be submitted in this process.

Effective February 4, 2020, according to paragraph 1 of Decision No. 130 of the Executive Board of the EAEC of August 6, 2019, on the Presentation of Documents to Confirm the Origin of Cash and/or Monetary Instruments, a passenger customs declaration is accompanied by the presentation of documents to confirm the origin of cash or monetary instruments if the total amount of said cash and/or monetary instruments being imported at one time into the customs territory of the EAEU or being exported at one time from the customs territory of the EAEU is greater than the equivalent of US$100,000 at the exchange rate of the currencies in effect on the date the passenger customs declaration is presented to the customs authority.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Held domestically

According to item 12 of the Instruction on the Operation of Bank Accounts and Bank Deposit Accounts, approved by NBKR Executive Board Resolution No. 41/12 of October 31, 2012, bank accounts and bank deposit accounts may be opened and maintained in both domestic currency and foreign currency.

In accordance with the Instruction on the Operation of Bank Accounts and Bank Deposit Accounts, the procedures for the operation of accounts are the same regardless of the currency. Pursuant to paragraph 52 of the Instruction, the balance of funds on an account is disbursed to a customer or on his written instructions transferred to another account within five business days. Thus, there...
are no restrictions, except in the event that an account has been frozen.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Under current banking legislation, permission to open foreign currency accounts abroad is not required. Residents must register with the NBKR accounts and deposits opened abroad. There are no restrictions on resident accounts held abroad. To improve the information base for the compilation of the Kyrgyz Republic’s balance of payments, residents of the Kyrgyz Republic who open accounts and deposits at foreign banks notify the NBKR for the purpose of their subsequent registration. There are no deadlines for such notification. Residents may freely transfer balances on accounts into the Kyrgyz Republic.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Balances in som accounts opened by resident banks at foreign banks are subject to statistical reporting. In accordance with the legislation of the Kyrgyz Republic, resident accounts in domestic currency are freely convertible to foreign currency.

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |

Balances in foreign exchange accounts opened by nonresident banks are subject to statistical reporting. According to item 12 of the Instruction on the Operation of Bank Accounts and Bank Deposit Accounts, bank accounts and deposit accounts may be opened and maintained in both domestic currency and foreign currency. In accordance with item 20 of the Instruction, when opening and maintaining accounts, foreign individuals and legal entities have the same rights and responsibilities as individuals and legal entities of the Kyrgyz Republic, unless otherwise provided by legislation of the Kyrgyz Republic.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Balances in som accounts opened at Kyrgyz banks are subject to statistical reporting. Nonresidents may convert the balances of their domestic currency accounts to foreign currency and transfer them abroad.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

<p>| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Import licenses and other nontariff measures**

Yes.

Imports of goods included in the Uniform List of Goods Subject to Nontariff Regulatory Measures in Trade with Third Countries are carried out in accordance with the legal framework of the EAEU (Appendix No. 7 to the EAEU Treaty), approved by EAEC Board Decision No. 30 of April 21, 2015. In addition to licensing, the export and import of goods included in the Unified List, there are bans on the import into the territory of the Union of certain goods and quantitative restrictions – quotas on imports of certain agricultural products. Import of goods subject to control, armaments and military equipment, as well as other military products, is regulated by the legislation of the Kyrgyz Republic.

**Positive list**

No.

**Negative list**

Yes.

A list of goods the import and/or export of which to or from the customs territory of the EAEU is prohibited was approved by EAEC Board Decision No. 30 of April 21, 2015. The list is contained in Sections 1.1, 1.2, 1.3, 1.4, 1.6, 1.7, 1.8, and 1.9.

**Open general licenses**

Yes.

In accordance with Kyrgyz Republic Law No. 195 of October 19, 2013, on the Licensing and Permitting System in the Kyrgyz Republic, and Annex No. 7 to the EAEU Treaty, authorized agencies issue the following types of licenses: one-time licenses; general licenses (Kyrgyz Republic Government Resolution No. 197 of April 2, 2014, on Approval of the Kyrgyz Republic National Control List of Controlled Products, the Uniform List of Goods Subject to Nontariff Regulatory Measures in Trade with Third Countries, and the Regulation on the procedure for the import and/or export of these goods, which are subject to nontariff regulatory measures in trade with third countries, approved by EAEC Board Decision No. 134 of August 16, 2012, and No. 30 of April 21, 2015; the Kyrgyz Republic Law on the Licensing and Permitting System).

Effective April 12, 2020, pursuant to EAEC Executive Board Decision No. 43 of March 31, 2020, on Amendments to EAEC Executive Board Decision No. 30 of April 21, 2015, on Nontariff Regulatory Measures, a ban was imposed on the export of certain foodstuffs from the customs territory of the EAEU included in Section 1.11 of the list of goods the import and/or export of which into and/or from the customs territory of the EAEU has been banned until June 30, 2020 (Annex 1 to EAEC Executive Board Decision No. 30 of April 21, 2015).

**Licenses with quotas**

Yes.

The legal framework of the EAEU applies for licenses with quotas. For example, for the import of poultry, beef, and pork, licenses are issued based on quotas.

**Other nontariff measures**

Yes.

Pursuant to Article 285 of the Kyrgyz Republic Tax Code of October 17, 2008, No. 230, excise taxes apply to:

1. undenatured ethyl alcohol with alcohol concentration of 80% or more, denatured ethyl alcohol, and other liqueurs of any
concentration classified under position 2207 of the Foreign Economic Activity Commodity Nomenclature (TNVED);
(2) malt beer; natural grape wines, including fortified wines; grape must, except for that classified under TNVED commodity position 2009; vermouth and other natural grape wines with added vegetable or aromatic substances; other fermented beverages (for example, cider, perry or pear cider, mead); blended fermented beverages, and mixtures of fermented beverages and nonalcoholic beverages, and low-alcohol beverages not elsewhere named or included; undenatured ethyl alcohol with alcohol concentration less than 80% by volume; alcoholic tinctures, liqueurs, and other alcoholic beverages classified under TNVED commodity positions 2203, 2204, 2205, 2206, and 2208;
(3) tobacco products such as cigars, cheroots, cigarillos (thin cigars), and cigarettes made of tobacco or tobacco substitutes classified under TNVED commodity position 2402;
(4) other products containing tobacco such as other industrially manufactured tobacco and industrial tobacco substitutes; homogenized or reconstituted tobacco; tobacco extracts and essences classified under TNVED commodity position 2403; and
(5) crude oil and crude petroleum products derived from bituminous rock; oil and other petroleum products, other than crude, derived from bituminous rock; products not elsewhere named or included containing 70% or more by mass of oil or petroleum products from bituminous rock, if these petroleum products are the products’ main component; and spent petroleum products classified under TNVED commodity positions 2709 and 2710.

There are quantitative limits on exports of precious metals and raw materials containing precious metals from the Kyrgyz Republic.

Import taxes and/or tariffs

Yes.

According to the EAEU Uniform Customs Tariff, approved by EAEC Decision No. 54 of July 16, 2012, import duties are applied at rates ranging from 0% to 80%.

According to the Kyrgyz Republic Tax Code, the VAT on taxable imports is levied at a 12% rate. The excise tax is levied in an amount ranging from som 3 to som 5,000, depending on the type of product, according to the Kyrgyz Republic Tax Code and Kyrgyz Republic Government Resolution No. 735 of December 30, 2008.

Taxes collected through the exchange system

No.

State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Financing requirements

No.

Documentation requirements

No.

Letters of credit

No.

Guarantees

No.
Domiciliation

No.

Preshipment inspection

No.

Export contracts are not subject to registration.

Other

No.

Export licenses

Yes. Imports of goods included in the Uniform List of Goods Subject to Nontariff Regulatory Measures in Trade with Third Countries are carried out in accordance with the legal framework of the EAEU (Appendix No. 7 to the EAEU Treaty), approved by EAEC Board Decision No. 30 of April 21, 2015. Exports of goods subject to export, armaments and military equipment, as well as other military products, are regulated by the legislation of the Kyrgyz Republic.

Without quotas

Yes. Exports and imports of the following require licenses: (1) live animals; (2) plant-based raw materials for medicines; (3) encryption tools (including encryption equipment, parts for such equipment, and encryption software), standard technical documentation for encryption tools (including design and operating documentation); (4) weapons and military hardware, special components for their production, and work and services for military and technical cooperation; (5) means of protection from chemical warfare agents and their parts and accessories; (6) military uniforms, clothing, and paraphernalia; (7) standard technical documentation for products intended for military use; (8) instruments for military combat and ammunition; (9) gunpowder, explosives, and explosive and pyrotechnic devices; (10) nuclear materials, technology, equipment and devices, special nonnuclear materials, and sources of radioactive radiation, including radioactive waste; (11) materials, equipment, and technologies intended for peaceful purposes that could be used to make weapons of mass destruction; (12) specific types of raw and other materials, equipment, technologies, and scientific and technical information that could be used to make weapons or military hardware; (13) precious metals, alloys, metals plated with precious metals, and ores; concentrates; and scrap and waste; (14) waste and scrap of nonferrous metals; (15) narcotic and psychotropic drugs, potent and intoxicating substances, and their precursors; (16) potent toxins; (17) hazardous waste; and (18) service and civilian weapons.

With quotas

Yes. Quotas, set annually, apply to alcohol exports.

Export taxes

Yes.

Collected through the exchange system

No.

Other export taxes

Yes. There is in effect an export customs duty on recycled paper and cardboard (mixed paper and waste), classified under TNVED code 4707, of som 10 a kg.

There are export customs duty rates for shell limestone that is unprocessed or coarsely crushed, cut, or otherwise divided into blocks or rectangular or square slabs.

There are export customs duty rates for unprocessed cattle and equine hides.

There are quantitative limits on exports of precious metals and raw materials containing precious metals from the Kyrgyz Republic.

Effective October 7, 2019, there are customs duties on the export of nonferrous and ferrous metal scrap and waste.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers
<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers
Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.
Restrictions on use of funds  No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.
Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.
Controls on capital and money market instruments  Yes.
On capital market securities  Yes.

The Kyrgyz Republic Government’s State Financial Market Regulation and Supervision Service (Gosfinnadzor) is the authorized government body implementing a unified government policy in the area of supervision and regulation of the securities market. Controls on securities are enforced by Gosfinnadzor, except for controls on the following securities: government securities, municipal securities, and securities of the NBKR (according to Article 1(2) of the Kyrgyz Republic Law on the Securities Market).

Regulation of the market in government securities (government treasury bills, government treasury bonds) of the GKR is administered by the MOF of the Kyrgyz Republic pursuant to its legal regulatory acts.

The NBKR acts as the agent for placement and servicing of issues of GKR securities. The parallel placement and trading of government securities are performed through the NBKR and the Kyrgyz Stock Exchange closed joint-stock company; the main depository of government securities is the NBKR, while the sub-depository, which is authorized to carry out functions related to the performance of depository activity of its depositors with respect to operations with government securities, executed through the Kyrgyz Stock Exchange closed joint-stock company, is the Central Depository closed joint-stock company.

The process of placing and servicing issues of Kyrgyz Republic Government securities is connected with the holding of placement auctions, the maintenance of a depository account, the organization of secondary trading, and the performance of redemption, which are regulated by the following regulatory acts: Regulation No. 556 of October 2, 2008, on the Issue, Placement, Circulation, and Redemption of Kyrgyz Republic Government Securities; Regulation No. 20/1 of June 26, 2013, on the Procedures for the Placement, Reoffering, Additional Placement and Repurchase of and Performance of Settlements with Securities of the GKR through the NBKR; Regulation No. 10/9 of March 28, 2013, on the Depository Account of Government Securities placed through the NBKR.
Shares or other securities of a participating nature

Yes.

Gosfinnadzor is the authorized government body implementing a unified government policy on supervision and regulation of the securities market.

Purchase locally by nonresidents

Yes.

Nonresidents may purchase shares in accordance with current regulations on the same general terms as residents. No later than three business days from the date of disclosure of information about a material fact in the prescribed manner, issuers (residents and nonresidents) must send information about the material fact and its disclosure to the authorized government body for the regulation of the securities market. Material facts include an event (fact) that could have an impact on the issuer’s financial and commercial activity and/or on the price of securities, including:

- changes in the list of persons serving on the issuer’s governing bodies (with the exception of a general shareholders’ meeting);
- changes in the amount of participation in the issuer’s capital and that of its subsidiaries and dependent companies by persons who serve on the issuer’s elected governing bodies;
- changes in the list of persons who hold 5% or more of the securities (equity stakes), as well as changes in the percentage of those who own 5% or more of the securities (equity stakes);
- changes in the list of legal entities in which the issuer holds 20% or more of the authorized capital;
- the appearance in the issuer’s registry of a person who holds 20% or more of the issuer’s voting shares (equity stakes, equity interest);
- one-time transactions of the issuer the amount of which or the value of property of which constitutes 10% or more of the assets of the issuer on the date of the transaction;
- a fact (or facts) resulting in a one-time increase or decrease in the value of the issuer’s assets by more than 10%;
- a fact (or facts) resulting in a one-time increase in the issuer’s net profit or net loss by more than 10%;
- reorganization of the issuer, its subsidiaries or dependent companies;
- income accrued and/or payable (paid) on the issuer’s securities;
- decisions of general meetings;
- redemption of the issuer’s securities;
- other events (facts) provided for by regulatory legal acts of the Kyrgyz Republic (according to Article 31, paragraphs 1 and 3, of the Kyrgyz Republic Law on the Securities Market).

Under Article 85 of the Kyrgyz Republic Law on the NBKR, Banks, and Banking (2017), any individual or legal entity is required to obtain written permission from the National Bank if intending, singly or jointly with other parties, regardless of the method of acquisition of ownership of shares, including inheritance or reinstatement of ownership, to acquire a threshold stake in the capital of a bank, including a significant stake and control, which may be achieved through an additional acquisition of shares. A threshold stake in a bank’s capital refers to direct or indirect ownership or management, singly or jointly with other parties, of 10% or more, 20% or more, 33% or more, 50% or more, and 67% or more of a bank’s voting shares.

Legal entities that are not engaged in banking or financial activity may not, singly or jointly with other persons: exercise direct or indirect ownership or management of more than 20% of the voting shares of any type of a bank; individuals and legal entities residing and/or registered in offshore zones or that have as stakeholders affiliated persons registered in offshore zones, a list of which is established by the National Bank, individuals and legal entities subject to international sanctions adopted by the UNSC, as well as...
individuals and legal entities registered in states subject to international sanctions adopted by the UNSC that prohibit legal relationships with said persons and are binding on the Kyrgyz Republic may not be bank shareholders. In the event of a change in the stakeholders in microcredit companies and microcredit agencies, written approval from the NBKR is required. Acquisition of more than 20% of the shares of microfinance companies requires NBKR approval. Pursuant to Article 85 of Kyrgyz Republic Law No. 206 of December 16, 2016, on the NBKR, Banks, and Banking: (1) A significant stake refers to direct or indirect ownership or management, singly or jointly with other persons, of 10% or more of the voting shares of a joint-stock company or 10% or more of the authorized capital of a legal entity that is not a joint-stock company; (2) indirect ownership refers to the ability to exert a substantial influence, through a third party, on the adoption of decisions by a bank’s management bodies, significant stakeholders of a bank, persons who exercise control over a bank, or participants in a banking group.

Sale or issue locally by nonresidents: Yes.

Securities of foreign issuers may be offered publicly in the Kyrgyz Republic following the procedure established under the Law on the Securities Market and other regulatory legal acts of the Kyrgyz Republic. In the event of a securities issue, a public offering of the securities is prohibited if the issuer has not registered the terms of the public offering and a prospectus. Nonresidents may buy and sell shares in accordance with current regulations. No later than three business days from the date of announcement, issuers must, in the prescribed manner, notify the authorized government body for the regulation of the securities market. Material facts include an event (fact) that could have an impact on the issuer’s financial and commercial activity and/or on the price of securities, including:
- changes in the list of persons serving on the issuer’s governing bodies (with the exception of a general shareholders’ meeting);
- changes in the size of participation of persons serving on elected bodies for the management of the issuer in the capital of the issuer, as well as its subsidiary and dependent companies;
- changes in the list of persons holding 5% or more of the securities (equity stakes), as well as changes in the equity stakes of persons holding 5% or more of the securities (equity stakes);
- changes in the list of legal entities in which the issuer holds 20% or more of the authorized capital;
- the appearance in the issuer’s registry of a person who holds more than 5% of the issuer’s voting shares (equity stakes, equity interest);
- one-time transactions of the issuer the amount of which or the value of property of which constitutes 10% or more of the assets of the issuer on the date of the transaction;
- a fact (or facts) resulting in a one-time increase or decrease in the value of the issuer’s assets by more than 10%;
- a fact (or facts) resulting in a one-time increase in the issuer’s net profit or net loss by more than 10%;
- reorganization of the issuer, its subsidiaries or dependent companies;
- income accrued and/or payable (paid) on the issuer’s securities;
- decisions of general meetings;
- redemption of the issuer’s securities;
- other events (facts) provided for by regulatory legal acts of the Kyrgyz Republic. These provisions of the Kyrgyz Republic legislation are mandatory for residents and nonresidents under the same general terms.

Purchase abroad by residents: Yes. These transactions are governed by the law of the country on whose
territory the securities issue is registered. Insurance companies may not invest abroad more than 20% of insurance reserves. For banks, no single investment, including any financial contributions and credits in each nonbank organization – and including during the establishment and/or acquisition of a subsidiary or affiliated company – may exceed 15% of the bank’s equity (regulatory) capital; total investments may not exceed 60% of the bank’s equity (regulatory) capital.

**Sale or issue abroad by residents**

No.

Shares to be offered by a resident for sale and/or circulation abroad must be registered in advance in accordance with legislation. Registration may be denied if the requirements of the Kyrgyz Republic legislation on the securities market are not met. For the purpose of the state registration of the terms of a public offering and a prospectus, the following documents are submitted to the authorized government agency responsible for regulation of the securities market: an application; the terms of the public securities offering, which meet the requirements of the legislation on the securities market; a prospectus, which meets the requirements of the legislation on the securities market; a copy of a document confirming the registration of the issuer as a legal entity (unless the issuer has previously submitted the given documents); a copy of the legal entity’s charter, including any amendments and additions to it (unless the issuer has previously submitted the given document); a copy of a document confirming the adoption of a decision by the issuer regarding the public securities offering; a document confirming payment of the fee for the registration of the terms of the public securities offering and prospectus.

The authorized government agency responsible for regulation of the securities market makes a decision regarding the state registration of the terms of a public securities offering and prospectus within 15 business days of the date they are submitted to the authorized government agency responsible for regulation of the securities market.

**Bonds or other debt securities**

Yes.

The issuance and circulation of corporate bonds are regulated by Gosfinnadzor. The regulations governing shares or other securities of a participating nature also apply. Issuance, recording, and redemption of treasury bonds of the Kyrgyz Republic Government are carried out by the MOF of the Republic of Kazakhstan pursuant to its legal regulatory acts. Issuance through auction, recording, and redemption of Kyrgyz Republic Government treasury bills and bonds are carried out by the NBKR pursuant to Regulation No. 20/1 of June 26, 2013, on the Procedures for the Placement, Reoffering, Additional Placement and Repurchase of and Performance of Settlements with Government Securities of the Kyrgyz Republic Government through the NBKR. There is no minimum holding period for government securities. In accordance with Regulation No. 20/1 of June 26, 2013, government treasury bonds are long-term government securities (more than one year).

**Purchase locally by nonresidents**

No.

Purchases of bonds and other debt securities by nonresidents in the domestic market are carried out in accordance with general provisions stipulated in the legislation of the Kyrgyz Republic. The regulations governing shares or other securities of a participating nature also apply. Nonresidents may purchase government treasury bonds pursuant to Regulation No. 20/1 of June 26, 2013, on the Procedures for the Placement, Reoffering, Additional Placement and Repurchase of and Performance of Settlements with Government Securities of the Kyrgyz Republic Government through the NBKR. Purchases of
government treasury bonds and government treasury bills by nonresidents in the domestic market are carried out under the same conditions as those applied to residents. There are no restrictions for nonresidents.

The performance of transactions with securities that have not gone through state registration with the authorized government body responsible for regulation of the securities market is prohibited.

**Sale or issue locally by nonresidents**

Yes.

Securities of a foreign issuer may be offered publicly within the territory of the Kyrgyz Republic only following registration of the public offering of securities of the foreign issuer and the prospectus of the given public offering by the authorized government body responsible for regulation of the securities market of the Kyrgyz Republic. Securities of a foreign issuer may be offered publicly within the territory of the Kyrgyz Republic if the foreign issuer meets the following conditions:

- the issuer is registered as a legal entity in the country of which it is a resident and has, in accordance with the legislation of the country in which it is registered, legal status equivalent to an open joint-stock company according to the legislation of the Kyrgyz Republic;
- the issuer meets the requirements established for listing on a stock exchange operating in the Kyrgyz Republic;
- the issuer has concluded a contract with a professional participant in the securities market performing brokerage or dealer activities to represent its interests in the securities market of the Kyrgyz Republic;
- the issuer has concluded a contract with a professional participant in the securities market performing activities involving the maintenance of a register of holders of securities for recording of the rights of holders of the issuer’s securities publicly offered in the Kyrgyz Republic.

In addition to the requirements referred to above, a public offering of securities of a foreign issuer is subject to the requirements established by the Kyrgyz Republic Law on the Securities Market and other regulatory legal acts of the Kyrgyz Republic for the public offering of securities of issuers registered in the Kyrgyz Republic.

**Purchase abroad by residents**

Yes.

Insurance companies may not invest abroad more than 20% of insurance reserves.

A bank’s total investments in securities of governments and CBs of countries with a long-term credit rating of at least A or A2 assigned by one of the rating agencies – Standard & Poor’s, Fitch Ratings, or Moody’s Investors Service – may not exceed 100% of the bank’s net total capital. A bank’s total investments in nongovernment debt securities may not exceed 50% of the bank’s net total capital.

**Sale or issue abroad by residents**

No.

**On money market instruments**

Yes.

Issuance, recording, and redemption of Kyrgyz Republic Government treasury bills and bonds are carried out by the MOF. Issuance through auction, recording, and redemption of Kyrgyz Republic Government treasury bills and bonds are carried out by the NBKR pursuant to Regulation No. 20/1 of June 26, 2013, on the Procedures for the Placement, Reoffering, Additional Placement and Repurchase of and Performance of Settlements with Government Securities of the Kyrgyz Republic Government through the NBKR. Regulation of the market in securities issued by the NBKR is performed by the NBKR pursuant to Regulation No. 10/6 of the NBKR of March 28, 2013, on the Issue, Placement, Circulation, and Redemption of Notes.

**Purchase locally by nonresidents**

No.

Nonresidents may purchase Kyrgyz Republic Government treasury bills and bonds and Kyrgyz Republic Government notes pursuant to
Regulation No. 20/1 of June 26, 2013, on the Procedures for the Placement, Reoffering, Additional Placement and Repurchase of and Performance of Settlements with Government Securities of the Kyrgyz Republic Government through the NBKR, and Regulation No. 10/6 of March 28, 2013, on the Issue, Placement, Circulation, and Redemption of Notes of the NBKR, respectively. Purchases of government treasury bonds and government treasury bills by nonresidents in the domestic market are carried out under the same conditions as those applied to residents.

Sale or issue locally by nonresidents: Yes.

Securities of a foreign issuer may be publicly offered within the Kyrgyz Republic only after the registration of the public offering of the foreign issuer’s securities and the prospectus of the given public offering by the authorized government agency responsible for regulation of the securities market in the Kyrgyz Republic.

Purchase abroad by residents: Yes.

Insurance companies may not invest abroad more than 20% of insurance reserves. Inversion funds are not permitted to invest, locally or abroad, more than 15% of their net assets in the securities of a single issuer, with the exception of investment in government securities or securities guaranteed by the Kyrgyz Republic Government.

Sale or issue abroad by residents: No.

On collective investment securities: Yes.

Securities invested in joint-stock investment funds and mutual investment funds are regulated by the Law on Investment Funds.

Purchase locally by nonresidents: No.

The regulations governing shares or other securities of a participating nature apply. Nonresidents may buy securities in the domestic market in accordance with regulations in effect.

Sale or issue locally by nonresidents: Yes.

Securities of a foreign issuer may be offered publicly within the territory of the Kyrgyz Republic only following registration of the public offering of securities of the foreign issuer and the prospectus of the given public offering by the authorized government body responsible for regulation of the securities market of the Kyrgyz Republic.

Purchase abroad by residents: Yes.

Insurance companies may not invest abroad more than 20% of insurance reserves. An investment fund does not have the right to invest more than, effective April 29, 2019, 20% (previously 15%) of the fund’s total net assets in the securities of a single issuer, or in shares of a limited liability company, with the exception of investment funds for qualified investors and investments in government securities and securities guaranteed by the Kyrgyz Republic Government.

Sale or issue abroad by residents: No.

Prior to their sale or issuance abroad, these instruments must be registered with Gosfinnadzor. Registration may be denied if the requirements of the Kyrgyz Republic legislation on the securities market are not met.

Controls on derivatives and other instruments: Yes.

The main types of derivative securities and conditions for their issuance and circulation, as well as requirements for their underlying assets in the Kyrgyz Republic, are described in the Regulation on the Types of Derivative Securities and Conditions for their Issuance and Circulation, as well as Requirements for their Underlying Assets in the Kyrgyz Republic. Registration of transactions with derivative securities that are classified as issued securities and confirmation of rights associated with them are carried out in accordance with the Rules for the Performance of Transactions with Securities in the Kyrgyz Republic, No. 647 of October 17, 2011.

Purchase locally by nonresidents: Yes.

These transactions are not performed in connection with the lack of a regulatory legal framework.

Sale or issue locally by nonresidents: Yes.

These transactions are not performed in connection with the lack of a
<table>
<thead>
<tr>
<th><strong>Purchase abroad by residents</strong></th>
<th>Yes.</th>
<th>These transactions are not performed in connection with the lack of a regulatory legal framework.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
<td>These transactions are not performed in connection with the lack of a regulatory legal framework.</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>Yes.</td>
<td>There are no controls on these transactions; however, all economic entities must report to statistical agencies commercial (trade) credits received and issued. The NBKR licenses and carries out prudential regulation of the lending activities of financial and lending institutions.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
<td>There are no controls on these transactions; however, all economic entities must report to statistical agencies commercial (trade) credits received and issued. The NBKR licenses and carries out prudential regulation of the lending activities of financial and lending institutions.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
| **To residents from nonresidents** | Yes. | In accordance with Article 64 of the Kyrgyz Republic Budget Code No. 59 of May 16, 2016:  
1. The authorized government body determines and organizes the accounting of government debt of the Kyrgyz Republic, indicating creditors and borrowers providing and receiving loans, the terms for the granting and disbursement of loans, as well as the relevant agreements concluded between the borrower and the creditor.  
2. Information about the current status of the government debt of the Kyrgyz Republic is public and is subject to publication in accordance with the legislation of the Kyrgyz Republic. |
| **Financial credits** | Yes. | The MOF is responsible for managing the external government debt. |
| **By residents to nonresidents** | No.  | |
| **To residents from nonresidents** | Yes. | In accordance with Article 63 of the Kyrgyz Republic Budget Code No. 59 of May 16, 2016, a government guarantee is provided in accordance with a contract, in which the Kyrgyz Republic Government undertakes to pay creditors debt that has not been paid within the established deadlines as provided for under international agreements and on obligations related to members in international and interstate organizations. The Kyrgyz Republic does not offer government guarantees except in those cases provided for under this article. |
| ** Guarantees, sureties, and financial backup facilities** | Yes. | Pursuant to the Kyrgyz Republic Law on the Government and Nongovernment Debt of the Kyrgyz Republic, the MOF is the sole agent of the Kyrgyz Republic Government for issuance of government guarantees. The Kyrgyz Republic Government is continuing to refrain from issuing and granting guarantees. According to the Kyrgyz Republic Budget Code, the Kyrgyz Republic does not provide government guarantees, with the exception of cases in which a government guarantee is provided in accordance with a contract under which the government makes a commitment to creditors to pay debt that has not been paid within the established deadlines as provided for by international agreements and |
on obligations within the context of membership in international and interstate organizations. According to the Kyrgyz Republic Budget Code, a State Budget Reserve is created as part of the national budget for the financing of unforeseen expenditures requiring urgent financing in the current budget year, which is used in cases of urgent and unforeseen need related to the following circumstances: (1) a sudden adverse change in economic conditions; (2) an emergency situation arising from a natural or manmade disaster; (3) an emergency situation of a political or military nature; (4) the provision of humanitarian assistance to another country; (5) the need to develop the economy; and (6) compliance with the decisions of international (arbitration) courts regarding suits against the Kyrgyz Republic in accordance with the procedure established by the legislation of the Kyrgyz Republic. In the event that they are not used for the purposes referred to above, funds in the State Budget Reserve are earmarked for reducing the budget deficit. The size of the State Budget Reserve is approved by the law on the national budget and must not be more than 2% of national budget expenditures (not including the State Budget Reserve). The use of the State Budget Reserve is carried out by the government with the approval of the Parliament.

Guarantees provided by the Kyrgyz Republic Government must be registered with the MOF. The Kyrgyz Republic Government does not provide government guarantees, with the exception of cases provided for by the Budget Code of the Kyrgyz Republic.

By residents to nonresidents

Yes. Guarantees provided by the Kyrgyz Republic Government must be registered with the MOF.

To residents from nonresidents

No.

Controls on direct investment

Yes.

Outward direct investment

No.

Inward direct investment

Yes. All direct investment enterprises must be registered with the Ministry of Justice, statistical agencies, the social fund, and the tax inspectorate. Becoming a significant stakeholder in a bank is subject to NBKR approval. Legal entities not engaged in financial activity may not own more than 20% of a bank’s voting shares.

Controls on liquidation of direct investment

No.

Controls on real estate transactions

Yes.

Purchase abroad by residents

No.

Purchase locally by nonresidents

Yes. Purchases are subject to approval by the Ministry of Justice.

Sale locally by nonresidents

No.

Controls on personal capital transactions

No.

Loans

No.

By residents to nonresidents

No.

To residents from nonresidents

No.

Gifts, endowments, inheritances, and legacies

No.

By residents to nonresidents

No.

To residents from nonresidents

No.
Settlement of debts abroad by immigrants | No.  
Transfer of assets | No.  
Transfer abroad by emigrants | No.  
Transfer into the country by immigrants | No.  
Transfer of gambling and prize earnings | No.  
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | Yes.  
---|---  
The NBKR licenses and carries out prudential regulation of the lending activities of financial and lending institutions. Commercial banks operate under a license to perform banking operations in domestic and/or foreign currency. Commercial banks may operate on the basis of Islamic financing principles under licenses to perform banking operations based on Islamic financing principles in domestic and foreign currencies.

Nonbank financial and lending institutions operate under a license/certificate of registration to perform banking operations in domestic and/or foreign currency. Nonbank financial and lending institutions may operate on the basis of Islamic financing principles under licenses to perform banking operations based on these principles in domestic and foreign currencies. Within the context of implementing the Kyrgyz Republic Government Affordable Housing Program for 2015–2020, amendments have been made to the Kyrgyz Republic Laws on the Licensing and Permitting System in the Kyrgyz Republic and on Collateral, to the Civil Code of the Kyrgyz Republic, and also to the Law on the Protection of Bank Deposits to set up a mechanism for contractual savings for housing. Thus, to ensure the functioning of this mechanism, the National Bank drafted and adopted the Regulation on the Licensing of Housing Savings Credit Companies and the Rules for Regulation of the Activities of Housing Savings Credit Companies, and amendments and additions have also been made to current regulatory legal acts of the National Bank with regard to regulating the activities of housing savings credit companies. These regulatory legal acts are posted on the official website of the National Bank. To date, the NBKR, based on the results of its review of [sic] submitted by the AkBosogo Housing Savings Credit Open Joint-Stock Company, granted approval on April 29, 2020, for state registration of the AkBosogo Housing Savings Credit Open Joint-Stock Company.

With a view to bringing regulatory legal acts of the National Bank into line with the Kyrgyz Republic Law on Guarantee Funds in the Kyrgyz Republic, the Kyrgyz Republic National Bank Executive Board adopted regulatory legal acts on licensing and on the regulation and supervision of activities of guarantee funds. These regulatory legal acts are posted on the official website of the National Bank.

With the aim of providing support to businesses and promoting further development of their activities by increasing access to financial resources, given the need to mitigate the negative consequences of the COVID-19 pandemic, and bearing in mind the Fund’s goals and objectives, the National Bank is providing for capitalization of the Fund in the amount of 1.0 billion soms. At a special general meeting of the Fund’s shareholders on May 15,
The shareholders adopted a decision to increase the Fund’s capital by 1.0 billion soms at the expense of National Bank resources. These resources will be used by the Fund to offer additional guarantees for the obligations of borrower businesses, and also for placement as deposits with commercial banks, which will provide banks with additional resources for lending.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

These transactions must be reported to the NBKR.

Commercial banks operate under a license to perform banking operations in domestic and/or foreign currency. Commercial banks may operate on the basis of Islamic financing principles under licenses to perform banking operations based on Islamic financing principles in domestic and foreign currencies. For the purpose of minimizing indirect foreign exchange risks in lending in foreign currency, amendments and additions were made to certain regulatory legal acts of the NBKR. Thus, NBKR Executive Board Resolutions Nos. 22/6 and 22/7 of April 15, 2015, lowered the requirements for loan loss provisions in national currency to 0% and increased them for loans in foreign currency to 2.5%, or 5%, or 7.5% depending on the client’s income structure in national and foreign currency. NBKR Executive Board Resolution No. 53/11 of September 16, 2015, introduced amendments concerning the requirement to (1) conduct an annual internal audit of the internal control system of credit risk because of foreign currency risk, including the classification of loans/assets; (2) include in the internal regulations of the bank policies, procedures, and a comprehensive system of permanent identification, assessment, monitoring, and control for the identification and measurement of credit risk, including the credit risk because of foreign exchange risk; (3) assess the ability of the customer to service the foreign currency loan during the following 12 months if revenues are mainly in the national currency, taking into account the credit risk because of adverse changes in the exchange rate; (4) analyze at least once a month (or immediately if the official exchange rate changes by 5% or more) the impact of exchange rate changes and identify possible losses from fluctuations in exchange rates and their impact on borrower solvency. NBKR Executive Board Resolution No. 78/23 of December 23, 2015, increased from 7.5% to 10% the loan loss provisions on foreign currency loans for borrowers whose income in foreign currency is less than 50%. National Bank Executive Board Resolution No. 73/ of February 10, 2016, on Amendments and Additions to Certain Resolutions of the NBKR Executive Board, prohibited financial and lending institutions from providing consumer and mortgage loans in foreign currency to individual borrowers.

Nonbank financial and lending institutions operate under a license/certificate of registration to perform banking operations in domestic and/or foreign currency. Nonbank financial and lending institutions may operate on the basis of Islamic financing principles under licenses/certificates of registration to perform banking operations based on these principles in domestic and foreign currencies. With a view to minimizing indirect foreign exchange risks when lending in foreign currency, amendments and additions were made to certain regulatory legal acts of the NBKR. Thus, the requirements regarding reserves to cover losses in domestic currency...
were changed pursuant to NBKR Executive Board Resolution No. 2020-P-33/35-(NFKU) of June 17, 2020.
In accordance with Articles 20 and 68 of the Kyrgyz Republic Law on the NBKR, Banks, and Banking, the aforementioned resolution of the National Bank Executive Board made amendments to various resolutions of the NBKR Executive Board.
In accordance with the Regulation on the Issue, Placement, Circulation, and Redemption of Kyrgyz Republic Government Securities, approved by Kyrgyz Republic Government Resolution No. 556 of October 2, 2008, the Kyrgyz Republic Government has the right to issue government treasury bonds in the domestic currency of the Kyrgyz Republic and in foreign currency.
The purpose of issuing government securities is to provide financing for the current national budget deficit and refinancing of government debt that is coming due. The specific terms and reasons for issuing government treasury bonds denominated in foreign exchange are not provided for in regulatory legal acts on government securities.
Commercial banks that have entered into an agreement on participation in auctions with the NBKR have direct access to auctions for the placement of government securities, as do institutional investors. Other interested parties may participate in auctions for the placement of government securities through commercial banks or the Kyrgyz Stock Exchange closed joint-stock company.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Differential reserve requirements for commercial banks apply. The NBKR Executive Board Resolution No. 78/7 of December 23, 2015, on establishing reserve requirements amounts for liabilities included in the calculation base:
(1) for liabilities in the domestic currency in the amount of 4.0% of total liabilities in domestic currency, included in the calculation base;
(2) for liabilities in Armenian drams, Belarusian rubels, Kazakhstani tenge, Chinese renminbi, and Russian rubles in the amount of 4.0% of liabilities in domestic currency, included in the calculation base; and
(3) for liabilities in foreign currency in the amount of 12.0% of total liabilities in domestic currency, included in the calculation base.
The list of liabilities included in the calculation base for required reserves includes all deposits of individuals and legal entities, as well as deposits of the Kyrgyz Republic Government and local government authorities. Commercial banks deposit required reserves in a correspondent account with the NBKR. The NBKR Executive Board Resolution No. 16/5 of April 23, 2014, specifies the procedure for compliance with reserve requirements, in accordance with which the base period for compliance with reserve requirements is four calendar weeks. The volume of required reserves is determined on the basis of the average daily calculation base for the previous base period, and the amount of required reserves is established by the NBKR Executive Board. The required reserve value that is established remains in effect throughout the four weeks of the base period. The som equivalent of foreign exchange liabilities included in the calculation base is calculated daily at the NBKR’s official exchange rate. Monitoring of compliance with required reserves is carried out at the end of the four-week base period. Reserve requirements are deemed to have been met if for the base period as a whole the difference between the amount of funds in a commercial bank’s correspondent account with the NBKR and the amount of required reserves is positive or equal to 0.
The volume of funds on a commercial bank’s correspondent account for compliance with the reserve requirements on a daily basis must not be below the minimum threshold level determined by the NBKR Executive Board. The minimum threshold level is, effective April 1, 2019, 80% (previously 90%) of a bank’s required reserves for the relevant period. The amount of required reserves, the list of liabilities to be included in the calculation base, and the interest rate for meeting required reserve standards are set by the Executive Board of the NBKR. The interest rate for meeting required reserve standards is equal to 0. In the event of a failure to meet the requirements regarding the daily minimum amount of required reserves, a commercial bank must pay an interest penalty equal to three times the National Bank’s discount rate on the amount of the daily shortfall.

<table>
<thead>
<tr>
<th>Liquid asset requirements</th>
<th>No.</th>
<th>No liquid asset requirements have been established.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
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<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
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<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
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</tbody>
</table>

**Abroad by banks**

Yes.

(1) Under the Regulation on Prudential Standards and Mandatory Requirements for Commercial Banks of the Kyrgyz Republic, approved by NBKR Executive Board Resolution No. 18/1 of July 27, 2004: (a) a bank’s total investments in securities of governments and CBs of countries with a long-term credit rating of at least A or A2 assigned by one of the rating agencies – Standard & Poor’s, Fitch Ratings, or Moody’s Investors Service – may not exceed 100% of the bank’s net total capital; (b) a bank’s total investments in nongovernment debt securities may not exceed 50% of the bank’s net total capital.

(2) Under the Rules on the Creation and/or Acquisition of Subsidiaries or Affiliated Companies by Commercial Banks of the Kyrgyz Republic, approved by NBKR Executive Board Resolution No. 26/3, June 10, 2009, no single investment, including any financial contributions and credits in each nonbank organization – and including during the establishment and/or acquisition of a subsidiary or affiliated company – may exceed 15% of the bank’s equity (regulatory) capital; total investments may not exceed 60% of the bank’s equity (regulatory) capital.

**In banks by nonresidents**

Yes. Under Article 85 of the Kyrgyz Republic Law on the NBKR, Banks, and Banking (2017), any individual or legal entity is required to obtain written permission from the National Bank if intending, singly or jointly with other parties, regardless of the method of acquisition of ownership of shares, including inheritance or reinstatement of ownership, to acquire a threshold stake in the capital of a bank, including a significant stake and control, which may be achieved through an additional acquisition of shares. A threshold stake in a bank’s capital refers to direct or indirect ownership or management,
singly or jointly with other parties, of 10% or more, 20% or more, 33% or more, 50% or more, and 67% or more of a bank’s voting shares.

To obtain permission from the National Bank, the indicated entities must submit a written request to the National Bank.

Pursuant to the Regulation on Bank Licensing, approved by NBKR Executive Board Resolution No. 2017-P-12/23-1-(NPA) of June 8, 2017, the National Bank has the right to require that shareholders provide documents for the purpose of identifying the ultimate beneficiary and verifying the source of the funds.

| Provisions specific to institutional investors | Yes. |
| **Open foreign exchange position limits** | Yes. |
| **On resident assets and liabilities** | Yes. |
| **On nonresident assets and liabilities** | Yes. |
| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio** | Yes. |

**Open foreign exchange position limits**

According to the Instruction on the Procedure for Compliance by Commercial Banks in the Kyrgyz Republic with Open Foreign Exchange Position Limits and Limits on the Open Position in Precious Metals, approved by NBKR Executive Board Resolution No. 36/13 of December 29, 2004, the open long or short foreign exchange position for each foreign currency must not exceed 15%, and the overall foreign exchange position for all foreign currencies must not exceed 20% of a bank’s net total capital.

Pursuant to the Instruction, the maximum value of open foreign exchange position limits may be reduced by decision of the National Bank’s Supervisory Committee for individual banks if they engage in unreliable and unsound transaction practices, or if there is a threat of violation of banking law.

Pursuant to NBKR Executive Board Resolution No. 58/14 of December 24, 2014, to achieve NBKR objectives, the NBKR executive board may, in a separate resolution, change the values of the foreign exchange position limits in the Instruction for a limited time.

**On resident assets and liabilities**

According to the Instruction on the Procedure for Compliance by Commercial Banks in the Kyrgyz Republic with Open Foreign Exchange Position Limits and Limits on the Open Position in Precious Metals, approved by NBKR Executive Board Resolution No. 36/13 of December 29, 2004, the open long or short foreign exchange position for each foreign currency must not exceed 15%, and the overall foreign exchange position for all foreign currencies must not exceed 20% of a bank’s net total capital.

**On nonresident assets and liabilities**

According to the Instruction on the Procedure for Compliance by Commercial Banks in the Kyrgyz Republic with Open Foreign Exchange Position Limits and Limits on the Open Position in Precious Metals, approved by NBKR Executive Board Resolution No. 36/13 of December 29, 2004, the open long or short foreign exchange position for each foreign currency must not exceed 15%, and the overall foreign exchange position for all foreign currencies must not exceed 20% of a bank’s net total capital.

**Provisions specific to institutional investors**

**Insurance companies**

Insurance entities are defined as legal entities established in the legal organizational form stipulated by the Kyrgyz Republic Law on the Organization of Insurance in the Kyrgyz Republic for the purpose of engaging in insurance activity and duly licensed to engage in insurance activity in the Kyrgyz Republic.

**Gosfinnadzor** regulates the issuance, circulation, and public offering of securities of the Kyrgyz Republic and securities of foreign issuers and prospectuses of such offerings in accordance with the requirements of the laws of the Kyrgyz Republic governing the nonbank financial market. The Kyrgyz Republic legislation on insurance does not establish maximum limits on the purchase by local insurance companies of securities issued by nonresidents.

**Insurance companies may not invest abroad more than 20% of**
<table>
<thead>
<tr>
<th>Topic</th>
<th>Yes/No</th>
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</thead>
<tbody>
<tr>
<td>held abroad</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Insurance reserves:

At least 80% of insurance entities’ insurance (technical) reserves, minus a reinsurer’s share, must be invested locally, unless stipulated otherwise by law or in international agreements to which the Kyrgyz Republic is a party and that have been ratified in accordance with legally established procedures.

Currency-matching regulations on assets/liabilities composition

No.

Pension assets must be invested according to the principles of reliability, safekeeping, liquidity, and diversification.

A pension savings fund (referred to hereinafter as a fund) is a legal entity engaged in activity to attract pension contributions and make pension payments on the basis of a license under Kyrgyz law: for the purpose of providing private pension security to the fund’s participants under private pension agreements; as a participant in the mandatory pension insurance savings system pursuant to Kyrgyz laws on mandatory pension insurance; for the purpose of providing corporate pension security to the fund’s participants under corporate pension security agreements; for the purpose of providing professional pension insurance to the fund’s participants under professional pension insurance agreements (Kyrgyz Republic Law No. 101 of July 25, 2019, on Amendments to the Kyrgyz Republic Law on Pension Savings Funds in the Kyrgyz Republic).

The State Financial Market Regulation and Supervision Service under the Kyrgyz Republic Government regulates the issue, trading, and public offering of securities of the Kyrgyz Republic and securities of foreign issuers, as well as the prospectuses of such offers, in accordance with the requirements of the given law and other laws of the Kyrgyz Republic governing the nonbank financial market. In accordance with the Kyrgyz Republic laws on Pension Savings Funds in the Kyrgyz Republic and on Investing Funds to Finance the Funded Part of the State Social Insurance Pension in the Kyrgyz Republic, there are no maximum limits on the purchase by domestic pension funds of securities issued by nonresidents. In the Kyrgyz Republic, a pension fund is not a joint-stock company and may not issue securities (Kyrgyz Republic Law No. 216 on Pension Savings Funds in the Kyrgyz Republic of December 11, 2013).

The rules for the investment of pension savings assets, approved by Kyrgyz Republic Government Resolution No. 590 of August 19, 2015, do not provide for the investment of pension savings assets abroad.

Pension savings may be placed in the following investment assets:

1. government securities – at least 40% of the value of pension savings;
2. bonds secured by issuers of the Kyrgyz Republic traded on the stock exchanges of the Kyrgyz Republic – no more than 30% of the value of pension savings;
3. shares of issuers of the Kyrgyz Republic created in the form of open joint-stock companies listed on the stock exchanges of the Kyrgyz Republic – no more than 40% of the value of pension savings;
4. mortgage-backed securities and housing certificates issued in accordance with the legislation of the Kyrgyz Republic – no more than 15% of the value of pension savings (mortgage-backed securities refer to mortgage-backed bonds and housing certificates);
5. deposits in financial organizations – no more than 30% of the value of pension savings. It is allowed to invest in bonds with the security of one issuer of the Kyrgyz Republic, shares of one issuer of the Kyrgyz Republic, mortgage securities (housing certificates) of one issuer of the Kyrgyz Republic, deposits of one credit organization – no more than 10% of pension savings.
savings for each type. Pension savings may be placed or invested in corporate securities of issuers of the Kyrgyz Republic included in the quotation list of the stock exchange in the first (highest) and second (following the highest) categories.

Article 24 of the Kyrgyz Republic Law on the Investment of Funds for the Financing of the Savings Portion of Pensions under State Social Insurance in the Kyrgyz Republic, and the Rules for the Investment of Pension Savings Assets, approved by Kyrgyz Republic Government Resolution No. 463 of August 29, 2016, apply. Pension savings may be placed in the following assets:

1. government securities, in an amount not to exceed 40% of the value of pension savings;
2. secured bonds of issuers of the Kyrgyz Republic that are traded in stock exchanges of the Kyrgyz Republic – in an amount not to exceed 30% of the value of pension savings;
3. stocks of issuers of the Kyrgyz Republic that were established in the form of open joint-stock companies and are listed on stock exchanges of the Kyrgyz Republic, in an amount not to exceed 40% of the value of pension savings;
4. mortgage securities and housing certificates issued in accordance with the laws of the Kyrgyz Republic, in an amount not to exceed 15% of the value of pension savings. For the purposes of these rules, mortgage securities are understood to mean mortgage-backed bonds and housing certificates;
5. deposits at financial and lending institutions – in an amount not to exceed 30% of the value of pension savings.

Furthermore, investments in secured bonds of a single issuer of the Kyrgyz Republic, in the stocks of a single issuer of the Kyrgyz Republic, in the mortgage-backed securities (housing certificates) of a single issuer of the Kyrgyz Republic, and in deposits at lending institutions are not to exceed 10% of the value of pension savings for each type of investment.

Pension savings may be placed or invested in corporate securities of issuers of the Kyrgyz Republic included in the quotation list of the stock exchange in the first (highest) and second (following the highest) categories.

Legal entities that are registered in offshore zones or whose stakeholders, stockholders, and affiliates include legal entities registered in offshore zones, or individuals residing in offshore zones, or who are stockholders (stakeholders) in legal entities registered in offshore zones, are not permitted to serve as management companies for pension savings assets.

| Limits (min.) on investment portfolio held locally | Yes. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Investment firms and collective investment funds | Yes. |
| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |

An investment fund does not have the right to invest more than, effective April 29, 2019, 20% (previously 15%) of the fund’s total net assets in the securities of a single issuer, or in the shares of a limited liability company, with the exception of investment funds for qualified investors and investments in government securities and securities guaranteed by the Kyrgyz Republic Government.

Investment funds are permitted to invest in foreign corporate securities (shares, bonds), in the following cases: (1) the issuer has a credit rating determined by the Kyrgyz Republic Government to be acceptable for investment of an investment fund’s resources, assigned by a rating agency authorized by the government agency responsible for the regulation of the securities market; (2) the securities must have an official quote (listing) rating determined by the government agency responsible for the regulation of the securities market to be acceptable for investment of an investment.
fund’s resources, or by a securities exchange authorized by the government agency responsible for the regulation of the securities market.

An investment fund does not have the right to invest more than 20% of the fund’s total net assets in the securities of a single issuer or in the shares of a limited liability company, with the exception of investment funds for qualified investors and investments in government securities and securities guaranteed by the Kyrgyz Republic Government.

The composition of an investment fund’s portfolio must comply with the following requirements based on a percentage of the value of its net assets: (1) a minimum of 10% in deposits in highly liquid assets, such as cash, Kyrgyz Republic Government or NBKR securities, or deposits in commercial banks with maturity up to six months; (2) a maximum of 20% in commercial bank deposits; (3) a maximum of 15% in securities of the same issuer, except for government securities and securities guaranteed by the Kyrgyz Republic Government; (4) a maximum of 20% in a single real estate investment; and (5) a maximum of 15% in the authorized capital of limited liability companies.

These requirements are the maximum limits on the portion of the investment portfolio held locally.

An investment fund may not: (1) invest in assets not indicated in its investment statement; (2) invest resources in securities issued by persons related to the investment fund, or by its depository, independent auditor, independent appraiser, or their affiliates; (3) conclude agreements on the sale of securities it does not possess and has no right to possess; (4) provide loans of cash or other property; (5) guarantee or promise the repurchase or buyback of shares issued by a joint-stock investment fund without an obligation to repurchase the shares; (6) acquire securities issued by other investment funds; (7) perform transactions with its affiliates; (8) establish subsidiaries; (9) guarantee or promise profit (income) or an increase in the value of securities it issues; or (10) solicit loan capital if the total amount subject to repayment would exceed 10% of the net asset value of the investment fund on the day the credit (loan) agreement is signed. The credit (loan) may be obtained for a period of not more than six months, without right of extension. A credit (loan) agreement may be concluded by a joint-stock investment fund or a mutual fund management company only to meet a short-term need for cash for the redemption of securities issued by the investment fund.

There are no currency-matching regulations on the assets/liabilities composition in investments funds provided for under the legislation of the Kyrgyz Republic, that is, an investment fund may perform all operations in both the local currency and foreign currency. The value of the net assets of investments funds is determined in the domestic currency of the Kyrgyz Republic, however.

This information can be found at the AREAER ONLINE database: http://www.ellibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Arrangements for Payments and Receipts**

**Controls on exports and imports of banknotes**

**On exports**

**Domestic currency** 02/04/2020

New rules for the movement of cash across the customs border of the Eurasian Economic Union took effect. In the event of the one-time
movement of more than US$100,000 by a single individual, he must present documents confirming the origin of the cash, together with a customs declaration (Decision No. 130 of the Executive Board of the Eurasian Economic Commission of August 6, 2019).

On imports

Foreign currency

02/04/2020

According to paragraph 1 of Decision No. 130 of the Executive Board of the Eurasian Economic Commission of August 6, 2019, on the Presentation of Documents to Confirm the Origin of Cash and/or Monetary Instruments, a passenger customs declaration is accompanied by the presentation of documents to confirm the origin of cash or monetary instruments if the total amount of said cash and/or monetary instruments being imported at one time into the customs territory of the Eurasian Economic Union (EAEU) or being exported at one time from the customs territory of the EAEU is greater than the equivalent of US$100,000 at the exchange rate of the currencies in effect on the date the passenger customs declaration is presented to the customs authority.

Imports and Import Payments

Import licenses and other nontariff measures

04/12/2020

Pursuant to Eurasian Economic Commission (EAEC) Executive Board Decision No. 43 of March 31, 2020, on Amendments to EAEC Executive Board Decision No. 30 of April 21, 2015, on Nontariff Regulatory Measures, a ban was imposed on the export of certain foodstuffs from the customs territory of the Eurasian Economic Union (EAEU) included in section 1.11 of the list of goods the import and/or export of which into and/or from the customs territory of the EAEU has been banned until June 30, 2020 (Annex 1 to EAEC Executive Board Decision No. 30 of April 21, 2015).

Exports and Export Proceeds

Export taxes

Other export taxes

10/07/2019

There are customs duties on the export of nonferrous and ferrous metal scrap and waste.

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On collective investment securities

Purchase abroad by residents

04/29/2019

For investment funds, the limit for investments in a single issuer, or in shares of a limited liability company, with the exception of investment funds for qualified investors and investments in government securities and securities guaranteed by the Kyrgyz Republic Government, was increased to 20% from 15%.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange Reserve requirements

04/01/2019

The minimum threshold level of a bank’s required reserves for the relevant period was decreased to 80% from 90%.
For investment funds, the limit for investments in a single issuer, or in shares of a limited liability company, with the exception of investment funds for qualified investors and investments in government securities and securities guaranteed by the Kyrgyz Republic Government, was increased to 20% from 15%.
**LAO P.D.R.**  
(Position as of June 30, 2020)

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 5, 1961.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of Acceptance: May 28, 2010.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are frozen accounts, and restrictions have been imposed on financial transactions involving listed terrorist groups pursuant to the relevant UNSC resolutions and to the list of current terrorist organizations maintained by the US secretary of state.

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exchange rate structure**

- **Unitary** Yes.
- **Dual**
- **Multiple**

**Classification**

- **No separate legal tender**
- **Currency board**
- **Conventional peg**
- **Stabilized arrangement**
- **Crawling peg**
- **Crawl-like arrangement** Yes.

The de jure exchange arrangement is a managed float. The Bank of Lao P.D.R. (BOL) allows the exchange rate to be determined by foreign currency supply and demand, but it may participate in the market as the last resort when needed. In 2019, the kip followed a depreciating trend against the US dollar which contributed by external factor such as the appreciation of USD against major currencies and internal factor such as high demand of USD in Lao.
Accordingly, the de facto exchange rate arrangement is classified as a crawl-like arrangement. Data on interventions are not published.

**Official exchange rate**

Yes. The official exchange rate is calculated by the (BOL) as the weighted average of the previous day's interbank rates and rates of commercial banks. This rate is used to set the daily reference rate.

**Monetary policy framework**

Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

- Government
- Central Bank
- Monetary Policy Committee
- Central Bank Board
- Other

Government and Central Bank

**Inflation target**

- Target number
- Point target
- Target with tolerance band
- Band/Range

**Target measure**

- CPI
- Core inflation

**Operating target (policy rate)**
Policy rate
Target corridor band
Other

Accountability
Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework
Yes. The monetary policy framework is a mixed regime of monetary targeting and an exchange rate anchor. The BOL’s ultimate targets are to ensure the gross domestic product growth at 7% or higher and to maintain single-digit inflation below the gross domestic product growth rate. As of October 1, 2019, BOL for the first time issued the foreign currency saving bonds with the minimum face value of $1000 per bond. The purpose of issuance of these bonds was to execute monetary policy to maintain currency stability. BOL engaged in direct selling through authorize commercial banks. Only residents with no relation to the authorized commercial banks are allowed to buy.

Exchange tax
No.

Exchange subsidy
No.

Foreign exchange market
Yes.

Spot exchange market
Yes. There were 44 commercial banks and 255 authorized foreign exchange bureaus as of the end of June 2020. Commercial banks and foreign exchange bureaus must keep their buying and selling rates for kip–US dollar within ±0.25% of the daily reference rate set by the BOL. For the kip-euro, the margin between the buying and selling rates must not exceed 0.50%; for kip-baht, the margin between the buying and selling rates must not exceed 0.75%; and for other currencies, the margin must not exceed 2%. Both commercial banks and exchange bureaus are required to report daily their rates and transaction volumes to the BOL. The kip–US dollar exchange rate may move within ±5% of the previous year’s average. Commercial banks must conduct foreign exchange transactions in domestic and international markets according to BOL regulations. Foreign exchange bureaus may conduct foreign exchange transactions only in the domestic market and may buy only foreign notes and traveler’s checks. They may not buy other commercial paper such as bank drafts, payment orders, bills of exchange, promissory notes, or other payment documents or instruments in foreign currency to be used in international transactions.

Commercial banks and foreign exchange bureaus are required to sell foreign exchange to the public within the limits and procedures periodically determined by the BOL. From December 12, 2016,
when commercial banks and exchange bureaus sell large amount of foreign currency to individuals and entities for international transaction, the money must be credited to clients’ accounts at commercial banks. The money cannot be withdrawn in cash or transferred to another individual or entity’s account for use within country, and it must be used only for oversea settlement purpose.

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange standing facility</td>
<td>Yes.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The BOL acts as buyer and seller of last resort against foreign exchange supply and demand that cannot be executed during the regular market session.

Commercial banks may transact with other banks and ADs within the prescribed daily buying and selling rates. As of the end of June 2020, there were 40 commercial banks that were registered as members of the interbank market: of which 20 were active participants. Products that can be transacted in the market are Spot, Swaps, and Forward contracts. The minimum bid size is US$10,000 equivalent. There are two daily sessions for market interaction: 09:00–11:00 and 13:00–15:30. The BOL uses the final time slot for any intervention, if necessary.

In order to make the management of foreign currency trading in interbank more effective, Decision No. 1077/BOL was issued to replace the Decision No. 374/BOL with the purpose of clarifying some aspects such as the role of BOL in the interbank, the prohibition and penalty for violation, the responsibilities of each relevant departments of BOL.

Commercial banks operating under the BOL law may buy and sell foreign exchange in the interbank market through OTC operations.

Banks may enter into kip and foreign exchange forward contracts with maturities of 7 days, 14 days, 3 months, 6 months, and 1 year. Transactions between the BOL and commercial banks may be executed in US dollars or Thai baht and must be made against kip. Transactions between commercial banks or between commercial banks and business units may be executed in various currencies (euros, Japanese yen, Chinese renminbi, Australian dollars, among others), but must always be made against kip. The exchange rate may be set according to forward contracts between the BOL and banks, between banks, or between banks and business units.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

<p>| Prescription of currency requirements | Yes. |
| Controls on the use of domestic currency | Yes. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>For current transactions and payments</td>
<td>Yes.</td>
<td>Domestic goods, services, rents, and fee payments, including wages and salaries, must be made in Lao kip. Other cases require BOL authorization.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>Yes.</td>
<td>The payment of registered business capital for investment in Lao P.D.R. in both general business and concession activities must be in Lao kip.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes.</td>
<td>Payment for transactions in the capital market must be in Lao kip. However, corporations may issue bonds in domestic or foreign currency, and payments may be in domestic or foreign currency as authorized by the Lao Securities Commission Office.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
<td>Under the Law on Foreign Exchange Management, foreign exchange is used only for external payments. Domestic goods, services, rents, and fee payments, including wages and salaries, must be in Lao kip. Other cases require BOL authorization.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Operative</td>
<td>Yes.</td>
<td>Effective January 6, 2020, Lao P.D.R. engaged in a bilateral settlement agreement with China. A bilateral payments agreement with Vietnam is in the process of being renewed.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
<td>There is an inoperative bilateral payments agreement with Malaysia, which is in the process of being canceled.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
<td>Bilateral trading arrangements are maintained with China and Vietnam.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
<td>The BOL is responsible for the management of the foreign exchange market, in which commercial banks are the primary participants. External public sector borrowing requires MOF approval; private sector borrowing requires BOL approval.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
<td>The Bank of the Lao P.D.R. is responsible for qualifying gold bars in accordance with international standard</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
<td>The gold bar business establishment requires the BOL’s approval for operating import-export of gold with international entities and trading with domestic gold jewelry entities</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
<td>Authorized import-export gold businesses importing or exporting gold bar must receive the approval from the BOL.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
<td>Residens and nonresidents may export no more than Kip 100 million. Amounts exceeding Kip 100 million must be approved by the BOL.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
If the amount exceeded the limit, it must be approved by the BOL. In case the exporter obtained cash in clearance document authorized, exporter must be able to declare the document to carry the cash out.

**Foreign currency**

Yes. Residents and nonresidents may export no more than Kip 100 million. Amounts exceeding Kip 100 million must be approved by the BOL.

If the amount exceeded the limit, it must be approved by the BOL. In case the exporter obtained cash in clearance document authorized, exporter must be able to declare the document to carry the cash out.

**Domestic currency**

No. Residents and nonresidents may import no more than Kip 100 million without the need for declaration to the customs checking point. Amount exceeding Kip 100 million must be declared to the customs checking point. The customs officers will then report suspicions (if any) to AMLIO for further inspection.

**Foreign currency**

No. Residents and nonresidents may import no more than Kip 100 million without the need for declaration to the customs checking point. Amount exceeding Kip 100 million must be declared to the customs checking point. The customs officers will then report suspicions (if any) to AMLIO for further inspection.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Resident Accounts

**Foreign exchange accounts permitted**

Yes.

**Held domestically**

Yes. Residents of the Lao P.D.R. are able to open bank accounts, deposit, withdraw and gain interest on their deposits in foreign currency from commercial bank in the Lao P.D.R.

**Approval required**

No.

**Held abroad**

Yes. Residents of the Lao P.D.R. can open nostro account in accordance with BOL approval for the following purposes: (1) cross-border transactions: transportation, insurance, tourism, migrant labor, and construction; (2) external debt, debt services, and trade credit; (3) establishment of branch or representative office abroad as approved by the organizations concerned; (4) investment abroad; and (5) other purposes in accordance with BOL regulation. Students, diplomats, officials, and personnel assigned overseas are exempted.

**Approval required**

Yes. Residents of the Lao P.D.R. can open nostro account in accordance with BOL approval for the following purposes: (1) cross-border transactions: transportation, insurance, tourism, migrant labor, and construction; (2) external debt, debt services, and trade credit; (3) establishment of branch or representative office abroad as approved by the organizations concerned; (4) investment abroad; and (5) other purposes in accordance with BOL regulation. Students, diplomats, officials, and personnel assigned overseas are exempted.

**Accounts in domestic currency held abroad**

Yes. Residents of the Lao P.D.R. can open nostro account in accordance with BOL approval for the following purposes: (1) cross-border transactions: transportation, insurance, tourism, migrant labor, and construction; (2) external debt, debt services, and trade credit; (3) establishment of branch or representative office abroad as approved by the organizations concerned; (4) investment abroad; and (5) other purposes in accordance with BOL regulation. Students, diplomats, officials, and personnel assigned overseas are exempted.

**Accounts in domestic currency convertible into foreign currency**

Yes. Residents of the Lao P.D.R. can open nostro account in accordance with BOL approval for the following purposes: (1) cross-border transactions: transportation, insurance, tourism, migrant labor, and construction; (2) external debt, debt services, and trade credit; (3) establishment of branch or representative office abroad as approved by the organizations concerned; (4) investment abroad; and (5) other purposes in accordance with BOL regulation. Students, diplomats, officials, and personnel assigned overseas are exempted.
transactions: transportation, insurance, tourism, migrant labor, and construction; (2) external debt, debt services, and trade credit; (3) establishment of branch or representative office abroad as approved by the organizations concerned; (4) investment abroad; and (5) other purposes in accordance with BOL regulation. Students, diplomats, officials, and personnel assigned overseas are exempted.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes. Nonresidents of the Lao P.D.R. are able to open bank accounts, deposit, withdraw and gain interest on their deposits in foreign currency from commercial bank in the Lao P.D.R.

Approval required
No.

Domestic currency accounts
Yes. Nonresidents of the Lao P.D.R. who have foreign currency are able to open bank account in Lao kip through the foreign exchange at commercial bank, and withdraw and gain interest on their deposit in Lao kip, and exchange that money into foreign currency.

Convertible into foreign currency
Yes. Account holders may convert balances to foreign currency for transfer abroad. At conversion, the servicing bank must ensure that the funds were originally converted from foreign currency or obtained as kip from some other legal source.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
Yes.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
Yes. Margin deposits are required against LCs; the rates are set by commercial banks.

Documentation requirements for release of foreign exchange for imports
Yes.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
Yes.

Import licenses used as exchange licenses
No.

Other
Yes. The proof of payment of import duties is required.

Import licenses and other nontariff measures
Yes. Import licenses are required for 25 categories of goods: most licenses are used for quality control, safety, or animal quarantine, but some (for example, for cement) are used to limit the overall level of imports.

Positive list
Yes.
Negative list  
Yes.

Open general licenses  
No.

Licenses with quotas  
Yes.  Quotas are imposed on imports of petroleum and gas.

Other nontariff measures  
No.

Import taxes and/or tariffs  
Yes.  The tariff structure is composed of six rates (5%, 10%, 15%, 20%, 30%, and 40%). The lowest rates (5%, 10%, 15%, and 20%) apply to imports of raw materials and certain inputs and essential consumer goods. The highest rates (30% and 40%) apply to imports of luxury consumer goods, certain beverages, and tobacco. Lao P.D.R. participates in the ASEAN Free Trade Agreement; imports from ASEAN countries are subject to AFTA common effective preferential tariff rates of 5%–30%. In addition to common effective preferential tariff rates, a rate of 40% applies to luxury consumer goods.

Taxes collected through the exchange system  
Yes.

State import monopoly  
No.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  
Yes.  Residents of the Lao P.D.R. operating business with foreigners and earning income in foreign currency must repatriate its income to the account at commercial banks in the Lao P.D.R within 120 days after the payment is made.

Surrender requirements  
No.

Surrender to the central bank  
No.

Surrender to authorized dealers  
No.

Financing requirements  
No.

Documentation requirements  
No.

Letters of credit  
No.

Guarantees  
No.

Domiciliation  
No.

Preshipment inspection  
No.

Other  
No.

Export licenses  
Yes.  Exports of live animals, fish, paddy rice, and forestry products (such as resin) as well as of mining and processed and semi-processed wood products require export licenses. These licenses are issued by the trade department under the Vientiane prefecture and provincial government authorities.

Without quotas  
No.

With quotas  
Yes.  Exports of logs and timber are prohibited.

Export taxes  
Yes.

Collected through the exchange system  
No.
Other export taxes | Yes. | Taxes are levied on selected products.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Prior approval**

Payment for import good, international trade in service such as transportation, insurance, transit warehousing charge, and other services must be made at a commercial bank.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.

<table>
<thead>
<tr>
<th>Investment-related payments</th>
<th>No.</th>
</tr>
</thead>
</table>

**Prior approval**

Individuals and legal entities with investments in the Lao P.D.R. that want to transfer approved profits, dividends, capital, and interest from their business operations to their home country or another country must apply at a commercial bank.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>No.</th>
</tr>
</thead>
</table>

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.

<table>
<thead>
<tr>
<th>Personal payments</th>
<th>Yes.</th>
</tr>
</thead>
</table>

**Prior approval**

No.

**Quantitative limits**

Yes. Individuals are allowed to transfer internationally for personal purpose in an amount up to Kip 100 million per person a day. More than that will require the approval from BOL.

**Indicative limits/bona fide test**

No.

<table>
<thead>
<tr>
<th>Foreign workers' wages</th>
<th>No.</th>
</tr>
</thead>
</table>

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.

<table>
<thead>
<tr>
<th>Credit card use abroad</th>
<th>No.</th>
</tr>
</thead>
</table>

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.
Other payments Yes.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. Application for payments not explicitly mentioned in Article 10 of the Law on Foreign Exchange Management may be submitted with documents supporting the need for foreign exchange.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes. Residents of the Lao P.D.R. operating business with foreigners and earning income in foreign currency must repatriate its income to the account at commercial banks in the Lao P.D.R within 120 days after the payment is made.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No. Residents receiving income in foreign currency into the account at commercial banks in the Lao P.D.R. may exchange foreign currency income when they need to make payments domestically. There is no time frame for surrender.
Restrictions on use of funds No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes. Residents of the Lao P.D.R. aiming to transfer capital abroad for investment purpose must be approved by the BOL based on the approval of government-related agency.
Repatriation requirements Yes. There is a notification requirement to the BOL for repatriation of proceeds from capital investments. Effective May 30, 2019, residents of the Lao P.D.R. operating business with foreigners and earning income in foreign currency must repatriate their income to the account at commercial banks in the Lao P.D.R within 120 days after the payment is made.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No. Residents receiving income in foreign currency into the account at commercial banks in the Lao P.D.R. may exchange foreign currency income when they need to make payment in domestic. There is no time frame for surrender.
Controls on capital and money market instruments Yes.
On capital market securities Yes.
Shares or other securities of a participating nature Yes.
Purchase locally by nonresidents Yes. There is a BOL notification and certification requirement for capital investment coming into the country. Foreign investors may buy shares of a listed company as follows: (1) regulations of the relevant sector; (2) resolutions of shareholders’ meetings of a listed company; and (3) as stipulated by the Lao
Sale or issue locally by nonresidents: Yes.

The requirements for foreign investors to trade in shares in the Lao P.D.R. are described in the Regulation No. 005/LSC of December 08, 2015, on the Management of Stock Trading of Foreign Investors in the Lao P.D.R.

Effective January 28, 2019, issuance of shares by foreign investors requires Lao Securities Commission authorization.

Purchase abroad by residents: Yes.

Transfers of funds and investment abroad by residents are subject to BOL authorization based on consent of the relevant authorities. Currently, there are no specific Lao Securities Commission regulations for Lao individuals and entities wishing to invest in shares abroad.

Sale or issue abroad by residents: Yes.

Issuance of shares and listing abroad requires Lao Securities Commission authorization and is subject to host jurisdiction authorization.

Bonds or other debt securities: Yes.

There is a BOL notification and certification required for capital investment coming into the country. Investors may purchase corporate bonds or other types of securities in compliance with shareholders' meeting of the issuers.

Effective October 1, 2019, BOL for the first time issued the foreign currency saving bonds with the minimum face value of $1000 per bond. The purpose of issuance of these bonds was to execute monetary policy to maintain currency stability. BOL engaged in direct selling through authorize commercial banks. Only residents with no relation to the authorized commercial banks are allowed to buy.

Sale or issue locally by nonresidents: Yes.

Issuance of corporate bonds by foreign investors requires Lao Securities Commission authorization.

Purchase abroad by residents: Yes.

Transfers of funds and investment abroad by residents are subject to BOL authorization based on consent of the relevant authorities. Currently, there are no specific Lao Securities Commission regulations for Lao P.D.R. individuals and entities wishing to invest in corporate bonds abroad.

Sale or issue abroad by residents: Yes.

Issuance of corporate bonds and listing in markets abroad require Lao Securities Commission authorization and payment of related fees as well as host jurisdiction authorization.

On money market instruments: Yes.

There is a BOL notification and certification requirement for capital investment coming into the country for the purpose of investment authorization.

Purchase locally by nonresidents: Yes.

Sale or issue locally by nonresidents: Yes.

There is a BOL notification and certification requirement for capital investment coming into the country for the purpose of investment authorization.

Purchase abroad by residents: Yes.

Transfers of funds and investment abroad by residents are subject to BOL authorization based on consent of the relevant authorities. Currently, there are no specific Lao Securities Commission regulations for Lao P.D.R. individuals and entities wishing to invest in any money market instrument abroad.

Sale or issue abroad by residents: Yes.

Issuance of money market instruments abroad requires Lao Securities Commission authorization and payment of related fees as well as host jurisdiction authorization.

On collective investment securities: Yes.

Capital market collective investment securities (investment funds) comprise mutual funds and private funds and where necessary may establish other investment funds as stipulated by the government. However, no investment funds are incorporated in the Lao P.D.R.
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
<td>There is a BOL notification and certification requirement for capital investment coming into the country. Currently, there are no regulations governing foreign investment in public funds in the Lao P.D.R.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td>Mutual funds may be established by investment fund management company and are subject to Lao Securities Commission authorization.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>Transfers of funds and investment abroad by residents are subject to BOL authorization based on consent of the relevant authorities.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
<td>Issuance of Collective Investment Securities abroad requires Lao Securities Commission authorization and is subject to host jurisdiction authorization.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
<td>There is a BOL notification and certification requirement for capital investment coming into the country. Currently, there are no regulations governing foreign investment in derivatives and other instruments in the Lao P.D.R.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>Residents of the Lao P.D.R. aiming to transfer capital abroad for investment purpose must be approved by the BOL based on the approval of a government-related agency.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
<td>Issuance of derivatives and other instruments abroad requires Lao Securities Commission authorization as well as host jurisdiction authorization.</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
<td>Residents of the Lao P.D.R. may provide external loan subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding debt service.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes.</td>
<td>Residents of the Lao P.D.R. may provide trade credit subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding trade credit.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes.</td>
<td>Residents of the Lao P.D.R. may receive external loan subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding debt service.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
<td>Residents of the Lao P.D.R. may provide trade credit subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding trade credit.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes.</td>
<td>Residents of the Lao P.D.R. may provide trade credit subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding debt service.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes.</td>
<td>Residents of the Lao P.D.R. may receive trade credit subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding trade credit.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes.</td>
<td>Direct investment is subject to the Law on Investment Promotion.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>Yes.</td>
<td>Oversea investment by residents abroad requires approval by the relevant authority; on the basis of this authorization, the BOL</td>
</tr>
</tbody>
</table>
approves the exportation of capital. Abroad investment with funds borrowed from a domestic commercial bank is prohibited.

Foreign investment is allowed in all sectors and zones of investment in the Lao P.D.R., except those detrimental to national security, the environment, public health, or the national culture. Foreign investment may be wholly foreign owned. Joint ventures require a minimum contribution of 10% of equity by a foreign investor. Business cooperation by contract is a business arrangement between domestic and foreign legal entities without establishment of a new legal entity in the Lao P.D.R. Foreign investors who wish to do so may establish security companies in the Lao P.D.R. These must be security companies only and must be approved by the Security Commission at their host countries. Foreign investors are required to have at least one local commercial bank as joint-venture partner and together hold shares of at least 30%.

Individual and foreign legal entity investing in the Lao P.D.R. must transfer capital through the banking system and open account at commercial bank based in the Lao P.D.R. The import of capital in foreign currency and physical capital must be supported with documents to present to BOL according to relevant regulation.

Residents and nonresidents of the Lao P.D.R. can transfer unlimited amount of foreign exchange to the Lao P.D.R., while the transfer of foreign exchange abroad must comply with the regulations mentioned in Article 10 in the first paragraph of Law on Foreign Exchange Management. The Decision No. 454/BOL is issued to clarify the Law No.55/NA.

Residents of the Lao P.D.R. aiming to transfer capital abroad for investment purpose must be approved by the BOL based on the approval of a government-related agency.

Foreign investors may receive benefits from the lease of or the concession of rights to land, including the right to (1) use or sell the assets associated with the leased land or concession; (2) issue securities based on such assets in favor of individuals or financial institutions or take such assets for the purpose of the joint venture; and (3) sublease the right to use the land, transfer the land lease or concession agreement in accordance with the terms of the lease, or use the land lease contract or concession in favor of other persons. The details of the rights, benefits, and obligations of foreign investors relating to the land lease or concession must comply with the Land Law and other relevant laws.

Nonresidents are allowed to invest in real estate and have the right to buy or sell such real estate.

Residents of the Lao P.D.R. may provide external loan subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding debt service and trade credit.

The BOL is responsible for approving, supervising, and monitoring the external borrowing of resident individuals and legal entities.

There are no restrictions on inheritance and legacies regarding transferring of shares. However, it must be complied with Article 8 of Decision on transferring of stock No. 025/LSC of October 26, 2016.

<table>
<thead>
<tr>
<th>Inward direct investment</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
To residents from nonresidents

Settlement of debts abroad by immigrants

Yes. Individuals and legal entities invested in the Lao P.D.R. wishing to settle principal and interest on foreign borrowing must apply to a commercial bank.

Transfer of assets

Yes.

Transfer abroad by emigrants

Yes. Emigrants who need to transfer their assets (money) must comply with the objectives in Article 10 of Law on Foreign Exchange Management No. 55/NA of December 22, 2014.

Transfer into the country by immigrants

Yes. Immigrants who need to transfer their assets (money) must comply with the Law on Foreign Exchange Management No. 55/NA of December 22, 2014.

Transfer of gambling and prize earnings

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

Borrowing abroad

Yes. Residents of the Lao P.D.R. may provide or borrow external loan and trade credit subjected to BOL approval. Those transactions must operate through banking system and report to the BOL on a regular basis regarding debt service and trade credit.

Maintenance of accounts abroad

Yes. Authorized commercial banks may open accounts abroad.

Lending to nonresidents (financial or commercial credits)

Yes. Lending to nonresidents is subject to BOL approval. Those transactions must operate through banking system and report to the BOL on regular basis until the loan has been repaid.

Lending locally in foreign exchange

Yes. Commercial banks may lend locally in foreign exchange to any borrowers. Loans in foreign currency are not allowed to be withdrawn in cash and all transactions must be done through bank transfer. The use of loan in foreign currency must comply with the Law Foreign Exchange Management No. 55/NA of December 22, 2014.

Purchase of locally issued securities denominated in foreign exchange

No.

Differential treatment of deposit accounts in foreign exchange

Yes.

Reserve requirements

Yes. Effective April 2, 2020, the reserve requirement is 4% (previously 5%) on kip and 8% (previously 10%) on foreign currency deposits.

Liquid asset requirements

No. Commercial banks and branches of foreign commercial banks must maintain cash reserve ratios at the end of each business day of at least 2% of total deposits (excluding deposits by commercial banks and other financial institutions).

Interest rate controls

Yes. Effective February 12, 2019, Decision No 140/BOL was issued to replace Decision No 1231/BOL of December 8, 2017, on Deposit and Lending rate Margin of Commercial banks and Decision No 529/BOL of July 21, 2015, on Setting the Interest Rate of Commercial Banks. The interest rate caps on both the deposit and lending rates of accounts denominated in kip are abolished, and interest rates are allowed to be determined by market. Previously, accounts denominated in kip were subject to interest rate caps while accounts denominated in foreign currency were not.

Credit controls

No.
Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Open foreign exchange position limits

| Limits (max.) on securities issued by nonresidents | Yes | No |
| Limits (max.) on investment portfolio held abroad | Yes | No |
| Limits (min.) on investment portfolio held locally | Yes | No |
| Currency-matching regulations on assets/liabilities composition | No |    |

Provisions specific to institutional investors

<table>
<thead>
<tr>
<th>Insurance companies</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

Pension funds

| Limits (max.) on securities issued by nonresidents | Yes |
| Limits (max.) on investment portfolio held abroad | Yes |

If a bank’s open foreign exchange position in any foreign currency exceeds 20% of its Tier 1 capital or its overall open foreign exchange position exceeds 25% of its Tier 1 capital at the end of business day, it must sell the surplus or purchase the deficit in each foreign currency in the interbank foreign exchange market on the following business day.

If a bank’s open foreign exchange position in any foreign currency exceeds 20% of its Tier 1 capital or its overall open foreign exchange position exceeds 25% of its Tier 1 capital at the end of business day, it must sell the surplus or purchase the deficit in each foreign currency in the interbank foreign exchange market on the following business day.

Commercial banks and deposit-taking financial institutions are allowed to invest in security exchange no more than 15% of their Tier 1 capital.

Insurers may only use their idle capital to invest in Lao P.D.R. in prioritized sectors including the purchase of government bonds, corporate shares and bonds; invest in the real estate business; make capital contribution in other enterprises; and deposit with commercial banks or financial institutions. Now, they may invest only in government bonds, corporate shares and bonds, deposit with commercial banks or financial institutions, and invest in other sectors permitted by MOF.

Currently, there is no specific regulation governing maximum limits on securities issued by nonresidents.

Transfers of funds and investment abroad by residents are subject to BOL authorization based on consent of the relevant authorities. Currently, there is no specific regulation governing maximum limits on the proportion of investment portfolio held abroad.

Currently, there is no specific regulation governing maximum limits on the portion of investment portfolio that is held locally.

Law No. 54/NA was issued to replace the Law No.34/NA. Now, social security fund may invest in infrastructure and development of social security–related task. As for other forms of investment, they are subjected to approval by the government.

Transfers of funds and investment abroad by residents are subject to BOL authorization based on consent of the relevant authorities.
Currently there is no specific regulation governing maximum limits on the proportion of investment portfolio held abroad.

Currently, there is no specific regulation governing maximum limits on the portion of investment portfolio that is held locally.

Capital market collective investment securities comprise mutual funds and private funds. However, such funds do not exist yet in the Lao P.D.R.

Transfers of funds and investment abroad by residents are subject to BOL authorization based on consent of the relevant authorities. Currently, there is no specific regulation governing maximum limits on the proportion of investment portfolio held abroad.

Currently, there is no specific regulation governing maximum limits on securities issued by nonresidents.

Currently, there is no specific regulation governing maximum limits on securities issued by nonresidents.

Currently, there is no specific regulation governing maximum limits on securities issued by nonresidents.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Arrangements for Payments and Receipts

Payments arrangements
Bilateral payments arrangements
Operative 01/06/2020 Lao P.D.R. engaged in a bilateral settlement agreement with China.

Capital Transactions

Repatriation requirements 05/30/2019 Residents of the Lao P.D.R. operating business with foreigners and earning income in foreign currency must repatriate their income to the account at commercial banks in the Lao P.D.R within 120 days after the payment is made.

Issuance of shares by foreign investors requires Lao Securities Commission authorization.

The Bank of Lao P.D.R. for the first time issued the foreign currency saving bonds with the minimum face value of $1000 per bond. The purpose of issuance of these bonds was to execute monetary policy to maintain currency stability. BOL engaged in direct selling through authorize commercial banks. Only residents with no relation to the authorized commercial banks are allowed to buy.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

04/02/2020

The reserve requirement is 4% (previously 5%) on kip and 8% (previously 10%) on foreign currency deposits.

*Interest rate controls*

02/12/2019

The interest rate caps on both the deposit and lending rates of accounts denominated in kip are abolished, and interest rates are allowed to be determined by market. Previously, accounts denominated in kip were subject to interest rate caps while accounts denominated in foreign currency were not.
LATVIA

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>May 19, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Date of acceptance: June 10, 1994.

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with IMF Executive Board Decision No. 144-(52/51) Yes.

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

All UNSC sanctions are directly applicable and enforced in Latvia and are transposed by the EU. Moreover, to prevent the particular endangerments of peace and stability, the EU has adopted separate set of sanctions binding on its Member States, all of which are reflected as follows: directed against certain individuals, groups, enterprises, and entities in view of the situation in Afghanistan; in view of the situation in Bosnia and Herzegovina; in respect of Belarus; in view of the situation in Burundi; restrictive measures in view of the situation in the Central African Republic (amended effective September 23, 2019); directed against persons acting in violation of the arms embargo with regard to the Democratic Republic of the Congo; directed against certain persons, entities, and bodies in view of the situation in Egypt; in respect of the Republic of Guinea; directed against certain persons, entities, and bodies threatening the peace, security, or stability of the Republic of Guinea; directed against certain persons, entities, and bodies threatening the peace, security or stability of the Republic of Guinea-Bissau; in relation to serious human rights violations in Iran; in relation to the non-proliferation of weapons of mass destruction in Iran; specific restrictions on economic and financial relations with Iraq; in relation to the non-proliferation of the weapons of mass destruction in respect of the Democratic People’s Republic of Korea; in respect of Lebanon and specific restrictive measures against certain persons suspected of involvement in the assassination of former Lebanese Prime Minister Rafik Hariri; in view of the situation in Libya; in view of the situation in Mali; in respect of Myanmar; restrictive measures in view of the situation in Nicaragua (effective October 15, 2019); directed against certain natural or legal persons, entities, or bodies, in view of the situation in Somalia; in respect of the situation in South Sudan; in view of the situation in Sudan; in view of the situation in Syria; directed against certain persons and entities associated with Osama bin Laden, the Al-Qaida network, and the Taliban; directed against ISIL (Da’esh) and Al-Qaida and natural and legal persons, entities, or bodies associated with them; directed against certain persons and entities with a view to combating terrorism; directed against certain persons, entities, and bodies in view of the situation in Tunisia; in view of Turkey’s unauthorized drilling activities in the Eastern Mediterranean (effective November 12, 2019); directed against certain persons, entities, and bodies in view of the situation in Ukraine; in respect of actions undermining or threatening the
territorial integrity, sovereignty, and independence of Ukraine; in view of Russia’s actions destabilizing the situation in Ukraine; restrictions on the import into the Union of goods originating in Crimea or Sevastopol, in response to the illegal annexation of Crimea and Sevastopol; in view of the situation in Venezuela; in view of the situation in Yemen; in respect of Zimbabwe; against certain persons, entities, and bodies in connection with proliferation and use of chemical weapons. Restrictive measures against certain persons, entities, and bodies in view of the situation in the Republic of Maldives were repealed with Council Regulation (EU) No. 2019/985 (effective June 18, 2019). Effective May 18, 2019, restrictive measures were imposed against certain persons, entities, and bodies in connection with cyberattacks threatening the Union or its Member States. Amendments to the Law on International Sanctions and National Sanctions of the Republic of Latvia were made to achieve, inter alia, the following main objectives in accordance with FATF standards and Moneyval recommendations: On June 21, 2018, and July 4, 2019, new competent authorities were established to supervise the business and financial sectors in relation to sanctions internal control systems and to control the effectiveness of these systems. Effective July 4, 2019, (1) To clarify the binding nature of sanctions, it was clearly stated that all persons must comply with and execute international and national sanctions. (2) Considering that effective implementation of sanctions requires that all parties act swiftly and decisively, a legal framework was created for UNSC resolutions to be implemented without delay. (3) To fully commit to better the international sanctions regimes, a legal framework was created for Latvia to propose international sanctions (UNSC and EU) without having to impose national sanctions. (4) To ensure that sanctions are effectively applied, all persons (legal and natural) in accordance with their competence have the obligation to immediately and without a prior notice to freeze for an indefinite period all financial resources and financial instruments, which are directly or indirectly, completely or partially, under the ownership, possession, holding, or control of the subject of sanctions, including those financial resources and financial instruments that have been transferred to third persons. Similar provisions are provided regarding financial services and other material and immaterial assets, such as immovable property, ships, airships, etc. (5) The system for reporting the possible breaches or the possible circumvention of sanctions was clarified. (6) To unify the standards for the implementation of sanctions and to allow all competent authorities to share their know-how, the cabinet of ministers in accordance with the amendments created a Sanctions Coordination Council by issuing corresponding by-laws. It is tasked with creating unified informative materials about sanctions for all interested parties. The council will also discuss possible cooperative solutions to complicated cases, and the authorities may share information about potential issues and risks. (7) Failure to comply with the requirements for the internal control system of sanctions may result in fines for natural persons and legal persons of up €UR 1 million. These amendments are supplemented by corresponding government regulations explaining in greater detail the obligations as set by law, including delisting and exemption procedures, identification of subjects of sanctions, and asset-freezing procedures.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Exchange Arrangement

Currency
Yes. The currency of Latvia is the euro.

Other legal tender
No.

Exchange rate structure
Unitary
Yes.

Dual

Multiple

Classification
No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating
Yes. The exchange rate arrangement of the euro area is free floating. Latvia participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate
Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:30 Central European Time to around 16:00 Central European Time. The reference rate against the euro is the average of the buying and selling rates.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target
Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes.

To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the
Community with a view to contributing to the achievement of the objectives of the Community. These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is commonly defined as inflation rates at levels below, but close to, 2% over the medium term.

**Exchange tax**  
No.

**Exchange subsidy**  
No.

**Foreign exchange market**  
Yes.  
As of December 31, 2019, all commercial banks (13) and foreign bank branches (3) registered in Latvia have general banking licenses issued by the Financial and Capital Market Commission that authorize dealing in foreign exchange with the public. There are also 38 foreign exchange bureaus licensed by the Bank of Latvia (BOL). Banks and foreign bank branches may engage in all types of transactions; foreign exchange bureaus may only purchase and sell banknotes.

**Spot exchange market**  
Yes.  
Foreign exchange bureaus may operate in Latvia under a BOL license. Their operations are limited to the purchase and sale of banknotes. There were 38 foreign exchange bureaus licensed by the BOL as of December 31, 2019.

**Operated by the central bank**  
No.

**Foreign exchange standing facility**  
No.

**Allocation**  
No.

**Auction**  
No.

**Fixing**  
No.

**Interbank market**  
Yes.  
There were 16 licensed commercial banks and 5 licensed foreign bank branches as of December 31, 2019. Banks may conduct foreign exchange operations freely.

**Over the counter**  
Yes.

**Brokerage**  
No.

**Market making**  
Yes.  
The interbank market operates on the basis of a market-making agreement.

**Forward exchange market**  
Yes.  
All forward exchange and swap transactions may be conducted in the interbank market.

**Official cover of forward operations**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**  
No.  
There are no controls in place on the use of the euro in current international or capital transactions and on the use of foreign currency for payments between residents.

**Controls on the use of domestic currency**  
No.

**For current transactions and payments**  
No.

**For capital transactions**  
No.

**Transactions in capital and money market instruments**  
No.

**Transactions in derivatives and other**  
No.
<table>
<thead>
<tr>
<th>Instrument</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><em>Operative</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Inoperative</em></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes. Latvia is a member of the EU.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes. The BOL participates in the real-time euro gross settlement system under Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2).</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes. Government decisions adopted by the cabinet of ministers and approved by parliament prevail in foreign exchange and trade matters, but regulations governing foreign exchange transactions must be issued by the BOL. Foreign exchange transactions must be carried out through authorized banks and enterprises licensed by the Financial and Capital Market Commission and the BOL, respectively.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes. Gold articles (except coins and bullion) for the domestic market are subject to compulsory hallmarking. Market surveillance control on domestic trade in gold articles is also in place.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes. Business activity must be registered with the Assay Office of Latvia.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>No. In accordance with Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying cash of value of €10,000 or more are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EC regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EC regulation may also be communicated to a third country in</td>
</tr>
</tbody>
</table>
compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EC regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purpose of the EC regulation; the EC regulation only harmonizes the system for the EU’s external borders.

On exports

**Domestic currency**
No.

**Foreign currency**
No.

Travelers leaving the EU and carrying cash of value of €10,000 or more are required to make a declaration to the relevant authorities of the member country through which they leave the EU.

On imports

**Domestic currency**
No.

**Foreign currency**
No.

Travelers entering the EU and carrying cash of value of €10,000 or more are required to make a declaration to the relevant authorities of the member country through which they enter the EU.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**
Yes.

**Held domestically**
Yes.

A foreign exchange account may be opened with and operated by any licensed commercial bank or foreign bank branch according to its general rules and policies. There are no restrictions regarding transfers of balances abroad.

**Approval required**
No.

**Held abroad**
Yes.

An investment fund (UCITS) may invest in deposits that are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided the credit institution has received a license for the operation of a credit institution in a EU Member State or in a country which is an OECD member and which according to Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 is considered as a country applying supervisory and regulatory arrangements to credit institutions equivalent to those applied in the EU.

**Approval required**
No.

**Accounts in domestic currency held abroad**
Yes.

**Accounts in domestic currency convertible into foreign currency**
Yes.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted**
Yes.

The Law on the Prevention of Laundering the Proceeds from Criminal Activity (Money Laundering) and of Terrorism Financing
limits the engagement of Latvian financial institutions with certain types of shell entities. Shell arrangements are defined by Latvian law as any legal person possessing one or several of the following characteristics: (1) having no affiliation with an actual economic activity and operations that are of limited or no economic value; (2) not being subject to an obligation to prepare and submit financial statements in the state of incorporation; or (3) having no physical place of business in the state of incorporation. Financial institutions are prohibited from engaging with shell companies bearing characteristics of (1) and (2). Effective December 1, 2019, the legal framework on customer due diligence (CDD) and enhanced customer due diligence (EDD) was revised and the new Financial and Capital Market Commission (FCMC) Regulations No. 135 Regulations on the Establishment of CDD, EDD and risk scoring system were adopted. The regulations set the requirements for the client risk scoring system and enhanced due diligence, including the list of risk factors the credit and financial institutions need to monitor. In line with the regulations, the clients geographical risk factors need to be reviewed and nonresidents of EU or OECD countries need to be reviewed by conducting enhanced due diligence. Effective July 20, 2020, the FCMC manual on client due diligence and Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) internal control system were adopted (Recommendations for the credit institutions and financial institutions). The recommendations give insight in the practical aspects of conducting and managing client risks, including determining the country of residence of the client, conducting due diligence, and the specifics of enhanced due diligence.

| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |
| Approval required | No. |
| Blocked accounts | Yes. Accounts may be blocked in cases specified by law, for example, if account holders are suspected of engaging in money laundering. These provisions apply equally to resident and nonresident accounts, irrespective of the currency. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

<p>| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |</p>
<table>
<thead>
<tr>
<th>Letters of credit</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The negative list comprises the following groups of goods, which are subject to licensing: (1) military and dual-use goods; (2) arms and ammunition; (3) sources of ionizing radiation and radioactive goods; (4) substances that deplete the ozone layer; (5) chemicals; (6) shipments of waste; (7) narcotic and psychotropic substances and their precursors; (8) certain goods that could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment; (9) plants and animals protected by CITES; (10) cat and dog fur and products containing such fur; (11) skins of certain seal pups and products derived therefrom; (12) products containing the biocide dimethyl fumarate; (13) goods that are subject to the rules on product safety; (14) goods for veterinary checks; (15) agricultural goods under the agricultural imports (AGRIM) import license; (16) steel; (17) some categories of textiles; (18) certain iron and steel products; (19) certain types of scrap metal; (20) pelts and manufactured goods of certain wild animals from countries that use leghold traps or trapping methods; and (21) mercury or mercury compounds or products. Licensing is automatic, except for pyrotechnic products, arms and ammunition, combat vehicles, and prepared explosives. Applications for licenses are processed within 10 business days, and license fees reflect only processing costs.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Quotas apply in accordance with EU regulations.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The EU Common Customs Tariff, EU free trade agreements, and EU antidumping and countervailing duty trade measures apply.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Exports and Export Proceeds

| Repatriation requirements | No. |
| Surrender requirements | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| Financing requirements | No. |
| Documentation requirements | No. |
| Letters of credit | No. |
Guarantees No.
Domiciliation No.
Preshipment inspection No.
Other No.

Export licenses Yes.
Without quotas Yes.

With quotas No.

Export taxes No.
Collected through the exchange system No.
Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers No.
Trade-related payments No.

Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Investment-related payments No.

Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Payments for travel No.

Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.

The following groups of goods are subject to licensing: (1) military and dual-use goods; (2) arms and ammunition; (3) sources of ionizing radiation and radioactive goods; (4) substances that deplete the ozone layer; (5) chemicals; (6) shipments of waste; (7) narcotic and psychotropic substances and their precursors; (8) objects of artistic or historical value; (9) certain goods that could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment; (10) plants and animals protected by CITES; (11) medicines; (12) cat and dog fur and products made from such fur; and (13) metallic mercury and certain mercury compounds and mixtures.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Controls on capital and money market instruments No.
On capital market securities No.
<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign investors may not hold more than 49% of shares in companies involved in raffles and gambling, except investors from the EU and other countries that have signed bilateral agreements with Latvia.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on real estate transactions</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Non-EU residents may not acquire land in the border zone or in nature preserves and other protected natural areas; protected land in the coastal dunes of the Baltic Sea and the Gulf of Riga; protected land around public reservoirs and watercourses; land in mineral deposit areas of national significance; or agricultural and forestland. Land restrictions do not apply to the acquisition of land through inheritance. Nonresidents who wish to acquire land (except as restricted above) must apply to the relevant parish council indicating their objective and plans for use of the land. If these do not contradict the parish master plan, the parish council (county, city council) will agree to the acquisition.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on personal capital transactions</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
<th>Prudential regulations that are harmonized with EU directives apply. Regulation No. 3 of January 9, 2018, Regulatory provisions for credit institutions and licensed payment and electronic money institutions on EDD apply for credit institutions, as well as licensed payment and electronic money institutions. They define the rules for mandatory Money laundering and terrorist financing (ML/TF) risk categorization of the customer base in line with clearly defined 8 categories, which also stipulates features for identification of groups of customers that pose elevated risks – shell companies, politically exposed persons, customers subject to EDD, etc. Additionally, 4 main risk factors must be used for risk scoring of the customers – risk posed by the customer, country risk and geography, risk of products and services used by a customer, and their delivery channels.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td>Lending to nonresidents is included in a set of credit risk indicators within the Supervisory Review and Evaluation Process (SREP). High share of nonresidents lending impacts the overall credit risk SREP score and the respective Pillar 2 capital requirements (P2R level).</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
<td>Banks are subject to capital requirements for indirect foreign exchange risk arising from lending to unhedged resident retail borrowers if such loans exceed 10% of the loan portfolio (Regulations on Establishment of the Capital and Liquidity Adequacy Assessment Process).</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Yes.</td>
<td>The liquidity coverage ratio requirement is 100%.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
<td>When calculating the capital requirement for sectoral concentration risk, banks must include all exposures with nonresidents – enterprises and financial institutions – in the calculation in the form of a separate sector (Regulations on Establishment of the Capital and Liquidity Adequacy Assessment Process).</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Open foreign exchange position limits

Yes. The open foreign exchange position is limited to 10% of capital for any single foreign currency and 20% for all foreign currencies. Banks are subject to capital requirements for indirect foreign exchange risk arising from lending to unhedged resident retail borrowers if such loans exceed 10% of the loan portfolio (Regulations on Establishment of the Capital and Liquidity Adequacy Assessment Process).

On resident assets and liabilities

Yes.

On nonresident assets and liabilities

Yes.

Provisions specific to institutional investors

Yes.

Insurance companies

No.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No. Risk-based prudential framework Solvency II set by the EU regulations and national laws that are harmonized with EU directives apply in the insurance sector. Currency-matching rules are no longer applicable.

Pension funds

Yes.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

Yes. For defined benefit private pension funds, the maximum permitted currency mismatch between the pension plan’s technical provisions and assets covering these provisions is 30%. The open foreign currency position of a defined contribution private pension plan may not exceed (1) 10% of the plan’s assets in a single foreign currency and (2) 20% of the plan’s assets in all foreign currencies. For state-funded pension scheme, the open foreign currency position of an investment plan may not exceed (1) 10% of the plan’s assets in a single foreign currency and (2) 20% of the plan’s assets in all foreign currencies.

Investment firms and collective investment funds

Yes.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

Yes. An investment fund (UCITS) may invest in deposits that are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided the credit institution has received a license for the operation of a credit institution in a EU Member State or in a country which is an OECD member and which according to Regulation No. 575/2013 of the European Parliament and of the Council of 26 June, 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 is considered as a country applying supervisory and regulatory arrangements to credit institutions equivalent to those applied in the EU for credit institutions and investment firms and
### Limits (max.) on investment portfolio held abroad

No.

### Limits (min.) on investment portfolio held locally

Yes. Investment firms are subject to capital requirements for indirect foreign exchange risk arising from lending to unhedged resident retail borrowers if such loans exceed 10% of the loan portfolio (Regulations on Establishment of the Capital and Liquidity Adequacy Assessment Process).

### Currency-matching regulations on assets/liabilities composition

Yes.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Changes during 2019 and 2020

### Exchange Measures

<table>
<thead>
<tr>
<th>Exchange measures imposed for security reasons</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>05/18/2019</td>
<td>Restrictive measures were imposed against certain persons, entities, and bodies in connection with cyberattacks threatening the Union or its Member States.</td>
</tr>
<tr>
<td></td>
<td>07/04/2019</td>
<td>Amendments to the Law on International Sanctions and National Sanctions of the Republic of Latvia were made to achieve, inter alia, the following main objectives in accordance with FATF standards and Moneyval recommendations: (1) To clarify the binding nature of sanctions, it was clearly stated that all persons must comply with and execute international and national sanctions. (2) Considering that effective implementation of sanctions requires that all parties act swiftly and decisively, a legal framework was created for UNSC resolutions to be implemented without delay. (3) To fully commit to better the international sanctions regimes, a legal framework was created for Latvia to propose international sanctions (UNSC and EU) without having to impose national sanctions. (4) To ensure that sanctions are effectively applied, all persons (legal and natural) in accordance with their competence have the obligation to immediately and without a prior notice to freeze for an indefinite period all financial resources and financial instruments, which are directly or indirectly, completely or partially, under the ownership, possession, holding, or control of the subject of sanctions, including those financial resources and financial instruments that have been transferred to third persons. Similar provisions are provided regarding financial services and other material and immaterial assets, such as immovable property, ships, airships, etc. (5) The system for reporting the possible breaches or the possible circumvention of sanctions was clarified. (6) To unify the standards for the implementation of sanctions and to allow all competent authorities to share their know-how, the cabinet of ministers in accordance with the amendments created a Sanctions Coordination Council by issuing corresponding by-laws. It is tasked with creating unified informative materials about sanctions for all interested parties. The council will also discuss possible cooperative solutions to complicated cases, and the authorities may share information about potential issues and risks. (7) Failure to comply with the requirements for the internal control system of sanctions may result in fines for natural persons and legal persons of up EUR 1 million. These amendments are supplemented by corresponding government regulations explaining in greater detail the obligations as set by law, including delisting and exemption procedures, identification of subjects of sanctions, and asset-freezing</td>
</tr>
</tbody>
</table>
procedures. New competent authorities were established to supervise the business and financial sectors in relation to sanctions internal control systems and to control the effectiveness of these systems.

09/23/2019  Restrictive measures in view of the situation in the Central African Republic were amended.

10/15/2019  Restrictive measures in view of the situation in Nicaragua were implemented.

11/12/2019  Restrictive measures in view of Turkey’s unauthorized drilling activities in the Eastern Mediterranean.

Nonresident Accounts

Foreign exchange accounts permitted

12/01/2019  The legal framework on customer due diligence and enhanced customer due diligence was revised and the new FCMC Regulations No. 135 Regulations on the Establishment of customer due diligence, enhanced customer due diligence and risk scoring system were adopted. The regulations set the requirements for the client risk scoring system and enhanced due diligence, including the list of risk factors the credit and financial institutions need to monitor. In line with the Regulations, the clients geographical risk factors need to be reviewed and nonresidents of EU or OECD countries need to be reviewed by conducting enhanced due diligence.

07/20/2020  The FCMC manual on client due diligence and AML/CFT internal control system were adopted (Recommendations for the credit institutions and financial institutions). The recommendations give insight in the practical aspects of conducting and managing client risks, including determining the country of residence of the client, conducting due diligence, and the specifics of enhanced due diligence.
LEBANON
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>April 14, 1947.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: July 1, 1993.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

Restrictions and/or multiple currency practices | No. |
Exchange measures imposed for security reasons | No. |
In accordance with IMF Executive Board Decision No. 144-(52/51) | No. |
Other security restrictions | No. |

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency | Yes. The currency of Lebanon is the Lebanese pound. |
Other legal tender | No. |

Exchange rate structure

Unitary | Yes. |
Dual |
Multiple |

Classification

No separate legal tender |
Currency board |
Conventional peg |
Stabilized arrangement | Yes. The de jure exchange rate regime is free floating. In practice, the exchange rate remains within a very narrow band vis-à-vis the US dollar (LL 1,501–1,514/US dollar). Therefore, the de facto exchange rate arrangement is classified as a stabilized arrangement. The BDL does not publish intervention data. |
Crawling peg |
Crawl-like arrangement |
Pegged exchange rate within horizontal bands |
Other managed arrangement |
Floating

Free floating

**Official exchange rate**  No.

**Monetary policy framework**

Exchange rate anchor  Yes.

**U.S. dollar**  Yes.  The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar. The BDL manages the exchange rate of the Lebanese pound vis-à-vis the US dollar with the goal of maintaining social and economic stability through sustainable economic growth, a stable inflation rate, and stable purchasing power.

**Euro**

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

**Inflation target**

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band
Banks may engage in foreign exchange transactions in any currency except new Israeli shekels. Commercial banks may determine the exchange rate and commissions for transactions with their clients, taking into consideration the BDL’s bid-ask prices. Insurance companies may engage in foreign exchange transactions in any currency except new Israeli shekels. Such dealings are restricted to the extent that insurers must match their assets with their liabilities with regard to currency.

Foreign exchange bureaus are allowed to operate and are subject to licensing by BDL. As of December 31, 2019, the number of authorized foreign exchange bureaus was 303 (both Categories A and B). Foreign exchange bureaus (money dealers) may conduct foreign exchange transactions with commercial banks, but not directly with BDL. Category A money dealers must have a minimum capital of LL 750 million. Only the 46 Category A money dealers may perform transfers and they are prohibited from making any transfer in excess of US$1,500 that does not result from an exchange operation or a cross-border transport operation, when the transfer consists of receiving cash amounts from customers then transferring them to third persons whether in Lebanon or abroad through the institution’s bank accounts. Only Category A money dealers with a minimum capital of LL 5 billion may conduct cross-border transport of cash banknotes and precious metals.

Category B money dealers must have a minimum capital of LL 250 million if established before December 7, 2011, and LL 500 million if established on or after December 7, 2011. Category B money dealers whose capital was raised to LL 500 million may deal in cash and traveler’s checks up to the equivalent of US$10,000 in uncollected traveler’s checks and gold bars not exceeding 1,000 grams. Category B money dealers established before December 7, 2011, may raise their capital to LL 500 million if they wish to expand their operations to include the above. Category A money dealers with a capital greater than LL 750 million must be the only institutions entitled to perform hawala cash transfers, whether for their own account or on behalf of a third party.
These institutions are also prohibited from performing transactions, such as commercial financing, lending, and the management of funds, among others, which do not fall within the scope of exchange business.

The value of an incoming or outgoing hawala transaction must not exceed US$20,000 or its equivalent in any other currency, provided the total amount of hawala transactions in a single year does not exceed, at any time, tenfold the capital of the exchange institution. Effective January 14, 2019, nonbank financial institutions allowed to conduct electronic transfers must settle incoming transfers in Lebanese pound. Effective January 8, 2020, the provision that nonbank financial institutions allowed to conduct electronic transfers must settle any incoming transfers in Lebanese pound was repealed.

<table>
<thead>
<tr>
<th>Operation</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operated by the central bank</td>
<td>Yes</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>Yes</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes</td>
</tr>
<tr>
<td>Allocation</td>
<td>No</td>
</tr>
<tr>
<td>Auction</td>
<td>No</td>
</tr>
<tr>
<td>Fixing</td>
<td>No</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No</td>
</tr>
<tr>
<td>Market making</td>
<td>No</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The BDL sets its bid-ask rates at the opening hour on Reuters (page BDL O1), and the rates do not change during the day. The closing rates are determined and published at the end of each trading day. The bid-ask rates were LL 1,501 per US dollar and LL 1,514 per US dollar, respectively, throughout 2018.

The BDL deals directly with the government and other public entities.

There is an active interbank foreign exchange market, and all commercial banks operating in Lebanon may trade among themselves at freely determined rates. There were 61 banks operating in Lebanon as of December 31, 2019, including 41 commercial banks, 16 investment and specialized banks, and 4 Islamic banks. Two banks not counted above are under liquidation. The BDL grants licenses and intervenes directly with market participants at their quoted rates.

The market operates over the counter.

Banks are permitted to engage in forward operations on their own behalf for hedging purposes only. Forward operations and spot operations on behalf of clients are allowed with a minimum cash margin deposit equivalent to 20% of credit facilities. The total shortage in margin for all operations may not exceed 8% of a bank’s capital. The BDL does not participate in the foreign exchange derivatives market.

Insurance companies may engage in forward transactions; nevertheless, no such transactions are recorded in practice because of restrictions on the admissibility of financial derivatives.

A minimum cash margin equivalent to 20% of credit facilities must be provided by the client for spot or forward foreign exchange operations for speculative purposes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts
### Prescription of currency requirements

Banks and financial institutions are prohibited from opening debit or credit accounts in Lebanese pounds for nonresident financial entities.

### Controls on the use of domestic currency

Domestic currency may be used to settle foreign trade or capital transactions. Banks and financial institutions are prohibited from opening debit or credit accounts in Lebanese pounds for nonresident financial entities.

### For current transactions and payments

Yes.

### For capital transactions

Yes.

Transactions in capital and money market instruments

Yes.

Transactions in derivatives and other instruments

Yes.

Credit operations

Yes.

### Credit operations

Yes.

Banks and financial institutions are prohibited from opening debit or credit accounts in Lebanese pounds for nonresident financial entities.

### Use of foreign exchange among residents

No.

### Payments arrangements

Yes.

Lebanon has a formal association agreement with the EU.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

### Regional arrangements

Yes.

Lebanon is a member of the GAFTA and has signed bilateral free trade agreements with Egypt, Iraq, Jordan, Kuwait, Saudi Arabia, Syria, Turkey, and the United Arab Emirates. A free trade agreement with Turkey was signed in November 2010, but is awaiting parliamentary ratification.

### Clearing agreements

No.

### Barter agreements and open accounts

No.

### Administration of control

No.

### Payments arrears

No.

Official

No.

Private

No.

### Controls on trade in gold (coins and/or bullion)

No.

On domestic ownership and/or trade

No.

On external trade

No.

### Controls on exports and imports of banknotes

No.

On exports

No.

Domestic currency

No.

Foreign currency

No.

On imports

No.

Domestic currency

No.
Foreign currency

No.  Law No. 42 of November 24, 2015, on Cross-Border Transfer of Money limited the amount of undeclared cash at borders to US $15,000.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.  All accounts are subject to the Law on Combating Money Laundering (which also deals with terrorism financing and corruption) and the relevant circulars issued by the BDL. Accounts are subject to the Law No. 55 related to the exchange of information for tax purposes in case of request of foreign authorities.

Held domestically

Yes.  These are subject to the limits and regulations set by the Law on Combating Money Laundering. Balances may be transferred abroad freely.

Approval required

No.

Held abroad

Yes.  These are subject to the limits and regulations set by the Law on Combating Money Laundering. Balances may be transferred to the home country freely.

Approval required

No.

Accounts in domestic currency held abroad

Yes.  Nonfinancial entities are permitted to hold these accounts abroad.

Accounts in domestic currency convertible into foreign currency

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes.  All accounts are subject to the Law on Combating Money Laundering (which also deals with terrorism financing and corruption) and the relevant circulars issued by the BDL. Accounts are subject to the Law No. 55 related to the exchange of information for tax purposes in case of request of foreign authorities.

Approval required

No.

Domestic currency accounts

Yes.  Nonresident individuals, nonbanks, and nonfinancial entities may freely maintain onshore accounts in Lebanese pounds. Nonresident banks and financial entities are not allowed to have debit or credit accounts (including fiduciary accounts) in Lebanese pounds with resident banks and financial institutions, except for the following purposes: (1) purchase of treasury bills and BDL certificates of deposit (CDs) in Lebanese pounds, with BDL approval and provided the funds used for this purpose were originally foreign currency deposits converted to Lebanese pounds specifically for this purpose; and (2) guarantees issued by nonresident banks against loans in Lebanese pounds for commercial or investment activities in Lebanon. All accounts are subject to the Law on Combatting Money Laundering and Terrorism Financing.

Convertible into foreign currency

Yes.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Imports and Import Payments

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>Yes</td>
</tr>
<tr>
<td>Importers are required to deposit with a bank an amount equivalent to 15% of an LC’s value in the same currency as the LC.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No</td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes</td>
</tr>
<tr>
<td>Positive list</td>
<td>No</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes</td>
</tr>
<tr>
<td>In general, import licenses are issued mainly for health, security, and fraud prevention and apply to about 3% (in value terms) of all goods imported into Lebanon (except petroleum derivatives). Licenses generally apply to imports of certain animal and plant products, medical substances, arms, ammunition, explosive materials, and certain telecommunications equipment and petroleum and industrial products.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes</td>
</tr>
<tr>
<td>Import prohibitions apply to a list of products for the protection of health and the environment, safety, and security. Imports from Israel are prohibited. In addition, certain commercial entities listed under the Arab Boycott List are barred from trading with Lebanon.</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes</td>
</tr>
<tr>
<td>Under the Harmonized Tariff System, customs valuation is based on c.i.f. or c.f.r. values; customs duties are generally ad valorem. The WTO valuation principle is also applied. Ad valorem rates vary between 0% and 75%. There are preferential duty rates for goods imported for industrial, agricultural, or public use. In addition to ad valorem duties, which apply to about 93% of products, the following rates apply: (1) The bracket-based calculation applies to cars. The value of a car is divided into two brackets, and the total duty is the sum of the duty applied at each bracket’s rate. (2) Duty may be calculated on the basis of units of measure, such as weight or volume (for example, for gasoline). (3) Combined duty may be calculated on an ad valorem and specific basis, and the higher amount collected (for example, for tropical fruits and chickens). Excise duty is collected on tobacco and alcoholic and nonalcoholic beverages, cars, cement, and fuels. Lebanon applies the GAFTA Convention and has signed bilateral free trade agreements with Egypt, Iraq, Jordan, Kuwait, Saudi Arabia, Syria, Turkey (the latter was signed in 2001).</td>
<td></td>
</tr>
</tbody>
</table>
November 2010 but awaits parliamentary ratification), and the United Arab Emirates. Lebanon signed an interim agreement with the EU and the EFTA countries on trade and commercial issues in 2003, which formally triggered the 12-year transition to free trade. A VAT of 11% is levied on all goods and services, whether imported or produced domestically, except for some exempt goods and services. Effective July 31, 2019, a new tax of 3% on imported products subject to VAT, excluding gasoline, was established.

Taxes collected through the exchange system
No.

State import monopoly
Yes. Imports of some goods, including weapons of war and ammunition and wheat and tobacco products, are reserved for the government.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Financing requirements
No.

Documentation requirements
No.

Letters of credit
No.

Guarantees
No.

Domiciliation
No.

Preshipment inspection
No.

Other
No.

Export licenses
Yes. Exports of a limited number of products are prohibited for purposes of biodiversity conservation, forest conservation, ecology, security, health, and preserving the national cultural heritage.

Without quotas
Yes.

With quotas
No.

Export taxes
No.

Collected through the exchange system
No.

Other export taxes
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on transfers
Yes. All accounts are subject to the Law on Combating Money Laundering and Terrorism Financing (which also deals with terrorism financing and corruption). There are quantitative limits for nonbank financial institutions, financial intermediation institutions, and Category A money dealers. The above institutions may not transfer,
internally or abroad, for their clients to a third party an amount exceeding US$1,500. Only Category A money dealers may conduct hawala transactions. The maximum amount of each hawala transaction (inward or outward) is US$20,000. Total hawala transactions may not exceed 10 times the capital of the money dealer each year. Effective January 14, 2019, nonbank financial institutions allowed to conduct electronic transfers must settle any incoming transfers in Lebanese pound. Effective January 8, 2020, the provision that nonbank financial institutions allowed to conduct electronic transfers must settle any incoming transfers in Lebanese pound was repealed.

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
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</tr>
<tr>
<td>Investment-related payments</td>
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</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td>Yes.</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>
Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Restrictions on use of funds No.

Capital Transactions

Controls on capital transactions Yes. Law No. 161 of August 17, 2011, established the CMA. The CMA’s regulatory and supervisory authority includes (1) shares or other securities of a participating nature in commercial companies, (2) bonds or other debt securities, (3) money market instruments, (4) collective investment vehicles, and (5) derivatives and other instruments. The CMA began to exercise its functions toward the end of 2013. Three new financial expert board members of the CMA were appointed by Decree No. 6473 of June 10, 2020.

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

On capital market securities Yes.
Shares or other securities of a participating nature Yes. Shares or other securities of a participating nature of a single nonfinancial issuer may not exceed 10% of the equity of a bank or financial institution. Moreover, no shares, stocks, or other kind of capital participation may generate unlimited liability or responsibility for a bank or financial institution.

Purchase locally by nonresidents Yes. Limits are imposed on the acquisition of shares in real estate companies. Acquisition of shares in nonbank financial institutions and financial intermediation institutions is subject to BDL Central Council approval for the former and the CMA board of directors for the latter (CMA Regulation (Series 2000)) if (1) it leads directly or indirectly to the acquisition by the purchaser of more than 10% of the institution’s total shares; (2) the purchaser already holds 10% or more of the institution’s shares; or (3) the purchaser or seller is a member or an elected member of the board of directors, irrespective of the number of shares to be sold. The 10% limit applies to spouses, minors, and any economic group. Approval of BDL Central Council is required for acquisition of shares in a bank if (1) it leads directly or indirectly to the acquisition by the purchaser more than 5% of total shares.
shares or voting rights; (2) the purchaser already holds more than 5% or more of total shares or voting rights; (3) the purchaser or seller of the shares is a member or an elected member of the board of directors of the bank involved; (4) the purchaser or seller of the shares is a member of the senior management or an employee of the bank involved and holds 1% or more of the total shares if such shares are listed; or (5) the purchase of shares by an employee leads directly or indirectly to his or her acquisition of more than 1% of the total shares if such shares are listed. Authorization and regulations also apply to ascendants, spouses, and descendants of sellers and purchasers.

When purchasers of shares in banks and financial institutions are companies or mutual funds, their respective by-laws or Articles of Association must explicitly include that all their shares are in registered form, and are fully and continuously owned, whether directly or indirectly, by natural persons or companies whose shares are in registered form (BDL Intermediate Circular No. 411).

Any legal entity, resident or nonresident, that acquires directly or indirectly a share in an issuing company or public company equal to or exceeding 5% of the shares or units of a fund with a voting right in the said company must submit a report to the CMA in this respect (Law No. 161).

Financial instrument transactions must be authorized by the CMA. Principal or secondary professional activity that involves solicitation of clients for subscription, purchase, swap, or sale of securities or financial instruments also requires CMA authorization.

Legal entities may not undertake a public subscription without CMA approval. Issuance, sale, or offers to sell financial instruments for public subscription are also prohibited prior to obtaining the CMA’s authorization. Invitations to potential investors for such financial instruments require CMA approval (Law No. 161).

No person, resident or not, may issue or invite the public to subscribe to or market or make any statement, announcement, or communication that has the effect of selling, issuing, or offering the following products without authorization from the CMA:

1. shares, debt securities, or units issued by a public or private company or entity or a collective investment fund;
2. bonds, notes, CDs, depositary receipts, and treasury bills and bonds;
3. financial rights, options, futures, and any other derivatives or structured financial products; and
4. any other financial instrument authorized by the CMA or its regulations, except an instrument specifically excluded by the law.

An exempt offer of securities (as defined in CMA Regulation (Series 6000)) must be notified to the CMA prior to the offer.

The offer of foreign securities in Lebanon (whether public or exempt) must be made through an approved institution licensed by the CMA.

The offer of securities issued by a foreign government or by a supranational authority recognized by the CMA is exempted from the above requirements (CMA Regulation (Series 6000)).

BDL approval is required for Lebanese banks and financial institutions to participate, directly or indirectly, and within the limits set by Article 153 of the Code of Money and Credit, in any foreign financial entity (bank, financial institution, brokerage house, mutual fund, insurance company). BDL approval is not required (1) if a resident bank participates indirectly through foreign banks and financial institutions in which the resident bank has a stake greater than 20% and if the participation of these foreign banks or financial institutions in the foreign financial sector is less than 20% of their
assets; or (2) if the stake of a resident bank is less than 20%.
Approval for Lebanese bank participation depends on specific BDL
conditions regarding ethical and technical qualifications. Banks,
nonbank financial institutions, foreign exchange bureaus, and leasing
companies are not allowed, directly or indirectly, to conduct any
transactions with bearer shares companies and mutual funds or
companies and mutual funds owned by other companies and mutual
funds with bearer shares (BDL Intermediate Circular No. 411).

Sale or issue abroad by residents: Yes. Banks and financial institutions require BDL approval to issue shares
locally or abroad.

Bonds or other debt securities: Yes.

Purchase locally by nonresidents: Yes. Nonresident financial entities must obtain BDL approval when
purchasing treasury securities issued in Lebanese pounds or BDL
CDs denominated in Lebanese pounds, US dollars, or euros. Funds
used to purchase treasury securities or CDs in Lebanese pounds must
originally have been deposited in foreign currency and converted
specifically for the purchase.

Sale or issue locally by nonresidents: Yes. Financial instrument transactions must be authorized by the CMA.
Principal or secondary professional activity that involves solicitation
of clients for subscription, purchase, swap, or sale of securities or
financial instruments also requires CMA authorization.
Legal entities may not undertake a public subscription without CMA
approval. Issuance, sale, or offers to sell financial instruments for
public subscription are also prohibited prior to obtaining the CMA’s
authorization. Invitations to potential investors for such financial
instruments require CMA approval (Law No. 161).

No person, resident or not, may issue or invite the public to subscribe
to or market or make any statement, announcement, or
communication that has the effect of selling, issuing, or offering the
following products without authorization from the CMA:
(1) shares, debt securities, or units issued by a public or private
company or entity or a collective investment fund;
(2) bonds, notes, CDs, depositary receipts, and treasury bills and
bonds;
(3) financial rights, options, futures, and any other derivatives or
structured financial products; and
(4) any other financial instrument authorized by the CMA or its
regulations, except an instrument specifically excluded by the law.
An exempt offer of securities (as defined in CMA Regulation (Series
6000)) must be notified to the CMA prior to the offer.
The offer of foreign securities in Lebanon (whether public or
exempt) must be made through an approved institution licensed by
the CMA.
The offer of securities issued by a foreign government or by a
supranational authority recognized by the CMA is exempted from the
above requirements (CMA Regulation (Series 6000)).
The following apply to banks’ and financial institutions’ holdings,
including by their foreign branches and subsidiaries: (1) A 25%
equity limit applies to the nominal value of structured financial
products held and purchased abroad, provided (a) they are issued or
guaranteed by an issuer or a guarantor rated at least A and (b) their
capital is unconditionally and totally guaranteed. (2) A 10% equity
limit applies to credit-linked notes (CLNs) related to Lebanese
Eurobonds and BDL CDs in foreign currencies and purchased from
abroad, provided (a) their capital is unconditionally and totally
guaranteed; (b) they are issued or guaranteed by an issuer or
guarantor rated at least A; and (c) they include mandatory physical
settlement in case of a credit event—such as default on Eurobonds or
BDL CDs—whereby changes in the price of credit default swaps on Lebanese treasury bills not induced by an internationally recognized credit event are not categorized under a credit event and consequently do not call for mandatory physical settlement. (3) A 50% equity limit applies to non-Group of Ten (G10) sovereign bonds rated at least BBB and corporate bonds rated at least BBB; if guaranteed, the guarantor must be rated at least BBB. The applicable rating is the lowest of Standard & Poor’s (S&P’s) or another internationally recognized rating agency, provided it is BBB or higher. The 50% limit includes the 25% structured financial products’ equity limit and the 10% CLNs related to Lebanese Eurobonds and BDL CDs in foreign currencies equity limit and deposits abroad with a maturity of one year or more. (4) A 10% equity limit applies to the total value of sovereign (except G10 countries) and other bonds, structured financial products, and CLNs of a single issuer. (5) A 10% equity limit applies to placements with banks abroad with maturity of one year or longer. (6) A 50% equity limit applies to the total value of sovereign (except G10 countries) and corporate bonds, structured financial products, CLNs, and interbank deposits. (7) Investments by Lebanese affiliates abroad in sovereign bonds issued in the currency of the host country may not exceed deposits in the same currency. With respect to item (3), the BDL may authorize banks and financial institutions to exceed the 50% limit, if they have a high capital adequacy ratio and they abide by BCC and BDL circulars, particularly on ethical and technical qualifications of specific functions in the banking and financial sector. In the calculation of ratios, the investments of banks’ and financial institutions’ branches abroad are included in the portfolio of bonds, structured financial products, and CLNs and deposits abroad with a maturity of one year or more. When placing bids, banks and financial institutions must also abide by the limits. Banks, nonbank financial institutions, foreign exchange bureaus, and leasing companies are not allowed, directly or indirectly, to conduct any transactions with bearer shares companies and mutual funds or companies and mutual funds owned by other companies and mutual funds with bearer shares (BDL Intermediate Circular No. 411).

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>Yes.</th>
<th>BDL approval is required for banks and financial institutions to issue bonds locally or abroad.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
<td>The regulations governing bonds or other debt securities apply.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Nonresident financial entities must obtain BDL approval when purchasing treasury securities issued in Lebanese pounds or BDL CDs denominated in Lebanese pounds, US dollars, or euros. Funds used to purchase treasury securities or CDs in Lebanese pounds must originally have been deposited in foreign currencies and converted specifically for the purchase.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>CMA approval is required. However, foreign sovereign bonds and short-term instruments are exempted from the CMA approval pursuant to Article 37 of Law 161.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>The purchase of sovereign bonds, including treasury bonds—(except from G10 countries) with an S&amp;P rating of at least BBB or an equivalent rating from another internationally recognized rating agency—and the purchase of corporate bonds rated BBB and issued by corporations rated at least BBB are limited to 50% of banks’ and financial institutions’ equity. The total value of corporate bonds and structured financial products from a single issuer may not exceed 10% of Tier 1 capital.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>BDL approval is required for banks and financial institutions to issue money market instruments locally or abroad.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td>Any legal entity, resident or nonresident, that acquires directly or indirectly a share in an issuing company or public company equal to or exceeding 5% of the shares or units of a fund with a voting right in the said company must submit a report to the CMA in this respect. Effective March 5, 2019, the requirement that mutual fund managers must notify the CMA if a resident or nonresident acquires more than 5% of the total issued shares of the fund was removed.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>The promotion of and trading in foreign collective investment securities are subject to CMA approval. Public offer of units in a foreign investment fund in Lebanon is not permitted unless that fund is approved by the regulator in its jurisdiction for public offer and is approved by the CMA as offering equivalent protection to Lebanese investors. The offer in Lebanon of units in a foreign fund that is not an approved fund is only permitted if it is an exempt offer (that is, offered to professional clients and the minimum subscription amount is USD 50,000). The offer of units of foreign collective investment funds in Lebanon (whether public or exempt) must be undertaken by an approved institution licensed by the CMA.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>The limit for banks' purchases of collective investment securities is set by Article 153 of the Code of Money and Credit. According to this limit, the total of a bank’s initial capital and holdings of fixed assets, real estate, equity investments, and credit to connected persons may not exceed its own funds. Banks, nonbank financial institutions, foreign exchange bureaus, and leasing companies are not allowed, directly or indirectly, to conduct any transactions with bearer shares companies and mutual funds or companies and mutual funds owned by other companies and mutual funds with bearer shares (BDL Intermediate Circular No. 411). Effective January 24, 2019, the manager of a collective investment fund may not acquire units in another collective investment fund unless the latter is an approved fund or a publicly offered fund that is subject to similar regulation and oversight in a jurisdiction judged by the CMA to provide equivalent investor protection to applicable Lebanese laws and regulations (CMA Regulation (Series 8000)).</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Operations with financial instruments must be authorized by the CMA. Principal or secondary professional activity that involves solicitation of clients for subscription, purchase, swap, or sale of securities or financial instruments also requires CMA authorization. Legal entities may not undertake a public subscription without CMA approval. Issuance, sale, or offer to sell financial instruments for public subscription is also prohibited prior to obtaining the CMA’s authorization. Invitations to potential investors concerning such financial instruments are prohibited without CMA approval (Law No. 161). No person, resident or not, may issue or invite the public to subscribe to or market or make any statement, announcement, or communication that has the effect of selling, issuing, or offering the following products without authorization from the CMA: (1) shares, debt securities, or units issued by a public or private company or entity or a collective investment fund;</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
(2) bonds, notes, CDs, depositary receipts, and treasury bills and bonds;
(3) financial rights, options, futures, and any other derivatives or structured financial products; and
(4) any other financial instrument authorized by the CMA or its regulations, except an instrument specifically excluded by the law.

An exempt offer of securities (as defined in CMA Regulation (Series 6000)) does not require the approval of CMA but must be notified to the CMA prior to the offer. The CMA has the right to object to the proposed offer or to prohibit it if it deems that the offer is not in the public interest or may result in a breach of CMA laws and regulations.

The offer of foreign securities in Lebanon (whether public or exempt) must be made through an approved institution licensed by the CMA (CMA Regulation (Series 6000)).

**Purchase abroad by residents**  Yes.

Financial intermediaries (that is, banks, financial institutions, financial intermediation companies) may not perform on their own behalf, or on behalf of their clients, a transaction in financial derivatives or an off-exchange retail foreign exchange transaction with a nonresident party except with (1) a party that operates in the United States, provided it is a member of the National Futures Association and licensed by the Commodity Futures Trading Commission; (2) a party that operates outside the United States or is not a resident of the United States, provided it has an investment grade rating and is licensed to trade in financial derivatives by the relevant regulatory authorities in countries with investment grade (Article 3602 of the CMA Regulation (Series 3000)). Banks, unlike other financial institutions and brokerage firms, may engage, on their own behalf, in derivatives transactions locally or abroad for hedging purposes only. Banks and financial institutions may not deal on their own behalf with nonresident sectors nor in any currency in structured financial products, except for unconditional capital-guaranteed structured financial products issued or guaranteed by an issuer or a guarantor rated at least A, provided their total nominal value does not exceed 25% of Tier 1 capital. The total value of corporate bonds and structured financial products of a single issuer may not exceed 10% of equity, and banks and financial institutions may not deal, on their own behalf with nonresident entities, in CLNs related to Lebanese Eurobonds and BDL CDs denominated in foreign currency, except (1) notes that are capital guaranteed in the case of a credit event, such as default on Eurobonds or BDL CDs; and (2) notes issued or guaranteed by an at least A-rated issuer or guarantor, on condition of mandatory payment and delivery of the Eurobonds and BDL CDs when the credit event occurs, whereby changes in the price of credit default swaps on Lebanese treasury bills not induced by an internationally recognized credit event are not categorized under a credit event and consequently do not call for mandatory physical settlement. The nominal value of these CLNs may not exceed 10% of the capital of the bank or financial institution.

**Sale or issue abroad by residents**  Yes.

Financial intermediaries (that is, banks, financial institutions, financial intermediation companies) may not perform on their own behalf, or on behalf of their clients, a transaction in financial derivatives or an off-exchange retail foreign exchange transaction with a nonresident party except with (1) a party that operates in the United States, provided it is a member of the National Futures Association and licensed by the Commodity Futures Trading Commission; (2) a party that operates outside the United States or is not a resident of the United States, provided it is rated an investment grade rating and is licensed to trade in financial derivatives by the relevant regulatory authorities in countries with investment grade
rating (Article 3602 of the CMA Regulation (Series 3000)). Banks, unlike other financial institutions and brokerage firms, may engage, on their own behalf, in derivatives transactions locally or abroad for hedging purposes only.

<table>
<thead>
<tr>
<th>Controls on credit operations</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**The following limits apply to banks’ credit facilities for borrowers:**

1. For credit used in Lebanon and abroad, credit by a bank in Lebanon and its branches and subsidiaries abroad to a single borrower (or group of related borrowers) may not exceed 20% of Tier 1 capital.
2. For credit used only abroad, credit by a bank in Lebanon and its branches abroad to a single borrower (or group of related borrowers) may not exceed 10% of Tier 1 capital.
3. Total credit by a bank in Lebanon and its branches abroad to a single borrower may not exceed four times Tier 1 capital.
4. Total for large exposure credits (that each one exceeds 10% of the bank’s consolidated Tier 1 capital) used in Lebanon and abroad may not exceed four times Tier 1 capital on a consolidated basis. The limits per country are as follows:
   1. Total credit by a bank and its foreign branches for use in a country rated at least BBB may not exceed 50% of Tier 1 capital.
   2. Total credit by a bank and its foreign branches for use in a country rated below BBB or unrated may not exceed 25% of Tier 1 capital. Total credit by a bank in Lebanon and its branches abroad for use in countries rated below BBB or unrated may not exceed 100% of Tier 1 capital.

Car or housing loans in domestic and foreign currencies to residents and nonresidents may not exceed 75% of the price of the car or the house (except housing loans by the housing bank and housing corporation and through the military housing plan and the Ministry of Displaced and Protocols for Judges and the Internal Security Forces and Public Security). The total monthly payment for all loans may not exceed 35% of a family’s income (family consists of husband and wife). The maximum is 45% if the family benefits from a housing loan, provided the monthly payments of the housing loan do not exceed 35% of the family income.

Banks and financial institutions may not extend credit in Lebanese pounds to nonresident financial entities. Banks may not extend credit to clients in domestic currency for the purpose of constituting deposits in foreign currency other than for commercial purposes. Banks and financial institutions may not extend credit in domestic currency for the purpose of settling a loan already originated in foreign currency by the bank itself or the financial institution itself or by another bank or another financial institution (BDL Basic Circular No. 46). Starting January 1, 2020, banks are required to maintain a LTD ratio in Lebanese Pound (LBP) of no more than 25% (BDL Intermediate Circular No. 503, which amended BDL Basic Circular No. 81).

Credit counters are not allowed to grant loans for one individual borrower or group of borrowers more than 5% of their equity or the equivalent of US$0.1 million whichever is less, provided the monthly payments for all loans granted by any credit institution do not exceed 35% of the family income (BDL Basic Circular to credit counters No. 2).

<table>
<thead>
<tr>
<th>To residents from nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The net debtor interbank position between Lebanese banks and
affiliates (subsidiaries and sister companies) abroad may not exceed 25% of Tier 1 capital. This restriction applies to credit by banks in Lebanon to affiliated nonfinancial entities abroad. Banks and financial institutions may not extend credit in Lebanese pounds to nonresident financial entities.

Banks and financial institutions may not make treasury placements abroad other than for operating accounts, except with correspondents rated at least BBB or nonrated correspondents affiliated to banking groups rated BBB and above, provided these correspondents are based in countries rated BBB and above. (Placements with Lebanese bank affiliates abroad are exempt.) Total net credit exposure with each correspondent abroad may not exceed 25% of the bank’s (financial institution’s) Tier 1 capital. Net credit exposure includes all on-balance- and off-balance-sheet exposures.

To prevent short-selling operations on Lebanese Eurobonds, CLNs, and BDL CDs, banks and nonbank financial institutions were directed to amend contracts with their correspondents and custodians abroad to prevent transactions on such instruments pledged or placed in custody. Banks and financial institutions must be fully informed of the laws and regulations governing their correspondents abroad and must ensure compliance with the laws, regulations, procedures, sanctions, and restrictions of international legal organizations and sovereign authorities in the correspondents’ home country.

Banks, nonbank financial institutions, foreign exchange bureaus, and leasing companies are not allowed, directly or indirectly, to conduct any transactions with bearer shares companies and mutual funds or companies and mutual funds owned by other companies and mutual funds with bearer shares (BDL Intermediary Circular No. 411).

Banks are not allowed to grant loans to credit counters (BDL Intermediate Circular No. 410).

Guarantees, sureties, and financial backup facilities

The regulations governing commercial credits apply regarding banks and financial institutions.

Nonresident financial entities may issue guarantees against loans made in Lebanese pounds if the loans are related to investment or commercial activities in Lebanon.

Controls on direct investment

Direct investments by banks in the financial sector abroad require BDL approval and are subject to the limit set by Article 153 of the Code of Money and Credit. According to this limit, the total of a bank’s initial capital and holdings of fixed assets real estate, equity investments, and credit to connected persons may not exceed its own funds.

Foreign investments in the real estate sector are subject to specific ceilings. All foreigners must obtain a license from the council of ministers to acquire real estate exceeding a certain threshold. Real
estate acquisition by a branch of a foreign bank must be funded in foreign currency by its headquarters and is subject to the limit set by Article 153 of the Code of Money and Credit.

Controls on liquidation of direct investment
No.

Controls on real estate transactions
Yes.

Purchase abroad by residents
Yes. The limit for banks locally and abroad is set by Article 153 of the Code of Money and Credit.

Purchase locally by nonresidents
Yes. All foreigners must obtain a license from the council of ministers to acquire real estate in Lebanon. However, subject to the conditions in Decree No. 11614 of January 4, 1969, foreigners may acquire real estate without a license if the acquisition does not exceed a certain percentage in a specific surface area. There is a maximum total surface area that may be acquired in the capital and in each Lebanese district. Real estate acquisition by a branch of a foreign bank must be funded in foreign currency by its head office and is subject to the limits in Article 153 of the Code of Money and Credit.

Sale locally by nonresidents
No.

Controls on personal capital transactions
No. These transactions are permitted without limitation, provided anti-money-laundering and antiterrorism regulations are followed.

Loans
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Gifts, endowments, inheritances, and legacies
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Settlement of debts abroad by immigrants
No.

Transfer of assets
No.

Transfer abroad by emigrants
No.

Transfer into the country by immigrants
No.

Transfer of gambling and prize earnings
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Yes. Car or housing loans in domestic and foreign currencies to residents and nonresidents may not exceed 75% of the price of the car or the house (except housing loans by the housing bank and housing corporation, and through the military housing plan and the Ministry of Displaced and Protocols for Judges and the Internal Security Forces and Public Security). The total monthly payment for all loans may not exceed 35% of the income of the family (family consists of husband and wife). The maximum is 45% if the family benefits from a housing loan, provided the monthly payment of the housing loan does not exceed 35% of the family income. Effective January 1, 2020, banks are required to maintain a LTD ratio in LBP of no more
Borrowing abroad            Yes.
BDL approval is required for resident banks and financial institutions to issue bonds locally or abroad. CDs issued by a bank are limited to six times its own funds.
Lebanese banks and nonbank financial institutions may borrow from the nonresident financial sector against Lebanese sovereign bonds in foreign currencies (including CDs issued by the BDL) and foreign sovereign and non-sovereign bonds up to 50% of Tier 1 equity of the bank or nonbank financial institution. Borrowing against Lebanese sovereign bonds and BDL CDs in foreign currencies is limited to 60% of the value of the pledged portfolio. Borrowing against foreign sovereign bonds is limited to 60% of the pledged portfolio. Borrowing against foreign corporate bonds is limited to 50% of the pledged portfolio.

Maintenance of accounts abroad         Yes.
Financial entities are prohibited from maintaining accounts abroad in Lebanese pounds.
Banks, nonbank financial institutions, foreign exchange bureaus, and leasing companies are not allowed, directly or indirectly, to conduct any transactions with bearer shares companies and mutual funds or companies and mutual funds owned by other companies and mutual funds with bearer shares (BDL Intermediate Circular No. 411).

Lending to nonresidents (financial or commercial credits)  Yes.
The following limits apply to banks’ credit facilities for borrowers:
(1) For credit used in Lebanon and abroad, credit by a bank in Lebanon and its branches and subsidiaries abroad to a single borrower (or group of related borrowers) may not exceed 20% of Tier 1 capital. (2) For credit used only abroad, credit by a bank in Lebanon and its branches abroad to a single borrower (or group of related borrowers) may not exceed 10% of Tier 1 capital. (3) Total credit by a bank in Lebanon and its foreign branches for use abroad may not exceed four times Tier 1 capital. (4) Total for large exposure credits (that each one exceeds 10% of the bank’s consolidated Tier 1 capital) used in Lebanon and abroad may not exceed four times Tier 1 capital on a consolidated basis. The limits per country are as follows: (1) Total credit by a bank and its foreign branches for use in a country rated at least BBB may not exceed 50% of Tier 1 capital. (2) Total credit by a bank and its foreign branches for use in a country rated below BBB or unrated may not exceed 25% of Tier 1 capital. Total credit by a bank in Lebanon and its branches abroad for use in countries rated below BBB or unrated may not exceed 100% of Tier 1 capital. Car or housing loans in domestic and foreign currencies to residents and nonresidents may not exceed 75% of the price of the car or the house (except housing loans by the housing bank and housing corporation and through the military housing plan and the Ministry of Displaced and Protocols for Judges and the Internal Security Forces and Public Security). The total monthly payment for all loans may not exceed 35% of the income of the family (family consists of husband and wife). The maximum is 45% if the family benefits from a housing loan, provided the monthly payments of the housing loan do not exceed 35% of the family income.
Effective January 1, 2020, banks are required to maintain a LTD ratio in LBP of no more than 25% (BDL Basic Circular No. 81).
Banks and financial institutions may not make treasury placements abroad other than for operating accounts, except with correspondents rated at least BBB or nonrated correspondents affiliated to banking groups rated BBB and above, provided these correspondents are based in countries rated BBB and above. (Placements with Lebanese bank affiliates abroad are exempt.)
The total net credit exposure with each correspondent abroad may
not exceed 25% of the bank’s (financial institution’s) Tier 1 capital. Net credit exposure includes all on-balance- and off-balance-sheet exposures.

To prevent short-selling operations on Lebanese Eurobonds, CLNs, and BDL CDs, banks and nonbank financial institutions were directed to amend contracts with their correspondents and custodians abroad to prevent transactions on such instruments pledged or placed in custody.

Banks and financial institutions must be fully informed of the laws and regulations governing their correspondents abroad and must ensure compliance with the laws, regulations, procedures, sanctions, and restrictions of international legal organizations and sovereign authorities in the correspondents’ home country.

The net debtor interbank position between a Lebanese bank and its subsidiaries and sister companies abroad may not exceed 25% of Tier 1 capital. This limit also applies to credit from banks in Lebanon to affiliated nonfinancial entities abroad. Banks and financial institutions may not extend credit in Lebanese pounds to nonresident financial entities.

Banks, nonbank financial institutions, foreign exchange bureaus, and leasing companies are not allowed, directly or indirectly, to conduct any transactions with bearer shares companies and mutual funds or companies and mutual funds owned by other companies and mutual funds with bearer shares (BDL Intermediate Circular No. 411).

The following limits apply to banks’ credit facilities for borrowers:

1. For credit used in Lebanon and abroad, credit by a bank in Lebanon and its branches and subsidiaries abroad to a single borrower (or group of related borrowers) may not exceed 20% of Tier 1 capital.
2. For credit used only abroad, credit by a bank in Lebanon and its branches abroad to a single borrower (or group of related borrowers) may not exceed 10% of Tier 1 capital.
3. Total credit by a bank in Lebanon and its foreign branches for use abroad may not exceed four times Tier 1 capital.
4. Total for large exposure credits (that each one exceeds 10% of the bank’s consolidated Tier 1 capital) used in Lebanon and abroad may not exceed four times Tier 1 capital on a consolidated basis.

The limits per country are as follows:

1. Total credit by a bank and its foreign branches for use in a country rated at least BBB may not exceed 50% of Tier 1 capital.
2. Total credit by a bank and its foreign branches for use in a country rated below BBB or unrated may not exceed 25% of Tier 1 capital. Total credit by a bank in Lebanon and its branches abroad for use in countries rated below BBB or unrated may not exceed 100% of Tier 1 capital.

Car or housing loans in domestic and foreign currencies to residents and nonresidents may not exceed 75% of the price of the car or the house (except housing loans by the housing bank and housing corporation and through the military housing plan and the Ministry of Displaced and Protocols for Judges and the Internal Security Forces and Public Security). The total monthly payment for all loans may not exceed 35% of the income of the family (family consists of husband and wife). The maximum is 45% if the family benefits from a housing loan, provided the monthly payments of the housing loan do not exceed 35% of the family income.

The net debtor interbank position between a Lebanese bank and its subsidiaries and sister companies abroad may not exceed 25% of Tier 1 capital. This limit also applies to credit from banks in Lebanon to affiliated nonfinancial entities abroad.

Commercial banks may not lend to specialized or Islamic banks of the same group.

Credit counters are not allowed to grant loans for one individual.
borrower or group of borrowers more than 5% of their equity or the equivalent of US$0.1 million whichever is less, provided the monthly payments for all loans granted by any credit institution do not exceed 35% of the family income (BDL Basic Circular to credit counters No. 2).

Banks are not allowed to grant loans to credit counters (BDL Intermediate Circular No. 410).

Banks are allowed to purchase shares and securities of a participating nature irrespective of currency, within the limits set by Article 153 of the Code of Money and Credit. They may purchase up to 20% of Tier 1 capital in corporate bonds issued locally. Banks may repurchase their own securities and global depositary receipts (GDRs) issued against their shares within the limit of 5% of their total shares and with BDL approval. The total amount purchased by Banks of GDRs issued against their shares and of its shares traded in the financial markets is limited to 10% of its total shares.

Purchase of bank CDs or bonds issued by banks or nonbank financial institutions is limited to 100% of the issuer’s own funds. Shares or other securities of a participating nature in any nonfinancial company may not exceed 10% of a bank’s or financial institution’s equity. Shares, stocks, and other capital participation may not lead to a bank’s or financial institution’s unlimited liability or responsibility.

The reserve requirement on Lebanese pound deposits is 25% for demand and 15% for term deposits. Banks are subject to a mandatory placement (remunerated) at the BDL of 15% of their foreign currency deposits, bonds, and CDs issued by banks in foreign currency, in addition to loans from financial sector entities with a maturity of one year or less. No differential reserve requirement applies to foreign currency deposits except mandatory placement, which is 15% as mentioned above. However, effective reserve requirements on Lebanese pounds are lower than statutory requirements because the BDL introduced subsidy plans that allow banks to deduct qualifying loans from required reserves on customer deposits, up to 90% of the reserve requirement. Deduction is no longer applicable against loans granted after October 20, 2017 (Intermediate Circular No. 475).

Net liquid assets must not be less than 10% of all foreign-exchange-denominated deposits, CDs, bonds, and loans from the financial sector with a remaining maturity of one year or less. Effective March 8, 2018, in addition to the above requirement, banks should abide by the Basel III LCR per significant currency which requires banks to hold liquid assets covering more than 100% of net cash outflows.

There is no differential treatment for nonresident deposits. The reserve requirement on Lebanese pound deposits is 25% for demand and 15% for term deposits. Banks are subject to a mandatory placement (remunerated) at the BDL of 15% of their foreign currency deposits, bonds, and CDs issued by banks in foreign currency, in addition to loans from financial sector entities with a maturity of one year or less. No differential reserve requirement applies to foreign currency deposits except mandatory placement as mentioned above, which is 15%. However, effective reserve
requirements on Lebanese pounds are lower than statutory requirements because the BDL introduced subsidy plans that allow banks to deduct qualifying loans from required reserves on customer deposits, up to 90% of the reserve requirement. Deduction is no longer applicable against loans granted after October 20, 2017 (Intermediate Circular No. 475).

Effective April 9, 2020 fresh funds resulting from cash transactions in foreign currencies and incoming transfers from abroad are not subject to the 15% mandatory reserves provided the following:

1. Freedom to use these funds by the depositor and to benefit from all banking services, including transfers abroad, cash withdrawals and bank card services in Lebanon and abroad.
2. Necessary accounting procedures are taken by banks to track the use of these funds (opening a special account or a sub-account).

<table>
<thead>
<tr>
<th>Liquid asset requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

BDL approval is required for investments by banks and financial institutions in mutual funds in Lebanon.

BDL approval is required for banks to acquire shares in financial entities abroad within the limits set by Article 153 of the Code of Money and Credit. The following limits and terms apply to banks’ and financial institutions’ holdings of financial instruments, including by their foreign branches and subsidiaries abroad:

1. A 25% equity limit applies to the nominal value of structured financial products held and purchased abroad, provided (a) they are issued or guaranteed by an issuer or a guarantor rated at least A and (b) their capital is unconditionally and totally guaranteed.
2. A 10% equity limit applies to CLNs related to Lebanese Eurobonds and BDL CDs denominated in foreign currencies and purchased from abroad, provided (a) their capital is unconditionally and totally guaranteed, (b) they are issued or guaranteed by an issuer or guarantor rated at least A, and (c) they provide for mandatory physical settlement in case of a credit event, such as default on Eurobonds or BDL CDs, whereby changes in prices of credit default swaps on Lebanese treasury bills not induced by an internationally recognized credit event are not categorized as a credit event and do not call for mandatory physical settlement.
3. A 50% equity limit on non-G10 sovereign bonds rated at least BBB and bonds issued by an issuer rated at least BBB; if guaranteed, the guarantor must be rated at least BBB by S&P or an equivalent rating agency. The 50% limit includes the 25% structured financial products’ equity limit and the 10% CLNs related to Lebanese Eurobonds and BDL CDs in foreign currencies equity limit and deposits abroad with a maturity of one year or more.
4. A 10% equity limit applies to the total value of sovereign (except from G10 countries) and other bonds, structured financial products, and CLN operations with one issuer.
5. A 10% limit applies to deposits abroad with maturity of one year or longer.
6. A 50% equity limit applies to the total value of sovereign (except from G10 countries) and corporate bonds, structured financial products, CLNs, and interbank deposits.
7. Investments by Lebanese affiliates abroad in sovereign bonds in the currency of the host country may not exceed deposits in the same currency at the affiliate.

With respect to item (3), the BDL may authorize banks and financial institutions to exceed the 50% limit, if they have a high capital adequacy ratio and if they abide by BCC and BDL circulars, particularly related to the fulfillment of ethical and technical
qualifications required to practice specific functions in the banking and financial sector. In the calculation of all ratios mentioned, the investments of banks’ and financial institutions’ branches and subsidiaries abroad are included in the portfolio of bonds, structured financial products, CLNs, and deposits abroad with a maturity of one year or more. When placing bids, banks and financial institutions must also abide by the statutory limits.

Banks are not allowed, directly or indirectly, to conduct any transactions with bearer shares companies and mutual funds or companies and mutual funds owned by other companies and mutual funds with bearer shares (BDL Intermediate Circular No. 411).

| In banks by nonresidents | Yes. | Approval is required for acquisition of shares in a bank if (1) it leads directly or indirectly to the acquisition by the purchaser more than 5% of total shares or voting rights; (2) the purchaser already holds more than 5% or more of total shares or voting rights; (3) the purchaser or seller of the shares is a member or an elected member of the board of directors of the bank involved; (4) the purchaser or seller of the shares is a member of the senior management or an employee of the bank involved and holds 1% or more of the total shares if such shares are listed; or (5) the purchase of shares by an employee leads directly or indirectly to his or her acquisition of more than 1% of the total shares if such shares are listed. Authorization and regulations also apply to ascendants, spouses, and descendants of sellers and purchasers. Foreign banks may establish wholly owned branches, subject to BDL approval. Banks and financial institutions require BDL approval to issue shares locally or abroad.

When purchasers of shares in banks are companies or mutual funds, their respective by-laws or Articles of Association must explicitly include that all their shares are in registered form, and are fully and continuously owned, whether directly or indirectly, by natural persons or companies whose shares are in registered form (BDL Intermediary Circular No. 411).

| Open foreign exchange position limits | Yes. | For banks, the net trading foreign exchange position is limited to 1% of net Tier 1 capital, and the global position is limited to 40% of net Tier 1 capital. Banks may hold a fixed position in foreign currencies up to 60% of their Tier 1 equity after deduction of assets subject to Article 153 of the law of Money and Credit and Equity instruments in foreign currencies. Other structural positions are subject to BDL approval (BDL Intermediate Circular No. 474 of October 5, 2017). Nonbank financial institutions may hold (1) a long net trading position up to 100% of their free equity in Lebanese pounds. This includes positions held for hedging their capital in Lebanese pounds; and (2) a short net trading position up to 5% of Tier 1 equity.

| On resident assets and liabilities | Yes. |
| On nonresident assets and liabilities | Yes. |
| Provisions specific to institutional investors | No. |
| Insurance companies | Yes. | Decree No. 2441 of June 29, 2009, imposes a number of limitations on the invested assets of insurance companies for the sake of measuring admissible assets in comparison with insurance liabilities. Companies need to observe strict currency matching in respect of the written liabilities. |

| Limits (max.) on securities issued by nonresidents | Yes. | There are no absolute limits for investing in nonresident securities for insurance companies. However, a maximum of 50% of assets backing life insurance liabilities relating to polices denominated in foreign currencies (whether for life or composite insurance companies) may be invested |
in securities issued by nonresidents. No securities issued by nonresidents are considered in the computation of admitted assets for non-life companies (or for the non-life operations in composite insurance companies). These investments to be admitted must be quoted and approved by Insurance Control Commission (ICC).

**Limits (max.) on investment portfolio held abroad**
Yes. There are no absolute limits for investing in these securities for insurance companies. However, a maximum of 50% of assets backing life insurance liabilities relating to policies denominated in foreign currencies (whether for life or composite insurance companies) may be invested in portfolios held abroad. No portfolios held abroad are considered in the computation of admitted assets for non-life companies (or for the non-life operations in composite insurance companies). These investments to be admitted must be quoted and approved by ICC.

**Limits (min.) on investment portfolio held locally**
Yes. For life insurance companies (or for the life operations of composite insurance companies), a minimum limit for cash investments and investments in treasury bills and bonds held locally is set at 10% of the company’s life insurance obligations, of which no less than 5% should be in cash deposits only. For non-life-insurance companies (or for the non-life operations in composite insurance companies), these minimums are, respectively, 20% and 10%.

**Currency-matching regulations on assets/liabilities composition**
Yes. For life insurance companies, the 50% limit on admissible foreign investments is applied to the insurance liabilities relating to policies issued in foreign currencies.

**Pension funds**
No.

**Limits (max.) on securities issued by nonresidents**
No.

**Limits (max.) on investment portfolio held abroad**
No.

**Limits (min.) on investment portfolio held locally**
No.

**Currency-matching regulations on assets/liabilities composition**
No.

**Investment firms and collective investment funds**
Yes. The CMA is the authority responsible for regulating the establishment, sale, and distribution of local and foreign collective investment schemes.

**Limits (max.) on securities issued by nonresidents**
Yes. In general, no limits are imposed, but CMA approval is required for promotion and sale of foreign collective investment securities. Collective investment fund managers may not own more than 15% of the securities of a single issuer. Effective January 24, 2019, new provisions were added to the regulations regarding portfolio investment abroad by investment firms and collective investment funds. Specifically:

A feeder fund may invest up to 100% of the NAV of the fund into a designated master fund or sub-fund which holds a diversified portfolio of investments. A feeder fund investing in a master fund or sub-fund is exempted from the below-mentioned 15% limit on investment in one issuer.

Not more than 100% of the NAV of a fund may be hedged. The manager must not borrow on behalf of an open-ended scheme or interval scheme by any method except for borrowing of a maximum of 10% of the total asset value of the fund for a maximum of 8 days by way of overdraft. Such borrowing must not be rolled over, must only be used to meet redemptions, and must not be used for

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investment or to finance payment of investment returns to unit holders.
The manager must not borrow on behalf of a closed-ended fund more than 20% of the total asset value of the fund.
In the case of a closed-ended fund investing in real estate, the manager must ensure that no more than 60% of the value of any one piece of real estate is secured by mortgage.
Not more than 15% of the NAV of a collective investment fund is permitted to be invested in a specific class of securities of any one issuer or to be deposited with one bank except that: (1) up to 35% of its NAV may be invested in one issue of Lebanese government securities or government securities issued by G10 countries; (2) a fund may only invest up to 15% of its NAV in one other scheme, provided fund is not a sub-fund within the same umbrella fund as the investing fund; (3) a fund is permitted to have an aggregate exposure of not more than 20% of its NAV to the securities issued by any one issuer and its associates and deposits of the same body corporate and its associates; (4) a fund is permitted to invest up to 100% of its NAV in government securities, provided it does not invest more than 35% of its NAV in any one issue of such securities.
A collective investment fund is permitted to invest up to 100% of its NAV in foreign government securities subject to the following: (1) the sovereign foreign government securities are rated investment grade BBB or equivalent; and (2) at no time such fund invests more than 35% of its NAV in any one issue of such securities.
Not more than 15% of the NAV of a collective investment fund must be invested in any one real estate investment.
The collective investment fund manager of an open-ended fund or an interval fund may invest not more than 10% of the NAV of that fund in shares that are not listed or traded on a securities exchange.

Limits (min.) on investment portfolio held locally

Yes.

Collective investment funds that acquire shares in a Lebanese bank must include in their by-laws the following provisions: (1) Their shares must be owned by individuals, banks, or financial institutions and may not be sold, except to individuals, banks, or financial institutions. (2) If their participation and beneficiary rights equal or exceed 5% of the common shares of the Lebanese bank, they must send the BDL and BCC all the requested information related to their balance sheet and shareholders. (3) BDL approval is required to modify the above provisions and in case of the following: (a) acquisition of more than 5% of common shares, directly or indirectly, by the beneficiary, purchaser, assignee or assignee’s spouse or children, or any related economic group; (b) acquisition of more than 5% of the bank’s common shares by the purchaser, assignee or assignee’s spouse or children, or any related economic group; or (c) the assignor or the assignee or any beneficiary is a current or elected board member or partner of the collective investment fund, regardless of the number of transferred shares. BDL approval is not required if shares are transferred when shareholders exercise their preemptive right in the event of a capital increase.
Effective January 24, 2019, new provisions were added related to locally held investment portfolio of investment firms and collective investment funds. Specifically, a collective investment fund manager must insure that at least 50% of the real estate constituting fund property is occupied and income-producing.
A collective investment fund manager must invest a substantial proportion of its assets in a representative sampling of securities constituting a specified index or must replicate a specified index. The manager of a money market fund must not invest its capital in any instrument with a maturity or remaining maturity at acquisition of more than one year and not less than 50% of the value of the fund
must be invested in instruments with a maturity or remaining maturity at acquisition of 90 days or less. The manager of a fund of funds must invest at least 90% of the NAV of the fund in other collective investment funds that are eligible for investment and up to 10% of the value of the fund in cash, deposits, and money market instruments.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market
Spot exchange market

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/14/2019</td>
<td>Nonbank financial institutions allowed to conduct electronic transfers must settle incoming transfers in Lebanese pound.</td>
</tr>
<tr>
<td>01/08/2020</td>
<td>The provision that nonbank financial institutions allowed to conduct electronic transfers must settle any incoming transfers in Lebanese pound was repealed.</td>
</tr>
</tbody>
</table>

Imports and Import Payments

Import taxes and/or tariffs

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/31/2019</td>
<td>A new tax of 3% on imported products subject to VAT, excluding gasoline, was established.</td>
</tr>
</tbody>
</table>

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

<table>
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</tbody>
</table>

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/05/2019</td>
<td>The requirement that mutual fund managers must notify the Capital Markets Authority if a resident or nonresident acquires more than 5% of the total issued shares of the fund was removed.</td>
</tr>
<tr>
<td>01/24/2019</td>
<td>The manager of a collective investment fund may not acquire units in another collective investment fund unless the latter is an approved fund or a publicly offered fund that is subject to similar regulation and oversight in a jurisdiction judged by the Capital Markets Authority to provide equivalent investor protection to applicable Lebanese laws and regulations.</td>
</tr>
</tbody>
</table>

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2020</td>
<td>Banks are required to maintain a LTD ratio in LBP of no more than 25% (Banque Du Liban Basic Circular No. 81).</td>
</tr>
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</tr>
</tbody>
</table>

Fresh funds resulting from cash transactions in foreign currencies and...
incoming transfers from abroad are not subject to the 15% mandatory reserves provided the following:
(1) Freedom to use these funds by the depositor and to benefit from all banking services, including transfers abroad, cash withdrawals and bank card services in Lebanon and abroad.
(2) Necessary accounting procedures are taken by banks to track the use of these funds (opening a special account or a sub-account).

Provisions specific to institutional investors
Investment firms and collective investment funds

**Limits (max.) on investment portfolio held abroad**

01/24/2019

New provisions were added to the regulations regarding portfolio investment abroad by investment firms and collective investment funds. Specifically:
A feeder fund may invest up to 100% of the NAV of the fund into a designated master fund or sub-fund which holds a diversified portfolio of investments. A feeder fund investing in a master fund or sub-fund is exempted from the below-mentioned 15% limit on investment in one issuer.
Not more than 100% of the NAV of a fund may be hedged.
The manager must not borrow on behalf of an open-ended scheme or interval scheme by any method except for borrowing of a maximum of 10% of the total asset value of the fund for a maximum of 8 days by way of overdraft. Such borrowing must not be rolled over, must only be used to meet redemptions, and must not be used for investment or to finance payment of investment returns to unit holders.
The manager must not borrow on behalf of a closed-ended fund more than 20% of the total asset value of the fund.
In the case of a closed-ended fund investing in real estate, the manager must ensure that no more than 60% of the value of any one piece of real estate is secured by mortgage.
Not more than 15% of the NAV of a collective investment fund is permitted to be invested in a specific class of securities of any one issuer or to be deposited with one bank except that: (1) up to 35% of its NAV may be invested in one issue of Lebanese government securities or government securities issued by G10 countries; (2) a fund may only invest up to 15% of its NAV in one other scheme, provided fund is not a sub-fund within the same umbrella fund as the investing fund; (3) a fund is permitted to have an aggregate exposure of not more than 20% of its NAV to the securities issued by any one issuer and its associates and deposits of the same body corporate and its associates; (4) a fund is permitted to invest up to 100% of its NAV in government securities, provided it does not invest more than 35% of its NAV in any one issue of such securities.
A collective investment fund is permitted to invest up to 100% of its NAV in foreign government securities subject to the following: (1) the sovereign foreign government securities are rated investment grade BBB or equivalent; and (2) at no time such fund invests more than 35% of its NAV in any one issue of such securities.
Not more than 15% of the NAV of a collective investment fund must be invested in any one real estate investment.
The collective investment fund manager of an open-ended fund or an interval fund may invest not more than 10% of the NAV of that fund in shares that are not listed or traded on a securities exchange.

**Limits (min.) on investment portfolio held locally**

01/24/2019

New provisions were added related to locally held investment portfolio of investment firms and collective investment funds. Specifically, a collective investment fund manager must insure that at least 50% of the real estate constituting fund property is occupied and
income-producing.
A collective investment fund manager must invest a substantial proportion of its assets in a representative sampling of securities constituting a specified index or must replicate a specified index. The manager of a money market fund must not invest its capital in any instrument with a maturity or remaining maturity at acquisition of more than one year and not less than 50% of the value of the fund must be invested in instruments with a maturity or remaining maturity at acquisition of 90 days or less. The manager of a fund of funds must invest at least 90% of the NAV of the fund in other collective investment funds that are eligible for investment and up to 10% of the value of the fund in cash, deposits, and money market instruments.
LESOTHO
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: July 25, 1968.

Article VIII: Yes. Date of acceptance: March 5, 1997.

Article XIV

Restrictions and/or multiple currency practices: Yes.

Exchange Measures

The IMF staff report for the 2019 Article IV Consultation with Lesotho states that, as of April 8, 2019, Lesotho maintained one exchange restriction arising from single discretionary allowances of M 1 million an individual a calendar year, for residents over 18, and of M 200,000 on the same basis for residents under 18. The availability of foreign exchange beyond these limits is subject to a discretionary approval on a case-by-case basis. (Country Report No. 19/113)

Exchange measures imposed for security reasons: No.

In accordance with IMF Executive Board Decision No. 144-(52/51): No.

Other security restrictions: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Lesotho is the Lesotho loti.

Other legal tender: Yes. The South African rand is also legal tender.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg: Yes. The exchange rate arrangement is a conventional pegged arrangement. The loti is pegged to the South African rand at M 1 per rand. The exchange rate is 1:1, backed by the net international reserves position in excess of 126.10% of M 1 as of June 30, 2020.

Stabilized arrangement

Crawling peg

Crawl-like arrangement
The loti is pegged to the South African rand at M 1 per rand, under Article 2 of the Bilateral Monetary Agreement between Lesotho and South Africa. The official exchange rate is used for accounting and valuation.

The monetary policy framework is an exchange rate anchor vis-à-vis the South African rand.
### Operating target (policy rate)
- Target corridor band
- Other

### Accountability
- Open letter
- Parliamentary hearings
- Other

### Transparency
- Publication of votes
- Publication of minutes
- Publication of inflation forecasts

#### Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Foreign exchange market
- Yes. Commercial banks may set the exchange rate in transactions with their clients freely.
- Yes. Three ADs participate in the spot exchange market. Foreign exchange bureaus, referred to as ADLAs (ADs with limited authority), which operate under the provisions of the Financial Institutions (Foreign Exchange Bureau) Regulations, 2014, also participate in foreign exchange market. There are two ADLAs, and their operations are limited to spot purchases and sales of foreign currency and traveler’s checks from travelers for rand and maloti, and remittances for individuals on discretionary allowance for domestic purposes (such as donations, maintenance, monetary gifts and loans, travel allowance, study allowance, alimony and child support, wedding, and other special occasion expenses). Other transactions may be approved by the commissioner. ADLAs may also make transfers on behalf of clients. Currently, ADLAs may not make import payments and other transfers.

In total, there are five participants in the spot foreign exchange market as of December 31, 2019.

#### Operated by the central bank
- Yes.

#### Foreign exchange standing facility
- Yes.

- The Central Bank of Lesotho (CBL) buys and sells maloti for rand at the official rate plus a commission. Excess rand are repatriated; excess maloti are collected from a designated bank in South Africa.
ADs are permitted to conduct forward exchange operations through their correspondent banks abroad at rates quoted by the latter. The CBL does not participate in the foreign exchange derivatives market.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Settlements by or with residents of the CMA member countries and with all countries outside the CMA may be made to and from a nonresident account in rand or in any other foreign currency.

Controls on the use of domestic currency Yes. Payments in local currency between CMA residents and nonresidents are prohibited without prior approval from the MOF, except when payments are made through a nonresident Maloti account held in Lesotho. Payments in local currency from an onshore Maloti account held by a nonresident individual or entity are allowed.

For current transactions and payments Yes. Payments in local currency between CMA residents and nonresidents are prohibited without prior approval from the MOF, except when payments are made through a nonresident Maloti account held in Lesotho. Payments in local currency from an onshore Maloti account held by a nonresident individual or entity are allowed.

For capital transactions Yes. Payments in local currency between CMA residents and nonresidents are prohibited without prior approval from the MOF, except when payments are made through a nonresident Maloti account held in Lesotho. Payments in local currency from an onshore Maloti account held by a nonresident individual or entity are allowed.

Transactions in capital and money market instruments Yes. Payments in local currency between CMA residents and nonresidents are prohibited without prior approval from the MOF, except when payments are made through a nonresident Maloti account held in Lesotho. Payments in local currency from an onshore Maloti account held by a nonresident individual or entity are allowed.

Transactions in derivatives and other instruments Yes. Payments in local currency between CMA residents and nonresidents are prohibited without prior approval from the MOF, except when payments are made through a nonresident Maloti account held in Lesotho. Payments in local currency from an onshore Maloti account held by a nonresident individual or entity are allowed.

Credit operations Yes. Payments in local currency between CMA residents and nonresidents are prohibited without prior approval from the MOF, except when payments are made through a nonresident Maloti account held in Lesotho. Payments in local currency from an onshore Maloti account held by a nonresident individual or entity are allowed.

Use of foreign exchange among residents No.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Lesotho is a member of the CMA, within which payments are unrestricted, except that transactions must be reported for statistical
In its relations with countries outside the CMA, Lesotho applies exchange controls that are largely similar to those applied by Eswatini, Namibia, and South Africa.

**Clearing agreements**
No.

**Barter agreements and open accounts**
No.

**Administration of control**
Yes. The CBL exercises foreign exchange control and authorizes commercial banks to approve certain current payments up to established limits (particularly, the discretionary allowance, which still has indicative limits). The Department of Customs and Excise issues permits based on recommendations by the Department of Trade and Industry. Licenses for financial institutions accepting deposits, insurance companies, brokers, and agents are issued by the CBL.

**Payments arrears**
No.

**Official**
No.

**Private**
No.

**Controls on trade in gold (coins and/or bullion)**
Yes. Only ADs may trade in gold, and gold may not be held by everyone.

**On domestic ownership and/or trade**
Yes. Exports of gold from the CMA by individuals are subject to controls. The responsibility lies with the Ministry of Mining.

**Controls on exports and imports of banknotes**
Yes.

**On exports**
Yes.

**Domestic currency**
Yes. Exports of domestic currency from Lesotho are subject to a maximum of M 25,000.

**Foreign currency**
Yes. Exports of foreign currency from the CMA by residents are subject to controls. Up to M 1 million an individual a year is permitted.

**On imports**
Yes.

**Domestic currency**
Yes. Visitors to Lesotho from countries outside the CMA may on arrival bring in banknotes of CMA countries up to M 25,000 a person to cover initial expenses.

**Foreign currency**
Yes. Proof of legitimate ownership is required.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**
Yes.

**Held domestically**
Yes. Resident and nonresident individuals and Lesotho entities may maintain onshore accounts denominated in foreign currency with ADs in Lesotho without prior approval. Resident and nonresident individuals may maintain foreign currency account, while customer foreign currency account is opened for Lesotho entities only.

**Approval required**
No.

**Held abroad**
Yes.

**Approval required**
Yes. Resident individuals may maintain foreign bank accounts up to M 4 million.
| Accounts in domestic currency held abroad | No. |
| Accounts in domestic currency convertible into foreign currency | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | No. |
| Approval required | No. |
| Blocked accounts | Yes. |

Funds in emigrants’ blocked loti accounts may be invested in securities and other CBL-approved investments. Free transfer of income from emigrants’ blocked assets is limited to M 4 million an individual and M 8 million a family a year. However, in cases where the aforementioned amounts exceed the mentioned amounts, an application together with a copy of written confirmation from the Revenue Authority confirming that tax commitments have been met should be submitted to the CBL for approval. It should also be noted that the above amounts exclude household and personal effects, caravans, motor vehicles, motorcycles, and trailers to be exported.

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | Yes. |
| Minimum financing requirements | No. |
| Advance payment requirements | Yes. |

Foreign exchange may be provided for advance payment for up to 100% of the ex-factory cost of capital goods to be imported not exceeding a total value of M 10 million. Advance payment for capital goods in excess of M 10 million may be provided up to 100% of the ex-factory cost. The CBL will approve requests for the purchase of foreign exchange in respect of advance payment for capital goods up to 100% of the ex-factory cost of goods to be imported, when the total payments exceed M 10 million, subject to the verification of the bona fide nature of the transaction for which the foreign exchange is being requested.

| Advance import deposits | Yes. |
| Documentation requirements for release of foreign exchange for imports | Yes. |

These deposits are subject to approval.

The following documents are needed to meet the domiciliation requirements: (1) commercial invoices, (2) transport documents prescribed by UCP 600 (Uniform Customs and Practice for Documentary Credits), (3) Freight Forwarder’s Certificate of Receipt, and (4) consignee’s copy of the electronic SAD 500 Customs Declaration Form.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>Yes</td>
<td>The documents needed for the issuance or securing the LCs are (1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>commercial invoice and (2) transport documents.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>Yes</td>
<td>Import permits are required as determined by the Ministry of Trade and Industry.</td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes</td>
<td>Lesotho is a member of the SACU. Imports originating in any country of the SACU are unrestricted, except certain food items. Imports from countries outside the SACU are usually licensed in conformity with SACU import regulations. Lesotho reserves the right to restrict certain imports. Import permits are valid for all countries and entitle the holder to buy the foreign exchange required to make payments for imports from outside the SACU.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes</td>
<td>With certain exceptions, imports from outside the SACU must be licensed and may not appear on the negative list (for example, ammunition, flora and fauna, and illegal drugs).</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes</td>
<td>Some food imports from countries within the SACU are subject to import licensing.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes</td>
<td>Lesotho applies the external customs tariffs of the SACU.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database:</td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Exports and Export Proceeds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>Yes</td>
<td>Export proceeds must be repatriated to ADs within 180 days of shipment. Resident companies may retain their export proceeds in a foreign currency account with an AD and are not required to convert them to maloti.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No</td>
<td>Export proceeds are not subject to surrender requirements.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>Yes</td>
<td>A state-supported export credit and guarantee program provides credit guarantees, pre- and post-shipment credit, and insurance against commercial and political risks.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>Yes</td>
<td>A bill of entry/invoice from the supplier is required.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
### Export licenses
- Yes.
- Without quotas: Yes. Certain exports are subject to licensing for revenue purposes; this requirement, in practice, is limited to the exportation of diamonds. Most exports are shipped without licenses to or through South Africa.
- With quotas: No.

### Export taxes
- No.
- Collected through the exchange system: No.
- Other export taxes: No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>Controls on these transfers</th>
<th>Trade-related payments</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
<th>Investment-related payments</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
<th>Payments for travel</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
<th>Personal payments</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for travel</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

**Profit and dividend transfers** are not restricted, provided the investment funds were not obtained through excessive use of local borrowing facilities.

**Emigrants on application to AD** may transfer up to the equivalent of M 3,00,000 of earnings on blocked assets, provided the tax commitments are settled.

**The single discretionary allowance for a resident adult’s travel** is the equivalent of M 1 million a year. Residents under the age of 18 are not eligible for a single discretionary allowance; however, they may have a travel allowance of M 2,00,000 a year. Over and above the single discretionary allowance of M 1 million, residents temporarily abroad are also accorded M 4 million foreign capital allowance.

**Larger allowances** may be obtained for business travel.

**The single discretionary allowance for resident adults for the purpose of donations, monetary gifts and loans, maintenance transfers, travel allowance, study allowance, alimony, and child support payments** is M 1 million an applicant in a year. Over and above the single discretionary allowance of M 1 million, residents temporarily abroad are also accorded M 4 million foreign capital allowance.
Foreign workers’ wages

Prior approval

Quantitative limits

Indicative limits/bona fide test

Credit card use abroad

Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Yes. All export proceeds from invisible transactions (proceeds from export of services by residents) and current transfers (proceeds in the form of gifts and other remittances) need to be repatriated. However, there is no deadline by when repatriation should take place.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Proceeds must be sold within 30 days of the date of accrual, unless an exemption is obtained.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Yes.

Repatriation requirements

Yes. All export proceeds from capital transactions (income earned abroad by residents temporarily abroad, income earned by residents’ investments abroad, and foreign capital introduced into Lesotho by emigrants) need to be repatriated. However, there is no deadline by when repatriation should take place.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Proceeds must be surrendered within 30 days of accrual if no exemption is granted.

Controls on capital and money market instruments

Yes. Nonresidents may invest freely in the Lesotho treasury bill market, which offers maturities of up to 364 days. However, CBL approval is
required for nonresidents to acquire securities of any kind, regardless of maturity. Withholding tax for nonresidents is higher than that for residents.

The Maseru Securities Market was launched in January 2016, while government bonds were introduced in October 2010.

<table>
<thead>
<tr>
<th>Securities Type</th>
<th>Purchase Locally by Nonresidents</th>
<th>Sale or Issue Locally by Nonresidents</th>
<th>Purchase Abroad by Residents</th>
<th>Sale or Issue Abroad by Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Market Securities</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>These are permitted up to M 4 million a person a year.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bonds or Other Debt Securities</strong></td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Prior approval is required from the CB.</td>
</tr>
<tr>
<td><strong>Money Market Instruments</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>These are permitted up to M 4 million a person a year.</td>
</tr>
<tr>
<td><strong>Collective Investment Securities</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Prior approval is required from the CB.</td>
</tr>
<tr>
<td><strong>Derivatives and Other Instruments</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Prior approval is required from the CB.</td>
</tr>
<tr>
<td>Commercial Credits</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Prior approval is required from the CB.</td>
</tr>
<tr>
<td>By Residents to Nonresidents</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Export credits are available for up to six months; occasionally,</td>
</tr>
</tbody>
</table>

Nonresidents may invest freely in the Lesotho treasury bill market, which offers maturities of up to 364 days. The withholding tax for nonresidents is higher than that for residents.

Prior approval is required by the CB. There is no limit on the amount of sale or issue of money market instruments locally by nonresidents.

These are permitted up to M 4 million a person a year.

Prior approval is required from the CB.

Prior approval is required from the CB.

Prior approval is required from the CB.

Prior approval is required from the CB.

Prior approval is required from the CB.

Prior approval is required from the CB.

Prior approval is required from the CB.
maturity may be extended by six months. Longer-term credits require exchange control approval.

**Financial credits**

- **By residents to nonresidents**: Yes. These credits require exchange control approval by the CB.

- **To residents from nonresidents**: Yes. These credits require prior approval. However, wholly nonresident-owned subsidiaries may borrow locally up to 100% of the total shareholders’ investment.

**Guarantees, sureties, and financial backup facilities**

- **By residents to nonresidents**: No.
- **To residents from nonresidents**: No.

**Controls on direct investment**

- **Outward direct investment**: Yes. Residents may invest abroad through domestic banks up to the equivalent of M 4 million a person a year. AD may approve requests by resident corporations and businesses to invest outside the CMA up to the equivalent of M 500 million a company a calendar year.

- **Inward direct investment**: Yes. Nonresidents may invest freely in Lesotho if the maturity of the investment exceeds 365 days. However, CBL approval is required for nonresidents to acquire securities of any kind, regardless of maturity.

**Controls on liquidation of direct investment**

No.

**Controls on real estate transactions**

- **Purchase abroad by residents**: Yes. Prior approval is required from the CB.
- **Purchase locally by nonresidents**: No.
- **Sale locally by nonresidents**: No.

**Controls on personal capital transactions**

- **Loans**: Yes. Prior approval is required from the CB for any amount above the discretionary allowance of M 1 million a person a year.
- **Gifts, endowments, inheritances, and legacies**: Yes. The single discretionary allowance for resident adults for the purpose of donations, gifts, and maintenance is M 1 million a calendar year. Residents temporarily abroad are also accorded M 4 million foreign capital allowance.
- **Settlement of debts abroad by immigrants**: No.
- **Transfer of assets**: Yes.
### Transfer abroad by emigrants
Yes. Emigrants may transfer abroad up to the equivalent of M 4 million a year.

### Transfer into the country by immigrants
No. Proper documentation is required to prevent money laundering.

### Transfer of gambling and prize earnings
Yes. Prior approval is required by the CB.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Reserve requirements
Yes.

All banks are required to maintain reserve balance amounting to not less than 3% at all times of the aggregate of (1) deposit liabilities; (2) balances because of banks abroad; and (3) other liabilities for borrowed money (excluding the CB and government borrowings). The minimum reserve balance must be maintained by way of deposits with the CB.

#### Liquid asset requirements
Yes.

All banks are required to maintain liquid assets amounting to not less than 25% of the aggregate of (1) deposit liabilities; (2) balances because of banks abroad; and (3) other liabilities for borrowed money (excluding the CB and government borrowings).

| Interest rate controls | No. |
| Credit controls | No. |
| Differential treatment of deposit accounts held by nonresidents | No. |
| Reserve requirements | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |
| Investment regulations | No. |
| Abroad by banks | No. |
| In banks by nonresidents | No. |
| Open foreign exchange position limits | Yes. |

A bank must maintain, as at the close of any business day, its foreign exchange exposures, irrespective of short or long positions, at not more than 15% of the total qualifying capital for any single foreign currency exposure and 25% of the total qualifying capital for overall foreign exchange exposure.
<table>
<thead>
<tr>
<th>On resident assets and liabilities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. The limit is 30% of assets under management.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes. The limits are 40% of gross premiums for general insurance companies and 30% of actuarial valuation of liabilities for life insurance companies.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes. Assets must exceed liabilities by M 30,000 (life insurance). Assets must exceed liabilities by M 50,000 or one-tenth of premium income in the preceding year (general insurance).</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No. There are no limits on securities issued by nonresidents.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. The limit on investment portfolio held abroad is 30% of total retail assets.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No. There are no limits.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No. There are no limits.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. The limit on investment portfolio held abroad is 40% of total retail assets under management.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.

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LIBERIA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership


Article VIII

Yes.

Article XIV

Yes.

Exchange Measures

Restrictions and/or multiple currency practices

No.  No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons

No.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes.  The currency of Liberia is the Liberian dollar.

Other legal tender

Yes.  The US dollar is also legal tender and circulates freely.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Yes.  The de jure exchange rate arrangement is managed floating. The Central Bank of Liberia (CBL) intervenes in the foreign exchange market to smooth volatility. Since July 2018, the exchange rate followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement is classified as crawl-like. While the exchange rate has appreciated since November 2019, more observations are necessary to determine its new trend. Until then, the de facto exchange rate arrangement remains classified as a crawl-like arrangement. The foreign exchange
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate
Yes. There is no official or reference exchange rate. The prevailing market rate published by the CBL is used for customs and valuation. The CBL bases the buying and selling exchange rates of the Liberian dollar vis-à-vis the US dollar on a daily survey of the major commercial centers and selected cities in the 15 counties. These rates are published in the local newspapers and the CBL website. They are also submitted based on request.

Monetary policy framework
Exchange rate anchor
Yes.

U.S. dollar
Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar. The exchange rate is the intermediate target that guides the CBL’s setting of the level of the Monetary Policy Rate (MPR), which, effective November 1, 2019, became the operational target, by which the CBL influences monetary conditions in the economy to stabilize exchange rate and inflation and guide inflation expectations.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank

Inflation target
Target number

Point target
Target with tolerance band
Band/Range
Target measure
CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes.

Spot exchange market Yes. Foreign exchange dealers, including banks, may buy and sell currency, including US dollars, at market-determined exchange rates. Licensed commercial banks and foreign exchange bureaus may deal in foreign exchange with the public. Foreign exchange bureaus are not allowed to maintain accounts abroad. As of December 31, 2019, nine licensed commercial banks were operational. Licenses to deal in foreign exchange are granted by the CBL. As of December 31, 2019, there were 166 registered authorized foreign exchange bureaus in Liberia. Foreign exchange bureaus do not engage in transactions with the CBL. They do not have accounts with the CBL, nor do they make foreign currency payments or transfers on behalf of their clients.

Operated by the central bank No.

Foreign exchange standing facility No.

Allocation No.

Auction No. With the adoption of a new monetary policy approach – interest rate targeting – the foreign exchange auctions were discontinued effective November 1, 2019. Previously, the CBL sold foreign exchange at a regular weekly auction and announced in advance the amount of US dollars to be sold. There was no maximum bid, but there was a minimum bid of US$1,000. All banks and registered foreign
exchange bureaus could participate. Clients could bid through their banks. Foreign exchange was allocated on the marginal approach; that is, the clearing rate was applied to all successful bids. Bids were rejected if they did not comply with the auction rules. Auctions were announced and results were published in the bimonthly Liberia Financial Statistics. There was no noncompetitive window for foreign exchange bureaus, and the CBL required all businesses to participate through the regular auction. The regulations stipulated sanctions for default, such as fines and exclusion from the auction. Bidders who violated auction rules were sanctioned by the CBL, including suspension or exclusion from future auctions or a penalty of L$0.1 million. Participants were not required to finance specific international transactions with the foreign exchange obtained at the retail auction.

Fixing

<table>
<thead>
<tr>
<th>Fixing</th>
<th>No.</th>
</tr>
</thead>
</table>

**Interbank market**

Yes. The interbank market is developing gradually, and it is regulated by the framework for the Administration of the Interbank Market. As of December 31, 2019, seven commercial banks participated in the interbank market.

**Over the counter**

Yes.

**Brokerage**

No.

**Market making**

No.

**Forward exchange market**

No.

**Official cover of forward operations**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

No.

**Controls on the use of domestic currency**

No.

**For current transactions and payments**

No.

**For capital transactions**

No.

**Transactions in capital and money market instruments**

No.

**Transactions in derivatives and other instruments**

No.

**Credit operations**

No.

**Use of foreign exchange among residents**

No. With the US dollar as legal tender, residents are allowed to use it freely. Foreign currencies other than the US dollar are not used for transaction among residents.

**Payments arrangements**

No.

**Bilateral payments arrangements**

No.

**Operative**

No.

**Inoperative**

No.

**Regional arrangements**

No.
<table>
<thead>
<tr>
<th>Clearing agreements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Regulations on export and import licenses are administered by the Ministry of Commerce and Industry.</td>
<td></td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Official</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic trade in gold and all other minerals is licensed by the Ministry of Lands, Mines and Energy. Individual persons and private institutions may not own gold bullion and/or coins without a license.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports and exports of gold in any form are subject to licenses issued by the Ministry of Lands, Mines and Energy; import licenses are issued freely, but export licenses are subject to restrictions.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Resident Accounts</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange accounts permitted</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Under Section 1 of the CBL Regulation Concerning Transfer of Foreign Currency, it is legal to transfer foreign currency. Nothing in the regulation authorizes, or should be construed as introducing or exercising, exchange control; neither the implementation nor the enforcement of the regulation may limit or prejudice the free movement of foreign currency. Requests are made by clients to a bank and executed in line with due process.</td>
<td></td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Under Section 1 of the CBL Regulation Concerning Transfer of Foreign Currency, it is legal to transfer foreign currency. Nothing in the regulation authorizes, or should be construed as introducing or exercising, exchange control; neither the implementation nor the enforcement of the regulation may limit or prejudice the free movement of foreign currency. Requests are made by clients to a bank and executed in line with due process.</td>
<td></td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency may not be held abroad.</td>
<td></td>
</tr>
</tbody>
</table>
### Liberia

#### Accounts in domestic currency convertible into foreign currency

- **Yes.** Domestic currency accounts are convertible to foreign currency.

#### References to legal instruments and hyperlinks

- This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Nonresident Accounts

- **Foreign exchange accounts permitted**
  - **Yes.**
  - There is no distinction between resident and nonresident accounts. The rules apply to all accounts, and balances may be transferred abroad freely if the accounts meet the requirement in the Regulation Concerning Transfer of Foreign Currency. Sections 1 and 2 of the regulation specify adherence to free movement of foreign currency and the transfer mode.

- **Approval required**
  - **No.**

- **Domestic currency accounts**
  - **Yes.**
  - There is no distinction between resident and nonresident accounts. The rules apply to all accounts, and balances may be transferred abroad freely if the accounts meet the requirement in the Regulation Concerning Transfer of Foreign Currency. Sections 1 and 2 of the regulation specify adherence to free movement of foreign currency and the transfer mode.

- **Convertible into foreign currency**
  - **Yes.**
  - Domestic currency accounts are convertible to foreign currency.

- **Approval required**
  - **No.**

- **Blocked accounts**
  - **No.**

#### References to legal instruments and hyperlinks

- This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Imports and Import Payments

- **Foreign exchange budget**
  - **No.**

- **Financing requirements for imports**
  - **No.**

- **Minimum financing requirements**
  - **No.**

- **Advance payment requirements**
  - **No.**

- **Advance import deposits**
  - **No.**

- **Documentation requirements for release of foreign exchange for imports**
  - **Yes.**
  - Effective November 1, 2019, foreign exchange auctions were discontinued. Previously, importers were required to indicate evidence of their importation by means of import permit declaration to take part in the CBL foreign exchange auction.

- **Domiciliation requirements**
  - **No.**

- **Preshipment inspection**
  - **Yes.**
  - Preshipment inspection is required to ascertain the country of origin, quality, quantity, and value of all goods to be shipped. Both final and intermediate goods are subject to inspection, except for imports with an f.o.b. value of less than the equivalent of US$2,000.

- **Letters of credit**
  - **No.**

- **Import licenses used as exchange licenses**
  - **No.**

- **Other**
  - **No.**

- **Import licenses and other nontariff measures**
  - **Yes.**
There is no general system of import controls, but the importation of many items, including safety matches, electrode welding rods, and liquefied petroleum gas, is subject to quantitative restrictions. Licenses to import inexpensive, widely consumed varieties of rice are issued to private distributors by the Ministry of Commerce and Industry. The importation of more expensive rice is not subject to official controls.

By law, import declaration is required only for items on the negative list—that is, fuel and selected chemicals, explosives, hazardous waste, cultural artifacts, obscene materials, military vehicles, and aircraft. In practice, customs officials also require declaration of items not included on the negative list.

In January 2017, Liberia migrated to the 2017 version of the Harmonized System, and Customs commenced a phase (migration plan) implementation of the ECOWAS CET. The CET has five tariff bands including Basic Social Goods, Basic Goods, Intermediate Goods, Finished Products, and Selected Finished Products. In addition to the import duty, a Goods and Services Tax (GST) is also paid on all imported goods. The GST rate over the last three years including the current year is 10%. Excise tax is also paid on a limited number of products, such as alcoholic and nonalcoholic beverages, tobacco products, and jewelries.

Due to the phase approach to implementing the ECOWAS CET, Liberia’s current duty rates vary from that of the ECOWAS CET. The average import duty rate for all 5899 tariff lines of the ECOWAS CET is 11.7%, whereas the average duty rate for Liberia over the last three years is 4.5%.

Effective September 16, 2019, the import duty rates for beverages and tobacco were adjusted from the ECOWAS ad valorem rates to specific rates based on liters for beverages and number of sticks for cigarettes. This makes Liberia’s current import duty rate on beverages and tobacco about 200% higher than the ECOWAS CET. A new excise law was legislated in 2018 and became effective July 1, 2019. The combination of excessive duty and excise rates on imported beverages and tobacco has resulted in a reduction in importation through formal channels and has increased smuggling of alcoholic beverages and tobacco products by seacoast and unofficial land border crossing points, thereby reducing revenue. This is expected to remain the case until the rates on alcoholic and tobacco products are harmonized with those in neighboring countries.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td>LCs are not required.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
<td>Import permit declaration is required.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
<td>Export licenses, including export declarations, generally are issued to exporters to ensure certification of quality and origin. These licenses are not issued freely.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
<td>Export licenses do not include quotas.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Export taxes</td>
<td>Yes.</td>
<td>Export taxes are imposed on processed and unprocessed goods at rates of 0% and 2.5%, respectively; on diamonds at a rate of 3%; and on iron ore at a rate of 4.5%.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td>There are no export taxes collected through the exchange system.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
<td>Export taxes are imposed on processed and unprocessed goods at rates of 0% and 2.5%, respectively; on diamonds at a rate of 3%; and on iron ore at a rate of 4.5%.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
### Indicative limits/bona fide test
- No.

### Personal payments
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Foreign workers' wages
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Credit card use abroad
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Other payments
- No.

### Prior approval
- No.

### Indicative limits/bona fide test
- No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

#### Repatriation requirements
- No.

#### Surrender requirements
- Yes.

#### Surrender to the central bank
- Yes.

- Payments to recipients of inbound money transfers through licensed financial institutions engaged in money transfer services (Western Union, MoneyGram, and RIA) are paid 25% in Liberian dollars and 75% in US dollars.

#### Surrender to authorized dealers
- No.

#### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

#### Repatriation requirements
- No.

#### Prior approval
- No.

#### Surrender requirements
- No.

#### Surrender to the central bank
- No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
Financial credits

No.

By residents to nonresidents No.

To residents from nonresidents No.

Guarantees, sureties, and financial backup facilities

No.

By residents to nonresidents No.

To residents from nonresidents No.

Controls on direct investment No.

Outward direct investment No.

Inward direct investment No.

Controls on liquidation of direct investment No.

Controls on real estate transactions No.

Purchase abroad by residents No.

Purchase locally by nonresidents No.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans

No.

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies

No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants

No.

Transfer of assets

No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No.
Maintenance of accounts abroad: Yes.

Under the Guidelines Concerning the Management of Foreign Exchange Risk Exposure and Placements Abroad by Commercial Banks, banks may not place aggregate liquid assets abroad in an amount exceeding 40% of their foreign currency deposits, except with the CBL executive governor’s approval. Banks may place funds with foreign banks with a minimum rating of A from an internationally recognized rating agency. Funds placed abroad must, at all times, be available to meet banks’ liquidity needs abroad and at home.

Lending to nonresidents (financial or commercial credits): No.

Lending locally in foreign exchange: No.

Purchase of locally issued securities denominated in foreign exchange: No.

Differential treatment of deposit accounts in foreign exchange: Yes.

Reserve requirements: Yes.

The requirement ratios are 25% for Liberian dollar deposits and 10% for US dollar deposits.

Liquid asset requirements: No.

The minimum liquidity requirement for licensed commercial banks is 15%, measured as the percentage of liquid assets to deposit and other designated liabilities. It applies to both domestic and foreign currency deposits.

Interest rate controls: No.

Credit controls: No.

Differential treatment of deposit accounts held by nonresidents: No.

Reserve requirements: No.

Nonresidents’ deposit accounts are included in the calculation of the reserve requirement.

Liquid asset requirements: No.

The minimum liquidity requirement for licensed commercial banks is 15%, measured as the percentage of liquid assets to deposit liabilities.

Interest rate controls: No.

Credit controls: No.

There are no credit controls that differentiate the treatment of deposit accounts held by nonresidents from those held by residents.

Investment regulations: Yes.

Abroad by banks: Yes.

Banks may invest in short-term financial instruments issued by foreign banks with a minimum rating of A or fiscal authorities of countries with a minimum rating of AA from an internationally recognized rating agency. These instruments must be readily convertible to cash, without undue loss to banks, and must be available to meet banks’ liquidity needs abroad and at home.

In banks by nonresidents: No.

There are no restrictions on investments in banks by nonresidents.

Open foreign exchange position limits: Yes.

On resident assets and liabilities: Yes.

The limit on the overall open foreign exchange position of banks is 40% of regulatory capital; the limit on single currency exposure is 20% of regulatory capital. These limits apply to the bank as a single entity or as a consolidated entity.

On nonresident assets and liabilities: Yes.

The limit on the overall open foreign exchange position of banks is 40% of regulatory capital; the limit on single currency exposure is 20% of regulatory capital. These limits apply to the bank as a single entity or as a consolidated entity.
### Provisions specific to institutional investors

<table>
<thead>
<tr>
<th>Provision</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>Yes. Section 6.13(2)(c) and Sections 14.15–14.19 of the Insurance Act of 2013 specify the requirements and restrictions in relation to investments.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. Section 4.19 of the Insurance Act of 2013 states that only surplus assets may be invested outside Liberia, with CBL approval. Surplus assets are assets that are not required to satisfy the Level 0 capital adequacy control level. At this level, the capital adequacy ratio is greater than 150%.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No. There is no restriction on investment locally.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No. There are no such provisions under the Insurance Act.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>No. Issues of pension funds and management are regulated by the National Social Security and Welfare Corporation.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No. All transactions take place in US dollars.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No. There are no provisions under the Insurance Act in relation to investment firms and collective investment funds.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

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**Changes during 2019 and 2020**

### Exchange Arrangement

**Monetary policy framework**

**Exchange rate anchor**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
<td>11/01/2019</td>
</tr>
</tbody>
</table>

The Monetary Policy Rate became the operational target, by which the CBL influences monetary conditions in the economy to stabilize exchange rate and inflation and guide inflation expectations.

**Foreign exchange market**

**Spot exchange market**

**Operated by the central bank**

**Auction**

<table>
<thead>
<tr>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/01/2019</td>
</tr>
</tbody>
</table>

With the adoption of a new monetary policy approach – interest rate targeting – the foreign exchange auctions were discontinued. Previously, the CBL sold foreign exchange at a regular weekly
auction and announced in advance the amount of US dollars to be
sold. There was no maximum bid, but there was a minimum bid of
US$1,000. All banks and registered foreign exchange bureaus could
participate. Clients could bid through their banks. Foreign exchange
was allocated on the marginal approach; that is, the clearing rate was
applied to all successful bids. Bids were rejected if they did not
comply with the auction rules. Auctions were announced and results
were published in the bimonthly Liberia Financial Statistics. There
was no noncompetitive window for foreign exchange bureaus, and
the CBL required all businesses to participate through the regular
auction. The regulations stipulated sanctions for default, such as fines
and exclusion from the auction. Bidders who violated auction rules
were sanctioned by the CBL, including suspension or exclusion from
future auctions or a penalty of L$0.1 million. Participants were not
required to finance specific international transactions with the foreign
exchange obtained at the retail auction.

**Imports and Import Payments**

| Documentation requirements for release of foreign exchange for imports | 11/01/2019 | Foreign exchange auctions were discontinued. Previously, importers were required to indicate evidence of their importation by means of import permit declaration to take part in the CBL foreign exchange auction. |
| Import taxes and/or tariffs | 07/01/2019 | The new excise law legislated in 2018 became effective. The combination of excessive duty and excise rates on imported beverages and tobacco has resulted in a reduction in importation through formal channels and has increased smuggling of alcoholic beverages and tobacco products by seacoast and unofficial land border crossing points, thereby reducing revenue. This is expected to remain the case until the rates on alcoholic and tobacco products are harmonized with those in neighboring countries. |
| 09/16/2019 | The import duty rates for beverages and tobacco were adjusted from the ECOWAS ad valorem rates to specific rates based on liters for beverages and number of sticks for cigarettes. This makes Liberia’s current import duty rate on beverages and tobacco about 200% higher than the ECOWAS CET. |
**LIBYA**

*(Position as of June 30, 2020)*

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 17, 1958.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of Acceptance: June 21, 2003.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

**Exchange Measures**

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |
| Other security restrictions                     | No. |

- Libya maintains exchange restrictions imposed solely for the preservation of national and international security based on UNSC resolutions, including sanctions imposed against Afghanistan and the Islamic Republic of Iran.

**Other security restrictions**

- No.

**References to legal instruments and hyperlinks**

- This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Exchange Arrangement**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Libya is the Libyan dinar.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exchange rate structure**

- Unitary
- Dual
- Multiple

**Classification**

- No separate legal tender
- Currency board
- Conventional peg Yes. The de jure and de facto exchange rate arrangements are a conventional peg vis-à-vis the SDR.
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement
- Floating
Free floating

**Official exchange rate**  Yes. The dinar is pegged to the SDR at LD 1 per SDR 0.5175. The US dollar is the intervention currency. The official exchange rate is used for accounting and valuation purposes. In addition, the conversion to Libyan dinars of oil export proceeds is conducted at the official rate of about LD 1.4 per US dollar.

**Monetary policy framework**

Exchange rate anchor  Yes.

- **U.S. dollar**
- **Euro**
- **Composite**  Yes. The monetary policy framework is an exchange rate anchor vis-à-vis a currency composite (the SDR).
- **Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

- Government
- Central Bank
- **Monetary Policy Committee**
- **Central Bank Board**
- **Other**

Government and Central Bank

**Inflation target**

- **Target number**
- **Point target**
- **Target with tolerance band**

**Band/Range**

- **Target measure**
  - CPI
  - **Core inflation**

**Target horizon**

- **Operating target (policy rate)**
  - Policy rate
  - Target corridor band
  - **Other**
On September 19, 2018, a new surtax on sales of foreign currency for commercial or personal purposes (excluding family allowance) was introduced and on September 23, 2018, the rate was set at 183%, devaluing the exchange rate for certain transactions to about LD 3.9 per US dollar. On July 30, 2019, it was decided to reduce it to 163%, effective August 4, 2019, appreciating the exchange rate to about LD 3.70 per US dollar.

Commercial banks may freely set the exchange rate in transactions with their clients within the range decided by the CBL. The conversion to Libyan dinars of oil export proceeds is conducted at the official rate of about LD 1.4 per US dollar.

As of December 31, 2019, there were 18 institutions licensed to deal in foreign exchange with the public. The CBL is the only institution that grants licenses. Recently, a number of foreign exchange bureaus and companies were licensed to conduct foreign currency transactions. These bureaus and companies have not started operations yet.

The CBL buys and sells foreign exchange for dinars at the official rate with a margin of 0.5% on sales. For foreign exchange cash sales, the CBL adds 0.5% to the noncash selling rate to account for cash transportation and insurance costs. The margin on selling rates applicable to money orders and drafts is 1.0%. Commercial banks and government-owned banks may access the CBL’s foreign exchange facility.

Allocation is handled in accordance with foreign exchange market needs.

There are no auctions in the foreign exchange market.

There is no foreign exchange interbank market.

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Arrangements for Payments and Receipts

**Prescription of currency requirements** Yes. Transactions with Israel are prohibited. Transactions with other countries take place in convertible currencies. Under an agreement between the CBL and the Central Bank of Tunisia, the Libyan dinar, and the Tunisian dinar are convertible for personal use through banks and exchange bureaus up to LD 4,000 or TD 4,000 a transaction for each resident of the two countries annually.

**Controls on the use of domestic currency** Yes.

**For current transactions and payments** Yes. Except under the above-mentioned arrangement with Tunisia, no more than LD 50 may be exported or imported.

**For capital transactions** Yes. According to the Banking Law of 2005 Chapter one, Section Six “Banking Supervision,” as modified, capital transactions are considered case by case.

**Transactions in capital and money market instruments** No.

**Transactions in derivatives and other instruments** No.

**Credit operations** Yes.

**Use of foreign exchange among residents** Yes. Transactions may be executed through the use of the Libyan dinars as a middle currency in determining exchange rates.

**Payments arrangements** Yes.

**Bilateral payments arrangements** Yes. Transactions with Israel are prohibited. Transactions with other countries take place in convertible currencies.

**Operative** Yes. Agreements are maintained with Algeria, Morocco, and Tunisia. Outstanding balances are settled in convertible currencies 15 days after the end of each month. These arrangements became optional January 1, 2007.

**Inoperative** Yes. There is an inoperative payments arrangement with Malta.

**Regional arrangements** Yes. Libya is a signatory to the GAFTA.

**Clearing agreements** No.

**Barter agreements and open accounts** No.

**Administration of control** Yes. The CBL administers exchange controls and has delegated some powers to authorized banks. The government regulates policy on imports and exports, which is executed by the Ministry of Economy and Trade.

**Payments arrears** No.

**Official** No.

**Private** No.

**Controls on trade in gold (coins and/or bullion)** Yes. Residents may freely purchase, hold, and sell gold in any form other than bars.
<table>
<thead>
<tr>
<th>On external trade</th>
<th>No.</th>
<th>Imports of unworked gold are duty free.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
<td>Residents and nonresidents are only allowed to export up to LD 50 (nonconvertible).</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
<td>Residents and nonresidents may export any amount of foreign exchange for personal noncommercial purposes through authorized banks. To control money laundering, there are ceilings equivalent to US$10,000 in cash and US$10,000 in prepaid debit cards. However, all bona fide requests above these limits are satisfied without approval from the CBL. Foreign exchange converted to dinars by visiting tourists may be reconverted on departure.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
<td>Residents and nonresidents are allowed to import up to LD 50 (nonconvertible).</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Resident Accounts**

**Foreign exchange accounts permitted** | Yes. | |
| Held domestically | Yes. | Residents may keep foreign currency in domestic bank accounts and transfer balances abroad up to US$10,000 each year. Exporters may retain foreign exchange earnings in a special account used to finance imports of raw materials, spare parts, and machinery needed for production of exports. The National Oil Company (NOC) is required to keep its foreign exchange account at the CBL. Private companies are required to keep their foreign exchange export proceeds at domestic commercial banks. |
| **Approval required** | No. | |
| Held abroad | Yes. | There are no regulations regarding foreign exchange accounts held abroad. |
| **Approval required** | No. | |
| **Accounts in domestic currency held abroad** | No. | Residents are not allowed to maintain domestic currency accounts abroad. |
| **Accounts in domestic currency convertible into foreign currency** | Yes. | Transfers from resident dinar accounts to a foreign exchange account require submission of a pro forma invoice for business and for medical treatment and education purposes. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Nonresident Accounts**

**Foreign exchange accounts permitted** | Yes. | |
| Approval required | No. | Nonresident accounts are permitted based on the account holder’s length of residence in accordance with the IMF’s Balance of Payments Manual. Nonresidents working in Libya may open these accounts for deposit of legitimate earnings. Other credits to
nonresident accounts require the CBL approval. Funds brought in by nonresidents working under contracts in their own name must be kept with an authorized bank. Payments received under contracts may also be credited to these accounts, but, in general, remittances may not exceed the net-of-tax amount in the contract. Funds brought in by nonresidents may be reexported if not used, with documentation. Accounts of foreign contractors licensed under Law No. 5 (1997) for the promotion of foreign capital investment are exempt from restrictions. Remittances from nonresident accounts are not restricted and do not require the CBL approval.

<table>
<thead>
<tr>
<th>Convertible into foreign currency</th>
<th>Yes.</th>
<th>These accounts may be converted, but approval from the CBL is required.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database:</td>
</tr>
</tbody>
</table>

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
<th>The authorities are approving LCs for imports on a case-by-case basis, and in line with some form of positive list of approved goods, and possibly subject to a dollar-figure cap. The ceilings for LCs were changed in the context of COVID-19. Effective April 8, 2020, the following ceilings are in place from US$ 100 thousand up to US$ 2 million for commercial medicines and industrial supplies LCs, and up to US$3 million for food and medical supplies LCs. Ceiling for services and for commercial LCs (other than commercial medicines, food and medical supplies) were removed. Previously, the ceilings were up to US$3 million for services LCs, US$5 million for commercial LCs, and US$10 million for industrial LCs. These LCs are subject to the exchange tax.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
<td>Effective April 8, 2020, there is no advanced payment requirement.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
<td>On September 23, 2018, the requirement for commercial banks to impose an increased cash margin of no less than 130% on LCs opened for imports was removed.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
<td>Residents are required to make their import transactions through domestic banks. Imports are subject to preshipment inspection.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
<td>Authorized banks may open LCs without approval from the CBL. Before an LC is established, a marine insurance policy from a local insurance company must be submitted.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
<td>Authorized banks may use bank transfers up to US$500,000 a transfer to finance imports for commercial purposes for each importing firm twice a year.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
<td>Import licenses are not required. However, importers may import only the types of products that relate to their business specialty. The state monopoly on imports is limited to petroleum products and</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
<td>Exchange permits required for imports are readily granted by authorized banks, provided a firm contract exists.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
Import licenses and other nontariff measures

Positive list No.

Negative list Yes. Import bans for religious, health, and ecological reasons are limited to four products.

Open general licenses No.

Licenses with quotas No.

Other nontariff measures Yes. Imports from Israel are prohibited. Importers are required to deal directly with producers abroad and not through intermediaries.

Import taxes and/or tariffs Yes. The tariff rate is 0% for all imported goods, except for some tobacco products that are subject to a 10% rate. A consumption tax of 15%–25% applies to a list of 81 imported goods that are also produced locally. A general service fee of 4%–10% is imposed on all imported goods. All products from Arab countries are exempt from customs duties, provided domestic value added is at least 40%. A customs tax is imposed at 30%, 40%, and 50% on some imported goods.

Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements Yes. All proceeds must be repatriated within three months of shipment.

Surrender requirements Yes. Exporters are allowed to retain up to 100% of nonhydrocarbon earnings.

Surrender to the central bank Yes. Proceeds from hydrocarbon exports must be surrendered to the commercial banks.

Surrender to authorized dealers No. Residents are free to sell their foreign exchange receipts to commercial banks.

Financing requirements No.

Documentation requirements Yes.

Letters of credit Yes. Exports require the opening of LCs.

Guarantees No. Export guarantees are not required.

Domiciliation Yes. Residents are required to make their export transactions through domestic commercial banks.

Preshipment inspection Yes. Exports are subject to preshipment inspection.

Other No.

Export licenses Yes. In general, exporters do not need export licenses, but they must register with the Ministry of Economy and Trade and supply on a regular basis the relevant documentation on their exports. Exports of electricity, hides, nonmonetary gold (other than for processing abroad), paper products, school supplies, scrap metal, and telecommunication services are prohibited. Exports or reexports of vegetable oils, wheat, wheat flour, crushed wheat, barley, rice, coffee, tea, sugar, and semolina are prohibited. Exports to Israel are prohibited.

Without quotas Yes. Export licenses are required for raw wool, hides and skins, and agricultural products.
### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Foreign workers' wages</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Payments for invisible transactions related to authorized imports are not restricted.

Profits generated by foreign capital invested in projects deemed to contribute to the economic development of Libya may be freely transferred to the country of origin. Profits generated by foreign capital invested in projects set up within the context of Law No. 5 and approved by the Foreign Investment Board may also be transferred without restriction. A jihad tax of 4% applies to profits and dividends of nonresidents and residents.

Residents may purchase foreign exchange for tourism from authorized banks up to the equivalent of US$10,000 in prepaid debit cards. Households may purchase foreign exchange from authorized banks “according to their family members” at US$500 a person, and are permitted either to be issued a credit card with the full amount of the purchased US$, or transfer it up to US$10,000 through authorized banks.

Residents may transfer foreign exchange from authorized banks for education for the invoiced amount and up to US$50,000 for medical treatment a year.
### Quantitative limits

A monthly limit of US$1,375 for foreign workers in the private health sector is in place. Limits for foreign worker in the public sector depend on the terms and conditions of the signed contract between the foreign worker and the public institution, and those for foreign workers in other sectors depend on their contracts’ terms and conditions.

### Credit card use abroad

Yes.

### Prior approval

No.

### Quantitative limits

Yes. Residents may purchase prepaid credit cards for use abroad for up to US$10,000. To control money laundering, there is a ceiling equivalent to US$10,000 in prepaid debit cards for use abroad, and requests for higher amount cannot be made. Households may purchase foreign exchange from authorized banks “according to their family members” at US$500 a person, and are permitted either to be issued a credit card with the full amount of the purchased US$, or transfer it up to US$10,000 through authorized banks.

### Other payments

Yes.

### Prior approval

Yes.

### Quantitative limits

n.a.

### Indicative limits/bona fide test

n.a.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

- **Repatriation requirements**
  - Yes.
- **Surrender requirements**
  - No.
- **Surrender to the central bank**
  - No.
- **Surrender to authorized dealers**
  - No.
- **Restrictions on use of funds**
  - No.

### Capital Transactions

- **Controls on capital transactions**
  - Yes.
- **Repatriation requirements**
  - No.
- **Surrender requirements**
  - No.
- **Surrender to the central bank**
  - No.
- **Surrender to authorized dealers**
  - No.
- **Controls on capital and money market instruments**
  - Yes. The purchase abroad of these instruments by residents requires approval.
<table>
<thead>
<tr>
<th>Section</th>
<th>Allowed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>On capital market securities</td>
<td>Yes</td>
<td><strong>Shares or other securities of a participating nature</strong>&lt;br&gt;- <em>Purchase locally by nonresidents</em>: Yes. Nonresidents may not buy shares or other securities of a participating nature in banks.&lt;br&gt;- <em>Sale or issue locally by nonresidents</em>: Yes. Nonresidents may not sell shares or other securities of a participating nature in banks.&lt;br&gt;- <em>Purchase abroad by residents</em>: No. These transactions are not controlled.&lt;br&gt;- <em>Sale or issue abroad by residents</em>: No. These transactions are not controlled.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes</td>
<td><strong>Purchase locally by nonresidents</strong>: Yes. Nonresidents may not purchase bonds or other debt securities locally.&lt;br&gt;- <em>Sale or issue locally by nonresidents</em>: Yes. Nonresidents may not sell bonds or other debt securities locally.&lt;br&gt;- <em>Purchase abroad by residents</em>: No. Residents may purchase bonds or other debt securities abroad.&lt;br&gt;- <em>Sale or issue abroad by residents</em>: No. Residents may sell bonds or other debt securities abroad.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes</td>
<td><strong>Purchase locally by nonresidents</strong>: Yes. Nonresidents may not purchase money market instruments locally.&lt;br&gt;- <em>Sale or issue locally by nonresidents</em>: Yes. Nonresidents may not sell money market instruments locally.&lt;br&gt;- <em>Purchase abroad by residents</em>: No. Residents may purchase money market instruments abroad.&lt;br&gt;- <em>Sale or issue abroad by residents</em>: No. Residents may sell money market instruments abroad.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes</td>
<td><strong>Purchase locally by nonresidents</strong>: Yes. These transactions are controlled.&lt;br&gt;- <em>Sale or issue locally by nonresidents</em>: Yes. These transactions are controlled.&lt;br&gt;- <em>Purchase abroad by residents</em>: Yes.&lt;br&gt;- <em>Sale or issue abroad by residents</em>: Yes.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>n.r.</td>
<td><strong>Purchase locally by nonresidents</strong>: n.r.&lt;br&gt;- <em>Sale or issue locally by nonresidents</em>: n.r.&lt;br&gt;- <em>Purchase abroad by residents</em>: n.r.&lt;br&gt;- <em>Sale or issue abroad by residents</em>: n.r.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td>Public enterprises are allowed to sell any amount of foreign exchange they earn to open or settle credit through the banking system, provided they report the sources and uses of the foreign exchange.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes</td>
<td><strong>By residents to nonresidents</strong>: Yes.&lt;br&gt;- <strong>To residents from nonresidents</strong>: Yes.</td>
</tr>
</tbody>
</table>
**Financial credits**
Yes.

By residents to nonresidents
Yes.

To residents from nonresidents
Yes.

**Guarantees, sureties, and financial backup facilities**
Yes.

By residents to nonresidents
Yes.

To residents from nonresidents
Yes.

**Controls on direct investment**
Yes.

**Outward direct investment**
Yes. For prudential reasons, the CBL prohibits purchases of foreign exchange by commercial banks for investment abroad.

**Inward direct investment**
Yes. Full foreign ownership is permitted in ventures established in the context of Law No. 5 and approved by the Foreign Investment Board. Approval is granted for projects that lead to domestic job creation or training, use of local raw materials, transfers of technology, and inflows of foreign currency.

**Controls on liquidation of direct investment**
Yes. Foreign capital invested in projects deemed to contribute to the economic development of Libya may be freely transferred to the country of origin. Capital invested in projects set up in the context of Law No. 9, for the year 2010, on Encouraging Investment, and approved by the Foreign Investment Board may also be freely transferred to the country of origin. There is no FDI minimum in the non-oil sector. It depends on the size and needs of the respective business.

**Controls on real estate transactions**
Yes.

**Purchase abroad by residents**
No.

**Purchase locally by nonresidents**
Yes.

**Sale locally by nonresidents**
Yes.

**Controls on personal capital transactions**
Yes.

**Loans**
Yes.

By residents to nonresidents
Yes.

To residents from nonresidents
Yes.

**Gifts, endowments, inheritances, and legacies**
Yes.

By residents to nonresidents
Yes.

To residents from nonresidents
Yes.

**Settlement of debts abroad by immigrants**
Yes.

**Transfer of assets**
Yes.

Transfer abroad by emigrants
Yes.

Transfer into the country by immigrants
Yes.

**Transfer of gambling and prize earnings**
Yes.
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**
- Yes.

**Borrowing abroad**
- Yes.

**Maintenance of accounts abroad**
- Yes.

**Lending to nonresidents (financial or commercial credits)**
- Yes.

**Lending locally in foreign exchange**
- Yes. Article 53 of Law No. 1 of 2005 (Banking Law) allows commercial banks to extend loans in foreign currency, provided sufficient collateral is presented. Banks may also borrow from each other through interbank lending.

**Purchase of locally issued securities denominated in foreign exchange**
- n.a.

**Differential treatment of deposit accounts in foreign exchange**
- No.

**Reserve requirements**
- No. Foreign currency deposits are subject to the same reserve requirements as domestic currency.

**Liquid asset requirements**
- No.

**Interest rate controls**
- No.

**Credit controls**
- No.

**Differential treatment of deposit accounts held by nonresidents**
- No.

**Reserve requirements**
- No.

**Liquid asset requirements**
- No.

**Interest rate controls**
- No.

**Credit controls**
- No.

**Investment regulations**
- Yes.

**Abroad by banks**
- n.a.

**In banks by nonresidents**
- Yes. Nonresident individuals may not buy shares or other securities of a participating nature in banks. Nonresident institutions may buy shares in banks up to 49% of the outstanding shares.

**Open foreign exchange position limits**
- n.a.

**On resident assets and liabilities**
- n.a.

**On nonresident assets and liabilities**
- n.a.

**Provisions specific to institutional investors**
- Yes. The Libyan capital market is in the early stages of development. There are no limits on investments by institutional investors. Institutional investors may not purchase more than 10% of the total capital of another institution without the consent of the respective regulatory authority.

**Insurance companies**
- n.a.

**Limits (max.) on securities issued by nonresidents**
- n.a.
LIBYA

| Limits (max.) on securities issued by nonresidents | n.a. |
| Limits (max.) on investment portfolio held abroad | n.a. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |
| Pension funds | n.a. |
| Limits (max.) on securities issued by nonresidents | n.a. |
| Limits (max.) on investment portfolio held abroad | n.a. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |
| Investment firms and collective investment funds | n.a. |
| Limits (max.) on securities issued by nonresidents | n.a. |
| Limits (max.) on investment portfolio held abroad | n.a. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Exchange tax

08/04/2019 On July 30, 2019, it was decided to reduce the surtax on sales of foreign currency for commercial or personal purposes (excluding family allowance) to 163% from 183% starting August 4, 2019, appreciating the exchange rate for certain transactions to about LD 3.70 per US dollar.

Imports and Import Payments

Foreign exchange budget

04/08/2020 The ceilings for LCs were changed in the context of COVID-19. The following ceilings are in place: from US$100,000 to US$2 million for commercial medicines and up to US$3 million for food and medical supplies LCs. Previously, these were approved on a case-by-case basis.

04/08/2020 In response to COVID-19, the ceiling for industrial LCs was reduced from US$10 million to US$2 million.

04/08/2020 Ceiling for services and for commercial LCs (other than commercial medicines, food, and medical supplies) were removed. Previously, the ceilings were up to US$3 million for services LCs and US$5 million for commercial LCs.

Financing requirements for imports

Advance payment requirements

04/08/2020 The advance payment requirement was removed.
## LITHUANIA

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>April 29, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>May 3, 1994.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Lithuania maintains certain exchange restrictions in accordance with the relevant EU regulations. These include the freezing of funds and economic resources of persons who are responsible for violations of international electoral standards in the presidential elections in Belarus and the crackdown on civil society and democratic opposition and natural or legal persons, entities, and bodies associated with those who are responsible; certain persons indicted by the International Criminal Tribunal for the Former Yugoslavia (ICTY) in Bosnia and Herzegovina; restrictive measures in view of the situation in the Central African Republic (as amended); Democratic Republic of the Congo; certain persons who constitute a threat to the peace and national reconciliation process in Côte d’Ivoire; certain persons indicted by the ICTY in Croatia; the Islamic Republic of Iran; certain persons and entities in Iraq; the Democratic People’s Republic of Korea; certain persons suspected of involvement in the assassination of former Lebanese Prime Minister Rafik Hariri in Lebanon; certain persons and entities associated with former President Charles Taylor in Liberia (as amended); Myanmar; former President Slobodan Milosevic and natural persons associated with him and certain persons indicted by the ICTY in Serbia and Montenegro; Sudan, Syria (as amended); Tunisia and Zimbabwe (as amended); persons and entities associated with Osama bin Laden, Al-Qaeda, and the Taliban; certain persons, entities, and bodies in view of the situation in Burundi, Egypt, Libya, Ukraine, and Yemen; and certain other persons, groups, and entities, with a view to combating terrorism.

<table>
<thead>
<tr>
<th>Other security restrictions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with UN resolutions, sanctions have been imposed against individuals, groups, and organizations associated with terrorism for security reasons. The Law on the Implementation of Economic and other International Sanctions provides for the procedure for implementing the nonmilitary international sanctions imposed by the UN and other international organizations, as well as by the EU. These include restrictive measures in response to the illegal annexation of Crimea and Sevastopol; Corrigendum to Council Regulation (EU) No. 1351/2014 of December 18, 2014, amending Regulation (EU) No. 692/2014 (32014R1351R(01)).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
</table>
Exchange Arrangement

Currency
Yes. The currency of Lithuania is the euro.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Yes. The exchange rate arrangement of the euro area is free floating. Lithuania participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate
Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:15 Central European Time to around 16:00 Central European Time. The reference rate against the euro is the average of the buying and selling rates. The Bank of Lithuania (BOL) republishes daily the euro foreign exchange rates published by the ECB and publishes monthly non-ECB euro foreign exchange reference rates published by the BOL.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other
Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework  Yes.

To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1).
“Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is commonly defined as inflation rates at levels below, but close to, 2% over the medium term.

| Exchange tax | No. |
| Exchange subsidy | No. |
| Foreign exchange market | Yes. |

Any natural or legal person may enter into a spot exchange contract with a bank or currency exchange operator operating in Lithuania or in a foreign country without limitation.

| Spot exchange market | Yes. |
| Operated by the central bank | No. |
| Foreign exchange standing facility | No. |

The BOL issues licenses for institutions to provide financial services. Currency exchange is one of the financial services listed in the Law on Financial Institutions. A banking license usually includes permission to deal in foreign exchange. As of December 31, 2019, 5 commercial banks, 8 local branches of foreign banks, and 65 credit unions (including 2 Central Credit Unions) were licensed to deal in foreign exchange with the public, and 24 currency exchange operators were added to the list by the BOL. There are no limits on exchanging euros for other foreign currencies. Any legal person may engage in foreign exchange operations with the BOL permission.

| Allocation | No. |
| Auction | No. |
| Fixing | No. |
| Interbank market | Yes. |

All domestic monetary and financial institutions may participate in the interbank market, and trading is executed at freely determined rates. As of December 31, 2019, four local commercial banks and eight local branches of foreign banks participate in the euro interbank market.

| Over the counter | Yes. |
| Brokerage | No. |
| Market making | No. |

The market operates over the counter.
Forward exchange market Yes. Natural and legal persons may freely enter into forward exchange contracts with credit institutions or brokerage companies for the purpose of provision of investment or other services in Lithuania or in a foreign country. The BOL does not intervene in the forward foreign exchange market.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No.

Controls on the use of domestic currency No.

For current transactions and payments No.

For capital transactions No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents No.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Lithuania is a member of the EU and has introduced Single Euro Payments Area Regulation (EU) No. 260/2012 requirements for diligence in executing payments in euros. Law on Payments has been amended by the Law No. XII-303, of May 14, 2013, to implement the Regulation. In accordance with the amended version of the Law on Payments and Article 47 of the Law on the BOL, the BOL is competent to hear claims by customers and to impose sanctions for nonperformance of relevant obligations.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control Yes. According to the Law on the Introduction of the Euro, the euro is the legal tender in Lithuania. Authorized banks may transact among themselves and with residents and nonresidents. The BOL, in accordance with enforcement measures under Article 72 of the Law on Banks, may limit the types of permissible transactions.

Payments arrears No.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) No.

On domestic ownership and/or trade
On external trade

Controls on exports and imports of banknotes No. In accordance with EC Regulation No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EC regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EC regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EC regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EC regulation; the EC regulation only harmonizes the system for the EU’s external borders subject to Council Regulation (EEC) No. 2913/92 (Community Customs Code). The Act of Accession to the EU included Lithuania in the Community Customs Area (12003TN02/19/A1). Transactions exceeding the equivalent of €15,000 or more must be reported to the Financial Crime Investigation Service.

On exports No.

Domestic currency No.

Foreign currency No.

On imports No.

Domestic currency No.

Foreign currency No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.

Held domestically Yes. Credit institutions must report to the tax authorities the opening and closing of accounts by Lithuanian and foreign legal entities (branches and representative offices) and natural persons. Starting January 1, 2016, financial market participants are also obligated to provide the tax authority the amount of the annual turnover of the accounts if the total annual turnover of all accounts...
that the same person has in the same financial market participant comprises at least €15,000, the account balances at the end of the year if the account balance at the end of the year of all accounts that the same person has in the same financial market participant comprises at least €5,000, information on interest, debt obligations, securities, insurance premiums, pension contributions, and other information necessary for the tax administrator to perform its functions.

**Approval required** No.

**Held abroad** Yes. Natural persons and legal entities must report the opening and closing of these accounts to the tax authorities.

**Approval required** No.

**Accounts in domestic currency held abroad** Yes.

**Accounts in domestic currency convertible into foreign currency** Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted** Yes. Supervised financial market participants, as defined in the Law of the Republic of Lithuania on the BOL, as well as other entities, if they are defined as data providing financial institutions in the legal acts of the EU and in international treaties or agreements of Lithuania regarding automatic exchange of information on financial accounts, are obligated to collect and submit to the tax administrator information on the accounts of persons of foreign states that is used to implement international cooperation commitments according to the aforementioned legal acts.

**Approval required** Yes. Approval is necessary if required by legislation of the other country.

**Domestic currency accounts** Yes. Supervised financial market participants, as defined in the Law of the Republic of Lithuania on the BOL, as well as other entities, if they are defined as data providing financial institutions in the legal acts of the EU and in international treaties or agreements of Lithuania regarding automatic exchange of information on financial accounts, are obligated to collect and submit to the tax administrator information on the accounts of persons of foreign states that is used to implement international cooperation commitments according to the aforementioned legal acts.

**Convertible into foreign currency** Yes. There is no distinction between resident and nonresident accounts in this regard.

**Approval required** No.

**Blocked accounts** Yes. Certain accounts are blocked by government resolutions in accordance with UNSC resolutions.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

**Foreign exchange budget** No.

**Financing requirements for imports** No.

**Minimum financing requirements** No.
Advance payment requirements  No.
Advance import deposits  No.

**Documentation requirements for release of foreign exchange for imports**  No.
Domiciliation requirements  No.
Preshipment inspection  No.
Letters of credit  No.
Import licenses used as exchange licenses  No.
Other  No.

**Import licenses and other nontariff measures**  Yes.  There are no quantitative restrictions or licensing requirements on imports, except for health and national security reasons and as noted below. Certain food products, such as semi-processed meat products, poultry, and fish, are subject to licensing.

Positive list  No.
Negative list  No.
Open general licenses  No.
Licenses with quotas  No.

Other nontariff measures  Yes.  Certain agricultural goods and alcoholic beverages are subject to duties, and certain quantitative restrictions are used to protect Lithuania’s cultural heritage. Alcoholic beverages and tobacco may be imported only by traders registered with the government, but import quantities are unrestricted. There are licensing requirements governing trade in strategic goods and technology and certain oil products.

**Import taxes and/or tariffs**  Yes.  The EU Common Customs Tariff applies. The standard VAT on domestic and imported goods is 21%. Excise duty applies to the following products: ethyl alcohol and alcoholic beverages, manufactured tobacco, energy products, electricity, coal, coke, and lignite.

Taxes collected through the exchange system  No.

**State import monopoly**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements  No.
Surrender requirements  No.

*Surrender to the central bank*  No.
*Surrender to authorized dealers*  No.
Financing requirements  No.
Documentation requirements  No.
<table>
<thead>
<tr>
<th>Service</th>
<th>Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
</tbody>
</table>
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.
Credit card use abroad: No.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.
Other payments: No.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements: No.
Surrender requirements: No.
Surrender to the central bank: No.
Surrender to authorized dealers: No.

Restrictions on use of funds: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions: Yes.
Repatriation requirements: No.
Surrender requirements: No.
Surrender to the central bank: No.
Surrender to authorized dealers: No.
Controls on capital and money market instruments: No.
On capital market securities: No.
Shares or other securities of a participating nature: No.
Purchase locally by nonresidents: No.
Sale or issue locally by nonresidents: No.
(Solvency II), assets held to cover the technical provisions must be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. With respect to the whole portfolio of assets, insurance and reinsurance companies may only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. These provisions are transposed into Article 42 of the Law on Insurance.

Only the funds representing the assets of a branch of non-EEA insurer established in Lithuania and covering the Minimum Capital Requirement (MCR) and the Solvency Capital Requirement (SCR) must comply with the localization requirements (respectively in Lithuania and EEA), according to the Article 166 of the Directive 2009/138/EC (Solvency II) transposed into Article 86 of the Law on Insurance.

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<tr>
<td><strong>Bonds or other debt securities</strong></td>
<td>No.</td>
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<tbody>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
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</tbody>
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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
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<tr>
<td>On collective investment securities</td>
<td>No.</td>
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<tr>
<td>Purchase locally by nonresidents</td>
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<tr>
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</tr>
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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
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<tr>
<th>Activity</th>
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<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
Loans by legal entities or firms to foreign economic entities must be registered with the BOL.

Foreign loans received by legal entities or firms without a Lithuanian government guarantee must be registered with the BOL.

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

To residents from nonresidents

Controls on direct investment

Yes.

Outward direct investment

No.

Inward direct investment

Yes. Foreign investment in national security and defense is prohibited, except investment by foreign entities that meet the criteria for European and transatlantic integration, provided they are approved by the State Defense Council.

Controls on liquidation of direct investment

No.

Controls on real estate transactions

Yes.

Purchase abroad by residents

No. In line with provisions of Article 132 of the Directive 2009/138/EC (Solvency II), assets held to cover the technical provisions must be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. With respect to the whole portfolio of assets, insurance and reinsurance companies may only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. These provisions are transposed into Article 42 of the Law on Insurance.

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There are also requirements for the assets covering liabilities of life insurance, linked to investment funds, where investment risk is borne by a policyholder – a natural person, that are based on Article 133 of the Solvency II Directive, and are transposed into Article 42 of the Law on Insurance and are defined in the Resolution No. 03-180 issued on November 30, 2015, by the BOL. The requirements consist of composition and diversification requirements for unit-linked insurance assets. There is no general restriction on investments abroad, but investments in precious metals or real estate are not allowed as not suitable investments for retail investors.

Purchase locally by nonresidents

Yes. Foreign firms and individuals may acquire agricultural and nonagricultural land, subject to provisions in the constitution.

Sale locally by nonresidents

No.

Controls on personal capital transactions

No.

Loans

No.
<table>
<thead>
<tr>
<th>Transaction Description</th>
<th>Lithuanian Provision</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
<td></td>
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<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
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<td></td>
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<tr>
<td>Provisions Specific to the Financial Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
<td>These transactions must be registered with the BOL.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td>These transactions must be registered with the BOL.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
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</tbody>
</table>

ECB minimum reserve regime is in effect with the introduction of the euro. According to the Regulation (EC) No. 1745/2003 of the ECB of September 12, 2003, on the application of minimum reserves (ECB/2003/9), the institutions subject to the minimum reserve requirements should comply with the reserve requirements and are to hold required reserves on the accounts of the BOL. The minimum reserve requirement is the same for deposits in euro and in foreign currencies. The reserve base consists of deposits and issued debt securities. If an institution has liabilities in relation to a branch of the same entity, or in relation to the head office or registered office of the same entity, which are located outside participating Member States, it must include such liabilities in the reserve base. Liabilities which are owed to the ECB, to the participating national central bank, or to credit institutions which are subject to reserve requirements, are excluded from the reserve base. The amount of required reserves for a particular maintenance period should be calculated by applying the reserve ratios defined by the ECB. A reserve ratio of 0% is applied to the deposits with agreed maturity over two years, deposits redeemable at notice over two years, repos, and debt securities issued with an original maturity over two years. A reserve ratio of 1% applies to all other liabilities included in the reserve base.
Regulation (EU) No. 575/2013 on Prudential Requirements for Credit Institutions and Investment Firms CRR applies. In particular, CRR Article 351 states, “De minimis and weighting for foreign exchange risk—If the sum of an institution’s overall net foreign exchange position and its net gold position, calculated in accordance with the procedure set out in Article 352, including for any foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. The own funds requirement for foreign exchange risk must be the sum of its overall net foreign exchange position and its net gold position in the reporting currency, multiplied by 8%.”

On resident assets and liabilities Yes.

On nonresident assets and liabilities Yes.

Provisions specific to institutional investors

Insurance companies Yes. In line with provisions of Article 132 of the Directive 2009/138/EC (Solvency II), assets held to cover the technical provisions must be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. With respect to the whole portfolio of assets, insurance and reinsurance companies may only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. These provisions are transposed into Article 42 of the Law on Insurance.

Limits (max.) on securities issued by nonresidents No. Only the funds representing the assets of a branch of non-EEA insurer established in Lithuania and covering the MCR and the SCR must comply with the localization requirements (respectively in Lithuania and EEA), according to the Article 166 of the Directive 2009/138/EC (Solvency II), which are transposed into Article 86 of the Law on Insurance.

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### Limits (min.) on investment portfolio held locally
- No.

### Currency-matching regulations on assets/liabilities composition
- Yes.

According to a general principle, assets held to cover technical provisions must be invested in a manner appropriate to the nature and duration of insurance and reinsurance liabilities; also, asset-liability management policy of insurer has to cover the information on different natures of mismatches between assets and liabilities with regard to term and currency and a description of mitigation techniques used and expected effect on asset-liability management.

### Pension funds
- No.

The BOL is authorized to supervise pension funds managed by life insurance companies and other pension funds managed by management companies of UCITS.

### Limits (max.) on securities issued by nonresidents
- No.

### Limits (max.) on investment portfolio held abroad
- No.

### Limits (min.) on investment portfolio held locally
- No.

### Currency-matching regulations on assets/liabilities composition
- No.

### Investment firms and collective investment funds
- No.

The BOL is authorized to supervise investment firms and collective investment funds.

### Limits (max.) on securities issued by nonresidents
- No.

### Limits (max.) on investment portfolio held abroad
- No.

### Limits (min.) on investment portfolio held locally
- No.

### Currency-matching regulations on assets/liabilities composition
- No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Foreign exchange market**

- Spot exchange market

  **Operated by the central bank**

Foreign exchange standing facility 05/18/2020

The Bank of Lithuania (BOL) implements the Rules of the Eurosystem Monetary Policy Operations. The Resolution No. 03-324, December 9, 2014 (Adjustment of General documentation on...
Eurosystem Monetary Policy Operations to be carried out by the BOL in line with the ECB guidelines ECB/2016/31, ECB/2016/32, and ECB/2016/33), was amended by the Resolution No. 03-64, May 14, 2020 (Adjustment of General documentation on Eurosystem Monetary Policy Operations to be carried out by the BOL in line with the ECB guideline (EU) 2020/634 (ECB/2020/29)).
LUXEMBOURG

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
December 27, 1945.

Article VIII

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

In accordance with UNSC resolutions (UNSCR) and relevant EU regulations, prohibitions and restrictive measures with respect to the fight against terrorist financing are imposed by virtue of UNSCR:
(1) UN designations based on Resolution No. 1267 (1999), No. 1989 (2011), and No. 2253 (2015); and
(2) UN designations based on Resolution No. 1988 (2011) and No. 2082 (2012).
A list of the ministerial regulations transposing the UNSCR is available here:

As well as by virtue of the following texts adopted by the EU:
(1) Council Regulation (EU) No. 2016/1686 of September 20, 2016, additional restrictive measures directed against ISIL and Al-Qaida and natural and legal persons, entities, or bodies associated with them;

Other security restrictions
Yes.

Restrictive measures in line with EU regulations, as amended from time to time, are in place with respect to the following countries:
(1) Belarus; (2) Burma/Myanmar; (3) Burundi; (4) Congo (Democratic Republic of); (5) Democratic People’s Republic of Korea; (6) Egypt; (7) Guinea (Republic of); (8) Guinea-Bissau (Republic of); (9) Iran; (10) Iraq; (11) Lebanon; (12) Liberia; (13) Libya; (14) Mali; (15) Central African Republic; (16) Somalia; (17) Sudan; (18) South Sudan; (19) Syria; (20) Tunisia; (21) Ukraine/Russia; (22) Venezuela; (23) Yemen; and (24) Zimbabwe.

Effective May 18, 2019, in accordance with Council Decision (CFSP) No. 2019/797 of May 17, 2019, and Council Regulation (EU) No. 2019/796 of May 17, 2019, restrictive measures were
implemented against cyberattacks threatening the Union or its Member States.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Luxembourg is the euro.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating
Yes. The exchange rate arrangement of the euro area is free floating. Luxembourg participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information on its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate

Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 2:15 p.m. Central European Time. The reference rate against the euro is the average of the buying and selling rates.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite
Other
Monetary aggregate target
Inflation-targeting framework

Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank

Inflation target
Target number
Point target
Target with tolerance band

Band/Range
Target measure
CPI
Core inflation

Target horizon

Operating target (policy rate)
Policy rate
Target corridor band
Other

Accountability
Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts
Other monetary framework
Yes. To maintain price stability is the primary objective of the Eurosystem

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS
INTERNATIONAL MONETARY FUND

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and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term.

| Exchange tax | No. |
| Exchange subsidy | No. |
| **Foreign exchange market** | Yes. |
| **Spot exchange market** | Yes. |

**Foreign exchange market**

ADs may freely determine their exchange rates and commissions in transactions with their clients.

In accordance with Council Regulation (EU) No. 1024/2013, no entity may engage in the business of a credit institution without having been granted authorization by the ECB. As of December 31, 2019, there were 127 licensed credit institutions in Luxembourg. Foreign exchange bureaus are authorized by Article 28-2 of the Law of April 5, 1993, and must be licensed by the Commission de Surveillance du Secteur Financier (CSSF). They may not enter into foreign exchange transactions directly with the CB. However, Article 28-2 of the Law of April 5, 1993, states that “persons carrying out foreign exchange cash operations are professionals who carry out operations involving the purchase or sale of foreign currencies in cash. Such persons must be required to display the rates applied to the various currencies dealt in and to issue to clients, with respect to each operation, a statement indicating the name of the foreign exchange office, the amounts in the currencies dealt in, the rates applied, and the date of the operation.

Authorization to perform cash-exchange transactions is conditional on the production of evidence showing the existence of a capital base of not less than €50,000.” As of December 31, 2019, there are no foreign exchange bureaus in operation in Luxembourg.

**Interbank market**

| **Operated by the central bank** | No. |
| **Foreign exchange standing facility** | No. |
| Allocation | No. |
| **Auction** | No. |
| Fixing | No. |

**Interbank market**

There are no limits on the bid-ask spreads and commissions of market participants.

The foreign exchange market operates over the counter.

**Brokerage**

| No. |
| **Market making** | No. |
| **Forward exchange market** | Yes. |

| **Official cover of forward operations** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Arrangements for Payments and Receipts

Prescription of currency requirements

In principle, Luxembourg may not impose any kind of restriction on capital movement and payment within the EU and with third countries.

Luxembourg is, however, allowed to implement relevant tax provisions creating a distinction between taxpayers in different tax situations based on their residence or the location of their investment. Measures may also be adopted with a view to avoid breaches of national tax law and prudential supervision over financial institutions, organize declaration on movement of capital for the sake of administrative or statistical information, or take measures intended to protect public security.

Under exceptional circumstances, movements of capital coming from or going to third countries may also be restricted if they may cause or threaten to cause serious difficulties for the functioning of the economic and monetary union.

Controls on the use of domestic currency

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

No.

Payments arrangements

No.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

No.

Clearing agreements

No.

Barter agreements and open accounts

No.

Administration of control

No.

Payments arrears

No.

Official

No.

Private

No.

Controls on trade in gold (coins and/or bullion)

No.

On domestic ownership and/or trade

No.

On external trade

No.

Controls on exports and imports of banknotes


No.

### Resident Accounts

**Foreign exchange accounts permitted**

- Yes.

**Held domestically**

- Yes. Balances may be freely transferred abroad.

**Approval required**

- No.

**Held abroad**

- Yes. Luxembourg insurance undertakings and occupational pension funds under CAA supervision must deposit transferable securities matching technical provisions with a credit institution having its registered office in the EEA, being authorized in accordance with Directive (EU) No. 2013/36 and accepted by the Commissariat Aux Assurances (CAA).

- On a reasoned request from the insurance undertaking concerned, the CAA may authorize the deposit with credit institutions having their registered office outside the EEA.

**Approval required**

- No.

**Accounts in domestic currency held abroad**

- Yes. Luxembourg insurance undertakings and occupational pension funds under CAA supervision must deposit transferable securities matching technical provisions with a credit institution having its registered office in the EEA, being authorized in accordance with Directive (EU) No. 2013/36 and accepted by the CAA.

- On a reasoned request from the insurance undertaking concerned, the CAA may authorize the deposit with credit institutions having their registered office outside the EEA (Article 55 Règlement du CAA 15/3).

**Accounts in domestic currency convertible into foreign currency**

- Yes.

**References to legal instruments and hyperlinks**

- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted**

- Yes.

**Approval required**

- No.

**Domestic currency accounts**

- Yes.

**Convertible into foreign currency**

- Yes.

**Approval required**

- No.

**Blocked accounts**

- Yes. Accounts affected by international security restrictions are blocked.
**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Along with the other EU countries, Luxembourg applies a system of quotas to some steel products originating in Kazakhstan.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>The EU’s prior surveillance system applies to imports of certain steel products originating in non-EU countries.</td>
<td></td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Luxembourg applies the EU common import regime to imports of most agricultural and livestock products from non-EU countries.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Area</td>
<td>Details</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Area</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Capital Transactions**

<table>
<thead>
<tr>
<th>Area</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

<table>
<thead>
<tr>
<th>Area</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital and money market</td>
<td>Yes.</td>
</tr>
<tr>
<td>instruments</td>
<td></td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Insurance and reinsurance undertakings must invest all their assets in accordance with the prudent person principle, according to the requirements to be determined by a CAA regulation (Article 114 of insurance law). The CAA has not imposed any restrictions. For pension funds under CAA supervision, Article 256-19 of the Insurance Law applies. Article 256-19, paragraph (1), letter b) provides that pension funds may invest up to 30% of the assets matching technical provisions in assets denominated in currencies other than those in which the commitments are expressed;
provides that pension funds may invest up to 30% of the assets matching technical provisions in assets denominated in currencies other than those in which the commitments are expressed.

**Purchase locally by nonresidents**  No.

**Sale locally by nonresidents**  No.

**Controls on personal capital transactions**  No.

**Loans**

- **By residents to nonresidents**  No.
- **To residents from nonresidents**  No.

**Gifts, endowments, inheritances, and legacies**  No.

- **By residents to nonresidents**  No.
- **To residents from nonresidents**  No.

**Settlement of debts abroad by immigrants**  No.

**Transfer of assets**  No.

- **Transfer abroad by emigrants**  No.
- **Transfer into the country by immigrants**  No.

**Transfer of gambling and prize earnings**  No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**  Yes.

- **Borrowing abroad**  No.
- **Maintenance of accounts abroad**  No.
- **Lending to nonresidents (financial or commercial credits)**  No.
- **Lending locally in foreign exchange**  No.
- **Purchase of locally issued securities denominated in foreign exchange**  No.
- **Differential treatment of deposit accounts in foreign exchange**
  - **Reserve requirements**  No.
  - **Liquid asset requirements**  No.
  - **Interest rate controls**  No.
  - **Credit controls**  No.
- **Differential treatment of deposit accounts held by nonresidents**
  - **Reserve requirements**  No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

*The prudential capital requirement for foreign exchange risk under Article 351 of the counterparty credit risk (CRR) applies.*

*For insurance and reinsurance undertakings, only the prudent person principle applies, and the CAA has not imposed any restrictions.*

*Insurance and reinsurance undertakings must invest all their assets in accordance with the prudent person principle, according to the requirements to be determined by a CAA regulation (Article 114 of the Insurance Law).*

*Insurance and reinsurance undertakings must invest all their assets in accordance with the prudent person principle, according to the requirements to be determined by a CAA regulation (Article 114 of the Insurance Law).*

*Insurance and reinsurance undertakings must invest all their assets in accordance with the prudent person principle, according to the requirements to be determined by a CAA regulation (Article 114 of the Insurance Law).*

*Insurance and reinsurance undertakings must invest all their assets in accordance with the prudent person principle, according to the requirements to be determined by a CAA regulation (Article 114 of the Insurance Law).*

*Pension funds must invest all their assets in accordance with the prudent person principle.*

*For pension funds under CAA supervision, Article 256-19 of the Insurance Law applies. Article 256-19, paragraph (1), letter b) provides that pension funds may invest up to 30% of the assets matching technical provisions in assets denominated in currencies other than those in which the commitments are expressed.*

*For pension funds under CAA supervision, Article 256-19 of the Insurance Law applies. Article 256-19, paragraph (1), letter b) provides that pension funds may invest up to 30% of the assets matching technical provisions in assets denominated in currencies other than those in which the commitments are expressed.*
provides that pension funds may invest up to 30% of the assets matching technical provisions in assets denominated in currencies other than those in which the commitments are expressed.

| Investment firms and collective investment funds | No. |
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

In accordance with Council Decision (CFSP) No. 2019/797 of May 17, 2019, and Council Regulation (EU) No. 2019/796 of May 17, 2019, restrictive measures were implemented against cyberattacks threatening the Union or its Member States.
MADAGASCAR
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 25, 1963.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: September 18, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks   | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Classification

| No separate legal tender                           |      |
| Currency board                                     |      |
| Conventional peg                                   |      |
| Stabilized arrangement                             |      |
| Crawling peg                                       |      |
| Crawl-like arrangement                              |      |
| Pegged exchange rate within horizontal bands       |      |
| Other managed arrangement                          |      |

Floating                                           | Yes. |

The de jure exchange rate arrangement is free floating. The exchange rate is determined in the official interbank market. Banky Foiben'î Madagasikara (the Central Bank of Madagascar or CBM) intervenes...
in the interbank market to smooth large exchange rate fluctuations and meet foreign reserve targets. The CBM publishes its interventions daily and only in terms of volume through the interbank foreign exchange market (MID) for participating banks. It also publishes the reference exchange rate and the lowest rate and the highest rate and submits them daily and weekly by courier to the Ministry of Finance and Budget (MFB) and the Presidency.

In the context of substantially lower exports caused by the disruption of trade flows relating to the pandemic, the exchange rate depreciated by 7.7% vis-à-vis the euro and 6.6% vis-à-vis the dollar between end-December 2019 and end-June 2020. The de facto exchange rate arrangement is classified as floating.

<table>
<thead>
<tr>
<th>Monetary policy framework</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate anchor</td>
<td></td>
</tr>
<tr>
<td>U.S. dollar</td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td></td>
</tr>
<tr>
<td>Composite</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Monetary aggregate target</td>
<td></td>
</tr>
<tr>
<td>Inflation-targeting framework</td>
<td></td>
</tr>
</tbody>
</table>

The official exchange rate is the reference rate published at 2:45 p.m., which is computed daily in the interbank market and is used for government transactions. This rate is also used for customs valuation but not on an instantaneous basis. (In practice, customs duties paid by importers are set using an average of the previous week’s interbank exchange rates.)

The monetary policy aims to control the monetary aggregates.
The euro and the US dollar are the only currencies quoted on this market. The exchange rates of other currencies are determined on the basis of the rates of these currencies against the US dollar in the international market. Commercial banks may freely set the exchange rate and commissions for transactions with their clients. The foreign exchange market handles spot and forward operations on a continuous basis.

Authorized intermediaries—namely primary banks and post offices—may conduct all authorized foreign exchange transactions (Article 1 of the Foreign Exchange Code). Territorial banks hold a banking license that allows them to conduct all bank transactions, including foreign currency transactions, and deal in foreign exchange with the public. Exchange bureaus are authorized to carry out over-the-counter exchange transactions, provided they obtain licenses issued by the Banking and Financial Supervision Commission (CSBF). Such institutions may buy and sell foreign currency cash and traveler’s checks, accept foreign currency checks drawn on bank accounts and bank checks, and buy and sell foreign currency held in foreign exchange accounts in Malagasy banks. Because they do not have the status of authorized intermediaries, exchange bureaus may not engage in foreign exchange transactions directly with the CB, maintain accounts abroad, or make foreign currency payments and transfers on behalf of their clients.

As of December 31, 2019, 11 banks were licensed to deal in foreign exchange with the public, and there were 21 exchange bureaus.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.

Interbank market Yes. Authorized intermediaries and the CBM participate in an electronic network that allows them to continuously quote ariary for US dollars and euros. Nine of the eleven banks are licensed by the CBM to participate in the MID. The CBM intervenes directly with market participants. Each participant proposes its quotes. There are no limits on the bid-ask spread or the commission of market participants. The interbank market is developing gradually. While 11 licensed territorial banks can participate in the interbank market, 4 to 7 banks participate regularly, including the CBM.

Over the counter Yes. The foreign exchange market operates over the counter. There are no limits on the bid-ask spreads or commissions of market participants.

Brokerage No.
Market making No.

Forward exchange market Yes. The CBM may participate in the forward foreign exchange market. Importers may buy foreign currency from their banks 120 days before settlement. There is a 120-day maximum for documentary credits for spot exchange cover (Article 28) and a 30-day maximum for documentary collections (remises documentaires), as well as a 360-day maximum for documentary credits for hedging delayed purchases or “couverture de change au comptant différé” (Article 33) with foreign exchange. Foreign exchange swap transactions are used as a CBM monetary policy instrument pursuant to Instruction No. 0002-DOM/17. Banks may not use foreign exchange swaps with another bank or their clients.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.
Controls on the use of domestic currency Yes. Domestic currency may not be used for the settlement of international current or capital transactions.

For current transactions and payments Yes. Domestic currency may not be used for the settlement of international current transactions.

For capital transactions Yes. Domestic currency may not be used for the settlement of international capital transactions.

Transactions in capital and money market instruments Yes. Domestic currency may not be used for the settlement of international capital transactions.

Transactions in derivatives and other instruments Yes. Domestic currency may not be used for the settlement of international capital transactions.

Credit operations Yes. Domestic currency may not be used for the settlement of international capital transactions.

Use of foreign exchange among residents Yes. The use of foreign exchange among residents, including transfers between accounts and foreign exchange transactions conducted outside of authorized intermediaries (change illicite), is prohibited by the foreign exchange regulations, which require that prices be posted,
leases and invoices prepared, and payments made in ariary, except in the following cases: (1) prices posted for cross-border services (air and maritime); (2) residential and commercial leases prepared for export processing zone and free trade zone enterprises; (3) invoices issued for exporters of goods and services intended for foreign countries or free trade zone enterprises; and (4) prices of goods and services posted and paid for in accordance with laws and regulations.

**Payments arrangements**

Yes.

**Bilateral payments arrangements**

Yes.

**Operative**

No. There are currently no operative bilateral payments.

**Inoperative**

Yes. There was an arrangement with Mauritius that has been inoperative for some time.

**Regional arrangements**

Yes. Madagascar is a member of the Regional Integration Facilitation Forum.

**Clearing agreements**

No.

**Barter agreements and open accounts**

No. Regulations prohibit barter trade.

**Administration of control**

Yes. Exchange control is administered by the External Finance Unit of the General Directorate of the Treasury, which also supervises borrowing and lending abroad by residents; foreign exchange lending and borrowing to and for the profit of nonresidents; and the issuance, sale, and introduction of foreign securities in Madagascar. Approval for current transactions has been delegated to authorized intermediaries, except for capital operations, which require MOF authorization. All exchange transactions must be effected through such intermediaries.

**Payments arrears**

No.

**Official**

No.

**Private**

No.

**Controls on trade in gold (coins and/or bullion)**

Yes.

**On domestic ownership and/or trade**

Yes. Approved collectors acting in their own name and on their own behalf may purchase gold within the country from holders of valid gold-mining titles, authorized holders of Gold Board gold-washing rights, and agencies for approved collectors.

**On external trade**

Yes. Imports and exports of gold require authorization from the Ministry of Mines. Exempt from this requirement are (1) imports and exports by or on behalf of the CBM, and (2) imports and exports of manufactured articles containing only a small quantity of gold (such as gold-filled or gold-plated articles). Residents may take abroad 250 grams of hallmarked gold jewelry a person without declaration; declaration is mandatory for quantities above 250 grams. Tourists may take abroad 1 kilogram of hallmarked gold jewelry on submission of an exchange declaration corresponding to the jewelry’s value. Imports of gold, whether licensed or exempt from the licensing requirement, are subject to customs declaration. Holders of a valid gold-mining title or a gold-washing permit or rights thereto may sell gold to any approved collector. However, Malagasy authorities and their agents have first rights to purchase gold produced in the country. The Gold Board and agencies authorized by the Ministry of Mines may export gold in all its forms. Jewelers, goldsmiths, and private sector professionals who use gold may export it only in worked form, with the approval of the minister.
of mining.

**Controls on exports and imports of banknotes**

- **On exports**
  - **Domestic currency**: Yes.
  - **Foreign currency**: Yes.

- **Domestic currency**
  - Residents and nonresidents may take abroad up to MGA 400,000. There are no exceptions to this rule.

- **Foreign currency**
  - Residents and nonresidents may take abroad any amount of foreign currency, but a customs declaration is required if the amount exceeds the equivalent of €7,500. Attestation of purchase of foreign exchange is not required for exports of foreign currency banknotes below €7,500. Effective February 13, 2019, the limit on the use of cash of MGA 10 million, pursuant to Anti-Money-Laundering Law 2004-020 of August 19, 2004, was removed and a risk-based approach to prevent, detect, and suppress money laundering was introduced pursuant to Law No. 2018-043.

- **On imports**
  - **Domestic currency**: Yes.
  - **Foreign currency**: No.

- **Domestic currency**
  - Residents and nonresidents may bring in up to MGA 400,000. There are no exceptions to this rule.

- **Foreign currency**
  - Residents and nonresidents may bring in any amount of foreign currency, but a customs declaration is required if the amount exceeds the equivalent of €7,500. Effective February 13, 2019, the limit on the use of cash of MGA 10 million, pursuant to Anti-Money-Laundering Law 2004-020 of August 19, 2004, was removed and a risk-based approach to prevent, detect, and suppress money laundering was introduced pursuant to Law No. 2018-043. The foreign exchange code requires all conversions of foreign banknotes to take place at accredited institutions (either a bank or an exchange bureau).

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

- **Foreign exchange accounts permitted**: Yes.
- **Held domestically**: Yes.

Residents may open foreign exchange accounts with local commercial banks. Only transfers from abroad, foreign banknotes, traveler’s checks, and bank checks may be deposited in these accounts without documentation. These accounts may be debited for conversion to domestic currency through sale on the interbank market. Balances may not be transferred abroad freely. Foreign currency accounts may not be credited in ariary.

Conversion to foreign banknotes is allowed only within the limits stipulated in the foreign exchange control regulations and requires MOF approval. According to Article 20, foreign currency may not be purchased in the MID for deposit to such accounts, nor may they be credited in ariary; all account holders are authorized to conduct foreign exchange operations, settlements, transfers or arbitrage or withdrawals in the form of traveler’s checks or bank checks for current transactions in the context of delegations to authorized intermediaries (Articles 19 and 20 of Decree No. 2009-048 of January 12, 2009). Transfers of foreign exchange from one resident’s foreign exchange account to another’s are not permitted, except (1) transfers between free trade areas, (2) payments by free trade zone enterprises within the national customs territory, (3) payments by international institutions or embassies to foreign consultants with resident status, and (4) transfers governed by special conventions signed by the government (Article 22 of Decree No. 2009-048 of...
January 12, 2009). Cash deposits must comply with prevailing laws and regulations and may be withdrawn for travel allowances under the applicable rules. Transfers between accounts of residents and nonresidents are permitted for current transactions.

| Approval required | No. |
| Held abroad       | Yes. |

The MOF authorization is required to open a foreign exchange account in a foreign bank for enterprises governed by ordinary law. Balances may be repatriated. Free trade zones may open bank accounts abroad under Law No. 2007-037. Residents may hold payment instruments abroad.

| Approval required | Yes. |

Accounts in domestic currency held abroad

| Accounts in domestic currency held abroad |
| No. |

Residents may not open accounts in domestic currency abroad.

| Accounts in domestic currency convertible into foreign currency |
| No. |

These accounts are governed by Circular No. 23-133 of August 6, 1973, with respect to nonresident ariary accounts and foreign securities portfolios. Residents may not convert the balances of their domestic currency accounts to foreign currency and transfer the proceeds abroad.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

| Foreign exchange accounts permitted |
| Yes. |

Nonresidents are treated as residents for the purpose of these accounts.

| Approval required |
| No. |

Domestic currency accounts

| Domestic currency accounts |
| Yes. |

Transactions between residents and nonresident enterprises in the free trade zone take place either through the enterprises’ special accounts in domestic currency or through their foreign exchange accounts. Transactions between free trade zone enterprises and residents through special domestic currency accounts are limited to settlement of domestic costs and charges, servicing of domestic loans, and payments to the government and to resident shareholders. According to Article 2 of Order No. 1215/91 of February 28, 1991, export processing zone and free trade zone enterprises may ask their banks to transfer abroad up to the amount of foreign currency in their accounts. Pursuant to Decree No. 2015-1096 of July 7, 2015, on the application of Law No. 2007-037 of January 14, 2008, on free trade zones and enterprises in Madagascar (Article 28), any free trade zone or businesses wishing to purchase foreign exchange in the MID must apply for authorization from the External Finance Unit and must domicile its import operations. Payments of the latter may be made only on presentation of the Single Administrative Document (DAU) to the domiciling bank in cases of nondocumentary collections.

| Convertible into foreign currency |
| No. |

Balances of domestic currency accounts held by nonresidents who are not export processing zone or free trade zone enterprises may be converted to foreign currency and transferred abroad only at accredited banking institutions.

| Approval required |
| No. |

| Blocked accounts |
| No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments
<table>
<thead>
<tr>
<th>Section</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>The requirement applies to imports. Waiver of the domiciliation</td>
<td></td>
</tr>
<tr>
<td>requirement for imports was increased to €1,000 from MGA 2,000.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>There is a short list of imports subject to administrative control,</td>
<td></td>
</tr>
<tr>
<td>primarily for health and security reasons (Annex to Decree No. 92-</td>
<td></td>
</tr>
<tr>
<td>424 regulating merchandise imports from abroad and merchandise</td>
<td></td>
</tr>
<tr>
<td>exports abroad).</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Customs duty and VAT are levied on imports. The customs duty rates</td>
<td></td>
</tr>
<tr>
<td>are 0%, 5%, 10%, and 20%; the VAT rate is 20%.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td>Exports and Export Proceeds</td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Merchandise export proceeds must be repatriated within 90 days of</td>
<td></td>
</tr>
<tr>
<td>shipment in the case of resident enterprises. All free trade zones and</td>
<td></td>
</tr>
<tr>
<td>enterprises are required to domicile all export operations with local</td>
<td></td>
</tr>
<tr>
<td>banks and to repatriate export proceeds within a maximum 190 days</td>
<td></td>
</tr>
<tr>
<td>from the date of loading. The repatriation deadline is one month from</td>
<td></td>
</tr>
<tr>
<td>the invoice date for provisions of services.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
<tr>
<td>All merchandise exporters and all service export providers must</td>
<td></td>
</tr>
<tr>
<td>surrender 70% of export proceeds within 30 days. Foreign exchange</td>
<td></td>
</tr>
<tr>
<td>receipts from tourism activities must be surrendered in the foreign</td>
<td></td>
</tr>
<tr>
<td>exchange market. The proceeds must be sold in the interbank foreign</td>
<td></td>
</tr>
</tbody>
</table>
exchange market. Banks are authorized to provide short-term loans and advances in foreign currency to exporters operating in Madagascar.

**Financing requirements**
- No.

**Documentation requirements**
- Yes.

**Letters of credit**
- Yes.

Exports require either the opening of a documentary credit, settlement on delivery of documentation, or simplified remittance (remise libre) at a paying bank.

**Guarantees**
- No.

**Domiciliation**
- Yes.

This requirement applies only to exports exceeding MGA 3 million.

**Preshipment inspection**
- No.

There are no preshipment inspection requirements related to exports and export proceeds.

**Export licenses**
- No.

**Without quotas**
- No.

**With quotas**
- No.

**Export taxes**
- No.

**Collected through the exchange system**
- No.

**Other export taxes**
- No.

**References to legal instruments and hyperlinks**
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**
- Yes.

**Trade-related payments**
- No.

**Prior approval**
- No.

**Quantitative limits**
- No.

**Indicative limits/bona fide test**
- No.

**Investment-related payments**
- No.

**Prior approval**
- No.

**Quantitative limits**
- No.

**Indicative limits/bona fide test**
- No.

**Payments for travel**
- No.

**Prior approval**
- No.

**Quantitative limits**
- No.

**Indicative limits/bona fide test**
- No.

**Personal payments**
- No.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
<td>For current transactions, there is a daily limit depending on the type</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of card.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database:</td>
</tr>
<tr>
<td>Proceeds from Invisible Transactions and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Transfers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
<td>Proceeds for services must be repatriated within 30 days of the invoice</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
<td>date.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
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<td>exchange market. Banks are authorized to provide short-term loans and</td>
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<tr>
<td></td>
<td></td>
<td>advances in foreign currency to exporters operating in Madagascar.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
<td>No restrictions beyond the surrender requirement apply.</td>
</tr>
<tr>
<td>References to legal instruments and</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database:</td>
</tr>
<tr>
<td>Capital Transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
<td>Capital transactions between Madagascar and foreign countries and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>between residents and nonresidents are subject to MOF authorization.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
<td>There are no capital market regulations because there is no capital</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td>market. Repatriation of the proceeds of investments abroad is mandatory.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There is no statutory deadline for the repatriation.</td>
</tr>
<tr>
<td>Control Area</td>
<td>Permitted</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

Approval is required. Acquisition of 20% of equity capital by an individual and of amounts above 33%, 50%, and 66% is subject to CSBF approval (Article 56 of Law No. 95-030 of February 1996 on the Activities and Control of Credit Institutions). The acquisition of 10% of equity capital by one or several persons acting together must be reported to the CSBF (Article 2 of Instruction No. 003/97—CSBF of June 2, 1997, on Changes in the Equity of Credit Institutions).
| **Sale or issue abroad by residents** | Yes. | Approval is required. |
| **Controls on credit operations** | Yes. |
| **Commercial credits** | Yes. |
| **By residents to nonresidents** | Yes. |
| **To residents from nonresidents** | No. |
| **Commercial credits** | Yes. |
| **By residents to nonresidents** | Yes. |
| **To residents from nonresidents** | Yes. |
| **These operations do not currently take place in Madagascar.** |
| **Credit for export prefinancing is permitted. Prefinancing and advances for exports must be reported to the MOF pursuant to pertinent credit notices. Off-site control of the supporting documentation provided for repatriation is required to ensure that the same credit notices are not submitted more than once.** |
| **Financial credits** | Yes. |
| **By residents to nonresidents** | Yes. |
| **To residents from nonresidents** | Yes. |
| **Approval is required.** |
| **Guarantees, sureties, and financial backup facilities** | Yes. |
| **By residents to nonresidents** | Yes. |
| **To residents from nonresidents** | Yes. |
| **Approval is required.** |
| **Controls on direct investment** | Yes. |
| **Outward direct investment** | Yes. |
| **Inward direct investment** | No. |
| **Controls on liquidation of direct investment** | No. |
| **Total or partial liquidation of these investments, whether Malagasy investments abroad or foreign investments in Madagascar, must be reported to the MOF. Supporting documents are required. Proceeds from the liquidation of foreign investments (disposal of shares, stocks, goodwill or assets; shares in liquidation dividends—boni de liquidation—and expropriation compensation) may be repatriated freely but must be reported to the MOF.** |
| **Controls on real estate transactions** | Yes. |
| **Purchase abroad by residents** | Yes. |
| **Purchase locally by nonresidents** | Yes. |
| **Sale locally by nonresidents** | Yes. |
| **The transfer of proceeds of sales requires MOF authorization.** |
| **Controls on personal capital transactions** | Yes. |
| **Loans** | Yes. |
| **By residents to nonresidents** | Yes. |
| **To residents from nonresidents** | Yes. |
| **Approval is required.** |
Gifts, endowments, inheritances, and legacies

By residents to nonresidents
Yes.
Approval is required.

To residents from nonresidents
Yes.
Approval is required.

Settlement of debts abroad by immigrants
Yes.
Approval is required.

Transfer of assets
Yes.

Transfer abroad by emigrants
Yes.
Approval is required.

Transfer into the country by immigrants
Yes.
Approval is required.

Transfer of gambling and prize earnings
Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Yes.
The banking law is the common legal framework governing the business activity of credit institutions (domestic and foreign banks, financial institutions, microfinance institutions, specialized financial institutions). In addition, a microfinance law governs the activity of microfinance institutions.

Borrowing abroad
Yes.
Credit institutions may borrow abroad with the authorization of the MFB. Authorized banks or credit institutions with special legal status do not require MFB authorization.

Maintenance of accounts abroad
Yes.
Accounts abroad of resident individuals and legal entities require MFB approval.

Lending to nonresidents (financial or commercial credits)
Yes.
Lending to nonresidents (financial or commercial credits or loans) requires MFB authorization.

Lending locally in foreign exchange
Yes.
Foreign exchange lending to residents (1) for capital account transactions requires MOF authorization and (2) is allowed in the case of short-term operating requirements of regular and free zone enterprises operating in Madagascar, but may not exceed one year. Medium- and long-term loans are not allowed (Order No. 11508/97 of December 12, 1997).

Purchase of locally issued securities denominated in foreign exchange
No.
Locally issued securities are exclusively denominated in local currency.

Differential treatment of deposit accounts held by nonresidents

Reserve requirements
No.
The reserve requirement, which applies to deposits in ariary and foreign currency, is 13%.

Liquid asset requirements
No.

Interest rate controls
No.

Credit controls
No.

Differential treatment of deposit accounts held by nonresidents

Reserve requirements
No.

Liquid asset requirements
No.

Interest rate controls
No.

Credit controls
No.
Investment regulations Yes.

**Abroad by banks**
Yes. Investment in banking activities is allowed with CSBF and MOF authorization. Investment in nonbank activities is allowed up to 10% of net banking income. Equity investment (1) may not exceed 15% of a bank’s available equity funds and 15% of the capital in which the bank invests and (2) may not exceed 60% of a bank’s available equity funds for the total investment.

**In banks by nonresidents**
Yes. The acquisition of 20% of equity capital by an individual and of amounts above 33%, 50%, and 66% of equity capital is subject to CSBF approval (Article 56 of Law No. 95-030 of February 1996 on the Activities and Control of Credit Institutions). The acquisition of 10% of equity capital by one or several persons acting together must be reported to the CSBF (Article 2 of Instruction No. 003/97—CSBF of June 2, 1997, on Changes in the Equity of Credit Institutions).

Open foreign exchange position limits Yes. Commercial banks are subject to a foreign exchange exposure limit of 20% of their capital.

**On resident assets and liabilities**
Yes. Commercial banks are subject to a foreign exchange exposure limit of 20% of their capital.

**On nonresident assets and liabilities**
Yes. Commercial banks are subject to a foreign exchange exposure limit of 20% of their capital.

**Provisions specific to institutional investors**
Yes. The Insurance Code—Law 99 013 of August 2, 1999—compiles the legal provisions that govern the insurance sector.

Insurance companies Yes. Decree No. 2001-1121 of December 28, 2001, regulating investments and other assets—Article 70 applies.

**Limits (max.) on securities issued by nonresidents**
Yes. The following limits apply to assets covering technical provisions: (1) up to 50% of the total amount of technical provisions for (a) bonds issued or guaranteed by a public international financial institution of which Madagascar is a member and (b) bonds issued or guaranteed by a financial institution specialized in development or by a multilateral development bank authorized to operate in Madagascar; (2) up to 40% of technical provisions for shares of insurance or reinsurance companies headquartered in Africa and of which Madagascar is a shareholder; and (3) up to 30% of technical provisions for loans granted or guaranteed by international development finance institutions operating in Madagascar.

**Limits (max.) on investment portfolio held abroad**
Yes. The limit on assets acceptable as cover for technical provisions for shares of insurance or reinsurance companies headquartered in Africa and of which Madagascar is a shareholder is up to 40% of the total technical provisions.

**Limits (min.) on investment portfolio held locally**
Yes. Liabilities to policyholders must be backed by appropriate investments. Insurance companies must establish guarantee funds or guarantee reserves to supplement their equity capital guarantees or start-up funds. Guarantee funds must be equal to or higher than one-third of the regulatory solvency margin.

**Currency-matching regulations on assets/liabilities composition**
Yes. If contract guarantees are expressed in a given currency, the liabilities of the insurance companies must be denominated in the same currency.

Pension funds n.a. In Madagascar, there is only one pension fund in operation: FUNRECO S.A.

**Limits (max.) on securities issued by nonresidents**
 n.a.

**Limits (max.) on investment portfolio held abroad**
 n.a.

**Limits (min.) on investment portfolio held locally**
 n.a.

**Currency-matching regulations on**
 n.a.
assets/liabilities composition

Investment firms and collective investment funds n.a.

Limits (max.) on securities issued by nonresidents n.a.

Limits (max.) on investment portfolio held abroad n.a.

Limits (min.) on investment portfolio held locally n.a.

Currency-matching regulations on assets/liabilities composition n.a.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Arrangements for Payments and Receipts

Controls on exports and imports of banknotes

On exports

*Foreign currency* 02/13/2019 The limit on the use of cash of MGA 10 million, pursuant to Anti-Money-Laundering Law 2004-020 of August 19, 2004, was removed and a risk-based approach to prevent, detect, and suppress money laundering was introduced pursuant to Law No. 2018-043.

On imports

*Foreign currency* 02/13/2019 The limit on the use of cash of MGA 10 million, pursuant to Anti-Money-Laundering Law 2004-020 of August 19, 2004, was removed and a risk-based approach to prevent, detect, and suppress money laundering was introduced pursuant to Law No. 2018-043.
MALAWI

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 19, 1965.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: December 7, 1995.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>No.</th>
</tr>
</thead>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stabilized arrangement</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The de jure exchange rate arrangement is floating. Official intervention focuses on building foreign reserves and limiting exchange rate volatility while taking into account seasonal fluctuations. From March 2019, the kwacha increased its flexibility and then stabilized anew within a 2% band against the US dollar from August 2019. Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) to other managed from stabilized, effective March 18, 2019, and (2) to stabilized from other managed, effective August 23, 2019. The Reserve Bank of Malawi (RBM) does not publish its intervention data.

Crawling peg

Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate

The RBM calculates daily indicative exchange rates at the beginning of each business day as simple averages of rates established by commercial banks at the opening of business. The RBM rates are used for all official foreign exchange obligations.

Monetary policy framework

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

*CPI*

*Core inflation*

Target horizon

Operating target (policy rate)
Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. The RBM uses an interest rate-based monetary policy framework. Under this framework, a change in the policy stance is communicated by changing the Policy rate. The Monetary Policy Committee (MPC) of the RBM meets quarterly to review global and domestic financial and economic developments and set the policy stance. The MPC decisions are published on the RBM website. However, monetary aggregates are still discussed and agreed in the context of the Extended Credit Facility (ECF) program.

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. There are 8 authorized banking institutions as of April 1, 2020, (and there were 9 authorized banking institutions as of December 31, 2019) licensed by the RBM to deal in foreign exchange with the public. As of August 18, 2020, there are 16 foreign exchange bureaus (as of December 31, 2019, there were 17 foreign exchange bureaus). ADs are allowed to determine freely their commissions with their clients.

Effective September 6, 2019, maximum spreads between buying and selling exchange rates are set at 2% for Telegraphic Transfer (TT) and 3% for cash. From March 16, 2016, to September 5, 2019, maximum spreads were set at 3% for TT and 6% for cash. The limit on spread applies to only banks, bureaus have never been subjected to price restrictions.

Spot exchange market Yes. Foreign exchange bureaus may not enter into foreign exchange transactions with the RBM. Their business is limited to the sale and purchase of foreign currency cash, traveler’s checks, and other similar instruments for immediate delivery (spot transactions). Foreign exchange bureaus account for only a small fraction of turnover in Malawi’s foreign exchange market.

Operated by the central bank No. The RBM does not operate or organize any foreign exchange spot market.

Foreign exchange standing facility No.

Allocation No.

Auction No.
Fixing

No.

Interbank market

Yes. There are 8 banks authorized to trade in the foreign exchange interbank market as of April 1, 2020 (9 banks as of December 31, 2019). The foreign exchange interbank market is very thin with very small volume of trades conducted within the confines of AD’s bid and offer rates. The CB intervenes at its own discretion. Foreign exchange trading among ADs or between ADs and RBM is conducted via Reuters. Where not possible, it is conducted on a recordable phone or any ordinary phone with evidence provided via e-mail. The minimum tradable amount on the interbank market is US$50,000 or its equivalent in any fully convertible currency. The minimum intervention amount by RBM, however, is US$500,000 or its equivalent.

Intervention is done through allocation to selected authorized dealer banks (ADBs) at market rates that sell onward in the interbank market.

Since all ADBs are registered market makers, they quote two-way. RBM is not a market maker and thus not obliged to quote two way.

Over the counter

Yes.

Brokerage

No.

Market making

Yes. The foreign exchange interbank market operates under a market-making arrangement.

Forward exchange market

Yes. Authorized banks may quote bid-ask prices on demand. Forward exchange rates are not set by the RBM. Banks are free to set their own rates based on the forward variables as they see fit. There are only sporadic forward and swap transactions. The RBM does not do forwards per se but swaps. Under swap arrangement, there is always a forward leg.

The forward market is still in its infancy with negligible trade volumes.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes. Payments to and receipts from nonresidents may be made in any convertible currency traded in Malawi or in kwacha through nonresident accounts.

Controls on the use of domestic currency

Yes. Restrictions apply on amounts one can carry when traveling out of Malawi.

For current transactions and payments

Yes. Current transactions between residents and nonresidents must be settled in foreign exchange, except transactions through nonresident kwacha accounts. Tourists may settle their local bills in any convertible foreign currency or in kwacha after converting their foreign currency in the market.

For capital transactions

Yes. Payments to and receipts from nonresidents for capital transactions cannot be paid in domestic currency, except for transactions through nonresident kwacha accounts.

Transactions in capital and money market instruments

Yes. Payments to and receipts from nonresidents for capital transactions cannot be paid in domestic currency, except for transactions through nonresident kwacha accounts.

Transactions in derivatives and other instruments

Yes. Payments to and receipts from nonresidents for capital transactions cannot be paid in domestic currency, except for transactions through nonresident kwacha accounts.
<table>
<thead>
<tr>
<th>Credit operations</th>
<th>Yes.</th>
<th>Payments to and receipts from nonresidents for capital transactions cannot be paid in domestic currency, except for transactions through nonresident kwacha accounts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
<td>Residents are not allowed to transact in foreign currency.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
<td>Malawi is a member of the RIFF.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
<td>Malawi is a member of the COMESA Regional Payment and Settlement System since 2013 and SADC Integrated Regional Settlement System since 2014.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
<td>Direct exchange of exports for imports (barter or countertrade) is subject to approval from the Ministry of Industry, Tourism, and Trade.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
<td>Foreign flows monitoring is administered by the RBM under the authority of and on behalf of the MOF.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
<td>Residents may purchase, hold, and sell gold coins for numismatic purposes. Only the monetary authorities may acquire or hold gold at home or abroad in any form other than numismatic coins and jewelry.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
<td>Only the monetary authorities may conduct external trade in gold. Imports of gold in any form other than jewelry require licenses issued by the Ministry of Industry and Trade in consultation with the MOF; such licenses are not usually granted, except for imports by or on behalf of the monetary authorities and industrial users.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
<td>Up to the equivalent of US$5,000 may be exported. Larger amounts may be exported with justified causes and RBM approval.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
<td>Residents may export foreign currency up to the equivalent of US$10,000, subject to applicable indicative limits on travel allowances. Nonresidents may export foreign currency up to the amount they imported.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
<td>Up to the equivalent of US$5,000 may be imported. Only monetary authorities (RBM) may import larger amounts.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
<td>Foreign travelers may bring into Malawi any amount of foreign currency subject to AML/CFT requirements, while returning residents may not bring more than the amount exported when exiting the country. There is no limit for financial institutions. Financial institutions may import any amount of foreign currency against their foreign-currency-denominated account balances.</td>
</tr>
</tbody>
</table>
### Resident Accounts

<table>
<thead>
<tr>
<th><strong>Foreign exchange accounts permitted</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Held domestically</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
|居民可以在银行的条款和条件下开设外币存款账户（FCDAs），受结汇控制。
余额可用于符合结汇规定条件的对外支付。

**Approval required** No. |

| **Held abroad**                        | Yes. |
|居民一般不允许在国外开设账户。
只有当对岸账户要求用于投资项目融资时，对岸账户才能被批准。

**Approval required** Yes. |

| **Accounts in domestic currency held abroad** | No. |
|账号内的本地货币账户不得在对岸账户中持有。

**Accounts in domestic currency convertible into foreign currency** No. |

<p>| <strong>References to legal instruments and hyperlinks</strong> |
|This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>. |</p>
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
<td>Prepayment for imports is allowed.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
<td>Advance import deposits are not required by law; however, AD banks may require them as a banking practice, depending on the mode of payment (for example, LCs).</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
<td>AD banks process payments based on invoices and other import documents including Customs clearing documents.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
<td>This is optional and conditional on buyer/seller terms of trade. It is not a government requirement.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
<td>Import licenses are not used to restrict the availability of foreign exchange, but rather in keeping with the provisions of the Control of Goods Act. The Minister of Trade may designate certain goods requiring importation license for several reasons including national security and food security.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>Importers may choose any method of payment, and imports may be paid for in kwacha to an appropriate local nonresident account or in any convertible currency. When payment for imports is due, importers must submit to an AD bank relevant importation and customs clearing documents in the case of an open account.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
<td>Most imports are subject to OGLs, including imports from Commonwealth and WTO member countries.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
<td>Imports of clothing and uniforms designed for military or police use; radioactive substances; mist nets for the capture of wild birds, wild animals, and live fish; compound products suitable only for use as animal fodder; eggs of domestic or wild birds; live poultry (including day-old chicks); meat; dieladlin and aldrin; and table salt require specific licenses from the Ministry of Industry and Trade. Specific import licenses are usually issued within one week of application and are generally valid for six months.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
<td>Customs tariffs are ad valorem and range up to 30% of c.i.f. value, with a weighted average of about 15%. Customs tariffs on all items with MFN status range from 0% to 25%. There are no tariffs on items from the COMESA region. Selected government imports are exempt from customs tariffs. Imports are also subject to a surtax of up to 17.5%.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
<td>Exporters must repatriate their export proceeds within 180 days of the date the goods or services were exported.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td>No surrender requirements. Exporters may hold 100% of the export</td>
</tr>
</tbody>
</table>
proceeds in their foreign-currency-denominated accounts or sell to ADBs as they may wish. Exporters may retain 100% of their export proceeds in their FCDAs. Export financing is available from all commercial banks in Malawi and the Export Development Fund. The Export Development Fund was established to cater for export financing, equity participation, or credit guaranteed and provide advisory services for the setup of agricultural commodities exports.

Export financing is available from all commercial banks in Malawi and the Export Development Fund. The Export Development Fund was established to cater for export financing, equity participation, or credit guaranteed and provide advisory services for the setup of agricultural commodities exports.

Surrender to authorized dealers: No. Exporters are required to complete an electronic customs declaration form (CD1 form) for exports worth more than US$5,000.

Surrender to the central bank: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Export licenses: Yes. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Letters of credit: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Guarantees: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Domiciliation: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Preshipment inspection: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Other: Yes. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Export licenses: Yes. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Without quotas: Yes. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

With quotas: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Export licenses: Yes. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Export taxes: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Collected through the exchange system: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

Other export taxes: No. Export licenses are required for selected goods as determined by the Ministry of Industry and Trade.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: Yes. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Trade-related payments: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Prior approval: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Quantitative limits: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Indicative limits/bona fide test: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Investment-related payments: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Prior approval: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Quantitative limits: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Indicative limits/bona fide test: No. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.

Payments for travel: Yes. AD banks may freely provide foreign exchange for all current invisible payments subject to the limits detailed in the Cross-border Foreign Exchange Transactions (Operational Manual) January 2015.
accordance with the Operational Manual.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

Yes. The limit is an equivalent of US$500 per day up to the maximum of equivalent of US$10,000 a trip. Higher amounts are granted on proof of need. Additional foreign exchange to the same individual for private or business travel is granted on proof of need.

**Personal payments**

Yes. ADBs process such transactions in accordance with the Operational Manual.

**Prior approval**

No. ADBs have delegated authority to process these transactions in accordance with the Operational Manual.

**Quantitative limits**

No. There are no quantitative limits for personal payments. The amount of foreign exchange provided depends on invoice value.

**Indicative limits/bona fide test**

Yes. ADs may approve foreign exchange for family maintenance and alimony payments. There are no indicative limits but proof is required.

**Foreign workers' wages**

No. ADBs approve remittances based on contracts of employment and pay slips.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.

**Credit card use abroad**

Yes. AD banks must obtain prior approval from the RBM to issue credit cards.

**Prior approval**

Yes. The indicative limits for travel allowances apply. The limit is an equivalent of US$500 per day up to the maximum of equivalent of US$10,000 a trip. Higher amounts are granted on proof of need.

**Other payments**

No.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

Yes. Exporters must repatriate export proceeds within 180 days of the date the goods or services were exported.

**Surrender requirements**

No.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

No. Exporters may retain 100% of their export proceeds in their FCDAs. Proceeds in the FCDAs are treated as part of the country foreign reserves and are subject to Exchange Control regulations.

**Restrictions on use of funds**

Yes. Funds may be used only in accordance with Exchange Control regulations.

**References to legal instruments and**

This information can be found at the AREAER ONLINE database:
### Capital Transactions

**Controls on capital transactions**
Yes. Nonresidents must register their transactions with the RBM through their bank to enable them to repatriate proceeds from their investment (that is, dividends and disinvestment).

**Repatriation requirements**
Yes. Proceeds from all bona fide economic activities must be repatriated to Malawi. Likewise, proceeds from all registered investments in Malawi are freely remittable by an ADB without recourse to RBM. There is no deadline for repatriation.

**Surrender requirements**
No.

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
No. Payments to and receipts from nonresidents for capital transactions may be made through the banking system, and foreign exchange receipts from nonresidents for capital transactions do not need to be converted to kwacha.

**Controls on capital and money market instruments**
Yes. Inward transfers of capital and money markets instruments are not restricted. Outward transfers of capital are subject to approval of RBM mainly for residents.

**On capital market securities**
Yes.

**Shares or other securities of a participating nature**
Yes. Non-residents may purchase shares or securities in a registered local company subject to registration of the capital they have brought in Malawi.

**Purchase locally by nonresidents**
Yes. Non-residents may purchase local shares. The RBM requires that any inflows in the form of investment should be registered with RBM for purposes of repatriation of dividends or capital when disinvesting.

**Sale or issue locally by nonresidents**
Yes. The RBM requires that such transactions be registered with RBM.

**Purchase abroad by residents**
Yes. RBM Approval is required.

**Sale or issue abroad by residents**
Yes. RBM Approval is required.

**Bonds or other debt securities**
Yes.

**Purchase locally by nonresidents**
Yes. Ex ante registration with the RBM is required. The RBM does not deny such registration. There is no minimum holding period for these transactions.

**Sale or issue locally by nonresidents**
Yes. Ex ante registration with the RBM is required.

**Purchase abroad by residents**
Yes. RBM Approval is required.

**Sale or issue abroad by residents**
Yes. RBM Approval is required.

**On money market instruments**
Yes.

**Purchase locally by nonresidents**
Yes. Registration with the RBM is required.

**Sale or issue locally by nonresidents**
Yes. Registration with the RBM is required. The RBM does not prohibit such sales or issues.

**Purchase abroad by residents**
Yes. Approval is required.

**Sale or issue abroad by residents**
Yes. Approval is required.

**On collective investment securities**
Yes.

**Purchase locally by nonresidents**
Yes. Registration with the RBM is required. The RBM does not deny registration.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Eligibility</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Registration with the RBM is required.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Approval is required.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Approval is required.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Approval is required.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Approval is required.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td>Borrowing abroad by residents requires RBM approval, which is normally granted, provided the terms of repayment, including the servicing costs, are acceptable.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
<td>RBM Approval is required.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Registration with the RBM is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>RBM Approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Registration with the RBM is required. The RBM does not deny registration.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
<td>RBM Approval is required.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td>RBM Approval is required.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
<td>Registration with the RBM is required. The RBM does not deny registration.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
<td>Repatriation of liquidation proceeds is permitted if the initial investment was registered with the RBM. ADBs are mandated to process such transactions under delegated responsibility.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>RBM Approval is required.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Registration with the RBM is required.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>RBM Approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Borrowing abroad by residents requires RBM approval, which is normally granted, provided the terms of repayment, including the servicing costs, are acceptable.</td>
</tr>
</tbody>
</table>
usually granted, provided the terms of repayment, including the servicing costs, are acceptable.

**Gifts, endowments, inheritances, and legacies**
- By residents to nonresidents: Yes.
- To residents from nonresidents: No.

**Settlement of debts abroad by immigrants**
- Yes. These transactions require approval from the RBM.

**Transfer of assets**
- No.

**Transfer abroad by emigrants**
- No.

**Transfer into the country by immigrants**
- No.

**Transfer of gambling and prize earnings**
- No. This is allowed subject to AML requirements.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**
- Yes.

**Borrowing abroad**
- Yes.
  - There are implicit controls in banking practice. Exchange Control approval is required.

**Maintenance of accounts abroad**
- No.
  - Banks are allowed to maintain offshore accounts (nrostro accounts) for such purposes as settlement of their foreign transactions as well as for correspondent banking purposes.

**Lending to nonresidents (financial or commercial credits)**
- Yes. Approval is not required for lending to nonresidents who conduct business in Malawi. However, lending to nonresidents requires Exchange Control approval.

**Lending locally in foreign exchange**
- Yes.
  - These are subject to prudential regulations. The aggregate of a bank’s foreign exchange risk exposure (short and long currency positions) both on-book and off-balance sheet, as measured using spot buying rates, may not exceed 35% of the bank’s core capital.

**Purchase of locally issued securities denominated in foreign exchange**
- Yes.
  - Locally issued securities are not denominated in foreign currency.

**Differential treatment of deposit accounts held by nonresidents** in foreign exchange
- Reserve requirements: No.
- Liquid asset requirements: No.
- Interest rate controls: No.
- Credit controls: Yes.
  - A credit concentration may not exceed 25% of a bank’s core capital. The aggregate of a bank’s large exposure and credit concentrations may not exceed 400% of its core capital.

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<table>
<thead>
<tr>
<th>Section</th>
<th>Requirement</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td>RBM approval is required.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>Yes.</td>
<td>RBM approval is required.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>Yes.</td>
<td>The open foreign exchange position limit is 35% of core capital.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
<td>The open foreign exchange position limit is 35% of core capital.</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes.</td>
<td>The open foreign exchange position limit is 35% of core capital.</td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
<td>The open foreign exchange position limit is 35% of core capital.</td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
<td>For life insurance companies, offshore investments are limited to</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
<td>10% exposure to life fund assets and 5% maximum exposure per issuer.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
<td>Issuers are limited to deposits with financial institutions as</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
<td>approved by the RBM, securities issued by government or issued on the</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>Yes.</td>
<td>the stock exchange. All must be in the COMESA, SADC, and OECD</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
<td>Pension funds are currently not permitted to invest offshore</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
<td>Pension funds are currently not permitted to invest offshore. The</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
<td>specific provision is contained in Section 56 of the Act. However, in</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
<td>2014, it was amended to include that the Registrar may issue a</td>
</tr>
<tr>
<td><strong>Investment firms and collective investment funds</strong></td>
<td>No.</td>
<td>directive to set limits for such investments. The Registrar is</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
<td>currently working towards publishing such a directive which has</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No.</td>
<td>recommended that such investments be limited to 10% of the pension</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
<td>fund’s assets. The directive also places restrictions on the</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
<td>permissible types of investments.</td>
</tr>
</tbody>
</table>
### Changes during 2019 and 2020

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Classification</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stabilized arrangement</td>
<td>08/23/2019</td>
<td>From March 2019, the kwacha increased its flexibility, and then stabilized anew within a 2% band against the US dollar from August 2019. Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) to other managed from stabilized, effective March 18, 2019, and (2) to stabilized from other managed, effective August 23, 2019.</td>
</tr>
<tr>
<td>Other managed arrangement</td>
<td>03/18/2019</td>
<td>The de facto exchange rate arrangement was reclassified to other managed from stabilized.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>09/06/2019</td>
<td>Maximum spreads between buying and selling exchange rates are set at 2% for Telegraphic Transfer (TT) and 3% for cash. From March 16, 2016, to September 5, 2019, maximum spreads were set at 3% for TT and 6% for cash.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
MALAYSIA

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

Date of membership
March 7, 1958.

Article VIII
Yes. Date of acceptance: November 11, 1968.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

In accordance with UNSC resolutions, Malaysia maintains targeted financial sanction restrictions with respect to the following: (1) Terrorism financing: Freezing of funds, financial assets, and economic resources related to the ISIL (Da’esh) and Al-Qaida (UNSCRs 1267, 1989, and 2253); Taliban (UNSCR 1988); and designated entities/individuals listed in domestic list (UNSCR 1373). (2) Proliferation financing: Freezing of funds, financial assets, and economic resources and prevention of the provision of financial services related to the designated entities/individuals (UNSCRs 1718 and 2231). (3) Other financial sanctions: Implementation of the measures decided by the UNSC pursuant to Article 41 of the Charter of the United Nations to give effect to the freezing of funds, financial assets, and economic resources on designated person relating to the Democratic Republic of the Congo, Eritrea, Iraq, Libya, , , Somalia, South Sudan, and Yemen. The above restrictions apply to all authorized persons under the Financial Services Act (FSA) 2013 and the Islamic Financial Services Act (IFSA) 2013, licensed money services business (MSB) under the MSB Act 2011, and prescribed development financial institutions under the Development Financial Institutions Act 2002.

Other security restrictions
Yes.

Implementation of the measures decided by the UNSC pursuant to Article 41 of the Charter of the United Nations to give effect to the freezing of funds, financial assets, and economic resources on designated person relating to the Central African Republic, Democratic Republic of the Congo, , Sudan, and Yemen.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Malaysia is the Malaysian ringgit.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple
Classification

No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement

Floating Yes. The de jure exchange rate arrangement is floating. On September 26, 2016, Bank Negara Malaysia (BNM – Central Bank of Malaysia) affirmed that market forces determine the direction and level of the exchange rate. BNM does not publish foreign exchange intervention data. The de facto exchange rate arrangement is classified as floating.

Free floating

Official exchange rate Yes. The official exchange rate is determined by supply and demand in the foreign exchange market. The exchange rate serves as a reference value for all international transactions.

Monetary policy framework

Exchange rate anchor
U.S. dollar
Euro
Composite
Other

Monetary aggregate target

Inflation-targeting framework

Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank

Inflation target

Target number
The Central Bank of Malaysia Act 2009 requires BNM to pursue a monetary policy whose primary objective is to maintain price stability while taking into account developments in the economy. BNM’s sole instrument to signal the stance of monetary policy is the overnight policy rate.

Licensed onshore banks may freely determine their bid-ask spreads and foreign exchange commissions with their clients.

As at end-June 2020, licensed onshore banks consisted of (1) 26 licensed commercial banks, (2) 16 licensed Islamic banks, (3) 11 licensed investment banks, and (4) 1 licensed international Islamic bank (IIB). Licensed onshore banks and MSB licensees conducting remittance, retail currency exchange, and wholesale currency businesses may undertake spot transactions with residents and nonresidents.

There are 310 companies licensed by BNM to provide MSB. Of these, 270 are approved for retail currency exchange business only; 27 are approved for remittance business only; 7 are approved for both retail currency exchange and remittance businesses; 1 is approved for both retail currency exchange and wholesale currency businesses; and 5 are approved to conduct the full range of MSB.
activities (remittance, retail currency exchange, and wholesale currency businesses).
In addition, 28 of total licensed companies are providing digital remittance/money changing services.
Licensed money changers that undertake retail currency exchange transactions may (1) buy and sell foreign currency notes and coins against ringgit or other foreign currency notes and coins with any person in Malaysia; and (2) buy and sell traveler’s checks on behalf of an issuer of traveler’s checks with any person in Malaysia.
Licensed currency wholesalers may (1) buy or sell foreign currency with licensed banks, licensed Islamic banks, MSB licensees, and any person abroad; and (2) import and export foreign currency notes with any person abroad. Licensed money changers and currency wholesalers do not conduct exchange transactions with BNM.

<table>
<thead>
<tr>
<th>Operated by the central bank</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Interbank market**
Trading activities in the onshore foreign exchange market are undertaken through a broker system or market-making arrangements between interbank participants. All licensed onshore banks can participate in the interbank foreign exchange market. There are no limits imposed by BNM on the bid-ask spreads and commissions of market participants. When the need for intervention arises, operations are conducted at market rates with market participants.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

BNM may participate in the forward foreign exchange market.

(1) Forward exchange transactions by residents: Residents may hedge current account and financial account transactions (including derivative contracts offered by a resident provider up to the net derivatives position) based on firm commitment or anticipation with licensed onshore banks.

April 30, 2020, the BNM announced refinements to the foreign exchange policies (FEPs) aimed at improving business efficiency and providing flexibilities for corporates to better manage their foreign exchange risk exposure, while ensuring financial stability and orderly foreign exchange market condition. To achieve the said objectives, foreign exchange policy (FEP) now adopts the following principles:
- The use of threshold to generally permit low-value low-risk transactions;
- Shift from approval-based to notification-based approach for low-risk transactions; and
- Set market standards to enable licensed onshore banks to monitor low-risk transactions.
The FEP refinements include (but not limited to) the following measures:

- Effective April 30, 2020, residents can hedge foreign currency loan obligations up to the underlying tenure. Previously, residents were allowed to sell ringgit with licensed onshore banks on forward basis up to 12 months of their foreign currency loan obligations and up to the underlying tenure for other foreign currency obligations, for example, import payments and other current account transactions. This is a further liberalization of the foreign exchange administration policy which previously, effective August 30, 2019, allowed residents to hedge their foreign currency current account obligations up to their underlying tenure.

- Effective April 30, 2020, residents are free to cancel or unwind their forward positions, except hedges on portfolio investment. Previously, prior approval from BNM was required for residents to undertake any cancelation or unwinding of forward position when the underlying commitment still existed; also, the currency pair for hedging and unwind hedging was limited to Malaysian ringgit (RM) against US dollar, Chinese yuan, British pound sterling, euro, and Japanese yen; and documentary evidence was required for amounts above an aggregate net open position limit of RM 6 million per licensed onshore bank; and one-off declaration of hedging intent was required.

Apart from the above, resident institutional investors registered with BNM may (1) enter into forward contracts to buy ringgit up to 100% of their invested underlying foreign-currency-denominated assets (that is, debt securities, equity securities, and temporary placement in foreign currency deposit or deposit-like securities using proceeds from the sale of existing foreign-currency-denominated securities pending reinvestment of such foreign currency proceeds) and (2) unwind the forward contracts as described in (1), without documentary evidence with licensed onshore banks to manage their foreign currency exposure.

Effective August 30, 2019, resident entities (other than financial institutions) may hedge on behalf of their resident or nonresident group of entities with licensed onshore banks for any permitted underlying transactions, subject to compliance with Notice 1.

(2) Forward exchange transactions by nonresidents:
Nonresidents may hedge their current account and financial account transactions (including derivative contracts offered by a resident provider up to the net derivatives position) based on firm commitment with licensed onshore banks or appointed overseas offices of licensed onshore banks. Effective August 30, 2019, foreign exchange hedging on anticipatory basis is allowed for international trade in goods or services with appointed overseas offices of licensed onshore banks.

Effective April 30, 2020, nonresidents are free to cancel or unwind their forward positions, except hedges on portfolio investment. Previously, prior approval from BNM was required for nonresidents to undertake any cancelation or unwinding of forward positions when the underlying commitment still exists.

Nonresident institutional investors registered with BNM may (a) enter into forward contracts to sell ringgit up to 100% of their invested underlying ringgit-denominated assets (that is, debt securities on Real-time Electronic Transfer of Funds and Securities
System (RENTAS), equity securities on Bursa Malaysia Berhad, (the stock exchange of Malaysia) or temporary placement in ringgit deposits or deposit-like securities offered by licensed onshore banks using proceeds from the sale of existing ringgit-denominated securities pending reinvestment of such ringgit proceeds; (b) enter into forward contracts to buy ringgit up to 25% of their invested underlying ringgit-denominated asset; or (c) unwind the forward contracts as described in (a) and (b), without documentary evidence with licensed onshore banks or appointed overseas offices of licensed onshore banks for the purpose of managing their ringgit exposure.

Effective August 30, 2019, nonresident entities (other than financial institutions) may hedge on behalf of their resident or nonresident group of entities with licensed onshore banks or appointed overseas office of licensed onshore banks for any permitted underlying transactions, subject to compliance with Notice 1.

Portfolio investors may register under the existing dynamic hedging framework to cancel or unwind their hedges.

The capacity of the financial institutions to undertake forward positions is subject to their respective risk appetite. The Bank’s role is to ensure that the development of the forward market is unimpeded but without introducing stability risk.

Official cover of forward operations No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Transactions with or in the currency of Israel require approval from BNM.

Controls on the use of domestic currency Yes.

For current transactions and payments Yes. Ringgit may be used for international trade settlement between residents and nonresidents with licensed onshore banks including via nonresident financial institutions (using their ringgit accounts maintained with licensed onshore banks). Physical settlements in ringgit for current transactions may be undertaken only in Malaysia.

For capital transactions Yes. Ringgit may be used for settlement of ringgit assets with licensed onshore banks including via an appointed overseas office of a licensed onshore bank. Physical settlements in ringgit for current transactions may be undertaken only in Malaysia.

Transactions in capital and money market instruments Yes. Ringgit may be used for settlement of ringgit assets with licensed onshore banks including via an appointed overseas office of a licensed onshore bank. Physical settlements in ringgit for current transactions may be undertaken only in Malaysia.

Transactions in derivatives and other instruments Yes. Ringgit may be used for settlement of ringgit assets with licensed onshore banks including via an appointed overseas office of a licensed onshore bank. Physical settlements in ringgit for current transactions may be undertaken only in Malaysia.

Credit operations Yes. Ringgit may be used for settlement of ringgit assets with licensed onshore banks including via an appointed overseas office of a licensed onshore bank. Physical settlements in ringgit for current transactions may be undertaken only in Malaysia.

Borrowing and lending in ringgit by residents and nonresidents are subjected to Foreign Exchange (FE) Notice 2 on Borrowing, Lending and Guarantee.
Use of foreign exchange among residents: Yes. All settlements of domestic trade in goods and services between residents must be made in ringgit. Effective May 2, 2019, a flexibility is given to resident Small and Medium Enterprise (SME) net importers to receive payment in foreign currency from resident exporters for settlement of domestic trade in goods or services.

Payments arrangements: Yes.

Bilateral payments arrangements: Yes. There is a currency swap arrangement between the People’s Bank of China and BNM for three years for ¥ 180 billion/RM 110 billion, which was renewed in August 2018 for further three years. There is a currency swap arrangement between the Bank of Korea and BNM for three years for W 5 trillion/RM 15 billion, which was renewed, effective February 3, 2020, for further three years. The Bilateral Local Currency Swap Agreement with Bank Indonesia was established, effective September 27, 2019, which allows access to Malaysian ringgit/Indonesian rupiah (MYR/IDR) liquidity from each other amounting to RM 8 billion/IDR 28 trillion for a period of three years.

Operative: Yes. There are two operative agreements as of December 31, 2019.

Inoperative: No.

Regional arrangements: Yes. Malaysia is a member of the ASEAN Swap Arrangement (ASA) under ASEAN, Chiang Mai Initiative Multilateralization under ASEAN+3, and Executives’ Meeting of East Asia Pacific (EMEAP) Repurchase Agreement. The ASA and Chiang Mai Initiative Multilateralization are regional financial arrangements.

Clearing agreements: Yes.

Barter agreements and open accounts: No.

Administration of control: Yes. The Foreign Exchange (FE) Policy is administered by BNM.

Payments arrears: No.

Official: No.

Private: No.

Controls on trade in gold (coins and/or bullion): No.

On domestic ownership and/or trade: No. Residents and nonresidents are free to undertake dealing in physical gold (coins and/or bullion). Settlements for such dealings are subject to FE Notice 1 on Dealings in Currency, Gold and Other Precious Metals and FE Notice 4 on Payments and Receipt.

On external trade: No. Residents are free to export physical gold (coins and/or bullion) subject to the requirements for export of goods under Foreign Exchange Administration (FEA) Notice 7.

Controls on exports and imports of banknotes: Yes.

On exports: Yes.

Domestic currency: Yes. Resident and nonresident travelers may export ringgit notes not exceeding the aggregate amount of US$10,000 or its equivalent. Larger amount may be exported with approval from BNM.

Foreign currency: No.

On imports: Yes.

Domestic currency: Yes. Resident and nonresident travelers may import ringgit notes not
Foreign currency exceeding the aggregate amount of US$10,000 or its equivalent. Larger amount may be exported with approval from BNM.

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

## Resident Accounts

### Foreign exchange accounts permitted

| Held domestically | Yes. | Residents may open foreign currency accounts with licensed onshore banks; Trade Foreign Currency Account (Trade FCA) and Investment Foreign Currency Account (Investment FCA). |

| Approval required | Yes. | Prior approval from BNM is required for resident individuals to open and maintain joint foreign currency accounts with nonresident non-immediate family members. |

| Held abroad | Yes. | Residents may open foreign currency accounts with nonresident financial institutions. Funds from such accounts may be freely transferred to Malaysia subject to the prevailing FE rules. Funds into such accounts sourced from Malaysia are subject to the FE Notice 3 on Investment in Foreign Currency Asset and FE Notice 4 on Payments and Receipt. |

| Approval required | Yes. | Prior approval from BNM is required for resident individuals to open and maintain joint foreign currency accounts with nonresident non-immediate family members. |

| Accounts in domestic currency held abroad | No. | Residents may not hold ringgit accounts abroad. |

| Accounts in domestic currency convertible into foreign currency | Yes. | Residents may convert ringgit to foreign currency with licensed onshore banks. The conversion of ringgit funds to foreign currency is used for fulfilling foreign currency obligations such as import payment, foreign currency loan repayment, and other current international transactions by residents up to underlying tenure or value of the foreign currency obligations. The sale of ringgit on spot basis for retention in Trade FCA remains free up to 6 months’ value of foreign currency obligations. The conversion of ringgit funds to foreign currency for investment in foreign currency assets by residents without domestic ringgit borrowing is not restricted; for residents with domestic ringgit borrowing, it is subject to the following limits: (1) RM 50 million or its equivalent in aggregate a calendar year on a corporate group basis for entities or (2) RM 1 million or its equivalent in aggregate a calendar year for individuals. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

## Nonresident Accounts

| Foreign exchange accounts permitted | Yes. | Nonresidents may open foreign currency accounts with licensed onshore banks. Funds from these accounts may be freely transferred abroad. |

| Approval required | No. |

| Domestic currency accounts | Yes. | Nonresidents may open ringgit accounts (external accounts) with licensed onshore banks, except licensed IIBs. Funds from the account may be freely transferred abroad on conversion to foreign currency. Nonresidents may open ringgit accounts with appointed overseas offices of licensed onshore banks, as approved by BNM. |
Convertible into foreign currency | Yes. | Nonresidents may convert ringgit to foreign currency with licensed onshore banks or appointed overseas offices of licensed onshore banks.

Approval required | Yes. | Prior approval from BNM is required for appointed overseas offices of licensed onshore banks to offer ringgit accounts to nonresidents.

Blocked accounts | No. | There are no rules on blocked accounts.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Imports and Import Payments**

| Foreign exchange budget | No. |  
| Financing requirements for imports | No. | There are no specific import financing requirements. Residents may obtain any amount of foreign currency supplier credit from nonresident suppliers and any amount of foreign currency borrowing from related nonresidents, other than nonresident financial institutions. Borrowing from other nonresidents is subject to FE Notice 2 on Borrowing, Lending and Guarantee by residents from nonresidents.  
| Minimum financing requirements | No. |  
| Advance payment requirements | No. |  
| Advance import deposits | No. |  

**Documentation requirements for release of foreign exchange for imports**

| Documentation requirements for release of foreign exchange for imports | Yes. | Requirements are determined by the paying banks.  
| Domiciliation requirements | No. |  
| Preshipment inspection | Yes. | Preshipment inspections are made by independent surveyors for rice imports.  
| Letters of credit | No. |  
| Import licenses used as exchange licenses | No. |  
| Other | Yes. | Other documents required are an invoice, a bill of lading, a sanitary or phytosanitary certificate, and a certificate of origin.  

**Import licenses and other nontariff measures**

| Import licenses and other nontariff measures | Yes. | Import control authority rests with the Royal Malaysian Customs Department of the MOF. Import licensing in Malaysia is administered by the above department through 21 Permit Issuing Agencies (PIAs), including the Ministry of International Trade and Industry (MITI), the Ministry of Plantation Industries and Commodities, the Malaysian Timber Industry Board, the Ministry of Agriculture and Agro-Based Industry and its agencies, including the Department of Agriculture, the Department of Veterinary Services of Malaysia (DVSM), the Federal Agricultural Marketing Authority, the Department of Fisheries, the Malaysian Pineapple Industry Board, and the Fisheries Development Authority of Malaysia.  
| Positive list | No. |  
| Negative list | Yes. | A negative list is established by Malaysian Customs (Prohibition of Imports) Order 2012, Gazette No. P.U. (A) 490/2012 and Customs (Prohibition of Exports) Order 2012, Gazette No. P.U. (A) 491/2012.  
| Open general licenses | Yes. | Import licenses are obtained from the MITI, the Ministry of Plantation Industries and Commodities and its agencies, and the Ministry of Agriculture and Agro-Based Industry and its agencies.  
| Licenses with quotas | Yes. | Certain licenses are subject to the tariff rate quota, per Appendix B of Malaysian Customs Duties Order 2012, Gazette No. P.U. (A)
275/2012 (August 30, 2012). Tariff rate quota is a trade policy tool or mechanism that is used to control or protect a locally produced commodity or product. Tariff rate quotas are as per Malaysian Customs Duties Order 2017, Gazette No. P.U. (A) 5/2017 (January 3, 2017).

**Other nontariff measures**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Import taxes and/or tariffs</td>
</tr>
</tbody>
</table>

Antidumping duty is currently imposed on imports of (1) cellulose fiber-reinforced cement flat sheet and pattern sheets and specifically excluding external roofing sheets originating in or exported from Thailand, Gazette No. P.U. (A) 81/2014 (March 30, 2014–March 29, 2019) and Extension P.U. (A) 95/2019 (effective March 30, 2019–September 26, 2019);

Extension of measure, Gazette No. P.U.(A) 263/2019 (effective September 24, 2019–September 23, 2024);

(2) prepainted, painted, or color-coated steel coils originating or exported from People’s Republic of China and Vietnam, Gazette No. P.U. (A) 11/2016 (since January 24, 2016–January 23, 2021) and P.U. (A) 249/2018 (as of January 24, 2016–January 23, 2021);

(3) cold rolled coils or alloy and non-alloy steel of a thickness between 0.20 mm and 2.60 mm and width between 700 mm and 1300 mm excluding tin mill black plate and subject merchandise imported for the purpose of automotive parts and usage of all grades and specifications; originating in or exported from People’s Republic of China, Republic of Korea, and Vietnam, Gazette No. P.U. (A) 144/2016 (May 24, 2016–May 23, 2021) and Administrative Review P.U. (A) 127/2019 (effective May 8, 2019–May 23, 2021);

(4) cold rolled stainless steel originating in or exported from People’s Republic of China, Republic of Korea, Taiwan Province of China, and Thailand, No. P.U. (A) 23/2018 (February 8, 2018–February 7, 2023);

(5) flat rolled product of iron alloy or non-alloy steel, plated or coated with zinc, using hot dip process (galvanized iron coils/sheets or galvanized steel coils/sheets) originating in or exported from People’s Republic of China and Vietnam, Gazette No. P.U. (A) 69/2019 (effective March 8, 2019–March 7, 2024);

(6) cold rolled coils (CRCs) of width more than 1300 m originating in or exported from People’s Republic of China, Japan, Republic of Korea, and Vietnam, Gazette P.U. (A)362/2019 (effective December 25, 2019–December 24, 2024);

(7) steel concrete reinforcing bar originating in or exported from Singapore and Turkey, Gazette P.U. (A)22/2020 (effective January 22, 2020–January 21, 2025);

(8) cellulose fiber-reinforced cement flat and pattern sheets originating in or exported from Indonesia, Gazette P.U. (A)94/2020 (effective March 21, 2020–March 20, 2025).

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Taxes collected through the exchange system</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>State import monopoly</td>
</tr>
</tbody>
</table>

Under a privatization agreement, BERNAS had been granted the sole right to import rice into Malaysia for 15 years beginning in 1996; the agreement was extended for an additional 10 years in 2011.
### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

#### Repatriation requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td>The refinement in FEP also adopts the shift from approval-based to notification-based for low-risk transactions in line with better capability to monitor such transactions. Export proceeds must be repatriated to Malaysia with licensed onshore banks according to the sales contract in full value earlier than or in accordance with the payment date of the export contract which in any case may not exceed 24 months from the date of shipment where the amount of export proceeds does not exceed RM 200,000 equivalent per invoice for permitted purposes; or six months from the date of export in other cases.</td>
</tr>
</tbody>
</table>

#### Surrender requirements

- **Surrender to the central bank**: No.
- **Surrender to authorized dealers**: Yes.

From August 17, 2018, resident exporters may retain foreign currency proceeds from their export of goods in their Trade FCA held with licensed onshore bank up to the higher of (1) 25% of the export proceeds or (2) resident exporters’ 6-month foreign currency obligations that exist on the date of receipt of the export proceeds.

The flexibility under (2) above is only applicable if the aggregate amount of existing balance in the resident exporters’ Trade FCA and proceeds retained under (1) above is insufficient to meet the resident exporters’ 6-month foreign currency obligations, such as import payment, foreign currency loan repayments, and other current international transactions, that exist on the date of receipt of the export proceeds. The balance of foreign currency proceeds from export of goods must be converted to ringgit with licensed onshore banks.

Effective April 30, 2020, resident exporters are exempted from the requirement to convert export proceeds below RM 200,000 equivalent per transaction to ringgit.

#### Financing requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
<td>There are no specific export financing requirements. Resident exporters may obtain any amount of foreign currency trade financing facilities from licensed onshore banks and related nonresidents. Borrowing from other nonresidents is subject to FE Notice 2 on Borrowing, Lending and Guarantee by residents from nonresidents. Any proceeds from trade financing facilities relating to export of goods must comply with the prevailing conversion requirement on foreign currency export proceeds.</td>
</tr>
</tbody>
</table>

#### Documentation requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td>Requirements are determined by the receiving banks.</td>
</tr>
</tbody>
</table>

- **Letters of credit**: No.
- **Guarantees**: No.
- **Domiciliation**: No.
- **Preshipment inspection**: Yes. Exports of live fish are subject to preshipment inspection. If requested, a certificate of health, sanitation, or origin may be issued by the Department of Fisheries. Veterinary examination, laboratory testing, and animal quarantine procedures—as well as accreditation of establishments and premises for exports of animals and animal products—are carried out by the DVSM in accordance with import
requirements of importing countries. Plants and plant products, including rice, and raw commodities may be subject to preshipment inspection, depending on the requirements of the importing country.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exports of rubber from Peninsular Malaysia require a certificate issued by the Malaysian Rubber Exchange and Licensing Board.

Certain exportable products are monitored to avoid shortages in the domestic market. Export licenses for fish and fishery products are issued by the Fisheries Development Authority of Malaysia. The shipment of live fish (including among Peninsular Malaysia, Sabah, and Sarawak) also requires a permit issued by the Department of Fisheries. In accordance with CITES, a permit from the Department of Wildlife and National Parks is required for exports of endangered species. The Certificate of Conformity issued by the Federal Agricultural Marketing Authority (FAMA) acts on behalf of the Royal Malaysian Customs Department to endorse exports and reexports of all types of vegetables, especially to Brunei Darussalam, Indonesia, Singapore, and Thailand. Exports of plants, seeds, and shoots for propagation require export permits issued by the Department of Agriculture. Exports of endangered species of plants require a CITES permit from the Department of Agriculture. Export permits and veterinary health certification from the DVSM are required for exports of animals and animal products. Export licenses (issued by the Malaysian Pineapple Industry Board) are required for fresh pineapple and canned pineapple products. Export licenses or permits from the MITI are required for exports of scrap and waste metals; cement, clinker, under Ministry of Domestic Trade and Consumer Affairs, and toxic chemicals and their precursors under the Chemical Weapons Convention. Applications for export and import permits for products under the MITI’s jurisdiction may be made through an Internet-based system, ePermit and ePermit STA (Strategic Trade Act) Systems. Importers and exporters that meet the requirements may get online approval through this system. Applications for live fish import and export permits must be made through an Internet-based system, e-permit. Importers and exporters may get online approval through e-permit, provided the requirements are met.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Export taxes are levied on selected commodities as indicated in the Customs Duty Order 2017. There are 217 tariff lines with tariff duty rates out of 11,698 lines in the Customs Duty Order 2017. Ad valorem export duty rates are found in Chapters 1, 12, 15, 26, 27, 40, 44, 68, 71, 72, 74, 75, 76, 78, and 79. Specific export duty rates are found in Chapters 6, 12, and 14.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Category</td>
<td>Requirement</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

Although detailed quantitative limits and indicative limits/bona fide test are not specified, references to legal instruments and hyperlinks are available. This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
</tbody>
</table>
**Surrender to authorized dealers**  No.

**Restrictions on use of funds**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**  Yes.

**Repatriation requirements**  No.

**Surrender requirements**  No.

**Surrender to the central bank**  No.

**Surrender to authorized dealers**  No.

**Controls on capital and money market instruments**  Yes.

Interest income of nonresident individuals and companies from the following is not subject to withholding of taxes: (1) ringgit-denominated securities and debentures other than convertible loan stocks approved by the Securities Commission (SC); (2) securities issued by the government of Malaysia; and (3) foreign-currency-denominated sukuk (the Islamic equivalent of bonds) originating in Malaysia.

**On capital market securities**  Yes.

**Shares or other securities of a participating nature**  Yes.

Nonresidents may purchase securities listed on Bursa Malaysia. Based on BNM’s FE rules (since June 30, 2013), nonresidents are free to invest in any form of ringgit assets in Malaysia.

**Purchase locally by nonresidents**  Yes.

Effective April 30, 2020, residents are free to issue ringgit-denominated redeemable preference shares (RPS) to any nonresident for use in Malaysia.

**Sale or issue locally by nonresidents**  Yes.

The issuance or offering of shares for sale locally by nonresidents requires SC approval under Section 212 of the Capital Markets and Services Act (CMSA) 2007. Certain categories of transactions as set out in Schedule 5 of the Capital Markets and Services Act 2007 are exempted from SC’s approval. Approval from BNM is also required for issuance of ringgit-denominated securities by nonresidents.

**Purchase abroad by residents**  Yes.

These transactions are not restricted for resident entities without domestic ringgit borrowing. Resident entities with domestic ringgit borrowing are subject to the prudential limit of up to RM 50 million or its equivalent in aggregate on a corporate group basis a calendar year (this limit applies only to those funding investment abroad through conversion of ringgit, transfer from Trade FCA, foreign currency borrowing from licensed onshore banks for purposes other than direct investment abroad, and swapping of financial assets). Effective April 30, 2020, resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an initial public offering (IPO) on the Main Market of Bursa Malaysia.

The rules on investment in foreign currency asset by resident...
individuals are as follows: (1) Resident individuals, sole proprietorships, or general partnerships without domestic ringgit borrowing are allowed to invest in foreign currency assets up to any amount. (2) Resident individuals, sole proprietorships, or general partnerships with domestic ringgit borrowing are allowed to invest in foreign currency assets up to—

(a) any amount using foreign currency funds sourced from
(1) outside Malaysia except proceeds of Export of Goods; or (2) an approved borrowing in foreign currency in accordance with Notice 2;
(b) any amount where the investment is in real estate outside Malaysia for the purpose of education, employment, or migration; or
(c) RM 1 million equivalent a calendar year using funds sourced from the aggregate of (1) conversion of ringgit to foreign currency; (2) Trade FCA; and (3) swapping of a ringgit-denominated financial asset in Malaysia for a financial asset outside Malaysia.

Sale or issue abroad by residents  Yes. The issuance or offering of shares abroad by resident, which is a public listed company or corporation whose shares are listed in Malaysia, requires SC’s approval under subsection 212(4) of Capital Markets and Services Act 2007 if the shares are being offered by way of an IPO or cross-listing.

Bonds or other debt securities  Yes.

Purchase locally by nonresidents  No. There is no minimum holding period requirement.

Sale or issue locally by nonresidents  Yes. Nonresidents may issue foreign-currency-denominated securities. Prior approval from BNM is required only for issuance of ringgit-denominated securities by nonresidents.

Purchase abroad by residents  Yes. These transactions are not restricted for resident entities without domestic ringgit borrowing. Resident entities with domestic ringgit borrowing are subject to the prudential limit of up to RM 50 million or its equivalent in aggregate on a corporate group basis a calendar year (this limit applies only to those funding investment abroad through conversion of ringgit, transfer from Trade FCA, foreign currency borrowing from licensed onshore banks for purposes other than direct investment abroad, and swapping of financial assets).

Effective April 30, 2020, resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia.

The rules on investment in foreign currency asset by resident individuals are as follows: (1) Resident individuals, sole proprietorships, or general partnerships without domestic ringgit borrowing are allowed to invest in foreign currency assets up to any amount. (2) Resident individuals, sole proprietorships, or general partnerships with domestic ringgit borrowing are allowed to invest in foreign currency assets up to—

(a) any amount using foreign currency funds sourced from—
(1) outside Malaysia except proceeds of Export of Goods; or (2) an approved borrowing in foreign currency in accordance with Notice 2;
(b) any amount where the investment is in real estate outside Malaysia for the purpose of education, employment, or migration; or
(c) RM 1 million equivalent a calendar year using funds sourced from the aggregate of (1) conversion of ringgit to foreign currency; (2) Trade FCA; and (3) swapping of a ringgit-denominated financial asset in Malaysia for a financial asset outside Malaysia.

Sale or issue abroad by residents  Yes. Resident entities may issue foreign currency bonds or sukuk abroad, subject to FE Notice 2 on Borrowing, Lending and Guarantee by

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residents from nonresidents.

On money market instruments  Yes.
Purchase locally by nonresidents  No.
Sale or issue locally by nonresidents  Yes.  Nonresidents may issue foreign-currency-denominated securities. Approval is required only for issuance of ringgit-denominated securities by nonresidents.
Purchase abroad by residents  Yes.  These transactions are not restricted for resident entities without domestic ringgit borrowing. Resident entities with domestic ringgit borrowing are subject to the prudential limit of up to RM 50 million or its equivalent in aggregate on a corporate group basis a calendar year (this limit applies only to those funding investment abroad through conversion of ringgit, transfer from Trade FCA, foreign currency borrowing from licensed onshore banks for purposes other than direct investment abroad, and swapping of financial assets).
Sale or issue abroad by residents  Yes.  Resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia.

Effective April 30, 2020, resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia.

The rules on investment in foreign currency asset by resident individuals are as follows: (1) Resident individuals, sole proprietorships, or general partnerships without domestic ringgit borrowing are allowed to invest in foreign currency assets up to any amount. (2) Resident individuals, sole proprietorships, or general partnerships with domestic ringgit borrowing are allowed to invest in foreign currency assets up to—
(a) any amount using foreign currency funds sourced from—
(1) outside Malaysia except proceeds of Export of Goods; or (2) an approved borrowing in foreign currency in accordance with Notice 2;
(b) any amount where the investment is in real estate outside Malaysia for the purpose of education, employment, or migration; or
(c) RM 1 million equivalent a calendar year using funds sourced from the aggregate of (1) conversion of ringgit to foreign currency; (2) Trade FCA; and (3) swapping of a ringgit-denominated financial asset in Malaysia for a financial asset outside Malaysia.

Sale or issue abroad by residents  Yes.  Resident entities may issue foreign currency money market instruments abroad, subject to FE Notice 2 on Borrowing, Lending and Guarantee by residents from nonresidents. Prior approval from BNM is required for issuance or sale of ringgit money market instruments by residents outside Malaysia.

On collective investment securities  Yes.  Foreign collective investment schemes (CISs) may be offered and marketed in Malaysia to resident and nonresident investors (which include retail investors and investors defined in Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007); these plans do not have to be managed and administered by a company licensed by the SC. However, foreign CISs must comply with Chapter 3.0 of the SC’s Guidelines on Offering, Marketing, and Distribution of Foreign Funds (OMD—of March 3, 2008, as revised May 4, 2017). Since June 15, 2015, (1) a foreign fund is no longer required to be primarily regulated by a securities regulator that has satisfactorily implemented the International Organization of Securities Commissions’ (IOSCO) principles and objectives of securities regulation; (2) an operator of foreign fund is no longer required to be primarily regulated by a securities regulator that has satisfactorily implemented the IOSCO principles and objectives of
securities regulation; (3) offering of a foreign fund to sophisticated investors is required to lodge relevant offering document in accordance with the requirements under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch framework; (4) offering of a foreign fund to sophisticated investors is required to be in accordance with the requirements in relation to the Lodge and Launch framework; (5) clarifications regarding the reporting requirements in relation to foreign funds were provided. The CIS must meet the requirements of the OMD. Specific requirements for ASEAN CISs are given in the Handbook for CIS Operators of ASEAN CISs. The ASEAN CIS Framework is a streamlined process for cross-border offering of CISs in signatory countries. From May 4, 2017, (1) a foreign fund offered by a permitted entity that complies with the requirements under paragraph 4.03 and Appendix 3 of the OMD is permitted to be offered in Malaysia; and (2) a foreign fund that invests or proposes to invest primarily in income-generating real estate – provided the units are listed on an exchange as specified by the SC and are located in a jurisdiction where the securities regulator for such fund is a full signatory of the International Organization of Securities Commissions Multilateral Memorandum of Understanding (IOSCO MMoU) as listed in its Appendix A; the offering of units is made by a holder of a Capital Markets Services License (CMSL) who carries on the business of dealing in securities; and the offering of units is limited to a one-off offering only to sophisticated investors and is not offered to the sophisticated investors on a continuous basis.

Purchase locally by nonresidents  No.

Sale or issue locally by nonresidents  Yes. Nonresidents may offer their CISs to investors in Malaysia if they have –
For unlisted CIS to retail investors, obtained SC’s recognition under s. 212(5) of the Capital Markets and Services Act 2007;
For listed CIS, obtained SC’s approval under s. 212(2) of the Capital Markets and Services Act 2007; or
Unlisted CIS to non-retail investors, lodged with SC under the Lodge and Launch Framework.

Purchase abroad by residents  Yes. These transactions are not restricted for resident entities without domestic ringgit borrowing.
Resident entities with domestic ringgit borrowing are subject to the prudential limit of up to RM 50 million or its equivalent in aggregate on a corporate group basis a calendar year (this limit applies only to those funding investment abroad through conversion of ringgit, transfer from Trade FCA, foreign currency borrowing from licensed onshore banks for purposes other than direct investment abroad, and swapping of financial assets).

Effective April 30, 2020, resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia.
The rules on investment in foreign currency asset by resident individuals are as follows: (1) Resident individuals, sole proprietorships, or general partnerships without domestic ringgit borrowing are allowed to invest in foreign currency assets up to any amount. (2) Resident individuals, sole proprietorships, or general partnerships with domestic ringgit borrowing are allowed to invest in foreign currency assets up to—

(a) any amount using foreign currency funds sourced from—
(1) outside Malaysia except proceeds of Export of Goods; or (2) an approved borrowing in foreign currency in accordance with Notice 2;
(b) any amount where the investment is in real estate outside Malaysia for the purpose of education, employment, or migration; or
(c) RM 1 million equivalent a calendar year using funds sourced from the aggregate of (1) conversion of ringgit to foreign currency; (2) Trade FCA; and (3) swapping of a ringgit-denominated financial asset in Malaysia for a financial asset outside Malaysia.

Sales or issue abroad by residents

Yes. Residents may establish foreign currency-based currency CISs abroad. Establishment of ringgit-based currency CIS or classes of units denominated in ringgit abroad requires approval from BNM. A CIS established in Malaysia may be offered abroad through the Mutual Recognition Agreements or under the ASEAN CIS Framework.

Controls on derivatives and other instruments

Yes. Nonresidents may purchase derivatives or other instruments offered on the Bursa Malaysia or by licensed onshore banks. Prior approval from BNM is required for nonresident banking institutions (BIs) to enter into ringgit-denominated interest rate derivatives with no underlying commitment with licensed onshore banks or via appointed overseas offices of licensed onshore banks. Nonresidents may hedge their current account and financial account transactions (including derivative contracts offered by a resident provider up to the net derivatives position) based on firm commitment with licensed onshore banks or appointed overseas offices of licensed onshore banks. Foreign exchange hedging on anticipatory basis is only allowed for current account transactions with licensed onshore banks or international trade in goods or services with via appointed overseas offices of licensed onshore banks.

Nonresident institutional investors registered with BNM may (1) enter into forward contracts to sell ringgit up to 100% of their invested underlying ringgit-denominated assets (that is, debt securities on RENTAS, equity securities on Bursa Malaysia Berhad, or temporary placement in ringgit deposits or deposit-like securities offered by licensed onshore banks using proceeds from the sale of existing ringgit-denominated securities pending reinvestment of such ringgit proceeds); (2) enter into forward contracts to buy ringgit up to 25% of their invested underlying ringgit-denominated asset; or (3) unwind the forward contracts as described in (1) and (2), without documentary evidence with a licensed onshore bank or appointed overseas offices of licensed onshore banks for the purpose of managing their ringgit exposure.

Effective August 30, 2019, nonresident entities (other than financial institutions) may hedge on behalf of their resident or nonresident group of entities with licensed onshore banks or appointed overseas office of licensed onshore banks for any permitted underlying
Purchase locally by nonresidents

Yes.

Sale or issue of derivatives locally by a nonresident requires SC approval under Section 212 of the Capital Markets and Services Act 2007. Certain categories of transactions, as set out in Schedule 5 of the Capital Markets and Services Act 2007, are exempted from SC’s approval.

Prior approval from BNM is required for nonresidents to issue derivatives or other instruments in Malaysia.

Sale or issue locally by nonresidents

Yes.

Sale or issue of derivatives locally by a nonresident requires SC approval under Section 212 of the Capital Markets and Services Act 2007. Certain categories of transactions, as set out in Schedule 5 of the Capital Markets and Services Act 2007, are exempted from SC’s approval.

Prior approval from BNM is required for nonresidents to issue derivatives or other instruments in Malaysia.

Purchase abroad by residents

Yes.

Residents may purchase derivatives and other instruments (other than exchange rate derivatives) from specified overseas exchanges via a resident futures broker for (1) hedging purposes and (2) investment purposes, subject to FE Notice 3 on Investments in Foreign Currency Asset by residents. Prior approval from BNM is required for other transactions, including exchange rate derivatives.

Effective April 30, 2020, resident individuals may purchase foreign-currency-denominated derivatives (other than exchange rate derivatives) directly from nonresidents, subject to FE Notice 3 if undertaken without firm commitment.

Sale or issue abroad by residents

Yes.

Licensed onshore banks (other than licensed IIB) are allowed to issue or offer financial instruments denominated in ringgit or foreign currency, in Malaysia to any person.

From August 17, 2018, ringgit-denominated interest rate derivatives can be offered via appointed overseas offices of licensed onshore banks. The issuances of financial instruments involving or with reference to exchange rate are subject to FE Notice 1 on Dealings in Currencies, Gold, and Other Precious Metals. However, ringgit-denominated interest rate derivatives may not be issued or offered to a nonresident BI with no firm commitment.

Licensed IIB is allowed to issue or offer financial instrument or Islamic financial instruments denominated in foreign currency to any person. The issuances of financial instruments involving or with reference to exchange rate are subject to FE Notice 1 on Dealings in Currencies, Gold, and Other Precious Metals.

Controls on credit operations

Yes.

Commercial credits

Yes.

By residents to nonresidents

Yes. Export credit terms extended to nonresidents may not exceed six months from the date of export.

To residents from nonresidents

Yes. These transactions are not restricted for residents to obtain foreign currency supplier credit from nonresident suppliers and foreign currency borrowing from their related nonresidents, other than nonresident financial institutions. Borrowing from other nonresidents is subject to FE Notice 2 on Borrowing, Lending and Guarantee by residents from nonresidents.

Financial credits

Yes.

By residents to nonresidents

Yes. These transactions are not restricted for resident entities without domestic ringgit borrowing. Resident entities with domestic ringgit borrowing are subject to the prudential limit of up to RM 50 million or its equivalent in aggregate on a corporate group basis a calendar year (these limits applied only to those funding investment abroad through conversion of ringgit, transfer from Trade FCA, foreign currency borrowing from licensed onshore banks for purposes other than direct investment abroad, and
swapping of financial assets).
Lending in ringgit by residents to nonresidents other than nonresident financial institutions is allowed to finance real sector activities in Malaysia.

Effective April 30, 2020, resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia.

| To residents from nonresidents | Yes. | Resident entities may obtain any amount of foreign currency borrowing from their related nonresidents, other than nonresident financial institutions, and nonresident. Borrowing from other nonresidents is subject to FEA Notice 2 on Borrowing, Lending and Guarantee by residents from nonresidents. |
| **Guarantees, sureties, and financial backup facilities** | Yes. | Effective April 30, 2020, residents are free to issue financial guarantee to nonresidents with some exceptions. Previously, residents could only issue financial guarantees to nonresidents up to an aggregate limit of RM 50 million. Exceptions to the free issuance of financial guarantees include: (1) financial guarantee that is issued to secure foreign currency borrowing obtained by a nonresident special purpose vehicle (SPV) from any person who is not related to the resident guarantor will be subject to the residents’ external borrowing limits detailed in FE Notice 2; or (2) financial guarantee that is issued to secure foreign currency borrowing obtained by a nonresident where the borrowing will be repaid by a resident (other than when the financial guarantee is called upon in the event of default) will be subject to the residents’ investment in foreign currency asset limit detailed in FE Notice 3. |
| By residents to nonresidents | Yes. | Effective April 30, 2020, residents are free to obtain financial guarantee from nonresidents with an approved underlying borrowing in ringgit or foreign currency. Previously, residents could only obtain financial guarantees from nonresidents up to an aggregate limit of RM100 million. |
| Controls on direct investment | Yes. | These transactions are not restricted for resident entities without domestic ringgit borrowing. Resident entities that meet the BNM’s internal prudential requirements for direct investment abroad may also undertake direct investment abroad. Resident entities with domestic ringgit borrowing are subject to the prudential limit of up to RM 50 million or its equivalent in aggregate on a corporate group basis a calendar year (these limits applied only to those funding investment abroad through conversion of ringgit, transfer from Trade FCA, foreign currency borrowing from licensed onshore banks for purposes other than direct investment abroad, and swapping of financial assets). No limit is imposed for resident entities with domestic ringgit borrowing using proceeds from foreign currency borrowing obtained from licensed onshore banks for direct investment abroad. |
| Outward direct investment | Yes. | Effective April 30, 2020, resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia. |
ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia.

Controls are imposed on equity shares in accordance with national economic policy; however, no foreign exchange restrictions apply. The following inward investments require approval under the Economic Planning Unit guidelines: acquisition of property (such as undeveloped or developed land) by foreigners, depending on the value. The rules for acquisition of residential property valued not less than RM 500,000 are less stringent. Applications requiring SC approval under the securities and futures laws are centralized at the SC. Certain exemptions or relaxation of the foreign equity limits (for example, exemption from the 12.5% Bumiputera equity requirement) are granted to companies with Multimedia Super Corridor and BioNexus status; companies with major foreign-based operations seeking listing on the Bursa Malaysia; and intermediaries licensed by the SC, including investment banks, local and foreign fund managers, investment advisers, and exempt dealers. In relation to a “company” being taken over includes a corporation listed on a stock exchange, listed real estate investment trusts in Malaysia, listed business trusts in Malaysia, and unlisted public companies with more than 50 shareholders and net assets of RM 15 million or more, any acquisition of more than 33% of voting shares or of more than 2% in any six-month period for a holder of more than 33% but less than 50% requires compliance with Part VI, Division 2, of the Capital Markets and Services Act 2007, the Malaysian Code on Takeovers and Mergers 2016, and the Rules on Takeovers, Mergers, and Compulsory Acquisitions. Nonresidents may participate in the equity of Malaysian BIs if they meet the shareholder suitability requirements in Schedule 6 of FSA 2013 and IFSA 2013. These requirements take into account, among other things, prudential considerations and potential contributions of investors in the best interest of Malaysia. The minimum value for acquisition of residential property by foreigners is RM 500,000. The 2020 Budget announced the government’s decision to lower the property threshold for foreign property buyers from RM 1 million to RM 600,000 on completed but unsold high-rise property units in urban areas. This measure is valid for one year.

Controls on liquidation of direct investment
No.

Controls on real estate transactions
Yes.

Purchase abroad by residents
Yes. These transactions are not restricted for resident entities without domestic ringgit borrowing. Resident entities with domestic ringgit borrowing are subject to the prudential limit of up to RM 50 million or its equivalent in aggregate on a corporate group basis a calendar year (these limits applied only to those funding investment abroad through conversion of ringgit, transfer from Trade FCA, foreign currency borrowing from licensed onshore banks for purposes other than direct investment abroad, and swapping of financial assets).

Effective April 30, 2020, resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an IPO on the Main Market of Bursa Malaysia. In addition, resident individuals are free to purchase real estate outside Malaysia for the purpose of education, employment, or migration abroad.

Purchase locally by nonresidents
Yes. Purchases of residential, commercial, and office property by nonresidents may be made freely, provided the purchase price is
more than RM 500,000. The 2020 Budget announced the government’s decision to lower the property threshold for foreign property buyers from RM 1 million to RM 600,000 on completed but unsold high-rise property units in urban areas. This measure is valid for one year.

**Sale locally by nonresidents**
No.

**Controls on personal capital transactions**
Yes.

**Loans**
Yes.

By residents to nonresidents
Yes. Resident individuals may lend to their immediate family members. This transaction is not restricted for resident individuals without domestic ringgit borrowing. Resident individuals with domestic ringgit borrowing are subject to the prudential limit of (1) up to RM 10 million equivalent in aggregate of foreign currency borrowing obtained from licensed onshore banks; and (2) up to RM 1 million in aggregate of foreign currency funds sourced from conversion of ringgit, transfer from Trade FCA, and swapping of financial assets.

To residents from nonresidents
Yes. Resident individuals may borrow from their immediate family members. Borrowing in foreign currency from other than immediate family members is allowed up to RM 10 million in aggregate. Borrowing in ringgit from nonresidents other than nonresident financial institutions is allowed up to RM 1 million in aggregate for use in Malaysia.

**Gifts, endowments, inheritances, and legacies**
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

**Settlement of debts abroad by immigrants**
No.

**Transfer of assets**
No.

Transfer abroad by emigrants
No.

Transfer into the country by immigrants
No.

**Transfer of gambling and prize earnings**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**
Yes.

Borrowing abroad
No.

Maintenance of accounts abroad
No.

Lending to nonresidents (financial or commercial credits)
Yes. Licensed onshore banks may lend in foreign currency to nonresidents.

Lending in ringgit by licensed onshore banks, except licensed IIBs, to nonresidents must be used to finance real sector activities in Malaysia (including refinancing of existing ringgit borrowing that was used for real sector activities in Malaysia and onlending to resident entities within the same group of entities or immediate
family members that will be ultimately used for real sector activities in Malaysia).

All licensed BIs are subject to the following prudential limits, which are applied to credit exposures to both residents and nonresidents:

1. Exposures to a single counterparty or a group of connected counterparties may not exceed 25% of a BI’s total capital (that is, the sum of Tier 1 and Tier 2 capital). For exposures to BI’s related banking entities (whether operating in- or outside Malaysia), a limit as may be approved by the Central Bank of Malaysia may not exceed 50% of the BI’s total capital. This is applicable in aggregate to ringgit and foreign-currency-denominated exposures, including all claims, commitments, and contingent liabilities arising from on- and off-balance-sheet transactions (in both banking and trading books).

In response to the COVID-19 outbreak and to support lending activities by BIs, BNM temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital effective March 24, 2020 until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.

2. Total outstanding credit exposure to all connected parties may not exceed 100% of a BI’s total capital or 25% of total outstanding credit exposures.

Licensed onshore banks may lend in foreign currency any amount to resident entities and nonresidents. Lending to resident individuals is subject to RM 10 million in aggregate.

All licensed BIs are subject to the following prudential limits, which are applied to credit exposure to both residents and nonresidents:

1. Exposures to a single counterparty or a group of connected counterparties may not exceed 25% of a BI’s total capital (that is, the sum of Tier 1 and Tier 2 capital). For exposures to BI’s related banking entities (whether operating in- or outside Malaysia), a limit as may be approved by the Central Bank of Malaysia may not exceed 50% of the BI’s total capital. This is applicable in aggregate to ringgit and foreign-currency-denominated exposures, including all claims, commitments, and contingent liabilities arising from on- and off-balance-sheet transactions (in both banking and trading books).

In response to the COVID-19 outbreak and to support lending activities by BIs, BNM temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital effective March 24, 2020 until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.

(2) Total outstanding credit exposure to all connected parties may not exceed 100% of a BI’s total capital or 25% of total outstanding credit exposures.

Residents may enter into a transaction with (1) a licensed onshore bank to convert an existing ringgit debt obligation to a foreign currency debt obligation, provided there is no actual delivery of foreign currency at the inception of the transaction; and (2) a licensed onshore bank, an IIB, or a nonresident to convert an existing foreign currency debt obligation to another foreign currency debt obligation.

All licensed BIs are subject to the following prudential limits, which are applied to credit exposures to both residents and nonresidents:

Exposures to a single counterparty or a group of connected counterparties may not exceed 25% of a BI’s total capital (that is, the sum of Tier 1 and Tier 2 capital). For exposures to BI’s related banking entities (whether operating in- or outside Malaysia), a limit as may be approved by the Central Bank of Malaysia may not exceed 50% of the BI’s total capital. This is applicable in aggregate to ringgit and foreign-currency-denominated exposures, including all claims, commitments, and contingent liabilities arising from on- and off-balance-sheet transactions (in both banking and trading books).

In response to the COVID-19 outbreak and to support lending activities by BIs, BNM temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital effective March 24, 2020 until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.

(2) Total outstanding credit exposure to all connected parties may not exceed 100% of a BI’s total capital or 25% of total outstanding credit exposures.

Residents may enter into a transaction with (1) a licensed onshore bank to convert an existing ringgit debt obligation to a foreign currency debt obligation, provided there is no actual delivery of foreign currency at the inception of the transaction; and (2) a licensed onshore bank, an IIB, or a nonresident to convert an existing foreign currency debt obligation to another foreign currency debt obligation.
counterparties may not exceed 25% of a BI’s total capital (that is, the sum of Tier 1 and Tier 2 capital). For exposures to BI’s related banking entities (whether operating in- or outside Malaysia), a limit as may be approved by the Central Bank of Malaysia may not exceed 50% of the BI’s total capital. This is applicable in aggregate to ringgit and foreign-currency-denominated exposures, including all claims, commitments, and contingent liabilities arising from on- and off-balance-sheet transactions (in both banking and trading books).

In response to the COVID-19 outbreak and to support lending activities by BIs, BNM temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital effective March 24, 2020 until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.

(2) Total outstanding credit exposure to all connected parties may not exceed 100% of a BI’s total capital or 25% of total outstanding credit exposures.

**Differential treatment of deposit accounts in foreign exchange**

**Yes.**

**Reserve requirements**

**Yes.**

The BNM statutory reserve requirement (SRR) rate of 2.00% is applied on BIs’ eligible liabilities (ELs), which consist of ringgit-denominated deposits and non-deposit liabilities, net of interbank assets, and placements with the CB. Foreign-currency-deposit liabilities are not subject to reserve requirements.

In response to the COVID-19 outbreak and to support lending activities by BIs, BNM temporarily allowed all BIs to recognize holdings of Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) as part of their SRR compliance (that is, Statutory Reserve Accounts balances). Such securities used in this manner may be deducted from BIs’ eligible liability (EL) base calculations and must continue to be recognized as High-Quality Liquid Assets. This temporary flexibility was granted effective May 16, 2020 and is available until May 31, 2021.

**Liquid asset requirements**

**Yes.**

The LCR was implemented June 1, 2015, based on the global phase-in timeline, that is, with an initial minimum requirement of 60% and followed by yearly 10% increment, reaching 100% by January 1, 2019. Banks are required to comply with a minimum LCR for their net cash outflows in all currencies on an aggregated basis and for their RM-denominated net cash outflows (that is, banks must hold a minimum amount of RM-denominated High-Quality Liquid Assets as a buffer for RM-denominated net cash outflows).

In response to the COVID-19 outbreak and to support lending activities by BIs, BNM temporarily allowed all BIs to operate with the LCR ratio below 100% effective March 24, 2020 until December 31, 2020. BIs should restore their buffers to the minimum regulatory requirements by September 30, 2021.

However, to date, all banks have maintained their LCR above 100%.

The Net Stable Funding Ratio (NSFR) was implemented effective July 1, 2020, with an initial minimum requirement of 80% and by September 30, 2021, to 100%.

The NSFR requirement applies to all BIs at the aggregate currency portfolio (that is, Ringgit and all other currencies. All foreign currency exposures must be reported in Ringgit-equivalent terms based on the foreign exchange rates as at the reporting date.) The NSFR requirement is calculated in line with the Basel 3 standards. Where minor adjustments have been made, this was made mainly to account for domestic system structures or areas where
Liquid asset requirements
Basel had provided national discretion.

Interest rate controls
No.

Credit controls
No.

Differential treatment of deposit accounts held by nonresidents
No.

Reserve requirements
No.

Liquid asset requirements
No.

Interest rate controls
No.

Credit controls
No.

Investment regulations
Yes.

Abroad by banks
Yes.

FSA and IFSA: BIs may not establish or acquire a subsidiary in- or outside Malaysia, or acquire or hold any material interest in any corporation without the prior approval of BNM. Material interest is defined as 20% or more of the voting shares or voting power in a corporation.

In addition, BNM’s approval is also required for any direct or indirect acquisition or holding of 33% or more of the voting shares or voting power in a corporation.

The BI must also notify BNM of any subsequent direct or indirect acquisition where it results in an increase in shareholding at any multiple of 5% above the material interest threshold, at least one month before the proposed acquisition. Nevertheless, BNM may require a BI to obtain its prior written approval if any subsequent increase impacts the BI’s safety and soundness.

Investments by BIs, both locally and abroad, are subject to the following prudential limits:

(1) Aggregate direct and indirect acquisition or holding of interest in non-financial corporations by BIs, including those held below the material interest threshold (that is, 20% or more of the voting shares/power), must not exceed 10% of a BI’s Tier 1 capital.

(2) BIs may not acquire, hold, or rent immovable properties, except to
(a) conduct their business,
(b) provide housing or other amenities for their staff, or
(c) satisfy debts (that is, foreclosed properties).
Approval from the Central Bank of Malaysia is required if a BI intends to acquire, hold, or rent immovable properties for purposes other than (a), (b), and (c).

In the case of Islamic finance, Islamic BIs are allowed to undertake property development and property investment activities subject to conditions such as allowable structures, governance, risk management, limits, and disclosure requirements. These investments are subject to prudential safeguards, including limiting each exposure to 25% of the Islamic BI’s capital base. Islamic BIs and their subsidiaries are prohibited from direct property development activities but may participate in such activities through a joint
venture or equity participation with reputable property development companies that are not subsidiaries of Islamic BIs.

(3) Exposures to a single counterparty or a group of connected counterparties may not exceed 25% of a BI’s total capital (that is, the sum of Tier 1 and Tier 2 capital). For exposures to BI’s related banking entities (whether operating in- or outside Malaysia), a limit as may be approved by the Central Bank of Malaysia may not exceed 50% of the BI’s total capital. This is applicable in aggregate to ringgit and foreign-currency-denominated exposures, including all claims, commitments, and contingent liabilities arising from on- and off-balance-sheet transactions (in both banking and trading books).

In response to the COVID-19 outbreak and to support lending activities by BIs, BNM temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital effective March 24, 2020 until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.

(4) Total outstanding credit exposure to all connected parties may not exceed 100% of a BI’s total capital or 25% of total outstanding credit exposure.

In banks by nonresidents Yes. Nonresidents may participate in the equity of Malaysian BIs. However, nonresidents may not hold 5% or more interest-in-shares, unless they have obtained the approval of the Central Bank of Malaysia or the Minister of Finance pursuant to Section 87 of the FSA 2013 and Section 99 of the IFSA 2013. These requirements take into account prudential considerations and potential contributions of investors in the best interest of Malaysia.

Open foreign exchange position limits No.

On resident assets and liabilities No.

On nonresident assets and liabilities No.

Provisions specific to institutional investors

Insurance companies Yes.

Limits (max.) on securities issued by nonresidents Yes. Licensed insurers may invest abroad up to 10% of their total assets of individual insurance funds or shareholders’ working funds. Licensed takaful operators may invest abroad up to 10% of their total assets of each family takaful, general takaful, and shareholder fund individually.

Limits (max.) on investment portfolio held abroad Yes. Licensed insurers may invest abroad up to 10% of their total assets of individual insurance funds or shareholders’ working funds. Licensed takaful operators may invest abroad up to 10% of their total assets of each family takaful, general takaful, and shareholder fund individually.

For investment-linked funds, the limit on investment abroad by insurers of 50% of the total (NAV applies to funds marketed to residents with domestic ringgit borrowing.

Limits (min.) on investment portfolio held locally Yes. Licensed insurers and licensed takaful operators must invest a minimum of 10% of the total assets of their general insurance funds and general takaful funds in liquid assets.

Currency-matching regulations on assets/liabilities composition No. There are no regulations on currency matching. However, licensed insurers and takaful operators are required to hold 8% of capital on mismatched currency positions as prescribed in the capital adequacy
framework for insurers and takaful operators.

Pension funds approved by SC-designated private retirement schemes (PRS), like other CISs, may be invested abroad. The PRS comprises of core funds and non-core funds. Core funds will be selected automatically for a member who does not specify their fund option. Core funds comprise of three categories – conservative, moderate, and growth funds.

Yes.

PRS Guidelines do not stipulate a limit on securities issued by nonresident in relation to PRS. No more than 50% of total funds may be invested in non-Shariah-compliant assets for funds of resident clients with domestic ringgit borrowing.

Yes.

Effective February 21, 2020, SC had liberalized the asset allocation for the core funds which included allowing conservative core funds to invest in foreign markets.

While the specific asset allocation requirements have been liberalized in favor of broad principles, the general investment limits such as single issue exposure, etc. that are applicable to all funds would continue to apply to PRS funds.

No.

There is no minimum limit on local portfolio investment.

n.a.

Nonresident offering of CISs in Malaysia takes place through an MRA or the ASEAN CIS Framework and must comply with the requirements in the MRA, Standards of Qualifying CIS for ASEAN CISs, Handbook for Operators of ASEAN CISs, and SC OMD Guidelines. No limits are imposed on offerings. Proceeds of CIS offerings in Malaysia under the ASEAN CIS Framework may be fully invested abroad, subject to the requirements in the Handbook for Operators of ASEAN CISs. For other funds, there is a limit of 50% of NAV in non-Shariah-compliant funds for resident unit trusts' investment abroad or 50% of total funds managed by fund management companies for funds of residents with domestic ringgit borrowing.

Yes.

No more than 50% of NAV of resident unit trusts and no more than 50% of total funds managed by fund management companies may be invested in non-Shariah-compliant funds abroad for funds of residents with domestic ringgit borrowing.

Yes.

No more than 50% of NAV of resident unit trusts and no more than 50% of total funds managed by fund management companies may be invested in non-Shariah-compliant funds abroad for funds of residents with domestic ringgit borrowing.

No.

There are no minimum limits.

No.

There are no regulations on currency matching or composition of assets and liabilities.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Residents can hedge their foreign currency current account obligations up to their underlying tenure.

Forward exchange market 08/30/2019
08/30/2019 Nonresidents can hedge on anticipatory basis for international trade in goods or services with appointed overseas offices of licensed onshore banks.

08/30/2019 Resident entities (other than financial institutions) may hedge on behalf of their resident or nonresident group of entities with licensed onshore banks for any permitted underlying transactions, subject to compliance with Notice 1.

08/30/2019 Nonresident entities (other than financial institutions) may hedge on behalf of their resident or nonresident group of entities with licensed onshore banks or appointed overseas office of licensed onshore banks for any permitted underlying transactions, subject to compliance with Notice 1.

04/30/2020 Residents are free to hedge foreign currency loan obligations up to the underlying tenure.

04/30/2020 Residents are free to cancel or unwind their forward positions, except hedges on portfolio investment. Previously, it could be done under certain conditions including prior approval from Bank Negara Malaysia.

04/30/2020 Nonresidents are free to cancel or unwind their forward positions, except hedges on portfolio investment. Previously, it could be done with prior approval from Bank Negara Malaysia.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

**Use of foreign exchange among residents**

05/02/2019 A flexibility is given to resident Small and Medium Enterprise net importers to receive payment in foreign currency from resident exporters for settlement of domestic trade in goods or services.

**Payments arrangements**

**Bilateral payments arrangements**

09/27/2019 The Bilateral Local Currency Swap Agreement with Bank Indonesia, which allows access to MYR/IDR liquidity from each other amounting to RM 8 billion/IDR 28 trillion for a period of three years, was established.

02/03/2020 A currency swap arrangement between the Bank of Korea and Bank Negara Malaysia for three years for W 5 trillion/RM 15 billion was renewed for further three years.

**Imports and Import Payments**

**Import taxes and/or tariffs**

03/08/2019 Antidumping duty imposed on imports of flat rolled product of iron alloy or non-alloy steel, plated or coated with zinc, using hot dip process (galvanized iron coils/sheets or galvanized steel coils/sheets) originating in or exported from People’s Republic of China and Vietnam through March 7, 2024.

03/30/2019 Antidumping duty on imports of cellulose fiber-reinforced cement flat sheet and pattern sheets and specifically excluding external roofing sheets originating in or exported from Thailand was extended through September 26, 2019.

05/08/2019 Antidumping duty was imposed on cold rolled coils or alloy and non-alloy steel of a thickness between 0.20 mm and 2.60 mm and width between 700 mm and 1300 mm excluding tin mill black plate and subject merchandise imported for the purpose of automotive parts and usage of all grades and specifications; originating in or exported from People’s Republic of China, Republic of Korea, and Vietnam through May 23, 2021.

09/24/2019 Antidumping duty on imports of cellulose fiber-reinforced cement flat sheet and pattern sheets and specifically excluding external roofing sheets originating in or exported from Thailand was extended through September 23, 2024.
12/25/2019 Antidumping duty was imposed on cold rolled coils of width more than 1300 m originating in or exported from People’s Republic of China, Japan, Republic of Korea, and Vietnam through December 24, 2024.

01/22/2020 Antidumping duty was imposed on steel concrete reinforcing bar originating in or exported from Singapore and Turkey through January 21, 2025.

03/21/2020 Antidumping duty was imposed on cellulose fiber-reinforced cement flat and pattern sheets originating in or exported from Indonesia through March 20, 2025.

Exports and Export Proceeds

Repatriation requirements

Surrender requirements

Surrender to authorized dealers 04/30/2020 Resident exporters are exempted from the requirement to convert export proceeds below RM 200,000 equivalent per transaction to ringgit.

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 04/30/2020 Residents are free to issue ringgit-denominated redeemable preference shares to any nonresident for use in Malaysia.

Purchase abroad by residents 04/30/2020 Resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an initial public offering on the Main Market of Bursa Malaysia.

On money market instruments

Purchase abroad by residents 04/30/2020 Resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an initial public offering on the Main Market of Bursa Malaysia.

On collective investment securities

Purchase abroad by residents 04/30/2020 Resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an initial public offering on the Main Market of Bursa Malaysia.

Controls on derivatives and other instruments

Purchase locally by nonresidents 08/30/2019 Nonresident entities (other than financial institutions) may hedge on behalf of their resident or nonresident group of entities with licensed onshore banks or appointed overseas office of licensed onshore banks for any permitted underlying transactions, subject to compliance with Notice 1.

Purchase abroad by residents 04/30/2020 Resident individuals may purchase foreign-currency-denominated derivatives (other than exchange rate derivatives) directly from...
Controls on credit operations

Financial credits

By residents to nonresidents 04/30/2020
Resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an initial public offering on the Main Market of Bursa Malaysia.

Guarantees, sureties, and financial backup facilities

By residents to nonresidents 04/30/2020
Residents are free to issue financial guarantee to nonresidents with some exceptions. Previously, residents could only issue financial guarantees to nonresidents up to an aggregate limit of RM 50 million.

To residents from nonresidents 04/30/2020
Residents are free to obtain financial guarantee from nonresidents with an approved underlying borrowing in ringgit or foreign currency. Previously, residents could only obtain financial guarantees from nonresidents up to an aggregate limit of RM100 million.

Controls on direct investment

Outward direct investment 04/30/2020
Resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an initial public offering on the Main Market of Bursa Malaysia.

Controls on real estate transactions

Purchase abroad by residents 04/30/2020
Resident entities with domestic ringgit borrowing are no longer subject to the prudential limit of up to the ringgit amount sourced from proceeds of an initial public offering on the Main Market of Bursa Malaysia.

04/30/2020
Resident individuals are free to purchase real estate outside Malaysia for the purpose of education, employment, or migration abroad.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Lending to nonresidents (financial or commercial credits) 03/24/2020
In response to the COVID-19 outbreak and to support lending activities by banking institutions (BIs), Bank Negara Malaysia temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.

Lending locally in foreign exchange 03/24/2020
In response to the COVID-19 outbreak and to support lending activities by banking institutions (BIs), Bank Negara Malaysia temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.

Purchase of locally issued securities denominated in foreign exchange 03/24/2020
In response to the COVID-19 outbreak and to support lending activities by banking institutions (BIs), Bank Negara Malaysia temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022.
<table>
<thead>
<tr>
<th><strong>Differential treatment of deposit accounts in foreign exchange</strong></th>
<th><strong>Reserve requirements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>05/16/2020</strong></td>
<td>In response to the COVID-19 outbreak and to support lending activities by banking institutions (BIs), Bank Negara Malaysia temporarily allowed all BIs to recognize holdings of Malaysian Government Securities and Malaysian Government Investment Issues as part of their SRR compliance (that is, Statutory Reserve Accounts balances). Such securities used in this manner may be deducted from BIs’ EL base calculations and must continue to be recognised as High-Quality Liquid Assets. This temporary flexibility is available until May 31, 2021.</td>
</tr>
</tbody>
</table>

**Liquid asset requirements**

| **03/24/2020** | In response to the COVID-19 outbreak and to support lending activities by banking institutions (BIs), Bank Negara Malaysia temporarily allowed all BIs to operate with the LCR ratio below 100% until December 31, 2020. BIs should restore their buffers to the minimum regulatory requirements by September 30, 2021. However, to date, all banks have maintained their LCR above 100%. |

| **07/01/2020** | The Net Stable Funding Ratio was implemented with an initial minimum requirement of 80% and will increase to 100% by September 30, 2021. |

**Investment regulations**

| **03/24/2020** | In response to the COVID-19 outbreak and to support lending activities by banking institutions (BIs), Bank Negara Malaysia temporarily increased the single counterparty exposure limit from 25% to 35% of a BI’s total capital until December 31, 2021 for exposures to counterparties that are connected to selected large companies based on economic dependence factors. BIs must pare down any exposures in excess of 25% of total capital by December 31, 2022. |

**Provisions specific to institutional investors**

<table>
<thead>
<tr>
<th><strong>Pension funds</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>02/21/2020</strong></td>
</tr>
</tbody>
</table>
MALDIVES
(Position as of August 31, 2020)

Status under IMF Articles of Agreement

Date of membership


Article VIII

Yes.

Article XIV

Yes.

Exchange Measures

Restrictions and/or multiple currency practices

Yes. The IMF staff report for the 2019 Article IV Consultation with Maldives, states that, as of April 30, 2019, Maldives continues to avail itself of the transitional provisions of Article XIV but no longer maintains any measures under this provision, and has not yet accepted the obligations of Article VIII, Sections 2, 3, and 4. It maintains an exchange restriction subject to IMF approval under Article VIII, Section 2(a) of the IMF’s Articles of Agreement arising from a shortage of foreign exchange at the official rate which leads to the Maldives Monetary Authority (MMA) rationing its supply of foreign exchange to commercial banks. This results in a channeling of foreign exchange transactions for current international transactions to the parallel market where transactions take place at an exchange rate that deviates by more than 2% from the prevailing market exchange rate. The greater than 2% spread gives rise to multiple currency practice subject to IMF approval under Article VIII, Section 3 and also to an exchange restriction, given the additional cost involved for obtaining foreign exchange. The extent of rationing has been eased over the past two years by increasing the amounts provided to commercial banks and adjusting amounts in line with seasonal patterns. The official exchange rate used by the MMA for government transactions is calculated based on the midpoint of the weighted average of the buying and selling rates of foreign exchange transactions conducted by commercial banks one day earlier. The lack of a mechanism to prevent the spread between this official exchange rate used by the MMA for government transactions and the prevailing market exchange rate from deviating by more than 2% gives rise to a multiple currency practice subject to IMF approval under Article VIII, Section 3. (Country Report No. 19/156)

Exchange measures imposed for security reasons

No.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Maldives is the Maldivian rufiyaa.

Other legal tender

No.

Exchange rate structure
Unitary
Dual Yes. The exchange rate structure is classified as dual because the spread between the parallel market rate and the official exchange rate exceeds 2%.

Multiple
Classification
No separate legal tender
Currency board
Conventional peg
Stabilized arrangement Yes. Since 2011, the de jure exchange rate arrangement is classified as a pegged exchange rate within horizontal bands. This regime allows the rufiyaa to float within a 20% band around a central parity of Rf 12.85 per US dollar. However, the rufiyaa remained stabilized in a narrow band against the US dollar near the ceiling of the band (Rf 15.42 per US dollar). Accordingly, the de facto exchange rate arrangement is classified as a stabilized arrangement. Under the MMA Act, the president may decide to change the exchange rate arrangement and adjust the exchange rate.
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating
Official exchange rate Yes. The MMA quotes buying, selling, and midrates each day. The midrate (reference exchange rate) is calculated each day as the midpoint of the weighted average of the buying and selling rates of commercial banks’ transactions with their clients conducted two days before. This rate is used when the MMA sells foreign exchange to the government. It buys foreign exchange from the government at the buying exchange rate. The MMA sells foreign exchange to the banks at its selling rate and to state-owned enterprises at the upper limit of the band.

Monetary policy framework
Exchange rate anchor Yes.

U.S. dollar Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework
Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax       No.

Exchange subsidy  No.

Foreign exchange market  Yes.  The buying and selling rates of the US dollar in the official market
Commercial banks may freely exchange other currencies with their clients.

There are 8 commercial banks (of which 3 are locally incorporated, 4 are branches of foreign banks, and 1 is fully owned subsidiary of a foreign bank) and 384 licensed money changers as of July 5, 2020. Money changers are licensed by the MMA and may buy and sell foreign exchange.

The MMA exchanges rufiyaa for US dollars at the official buying and selling rates. However, a dollar shortage led to supplying limited amount of foreign exchange to market participants. The MMA intervenes in the foreign exchange market by allocating foreign exchange to banks and selling US dollars to state-owned enterprises. Commercial banks may deal with the MMA, the central government, state-owned enterprises, and the private sector at the official exchange rate (within the bounds of the 20% exchange rate band).

The MMA sells foreign exchange to the commercial banks on a weekly basis. The allocation includes a fixed and a variable component. The fixed amount sold to the banks takes into consideration the bank’s net open positions and its share of total banking sector assets. An additional allocation (variable component) is sold to the banks to meet the travel, educational, and medical requirements of the general public and to the growing demand of Small and Medium Enterprises (SMEs), specifically for their LC payments and telegraphic transfers. This allocation is sold based on the seasonal requirements and utilization of the funds.

Banks may deal in foreign exchange among themselves, but because of a lack of depth, the market is limited to a few banks. There is no active interbank trading of foreign exchange in Maldives.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

There are no controls on the use of domestic currency for current and capital transactions.
Transactions in capital and money market instruments: No.  
Transactions in derivatives and other instruments: No.  
Credit operations: No.  
Use of foreign exchange among residents: Yes.  

The use of foreign currency for domestic payments is prohibited, except for payment of taxes and rents, for goods and services, and of fines because of the government. Conversion between domestic and foreign currency is limited to licensed entities.

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

The MMA is a member of the ACU.

<table>
<thead>
<tr>
<th>Administration of control</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on trade in gold (coins and/or bullion)</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no controls on gold ownership and trade.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

Obligation to report transportation of cash or bearer negotiable instruments in and out of the Maldives.  
Pursuant to Law No. 10/2014 on prevention of money laundering and financing of terrorism, anyone who imports or exports an amount of cash or negotiable instrument set by the MMA has to report to the Maldives Customs Service. In an unreported event, the Maldives Customs Service has the power to seize the whole amount of cash or bearer negotiable instruments if that case is suspected to be related to an activity of money laundering or financing terrorism.

Obligation to report transportation of cash or bearer negotiable instruments in and out of the Maldives.  
Pursuant to Law No. 10/2014 on prevention of money laundering and financing of terrorism, anyone who imports or exports an amount of cash or negotiable instrument set by the MMA has to report to the Maldives Customs Service. In an unreported event, the Maldives Customs Service has the power to seize the whole amount of cash or bearer negotiable instruments if that case is suspected to be related to an activity of money laundering or financing terrorism.
### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Accounts in domestic currency held abroad | Yes. |
| Accounts in domestic currency convertible into foreign currency | Yes. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required                  | No.  |
| Domestic currency accounts         | Yes. |
| Convertible into foreign currency  | Yes. |
| Approval required                  | No.  |
| Blocked accounts                   | No.  |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

| Foreign exchange budget | No. |

---

**On imports**

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
</table>

Obligation to report transportation of cash or bearer negotiable instruments in and out of the Maldives.

Pursuant to Law No. 10/2014 on prevention of money laundering and financing of terrorism, anyone who imports or exports an amount of cash or negotiable instrument set by the MMA has to report to the Maldives Customs Service. In an unreported event, the Maldives Customs Service has the power to seize the whole amount of cash or bearer negotiable instruments if that case is suspected to be related to an activity of money laundering or financing terrorism.

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
</table>

Obligation to report transportation of cash or bearer negotiable instruments in and out of the Maldives.

Pursuant to Law No. 10/2014 on prevention of money laundering and financing of terrorism, anyone who imports or exports an amount of cash or negotiable instrument set by the MMA has to report to the Maldives Customs Service. In an unreported event, the Maldives Customs Service has the power to seize the whole amount of cash or bearer negotiable instruments if that case is suspected to be related to an activity of money laundering or financing terrorism.

**References to legal instruments and hyperlinks**

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<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Effective April 15, 2019, import operations may be conducted after registering with the Ministry of Economic Development and Maldives Customs Service, which requires a valid business registration. Previously, a license was required.

Prohibited and restricted items are listed in Law No. 4/75.

The Open General Import license was abolished, effective April 15, 2019. Import operations may be conducted after registering with the Ministry of Economic Development and Maldives Customs Service, which requires a valid business registration.

On environmental grounds, Maldives imposes a quota on the import of substances that deplete the ozone layers, such as hydrochlorofluorocarbon (HCFC) gas.

Prohibitions are imposed on imports under national laws, such as R-34/2012. Pork and liquor products are restricted, and special permit needs to be obtained from the Ministry of Economic Development.

With the recent amendments (effective August 1, 2020) to the Export and Import Act, tariffs are levied at 18 different rates (12 ad valorem, 3 specific duty, and 3 composite duty) using the 2017 version of World Customs Organization’s Harmonized System (HS-2017). Previously, tariffs were levied at 15 different rates (12 ad valorem and 3 specific duty). Under the current tariff structure, Maldives national tariff lines have 8,255 items at the ten-digit level (previously, 8,130 items). However, because of lack of imports under some lines, currently only 5,987 tariff lines are used at the ten-digit level. Except for the specific and composite duty on cigarette, soft drinks, energy drinks and alcoholic products, all tariff lines are ad valorem, levied on the free on board (FOB) value of imports. More than 42.6% of the tariff lines are subject to a zero rate (previously, 31.5%), which is applied to essential goods, such as food, medicine, construction goods including steel, cement, sand and wood, fertilizers, garments, domestic electric appliances, environment-friendly goods, machineries, and vehicles which run on electric or renewable energy (previously, steel and electric were excluded from the list). About 6% of the tariff lines are subject to a duty rate equal to or higher than 35%. The highest rate of duty currently imposed is 400%, levied on nonbiodegradable plastic bags and plastic drinking...
**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Export licenses were abolished, effective April 15, 2019. The private sector may export all products.

A quota issued by the Ministry of Fisheries and Agriculture for aquarium fish export is in place.

A 50% tax is levied on the exportation of ambergris based on the f.o.b. value and 5% reexport royalty was introduced on commercial reexports effective from August 1, 2020 due to the 17th amendment to Export and Import Act No.31/79.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Control type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
</tbody>
</table>
Remittance Tax was abolished from January 1, 2020- Maldives Inland Revenue Authority (MIRA) Circular No. 220-TFD/CIR/2019/0 3- 23 December 2019.

Proceeds from Invisible Transactions and Current Transfers

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |
| Controls on capital transactions | Yes. |
| Repatriation requirements | Yes. Licensed dealing companies, where a foreigner holds shares in the applicant company, should obtain permission from the Capital Market Development Authority for profit repatriation. |
| Surrender requirements | No. |
| Surrender to the central bank | No. |
| Surrender to authorized dealers | No. |
| Controls on capital and money market instruments | Yes. Public offerings are approved by the Registrar of Companies under the Companies Act (Law No. 10/96) and Companies General Regulations and the CMDA under the Maldives Securities Act (Law No. 2/2006) and its regulations. |
| On capital market securities | Yes. |
| Shares or other securities of a participating nature | Yes. Under the Foreign Investment Act, investments by noncitizens require government approval. The governing articles of the Maldives Transport and Contracting Company and the Maldives Tourism Development Corporation prevent noncitizens from acquiring shares of those companies. The land law prohibits noncitizens from acquiring shares of a company that owns land. |
| Purchase locally by nonresidents | Yes. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |
| Bonds or other debt securities | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |
| On money market instruments | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |
| On collective investment securities | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

Controls on derivatives and other instruments
No.

**Purchase locally by nonresidents**
No. No specific restrictions are imposed.

**Sale or issue locally by nonresidents**
No. No specific restrictions are imposed.

**Purchase abroad by residents**
No.

**Sale or issue abroad by residents**
No. No specific restrictions are imposed.

Controls on credit operations
No. There are no specific restrictions directly linked to international trade transactions.

Commercial credits
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Financial credits
No. No specific restrictions are imposed.

By residents to nonresidents
No.

To residents from nonresidents
No.

Guarantees, sureties, and financial backup facilities
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Controls on direct investment
Yes.

Outward direct investment
No.

Inward direct investment
Yes. Direct investment requires approval from the Ministry of Economic Development. Foreign investors are required to ensure compliance to any conditions stipulated in the Foreign Investment Agreement; this is applied for non-tourism activities. Effective February 11, 2020, the new FDI policy came into effect. The objectives of the policy are to increase transparency, predictability, certainty, and consistency in the foreign investment approval process, provide for increased efficiencies in the approval process, and to determine areas closed for FDIs; requiring joint venture partnership with Maldivians for FDI Approvals and areas open for 100% FDIs.

Controls on liquidation of direct investment
No.

Controls on real estate transactions
Yes. Land Law and regulations thereunder.

Purchase abroad by residents
No.

Purchase locally by nonresidents
Yes. This is prohibited under the constitution

Sale locally by nonresidents
Yes.

Controls on personal capital transactions
Yes.

Loans
No.
By residents to nonresidents  No.
To residents from nonresidents  No.

Gifts, endowments, inheritances, and legacies  No.
  By residents to nonresidents  No.
  To residents from nonresidents  No.

Settlement of debts abroad by immigrants  No.

Transfer of assets  No.
  Transfer abroad by emigrants  No.
  Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  Yes.  Gambling is not permitted in Maldives.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions  Yes.
Borrowing abroad  No.
Maintenance of accounts abroad  No.
Lending to nonresidents (financial or commercial credits)  No.
Lending locally in foreign exchange  No.
Purchase of locally issued securities denominated in foreign exchange  No.
Differential treatment of deposit accounts in foreign exchange  Yes.
Reserve requirements  Yes.
The minimum reserve requirement (MRR) for commercial banks is 10% of their total demand and time deposits for both local and foreign currency. The minimum reserve requirement for Malé-based and atoll-based branches is 10% of deposits. However, as part of measures taken during the COVID-19 pandemic, the MRR was reduced to 7.5% for both local and foreign currency effective April 23, 2020. Further to that, effective July 15, 2020 foreign currency MRR was reduced from 7.5% to 5%. However, these measures are only temporary reduction in response to the pandemic situation.

Liquid asset requirements  No.

Interest rate controls  Yes.  There are interest rate controls only with respect to local currency, for which the annual rate of interest chargeable on loans and advances may not exceed 20%.
Credit controls  No.

Differential treatment of deposit accounts held by nonresidents  No.
Reserve requirements  No.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Maldives</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td>Banks are required to adhere to the following limits on foreign currency exposure: (1) the overall foreign currency exposure may not exceed 40% of a bank’s capital base; and (2) the foreign exchange risk exposure in any single currency may not exceed 25% of a bank’s capital base for a long position and 15% of a bank’s capital base for a short position. This regulation does not differentiate between resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
<td>Banks are required to adhere to the following limits on foreign currency exposure: (1) the overall foreign currency exposure may not exceed 40% of a bank’s capital base and (2) the foreign exchange risk exposure in any single currency may not exceed 25% of a bank’s capital base for a long position and 15% of a bank’s capital base for a short position. This regulation does not differentiate between resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
<td>Banks are required to adhere to the following limits on foreign currency exposure: (1) the overall foreign currency exposure may not exceed 40% of a bank’s capital base and (2) the foreign exchange risk exposure in any single currency may not exceed 25% of a bank’s capital base for a long position and 15% of a bank’s capital base for a short position. This regulation does not differentiate between resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
<td>Banks are required to adhere to the following limits on foreign currency exposure: (1) the overall foreign currency exposure may not exceed 40% of a bank’s capital base and (2) the foreign exchange risk exposure in any single currency may not exceed 25% of a bank’s capital base for a long position and 15% of a bank’s capital base for a short position. This regulation does not differentiate between resident and nonresident assets and liabilities.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
<td>There are no limits prescribed on investments of insurance companies. Insurance companies are free of restrictions in placing investments.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td>There are no limits prescribed on securities issued by nonresidents.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
<td>There are no limits prescribed on investment portfolios held abroad.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td>There are no limits prescribed on investment portfolios held locally.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td>There are no currency-matching regulations on assets/liabilities composition.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
<td>There are no defined restrictions, but pension funds may invest only in listed government securities, other securities, open-ended vehicles, and deposits licensed by a bank regulatory authority. The proportion of funds that may be invested in a particular security or portfolio is monitored. Investments must adhere to the framework of the Statement of Investment Principles and the Investment Strategy and Strategic Asset Allocation adopted by the Board of the Pension Office.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
<td>Pension funds may only invest in the securities specified in the Pension Act. The proportion of funds that may be invested in a particular security or portfolio is monitored.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td>Pension funds may only invest in the securities specified in the Pension Act. The Strategic Asset Allocation of November 06, 2019,</td>
</tr>
</tbody>
</table>
defines the limits for investment placements in growth assets and cash and cash equivalents. A minimum of 20% of the fund assets must be allocated in cash and cash equivalents, which include T-bills and fixed deposits; and a maximum of 80% in growth assets. Assets specified under the growth assets category include domestic equity, fixed income, and investments in funds.

The Strategic Asset Allocation of November 6, 2019, defines the limits for investment placements in growth assets and cash and cash equivalents. A minimum of 20% of the fund assets must be allocated in cash and cash equivalents, which include T-bills and fixed deposits; and a maximum of 80% in growth assets. Assets specified under the growth assets category include domestic equity, fixed income, and investments in funds.

No. No specific restrictions are imposed.

Currently, there are no investment firms or collective investment funds.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Imports and Import Payments

04/15/2019 Import operations may be conducted after registering with the Ministry of Economic Development and Maldives Customs Service, which requires a valid business registration. Previously, a license was required.

04/15/2019 The Open General Import license system was abolished. Import operations may be conducted after registering with the Ministry of Economic Development and Maldives Customs Service, which requires a valid business registration.

08/01/2020 With the recent amendments to the Export and Import Act, tariffs are levied at 18 different rates (12 ad valorem, 3 specific duty, and 3 composite duty) using the 2017 version of World Customs Organization’s Harmonized System (HS-2017) Previously, tariffs were levied at 15 different rates (12 ad valorem and 3 specific duty). Under the current tariff structure, Maldives national tariff lines have 8,255 items at the ten-digit level (previously, 8130 items). However, because of lack of imports under some lines, currently only 5,987 tariff lines are used at the ten-digit level. Except for the specific and composite duty on cigarette, soft drinks, energy drinks and alcoholic products, all tariff lines are ad valorem, levied on the FOB value of imports. More than 42.6% of the tariff lines are subject to a zero rate (previously, 31.5%), which is applied to essential goods, such as food, medicine, construction goods including steel, cement, sand and wood, fertilizers, garments, domestic electric appliances, environment-friendly goods, machineries, and vehicles which run on electric or renewable energy (previously, steel and electric were excluded from the list). About 6% of the tariff lines are subject to a duty rate equal to or higher than 35%. The highest rate of duty
currently imposed is 400%, levied on nonbiodegradable plastic bags and plastic drinking straws.

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Export licenses</th>
<th>04/15/2019</th>
<th>Export licenses were abolished.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without quotas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>08/01/2020</td>
<td>5% re-export royalty was introduced on commercial reexports</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign workers’ wages</td>
<td>01/01/2020</td>
<td>Remittance tax was abolished.</td>
</tr>
</tbody>
</table>

**Capital Transactions**

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on direct investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>02/11/2020</td>
<td>New foreign direct investment (FDI) policy came into effect. The objectives of the policy are to increase transparency, predictability, certainty, and consistency in the foreign investment approval process, provide for increased efficiencies in the approval process, and to determine areas closed for FDIs; requiring joint venture partnership with Maldivians for FDI Approvals and areas open for 100% FDIs.</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange Reserve requirements</td>
<td>04/23/2020</td>
<td>However, as part of measures taken during the COVID-19 pandemic, the minimum reserve requirement was reduced to 7.5% for both local and foreign currency.</td>
</tr>
<tr>
<td></td>
<td>07/15/2020</td>
<td>Foreign currency minimum reserve requirement was reduced from 7.5% to 5%.</td>
</tr>
</tbody>
</table>
MALI

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership September 27, 1963.

Article VIII Yes. Date of acceptance: June 1, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51) No.

Other security restrictions Yes. A regional framework to fight money laundering (AML) and the financing of terrorism (AFT) was created at the regional level through two WAEMU Directives in 2002 (AML) and 2007 (2007) which were incorporated in Mali’s legal corpus in 2002 (AML) and 2012 (AFT), respectively. This comprehensive framework facilitates the implementation of UNSC resolutions based on a list of persons and entities prepared by the Committee. It was updated in 2015 through a new WAEMU Directive which was incorporated into Mali’s legal corpus in February 2016.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency Yes. The currency of Mali is the CFA franc (XOF).

Other legal tender No.

Exchange rate structure

Unitary Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg Yes. The exchange rate arrangement of the WAEMU is a conventional peg. Mali participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The Monetary Cooperation Agreement between the WAEMU member countries and France was concluded December 4, 1973. It was maintained after the French franc was replaced by the euro by the Council of the European Union decision of November 23, 1998. The Monetary
Cooperation Agreement is based on three pillars: (1) a common issuing institution, (2) fixed parity with the euro, and (3) a guarantee of unlimited convertibility. In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings to the operations account with the French Treasury in accordance with the Amendment to the Operations Account Convention signed by France and the BCEAO September 20, 2005.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**

Yes. The CFA franc is officially pegged to the euro, the anchor currency, at the fixed rate of CFAF 655.957 per euro. Exchange rates for other currencies are cross-rates derived from the rate for the currency concerned in the Paris foreign exchange market vis-à-vis the euro. The official rate is used for accounting and valuation. The Conference of Heads of State and Government may decide to amend the Monetary Cooperation Agreement between the WAMU member countries and France.

**Monetary policy framework**

**Exchange rate anchor**

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized Consumer Price Index is the benchmark rate to measure inflation.

**U.S. dollar**

Yes.

**Euro**

Yes.

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

**Monetary Policy Committee**

Central Bank Board

**Other**
Government and Central Bank

**Inflation target**

<table>
<thead>
<tr>
<th>Target number</th>
<th></th>
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</table>

**Point target**

<table>
<thead>
<tr>
<th>Target with tolerance band</th>
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</table>

**Band/Range**

<table>
<thead>
<tr>
<th>Target measure</th>
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</thead>
</table>

**CPI**

<table>
<thead>
<tr>
<th>Core inflation</th>
<th></th>
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</thead>
</table>

**Target horizon**

<table>
<thead>
<tr>
<th>Operating target (policy rate)</th>
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</table>

**Policy rate**

<table>
<thead>
<tr>
<th>Target corridor band</th>
<th></th>
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</thead>
</table>

**Other**

**Accountability**

<table>
<thead>
<tr>
<th>Accountability</th>
<th></th>
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</table>

<table>
<thead>
<tr>
<th>Open letter</th>
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</table>

<table>
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<tr>
<th>Parliamentary hearings</th>
<th></th>
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<table>
<thead>
<tr>
<th>Other</th>
<th></th>
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</table>

**Transparency**

<table>
<thead>
<tr>
<th>Transparency</th>
<th></th>
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<table>
<thead>
<tr>
<th>Publication of votes</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Publication of minutes</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Publication of inflation forecasts</th>
<th></th>
</tr>
</thead>
</table>

**Other monetary framework**

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>Yes.</th>
<th>The commission rate charged by registered intermediaries on transfers outside the WAEMU that are authorized by their clientele is 0.6%. This commission is paid back in full to the National Treasury and is a portion of its tax revenue.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Exchange subsidy</th>
<th>No.</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Foreign exchange market</th>
<th>Yes.</th>
<th>Authorized intermediaries (authorized intermediary banks and authorized nonelectronic exchange dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which must be traded at the official fixed rate of CFAF 655.957 per euro. The commission on foreign exchange transactions may not exceed 2%. Instruction No. 013-11-2015 on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU went into force.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Spot exchange market</th>
<th>Yes.</th>
<th>Authorized intermediaries must comply with the provisions in effect</th>
</tr>
</thead>
</table>
on the financial conditions for executing banknote foreign exchange transactions that involve foreign currencies and issue a transaction slip for all transactions with a client. Moreover, to provide satisfactory information to clients, they are required to (1) permanently post at their windows the rates actually charged for the different currencies and (2) post notification that a transaction slip must be issued for all foreign exchange transactions on presentation of the requestor’s identity document.

Banks and registered banknote exchange houses are intermediaries authorized by the Ministry of Economy and Finance (MEF) to conduct foreign exchange transactions with the public. Exchange houses may conduct transactions in foreign currencies (except euros) with the BCEAO. Registered banknote exchange houses may not make transfers or payments in foreign currencies with other countries or maintain accounts abroad. As of December 31, 2019, there were 146 OTC dealers in Mali authorized to perform OTC operations and 13 authorized intermediary banks. The entities authorized to conduct nonelectronic foreign currency transactions are authorized intermediary banks and individuals or companies authorized to conduct nonelectronic transactions by decision of the minister of finance with the consent of the BCEAO.

In their operations with customers, authorized intermediaries (authorized intermediary banks and authorized OTC dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which is traded at the official fixed rate of CFAF 655.957 and may be subject to a maximum commission of 2.0%.

Operated by the central bank Yes.

Foreign exchange standing facility Yes. The BCEAO exchanges foreign currency for CFA francs at the rates published on the international markets, with the exception of the euro, which is traded at the official fixed rate of 655.957 per euro. The nonelectronic currency exchange windows are open to owners of accounts on the BCEAO books and to the general public. A commission of 0.5%, for purchases or sales, is charged on all transactions. However, no commission is charged for the following operations: (1) OTC foreign banknote exchanges conducted by state entities, government employees of WAEMU member states on mission abroad, and officials of the CB and their beneficiaries, and (2) payments made by banks and financial institutions.

Allocation No.

Auction No.

Fixing No.

Interbank market Yes. Transactions in CFA francs between authorized intermediaries are allowed. As of December 31, 2019, 14 banks conducted business. Based on the information transmitted, CFAF 455.9 billion was exchanged in 2019 on this market. There is no regulated foreign currency interbank market in the WAEMU.

Over the counter Yes.

Brokerage No.

Market making No.

Forward exchange market Yes. Residents of the WAEMU zone may contract forward exchange cover using exchange derivatives backed by the related commercial or financial operations for (1) imports and exports of goods and
services by a resident, (2) foreign borrowing operations by a resident (drawings and repayments), and (3) FDI in a resident enterprise. Residents of the WAEMU zone are permitted to conduct the following transactions in the foreign exchange derivatives market with authorized intermediary banks established in the WAMU or with foreign banks: outright forward foreign exchange contracts (over the counter), foreign exchange options, foreign exchange swaps, and cross-currency swaps.

Transactions in foreign exchange options are limited to the following two types of transactions: options to purchase foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign bank, or options to sell foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign credit institution. Authorized intermediary banks are required to simultaneously cover the exchange risk they incur in respect of derivative instruments traded with their customers. All legitimate foreign currency needs are ultimately met by the BCEAO.

Official cover of forward operations No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Mali is linked to the French Treasury via the BCEAO through an operations account, through which settlements with France, Monaco, the Comoros, and the CEMAC member countries are made, mainly in euros. Payments with countries outside the WAEMU are made in foreign currencies. Trade with other WAEMU countries is settled in CFA francs.

Controls on the use of domestic currency Yes. The CFA franc may not be used as payment for current international transactions and as capital with non-WAEMU countries.

For current transactions and payments Yes. CFA francs may not be used for settlement of international transactions outside the WAEMU. However, the CFA franc is guaranteed unlimited convertibility through an open operating account with the French Treasury.

For capital transactions Yes. The CFA franc may not be used for capital transactions with countries outside the WAEMU. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

Transactions in capital and money market instruments Yes. The CFA franc may not be used for the settlement of transactions in capital and money market instruments with non-WAEMU countries. Foreign investment by residents of the WAEMU zone is subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members do not require MEF authorization.

Transactions in derivatives and other instruments Yes. Residents of WAEMU member countries may engage in the following operations on derivatives and other instruments with accredited banks established in the WAEMU or foreign banks: (1) forward contract, foreign exchange swaps, and options. Operations on derivatives with foreign banks outside the WAEMU can only
relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

Credit operations Yes. Loans of any kind, CFA franc overdrafts, and, in general, any advances granted by authorized intermediaries to nonresidents of the WAEMU zone are subject to prior authorization by the Directorate of External Financial Relations of the MOF, after BCEAO approval.

Use of foreign exchange among residents Yes. The CFA franc is the only legal tender, and residents of the WAEMU zone may not use foreign exchange for domestic transactions.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. An operations account is maintained with the French Treasury that links operations account countries. All purchases and sales of foreign currencies and euros against CFA francs are ultimately settled through a debit or credit to the operations account.

Clearing agreements Yes. There is a multilateral netting agreement between the WAEMU countries and the other ECOWAS member countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone) as part of the WAMA. All payments for current transactions between countries whose CBs are WAMA members may be made under the netting agreement. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.

Barter agreements and open accounts No.

Administration of control Yes. The institutional reform of the WAMU and the BCEAO includes the following basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. All WAEMU residents are treated as residents of Mali for the purposes of preparing the external position of banks, domiciliation and repatriation of export revenue, issuance and sales of securities, gold imports and exports, investment and lending transactions, and physical exports of means of payment and securities by postal package or ordinary mail. However, for statistical purposes with regard to the balance of payments, all countries other than Mali are considered foreign countries. Moreover, all transfers with other countries must be made through registered intermediary banks, the postal service, or the BCEAO.

Payments arrears No.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) Yes. Only Malians and licensed nationals of countries with which Mali has a reciprocal agreement and who hold professional identity cards may engage in domestic trade in gold, precious materials, and fossils. There are no controls on holding gold for noncommercial purposes.

On domestic ownership and/or trade Yes. Gold imports and exports require MOF authorization, except (1)
imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Domestic currency**

Travelers may freely export CFA franc (XOF) banknotes from one WAEMU member country to another. Resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving CFA franc banknotes issued by the BCEAO.

**Foreign currency**

The reexportation of foreign banknotes by nonresident travelers is permitted up to the equivalent of CFAF 5,00,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposit accounts in local banks. Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess the equivalent of CFAF 1 million. They may carry up to the equivalent of CFAF 2 million a person in banknotes not issued by the BCEAO. Larger amounts may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, or other means of payment. Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFAF 2 million a person. The issuance of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

<table>
<thead>
<tr>
<th>On imports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents of the WAEMU zone and nonresidents of the WAEMU zone may freely import domestic currency (CFA franc – XOF) banknotes. However, individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving banknotes in domestic currency. BCEAO redemption of banknotes exported outside its area of issuance has been suspended. Pursuant to this measure, registered intermediary banks are not authorized to receive shipments of CFA franc (XOF) banknotes from their correspondents located outside the WAEMU area.

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
</table>

Residents of the WAEMU zone and nonresidents of the WAEMU zone may freely import means of payment denominated in foreign currencies. Such means of payment in excess of the equivalent of CFAF 1 million must be declared to customs. Nonresident travelers must declare to customs foreign currency exceeding the equivalent of CFAF 1 million on entry and exit.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**

Yes.

**Held domestically**

Yes.
Foreign exchange accounts in currencies other than the euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such an account. These accounts are valid for a renewable term of up to one year. They cannot be credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

Individuals who are residents of the WAEMU temporarily staying or traveling outside of WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF authorization by after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any balance be repatriated to a WAEMU member country within eight days.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Nonresident accounts denominated in euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Imports and Import Payments

Foreign exchange budget: No.

Financing requirements for imports: Yes.

Minimum financing requirements: No.

Advance payment requirements: Yes. Advance payments for imports require authorization, and importers may not acquire foreign exchange until the payment date specified in the contract.

Advance import deposits: No.

Documentation requirements for release of foreign exchange for imports: Yes. Importers may purchase foreign exchange for import payments after establishing bank payment order accounts and submitting supporting documents, but not earlier than eight days before shipment if a documentary credit is opened, or on the due date of payment if the products have already been imported.

Domiciliation requirements: Yes. Import transactions from outside the CFA franc area exceeding CFAF 10 million must be made through an authorized bank.

Preshipment inspection: Yes. An inspection for quality and price is required.

Letters of credit: No.

Import licenses used as exchange licenses: No.

Other: Yes. Exchange authorization, invoices, and export-import cards are required.

Import licenses and other nontariff measures: Yes. There are no import licensing requirements, but imports must be registered and permits are issued automatically.

Positive list: No.

Negative list: Yes. Imports of certain goods are prohibited.

Open general licenses: No.

Licenses with quotas: No.

Other nontariff measures: Yes. Quantitative restrictions may be applied to products for public health and security reasons.

Import taxes and/or tariffs: Yes. The WAEMU CET consists of four tariff brackets: 0%, 5%, 10%, and 20%. Imports from countries other than WAEMU area countries are also subject to a 1% statistical tax and a 0.8% community solidarity levy. Moreover, a cyclical import tax (taxe conjoncturelle à l’importation) and a degressive protection tax (taxe dégressive de protection) may at certain times be charged on some products. Neither of these two taxes had been applied as at end-2018. Imports from non-ECOWAS members are subject to a 0.5% community levy (CL/ECOWAS).

Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: Yes. Resident economic operators are required to collect and repatriate within one month of the payment due date the entire amount of sales.
of goods abroad in the country of origin with the bank with which the transaction is domiciled. The payment due date is specified in the trade agreement and normally falls within a period of 120 days after the goods are dispatched.

Surrender requirements  Yes.

Surrender to the central bank  Yes. Export proceeds must be surrendered by ADs to the BCEAO within 30 days of the payment due date, which may not exceed 120 days after shipment of the goods. To cover its current foreign exchange needs, the domiciling bank may hold up to 20% of its export proceeds as own foreign exchange resources. However, it must ensure that its total foreign exchange resources to cover its requirements do not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.

Surrender to authorized dealers  Yes. Proceeds must be surrendered to authorized banks within 30 days of the payment due date. Authorized intermediaries must then surrender the foreign exchange to the BCEAO by transfer through the bank of issue. Export revenue may be surrendered to intermediaries other than banks with which the transaction is domiciled if authorized by the BCEAO. Sales of foreign exchange by exporters to ADs other than the domiciling bank are permitted, provided they furnish the domiciling bank with the documents required for the domiciliation file to be closed.

Financing requirements  No.

Documentation requirements  Yes.

Letters of credit  No.

Guarantees  No.

Domiciliation  Yes. Export transactions of more than CFAF 10 million, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

Preshipment inspection  No.

Other  Yes. A health certificate is required for exports of food products, including live animals.

Export licenses  No.

Without quotas  No.

With quotas  No.

Export taxes  No.

Collected through the exchange system  No.

Other export taxes  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers  Yes. Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 5,000,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.
Trade-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Payments abroad relating to freight and insurance (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees are permitted in general, subject to the presentation of supporting documentation to the authorized intermediary.

Investment-related payments

Yes.

Prior approval

Yes. Payments for depreciation of direct investments require MOF authorization, because this type of depreciation is not specifically mentioned in the regulations.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Outward transfers of profits, interest, and proceeds from the liquidation of investments may be made by authorized banks, subject to the presentation of supporting documents.

Payments for travel

Yes.

Prior approval

No.

Quantitative limits

No. Residents of the WAEMU zone traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a person a trip; larger amounts may be taken out in the form of traveler’s checks, certified checks, or other means of payment and with supporting documentation for customary travel expenses.

Indicative limits/bona fide test

Yes. Resident travelers must present a travel document and a valid passport or a national identity card to an authorized intermediary bank or exchange bureau before foreign exchange will be issued.

Personal payments

Yes.

Prior approval

Yes. Approval is required for payment of family maintenance expenses abroad.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. All personal payments may be made through an authorized bank, subject to the presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.

Foreign workers’ wages

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Payments abroad related to wages, salaries, and honoraria; contributions and benefits; pensions and work-related activities; and service contracts are generally authorized on presentation of the appropriate documentation.

Credit card use abroad

Yes. The use of credit cards is allowed when issued by specialized institutions which, where applicable, must report such transactions on a quarterly basis to the BCEAO.

Prior approval

No.
### Quantitative limits
- **No.**

### Indicative limits/bona fide test
- **Yes.** For travelers, allocations of foreign currency in the form of debit and payment card must be justified by requirements related to travel and personal expenses if they exceed the equivalent of CFAF 2 million.

### Other payments
- **Yes.**

### Prior approval
- **No.**

### Quantitative limits
- **No.**

### Indicative limits/bona fide test
- **Yes.** As a general rule, payments abroad in amounts greater than CFAF 5,00,000 are subject to the presentation of supporting documentation.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Proceeds from Invisible Transactions and Current Transfers

### Repatriation requirements
- **Yes.** Proceeds from invisible transactions with non-WAEMU countries must be repatriated. Residents of the WAEMU zone are required to surrender to an authorized intermediary all revenues and income in foreign currency collected abroad or received from a nonresident within one month after the payment due date.

### Surrender requirements
- **Yes.**

#### Surrender to the central bank
- **Yes.** Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

#### Surrender to authorized dealers
- **Yes.** All proceeds from invisible transactions with non-WAEMU countries must be surrendered to an AD within one month. Resident travelers must surrender to an authorized intermediary, within eight days of their arrival in Mali, foreign banknotes and other means of payment denominated in foreign currency worth more than the equivalent of CFAF 5,00,000.

### Restrictions on use of funds
- **No.**

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Capital Transactions

### Controls on capital transactions
- **Yes.** Capital transactions between WAEMU countries are unrestricted. Outward capital transfers require MOF authorization, except (1) amortization of debts and repayment of short-term loans to finance industrial and commercial operations, (2) payments required on foreign exchange derivatives transactions or raw material or commodity derivatives transactions, and (3) transfers of the proceeds of liquidated investments or the sale of foreign securities by nonresidents of the WAEMU zone. Capital receipts from non-WAEMU countries are generally permitted.

### Repatriation requirements
- **Yes.** Proceeds from the sale or liquidation of investments of a resident abroad must be repatriated, if the resident has no reinvestment authorization, within one month through a registered intermediary.

### Surrender requirements
- **Yes.**
<table>
<thead>
<tr>
<th>Control Type</th>
<th>Application</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>Yes</td>
<td>Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes</td>
<td>Proceeds from the sale or liquidation of residents of the WAEMU zone's investments abroad must be repatriated and surrendered within one month to a registered intermediary, if the resident does not have a reinvestment authorization. The surrender requirement applies to proceeds from all capital transactions.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes</td>
<td>RCPSFM (Regional Council on Public Savings and Financial Markets) authorization is required for the following operations: (1) issuance or marketing of securities and real assets of foreign entities, (2) canvassing, and (3) publicity or advertising for investment abroad. Securities and mutual funds issued outside the WAEMU by a private or public entity that is not a resident of a WAEMU member country may not be listed on a regional securities exchange. A nonresident entity that solicits the public of the WAEMU must obtain authorization from the BCEAO as the entity in charge of regulating the external financial relations of WAEMU countries. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes</td>
<td>The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td>Purchases in the country by nonresidents of the WAEMU zone are unrestricted. However, these purchases must be declared to the MOF and the BCEAO for statistical purposes prior to the transaction.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation (Article 8, Regulation No. 09/10/CM/UEMOA).</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td>Residents of the WAEMU zone may sell local corporate securities</td>
</tr>
</tbody>
</table>
abroad. If these operations result in foreign control of domestic establishments, foreign investors must make a prior declaration to the MOF. The sale of securities for liquidation of an investment abroad must be declared to the MOF for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, except those constituting a loan. Issuance of the latter to nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.

<table>
<thead>
<tr>
<th>Securities Type</th>
<th>Action by Nonresidents</th>
<th>Action by Residents</th>
<th>Action by Residents</th>
<th>Action by Nonresidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

These purchases are subject to declaration to the MOF for statistical purposes. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.

The issuance of securities and sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires an exchange authorization of the MOF based on supporting documentation.

The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries is authorized by the RCPSFM. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Residents of the WAEMU zone may sell local corporate securities abroad. Residents of the WAEMU zone may also issue securities abroad, except for those constituting a loan. Issuance of the latter to nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.

These purchases must be declared to the MOF for statistical purposes prior to the transaction.

The issuance and sale of money market instruments by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of money market instruments resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of money market instrument transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation (Article 8, Rule No. 09/10/CM/UEMOA).

The purchase of foreign money market instruments by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed.
<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell local money market instruments abroad. The sale of money market instruments to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue money market instruments abroad, unless they constitute a loan.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td>These purchases must be declared to the MOF for statistical purposes prior to the transaction.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell local corporate securities abroad. Residents of the WAEMU zone may also issue securities abroad, except for those constituting a loan. Issuance of the latter to nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td>Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Residents of the WAEMU zone may hedge risk using derivatives. They must be backed by the residents of the WAEMU zone's imports or exports of raw materials and commodities. Residents of the WAEMU zone are not authorized to purchase raw materials or commodities on foreign markets for delivery within the framework of a derivatives transaction in raw materials or commodities.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>The purchase of derivatives by nonresidents of the WAEMU zone in the domestic market is treated as a loan contracted by a resident with a nonresident. As such, it is permitted. The purchase must be executed through an authorized intermediary and must be reported to...</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
<td>These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone are permitted to purchase foreign exchange derivatives from nonresidents of the WAEMU zone.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone call or put options on primary commodities or securities transactions. Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign credit institution.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
<td>Residents of the WAEMU zone are permitted to purchase foreign currency sell options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (that is, nonresident of WAEMU) credit institution.</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>Yes.</td>
<td>Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the MOF.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
<td>There are no controls on credits related to exports of goods. The date on which payment falls due is specified in the contract (in principle not more than 120 days after the date of shipment).</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes.</td>
<td>There are no controls, and repayments of commercial credits are generally conducted without prior authorization, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date, to the licensed intermediary bank responsible for handling the repayment.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
<td>There are no controls on these credits, but they must be reported for statistical purposes to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance. The necessary funds must be transferred from abroad through an authorized agent. There are no controls on repayment of loans, provided the authorized agent handling the settlement is furnished with documentation attesting to the validity of the transaction. Borrowing abroad is unrestricted.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
<td>These credits require MOF approval. Outward transfers to service such facilities require an exchange authorization, subject to the approval of the MEF and substantiated by documentation.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes.</td>
<td>There are no controls on these credits, but they must be reported for statistical purposes to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance. The necessary funds must be transferred from abroad through an authorized agent. There are no controls on repayment of loans, provided the authorized agent handling the settlement is furnished with documentation attesting to the validity of the transaction. Borrowing abroad is unrestricted.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
<td>There are no controls on these credits, but they must be reported for statistical purposes to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance. The necessary funds must be transferred from abroad through an authorized agent. There are no controls on repayment of loans, provided the authorized agent handling the settlement is furnished with documentation attesting to the validity of the transaction. Borrowing abroad is unrestricted.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>Yes.</td>
<td>The granting of guarantees and sureties is subject to MOF approval.</td>
</tr>
</tbody>
</table>
Transfers abroad of funds to service these facilities require an exchange authorization, subject to MOF approval, and submission of supporting documentation. These facilities may be granted freely, although the funds required for servicing them must be transferred abroad by an authorized bank. If, however, these transactions take place between a resident direct investment company and its parent company located abroad, they are considered to be direct investments and therefore require prior declaration to the MEF and the BCEAO for statistical purposes. Controls on direct investment Yes. Direct investment implies control of a company or enterprise. Mere participation is not considered direct investment, unless it exceeds 10% of the capital of a company whose shares are quoted on a stock exchange. Direct investment implies control of a company or enterprise. All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of WAEMU residents and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MEF authorization. Outward direct investment Yes. All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSPFM. Inward direct investment Yes. FDI, including by resident companies that are directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the MOF for statistical purposes. An investment is not considered a direct investment, unless it exceeds 10% of the capital of the company. Controls on liquidation of direct investment No. The liquidation of investments abroad must be reported to the MOF for statistical purposes. Reinvestment of the proceeds of liquidation is subject to MOF authorization. If reinvestment is not authorized, the liquidation proceeds must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents of the WAEMU zone is unrestricted but must be reported to the MOF for statistical purposes. Controls on real estate transactions Yes. Purchase abroad by residents Yes. These purchases require MOF authorization.

Purchase locally by nonresidents No. Purchases for purposes other than direct investment in a business, branch, or company are allowed. They require declaration to the MOF for statistical purposes.

Sale locally by nonresidents No. Sales by nonresidents of the WAEMU zone to residents of the WAEMU zone require the submission of supporting documentation to the authorized intermediary that handles the settlement and must be declared to the MOF and the BCEAO for statistical purposes.

Controls on personal capital transactions Yes. Personal capital transactions between residents of the WAEMU zone and nonresidents of the WAEMU zone must be made through the BCEAO, the postal service, or an authorized intermediary bank, unless authorization is obtained from the MOF.

Loans Yes. The regulations governing securities and investments apply.

By residents to nonresidents Yes. These transactions require MOF authorization. The individuals concerned may not engage in such operations as a professional occupation, unless they are licensed and included on the list of financial institutions.

To residents from nonresidents No. These transactions may be made freely, but are subject to declaration for statistical purposes to the MOF when granted and when repaid.
Gifts, endowments, inheritances, and legacies

By residents to nonresidents Yes. Inheritances and dowries are generally allowed. Gifts and endowments, however, are subject to MOF and BCEAO authorization. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.

To residents from nonresidents No. These transactions do not require authorization but are subject to declaration to the minister of finance and the BCEAO for statistical purposes.

Settlement of debts abroad by immigrants Yes. Immigrants with resident status must obtain MOF authorization to settle debts contracted abroad while they were nonresidents of the WAEMU zone.

Transfer of assets Yes. These transactions are subject to MOF authorization if the value exceeds CFAF 5,000,000 a person. There are no restrictions on transfers of amounts below this threshold.

Transfer abroad by emigrants Yes. Foreign accounts (in foreign currencies or CFA francs) of nonresidents of the WAEMU zone who become residents of the WAEMU zone must be closed. However, these individuals may maintain abroad bank accounts opened and financial assets acquired while they were nonresidents of the WAEMU zone. New transfers to these accounts require MOF approval.

Transfer of gambling and prize earnings Yes. These transfers are conducted freely through authorized intermediaries, subject to the presentation of supporting documents and compliance with the relevant provisions on combating money laundering and financing of terrorism.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. The Uniform Law on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU by the Council of Ministers of the Union took effect September 28, 2012. Decision No. CM/UMOA/023/2012 sets the deadline (December 31, 2013) for including this law in the domestic legislation of the WAMU members. It was incorporated into Mali’s domestic legal framework with the enactment of Law No. 2014/032, on July 17, 2014.

Borrowing abroad No. Foreign borrowing is unrestricted. For statistical purposes, these transactions must be declared to the MEF and the BCEAO when granted and when repaid.

Maintenance of accounts abroad Yes. Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions for their own account or the accounts of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements. In accordance with Regulation No. 09/2010/CM/UEMOA on the External Financial Relations of the WAEMU Member States, to cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency. The total amount of these assets may not exceed 5% of the clients’
Lending to nonresidents (financial or commercial credits) | Yes. Commercial lending is allowed. Financial credits are subject to MOF authorization following BCEAO approval.
---|---
Lending locally in foreign exchange | Yes. There are no explicit regulations regarding these transactions, but MOF authorization is required with BCEAO approval.
Purchase of locally issued securities denominated in foreign exchange | Yes. These purchases require MOF authorization if their issuance was not approved by the RCPSFM.
Differential treatment of deposit accounts in foreign exchange | Yes. Outstanding demand deposits. Assets in excess of foreign currency requirements must be surrendered to the BCEAO.

| Reserve requirements | No. A reserve requirement of 3% (previously 5%) applies to WAEMU banks. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes customer foreign currency deposits.
---|---
Liquid asset requirements | No. According to the prudential framework applicable to WAEMU banks and financial institutions that perform banking operations, the minimum standard liquid asset requirement is 75%.
Interest rate controls | No. The maximum for all lending rates is set at 15%.
Credit controls | Yes. Loans of any kind, CFA franc overdrafts, and in general, any advances granted to nonresidents of the WAEMU zone are subject to MOF authorization, after BCEAO approval. These claims are included in the external position of banks and financial institutions, which is subject to special monitoring.

Differential treatment of deposit accounts held by nonresidents | Yes. Banking regulations make no distinction among resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.

Reserve requirements | No. Purchases for purposes other than direct investment in a business, branch, or company do not require prior authorization. They require declaration to the MOF and the BCEAO for statistical purposes.
---|---
Liquid asset requirements | No. The regulations governing direct investment apply.
Credit controls | Yes. Any overdraft or advance granted to a nonresident requires MOF authorization with BCEAO approval.
Investment regulations | Yes. All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM.

Abroad by banks | Yes. These transactions may, depending on their volume, be subject to authorization by the minister of finance. The banking law stipulates that investment by any person in a bank that would have the effect of changing the minority and/or majority voting rights requires authorization by the minister of finance.
In banks by nonresidents | Yes. No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments, up to the equivalent of 5% of total customer demand deposits. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight...
days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

**On resident assets and liabilities**

- Yes. No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

**On nonresident assets and liabilities**

- Yes. No prudential ratios apply. Because of the surrender requirement, banks are not allowed to maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

**Provisions specific to institutional investors**

- Yes. Controls are imposed by the CIMA Code.

- **Limits (max.) on securities issued by nonresidents**
  - Yes. The CIMA Code allows insurance companies of each CIMA member country to invest in other CIMA member countries a maximum of 50% of resources collected locally.

- **Limits (max.) on investment portfolio held abroad**
  - Yes. The CIMA Code allows insurance companies of each CIMA member country to invest in other CIMA member countries a maximum of 50% of resources collected locally.

- **Limits (min.) on investment portfolio held locally**
  - Yes. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

- **Currency-matching regulations on assets/liabilities composition**
  - Yes. The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.

- **Pension funds**
  - Yes. The issuance, presentation, and floating of securities of any kind by foreign governments, local authorities, foreign companies, or international institutions are subject to authorization by the RCPSFM.

- **Limits (max.) on securities issued by nonresidents**
  - Yes. With the exception of foreign securities issued or sold with RCPSFM authorization in WAEMU member countries, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.

- **Limits (max.) on investment portfolio held abroad**
  - Yes. With the exception of foreign securities issued or sold with RCPSFM authorization in WAEMU member countries, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.

- **Limits (min.) on investment portfolio held locally**
  - No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limitations on foreign securities from foreign governments, local authorities, foreign companies, or international institutions are subject to authorization.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>With the exception of foreign securities issued or sold in WAEMU member countries with authorization, all investment abroad by WAEMU residents is subject to authorization and must be at least 75% financed with foreign borrowing.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
### MALTA

*(Position as of June 30, 2020)*

## Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Membership Date</th>
<th>Acceptance Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>September 11, 1968</td>
<td>November 30, 1994</td>
</tr>
</tbody>
</table>

## Exchange Measures

<table>
<thead>
<tr>
<th>Restriction</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions and/or multiple currency practices</td>
<td>No.  No restrictions as reported in the latest IMF staff report as of December 31, 2019.</td>
</tr>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes. Malta maintains restrictive measures on the following countries or specified related persons and entities: Belarus, Bosnia and Herzegovina, the Democratic Republic of the Congo, Côte d’Ivoire, the Islamic Republic of Iran, Iraq, the Democratic People’s Republic of Korea, Lebanon, Liberia, Mali, Moldova, Myanmar, Nicaragua, Somalia, Sudan, Syria, Turkey, Venezuela, the Former Yugoslavia (Serbia and Montenegro), and Zimbabwe, as well as Al-Qaida and ISIL (Da’esh), and other organizations associated with terrorism. Restrictive measures to combat terrorism. On December 27, 2001, the EU Council adopted restrictive measures on individuals and entities associated with Usama Bin Laden. Restrictive measures against cyber-attacks and chemical weapons. On October 15, 2018, the EU Council adopted restrictive measures against the proliferation and use of chemical weapons. Measures include travel restrictions, asset freeze, and financial restrictions on listed individuals. Measures protecting against the effects of the extra-territorial application of certain legislation adopted by the US. On November 22, 1996, the EU Council decided to respond to the extra-territorial measures taken by the US which purport to affect EU Member States on natural or legal persons, their activities and interests. There are no EU restrictive measures with respect to the US per se; rather, the EU introduced legislation that allows Member States to take the measures it deems necessary to protect the interest of the natural or legal persons affected by the extra-territorial application of a third country’s laws. Effective October 14, 2019, the EU Council adopted restrictive measures, imposing travel restrictions, asset freeze, and financial restrictions on listed individuals in Nicaragua. Effective November 11, 2019, the EU Council adopted restrictive measures, imposing travel restrictions, asset freeze, and financial restrictions on listed individuals in Turkey. Malta complies with all sanctions in accordance with relevant UNSC resolutions and EC regulations. In addition to the countries mentioned above, Malta maintains restrictions on the following countries or specified related persons and entities: Belarus, Bosnia and Herzegovina, the Democratic Republic of the Congo, Côte d’Ivoire, the Islamic Republic of Iran, Iraq, the Democratic People’s Republic of Korea, Lebanon, Liberia, Mali, Moldova, Myanmar, Nicaragua, Somalia, Sudan, Syria, Turkey, Venezuela, the Former Yugoslavia (Serbia and Montenegro), and Zimbabwe, as well as Al-Qaida and ISIL (Da’esh), and other organizations associated with terrorism.</td>
</tr>
</tbody>
</table>

Other security restrictions | Yes. Malta complies with all sanctions in accordance with relevant UNSC resolutions and EC regulations. In addition to the countries mentioned above, Malta maintains restrictions on the following countries or specified related persons and entities: Belarus, Bosnia and Herzegovina, the Democratic Republic of the Congo, Côte d’Ivoire, the Islamic Republic of Iran, Iraq, the Democratic People’s Republic of Korea, Lebanon, Liberia, Mali, Moldova, Myanmar, Nicaragua, Somalia, Sudan, Syria, Turkey, Venezuela, the Former Yugoslavia (Serbia and Montenegro), and Zimbabwe, as well as Al-Qaida and ISIL (Da’esh), and other organizations associated with terrorism. |
mentioned above, the following countries have listed individuals and organizations or entities subject to financial restrictions and the freezing of assets: Afghanistan, Burundi, the Central African Republic, China, Egypt, Guinea, Guinea-Bissau, Haiti, Libya, Russia, South Sudan, Tunisia, Ukraine, and Yemen.

This information can be found at the AREAEONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

**Currency**
- Yes.
- The currency of Malta is the euro. The Central Bank of Malta (CBM) issued the following €2 commemorative coins: (1) Ta’ Haġrat Temples, the fourth of a series of seven coins depicting Maltese prehistoric sites, and (2) “Nature and Environment,” the fourth in a series of coins, “From Children in Solidarity.”

**Other legal tender**
- No.

**Exchange rate structure**
- Unitary
- Yes.

**Classification**
- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement
- Floating
- Yes.
- The exchange rate arrangement of the euro area is free floating. Malta participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

**Official exchange rate**
- Yes.
- The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 2:15 p.m. Central European Time. The reference rate against the euro is the average of the buying and selling rates.

**Monetary policy framework**
- Exchange rate anchor
U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes
To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is commonly defined as inflation rates at levels below, but close to, 2% over the medium term.

ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.

Twenty-five credit institutions, including two branches from non-EU countries, are licensed under the Banking Act 1994. In addition, one branch established in Malta under the EU freedom of establishment rules may also undertake such activities. Moreover, 55 financial institutions are licensed to operate under the Financial Institutions Act (FIA) 1994. A number of these institutions are licensed by the Malta Financial Services Authority (MFSA) to deal in foreign exchange. Financial institutions may, in addition to the activities cited above, carry out other operations under the FIA, in accordance with their specific licenses (refer to Schedule of Activities under the FIA). They may maintain accounts with foreign counterparties and, in addition to dealing in foreign currency notes, may make foreign exchange payments and payment transfers on behalf of their customers. All institutions licensed under the FIA may deal directly with the CBM.

There is no limit on the spread between the buying and selling rates that credit and financial institutions may quote in the interbank foreign exchange market. All credit institutions licensed by the MFSA may engage in foreign exchange activities.

The foreign exchange market operates over the counter. The foreign exchange market does not operate via a brokerage system; operators handle their transactions directly.

The CBM participates in the foreign exchange derivatives market largely to hedge its foreign exchange exposure for risk management purposes.

The CBM may provide forward cover directly to government departments and public sector agencies. Forward rates are based on
money market rate and interest rate differentials.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Prescription of currency requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Minister for Finance and Financial Services has appointed the CBM as its agent for External Transactions Act purposes. Although external transactions have been completely liberalized, agents may be asked to report information on these transactions for statistical purposes.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no limits on the amount of foreign and local currencies that may be exported and imported. In accordance with EC Regulation No. 1889/2005, however, travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

| On exports | No. |
| Domestic currency | No. |

In accordance with EC Regulation No. 1889/2005, however, travelers...
entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

*Foreign currency* No. In accordance with EC Regulation No. 1889/2005, however, travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

On imports No.

*Domestic currency* No. In accordance with EC Regulation No. 1889/2005, however, travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

*Foreign currency* No. In accordance with EC Regulation No. 1889/2005, however, travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

Unaccompanied cash, that is, cash making part of a consignment without a carrier is also regulated. The €10,000 limit obligation to declare to the relevant authorities applies.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

*Foreign exchange accounts permitted* Yes.

Held domestically Yes. Balances may be transferred abroad freely.

Approval required No.

Held abroad Yes. Balances may be repatriated freely.

Approval required No.

Accounts in domestic currency held abroad Yes.

Accounts in domestic currency convertible into foreign currency Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

*Foreign exchange accounts permitted* Yes.

Approval required No.

*Domestic currency accounts* Yes.

Convertible into foreign currency Yes.

Approval required No.

Blocked accounts Yes. Accounts may be frozen in accordance with sanctions applicable in terms of relevant EU regulations.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Imports and Import Payments

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Other nontariff measures</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Taxes collected through the exchange system</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

The Ministry for the Economy, Investment, and Small Business administers certain import controls in accordance with the Import Control Regulations. A transfer authorization or import license is required for the importation from both EU and non-EU countries of certain items listed in the schedules of the Import Control Regulations. These items include meat and fish products, fruits and vegetables, beverages, toxic chemicals, petroleum products, rough diamonds, explosives, and weapons. Textile and steel products imported from certain countries also require an import license. Products not listed in the schedules of the Import Control Regulations may be imported without a license. The only existing quotas relate to steel and certain textile imports not originating from within the EU.

## Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repatriation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Financing requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exports of articles of historical value, antiques, Malta stone and objects made from Malta stone, carts, cabs and landaus, rough diamonds, and petroleum products require an export license, in accordance with the Export Control Regulations. Dual-use items (goods, software, and technology that can be used for both civilian and military applications) and military equipment are also subject to an export authorization process.

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
</table>

## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
</tbody>
</table>
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.

Foreign workers' wages:

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.

Credit card use abroad:

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.

Other payments:

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.

References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

Repatriation requirements: No.
Surrender requirements: No.
Surrender to the central bank: No.
Surrender to authorized dealers: No.

Surrender to the central bank: No.
Surrender to authorized dealers: No.

Restrictions on use of funds:

Repayments from capital and current transfers:

Repatriation requirements: No.
Surrender requirements: No.
Surrender to the central bank: No.
Surrender to authorized dealers: No.

Controls on capital transactions: Yes.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

In accordance with the External Transactions Act (Cap. 233), all restrictions imposed on external transactions have been lifted, except those on transactions in real estate with residents of third countries (that is, non-EU countries).

Repatriation requirements: No.
Surrender requirements: No.
Surrender to the central bank: No.
Surrender to authorized dealers: No.
Controls on capital and money market: Yes.
Instruments

On capital market securities

- Shares or other securities of a participating nature

Yes.

In the case of transactions in securities in companies registered in Malta but not listed on the Malta Stock Exchange, the Commissioner for Revenue requires the submission of the below-mentioned Schedules that need to be accompanied by a report prepared by a certified auditor and payment of provisional tax on capital gains and/or duty (where applicable):

Income Tax on Capital Gains

- Schedule C for transfers of a controlling interest;
- Schedule D for transfers of a non-controlling interest;

The provisions in the Capital Gains Rules requiring the submission of Schedules C, D, and E were introduced with effect from February 24, 2006.

Duty on Documents and Transfers

- Sixth Schedule

Approval from the Commissioner for Revenue is required in the case of transfers which are exempt from duty under the provisions of the Duty on Documents and Transfers Act.

The provisions in the Duty on Documents and Transfers Rules requiring the submission of the sixth Schedule were introduced with effect from May 25, 2010.

In reference to the requirements from an Income Tax and Duty on Documents perspective, the relevant schedules are required with respect to all transactions in securities of companies registered in Malta (but not listed on the Malta Stock Exchange) and this has been the case since the introduction of the relevant provisions in the Capital Gains Rules and Duty on Documents and Transfers Rules.

Purchase locally by nonresidents

Yes.

All transactions in securities of companies registered in Malta but not listed on the Malta Stock Exchange are required to submit relevant schedules accompanied by a report prepared by a certified auditor and payment of provisional tax on capital gains and/or duty (where applicable). In cases where transfers of shares are exempt from duty, submission of the sixth schedule and approval from the Commissioner for Revenue is required.

Sale or issue locally by nonresidents

Yes.

All transactions in securities of companies registered in Malta but not listed on the Malta Stock Exchange are required to submit relevant schedules accompanied by a report prepared by a certified auditor and payment of provisional tax on capital gains and/or duty (where applicable). In cases where transfers of shares are exempt from duty, submission of the sixth schedule and approval from the Commissioner for Revenue is required.

Purchase abroad by residents

Yes.

All transactions in securities of companies registered in Malta but not listed on the Malta Stock Exchange are required to submit relevant schedules accompanied by a report prepared by a certified auditor and payment of provisional tax on capital gains and/or duty (where applicable). In cases where transfers of shares are exempt from duty, submission of the sixth schedule and approval from the Commissioner for Revenue is required.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes. All transactions in securities of companies registered in Malta but not listed on the Malta Stock Exchange are required to submit relevant schedules accompanied by a report prepared by a certified auditor and payment of provisional tax on capital gains and/or duty (where applicable). In cases where transfers of shares are exempt from duty, submission of the sixth schedule and approval from the Commissioner for Revenue is required.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
</tbody>
</table>
Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>By residents to nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on direct investment

| Outward direct investment | No. |
| Inward direct investment | No. |

Controls on liquidation of direct investment

| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |
| Purchase locally by nonresidents | Yes. |
| Sale locally by nonresidents | Yes. |

Controls on personal capital transactions

| Loans | No. |
| Gifts, endowments, inheritances, and legacies | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |

Settlement of debts abroad by immigrants

| Transfer of assets | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |

Transfer of gambling and prize earnings

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Provisions Specific to the Financial Sector

| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad | No. |
| Maintenance of accounts abroad | No. |

Applications for the acquisition of real estate by nonresidents from outside the EU require the MOF approval. Nonresidents from the EU, including Maltese citizens, may acquire one piece of real estate to be used as their primary residence, but may not acquire a second residence without MOF approval unless they have resided in Malta at least five years. Nonresidents from the EU may acquire property freely in specially designated areas of the country.

Nonresidents may not engage in real estate transactions, except for the sale of properties acquired with MOF approval.

Primarily, the Payment Accounts Directive (PAD) seeks to ensure access to basic payment accounts with credit institutions to enable all consumers legally resident in the EU to have access to basic banking.
service, independently of their financial situation or place of residence.

In particular, the PAD applies to consumers who intend to open and use a payment account on a cross-border basis. The PAD facilitates the opening of accounts on a cross-border level by allowing the consumer to ask the new payment service provider to set up on the new payment account all or part of standing orders for credit transfers, accept direct debits from the date specified by the consumer, and provide the consumer with information on the new payment account.

The PAD also aims to enhance transparency and comparability of fee information about payment accounts to make customers more aware of the fees and charges by payment services providers. Additionally, the PAD provides for more efficient switching of cross-border payment accounts by establishing minimum standards.

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
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<td>Liquid asset requirements</td>
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</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Article 92 of Regulation (EU) No. 575/2013 (Capital Requirements Regulation) requires credit institutions to allocate capital against foreign exchange risk in accordance with Capital Requirements Regulation Title IV, Part 3, which states that “If the sum of an institution’s overall net foreign exchange position, calculated in accordance with the procedure set out in Article 352, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risks. The own funds requirement for foreign exchange risk must be the sum of its overall net foreign exchange position in the reporting currency, multiplied by 8%.” As required under EU legislation, a credit institution’s total net open
foreign exchange position is subject to a prudential capital requirement of 8% of its own funds. Financial institutions licensed under local legislation may also be required to comply with this requirement. By law, foreign exchange risk requirements apply to the net foreign exchange position for all business activities of an institution (that is, trading and banking books). Thus, calculation of the net spot position in a particular currency includes all assets minus all liabilities, including accrued interest, in the currency in question. These requirements are not based on the principle of the residence of assets and liabilities but on the foreign exchange risk of currencies against the base currency of the assets and liabilities.

On resident assets and liabilities  Yes.
On nonresident assets and liabilities  Yes.
Provisions specific to institutional investors  No.

Insurance companies  No.

Limits (max.) on securities issued by nonresidents  No. The Solvency II Directive came into effect. In this respect, the prudent person principle started to be applied. Insurance companies must only invest in assets and instruments the risks of which the company can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs. In addition, insurance companies must ensure that assets held to cover technical provisions are invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities, and in the best interest of all policyholders and insureds taking into account any disclosed policy objectives. Previously, prudential regulations imposed limitations on the types of assets insurance companies were required to maintain to cover technical liabilities arising from their business. They also imposed diversification rules and limits on the amount of assets such companies may maintain. The regulations did not impose restrictions on the location of these assets; therefore, assets covering technical liabilities could be located outside Malta.

Limits (max.) on investment portfolio held abroad  No. The Solvency II Directive came into effect. In this respect, the prudent person principle started to be applied. Insurance companies must only invest in assets and instruments the risks of which the company can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs. In addition, insurance companies must ensure that assets held to cover technical provisions are invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities, and in the best interest of all policyholders and insureds taking into account any disclosed policy objectives. Previously, prudential regulations imposed limitations on the types of assets insurance companies were required to maintain to cover technical liabilities arising from their business. They also imposed diversification rules and limits on the amount of assets such companies may maintain. The regulations did not impose restrictions on the location of these assets; therefore, assets covering technical liabilities could be located outside Malta.

Limits (min.) on investment portfolio held locally  No.
Currency-matching regulations on assets/liabilities composition  No. As the Solvency II Directive came into effect, the prudent person principle started to be applied. Insurance companies must only invest in assets and instruments the risks of which the company can properly identify, measure, monitor, manage, control and report, and
appropriately take into account in the assessment of its overall solvency needs. In addition, insurance companies must ensure that assets held to cover technical provisions are invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities, and in the best interest of all policyholders and insureds taking into account any disclosed policy objectives.

Previously, if an insurance company’s liabilities in any particular currency exceeded 5% of its total liabilities, the company must hold sufficient assets in that currency to cover at least 80% of the company’s liabilities in that currency.

<table>
<thead>
<tr>
<th>Pension funds</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with prudential regulations, pension funds (that is, occupational pension funds, personal pension funds, and related investment vehicles) are required to comply with prudential investment restrictions to ensure diversification and minimize exposure to single entities or issuers. Certain borrowing restrictions also apply.</td>
<td></td>
</tr>
</tbody>
</table>

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

| Investment firms and collective investment funds | No. |
| For prudential purposes, investment firms are subject to minimum financial resources requirements; Category 2 and 3 investment firms are also subject to Capital Ratios as stipulated by the Capital Requirements Regulation; certain collective investment funds are subject to investment and borrowing restrictions. Retail collective investment funds are subject to restrictions on investments in securities, such as exposure limits to credit institutions, other collective investment funds, and financial derivative instruments. Retail collective investment funds may borrow up to 10% of their assets for investment purposes and are allowed to have a global exposure of up to 100% of net asset value (calculated according to the Value-at-Risk or Commitment Method). Experienced professional investment funds may borrow up to 100% of the net asset value of their funds. All other funds are subject to leverage requirements as stipulated in the Alternative Investment Fund Managers Directive 2011/61/EU (calculated according to the Gross and Commitment Methods and using the conversion methodologies stipulated in the Directive). |

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

The regulatory requirements do not impose restrictions on the source and location of assets.

Although the Rules for Investment Services Providers and related Guidance Notes do not impose restrictions on the source and location of assets relating to currency matching, the license holders are required to employ a risk management process which enables them to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile, including currency/exchange risk.
In addition, UCITS and Alternative Investment Fund Managers are required to establish and maintain a permanent risk management function.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

Exchange measures imposed for security reasons
In accordance with IMF Executive Board Decision No. 144-(52/51)

10/14/2019 The European Union Council adopted restrictive measures, imposing travel restrictions, asset freeze, and financial restrictions on listed individuals in Nicaragua.

MARSHALL ISLANDS
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
May 21, 1992.

Article VIII
Yes. Date of acceptance: May 21, 1992.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of the Marshall Islands is the US dollar.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender
Yes. The exchange rate arrangement is an exchange arrangement with no separate legal tender. The authorities do not buy or sell foreign exchange.
Free floating

**Official exchange rate**
No.

**Monetary policy framework**

Exchange rate anchor
Yes.

*U.S. dollar* Yes. The US dollar is legal tender and circulates freely in the Marshall Islands.

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

Target number

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

*Other*

**Accountability**

Open letter
Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes.

Spot exchange market  Yes. Foreign exchange transactions are handled by two commercial banks that are authorized foreign exchange dealers and are regulated by a statutory banking commissioner. The banks buy and sell foreign exchange at the rates quoted in international markets.

Operated by the central bank  No.

Foreign exchange standing facility  No.

Allocation  No.

Auction  No.

Fixing  No.

Interbank market  No. There is no interbank foreign exchange market.

Over the counter  No.

Brokerage  No.

Market making  No.

Forward exchange market  Yes. Forward transactions may be conducted through commercial banks without restriction.

Official cover of forward operations  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes. Outward and inward payments may be settled in US dollars or in any other convertible currency.

Controls on the use of domestic currency  No.

For current transactions and payments  No.

For capital transactions  No.

Transactions in capital and money market instruments  No.

Transactions in derivatives and other
instruments
Credit operations No.

Use of foreign exchange among residents Yes.

Payments arrangements Yes.

Bilateral payments arrangements No.
Operative No.
Inoperative No.

Regional arrangements Yes. The Marshall Islands participates in PACER.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control No. There are no exchange control regulations.

Payments arrears

Official No.
Private No.

Controls on trade in gold (coins and/or bullion)

On domestic ownership and/or trade n.a.

On external trade n.a.

Controls on exports and imports of banknotes n.a.

On exports n.a.

Domestic currency n.a.

Foreign currency n.a.

On imports No.

Domestic currency No.

Foreign currency No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.

Held domestically Yes.

Approval required n.a.

Held abroad Yes. Commercial banks are not permitted to transfer abroad more than 30% of deposits received from residents. In practice, this regulation is not strictly enforced.

Approval required No.
Accounts in domestic currency held abroad | Yes. | The US dollar is used as domestic currency, and no distinction is made between accounts in US dollars held domestically and those held abroad.

Accounts in domestic currency convertible into foreign currency | Yes. | The US dollar is used as domestic currency, and balances may be converted to foreign currency without restriction.

References to legal instruments and hyperlinks

| Foreign exchange accounts permitted | Yes. |
| Approval required | n.a. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |
| Approval required | No. |
| Blocked accounts | No. |

References to legal instruments and hyperlinks

Nonresident Accounts

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange licenses | No. |
| Other | No. |

Import licenses and other nontariff measures

| Import licenses and other nontariff measures | Yes. |
| Positive list | No. |
| Negative list | Yes. |
| Open general licenses | No. |
| Licenses with quotas | No. |
| Other nontariff measures | No. |
| Import taxes and/or tariffs | Yes. |

Imports are not subject to licensing requirements, but importers must obtain a business license.

Imports of some products are prohibited for environmental, health, safety, or social reasons.

Imports are not subject to licensing requirements, but importers must obtain a business license.

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Imports are not subject to licensing requirements, but importers must obtain a business license.

Imports of some products are prohibited for environmental, health, safety, or social reasons.

Specific and ad valorem duties are levied on imports. Ad valorem duties are levied on imports.
Duties range from 5% to 150%. Most items are subject to an 8% tariff rate; higher rates apply to motor vehicles (15%), gasoline (20%), and alcoholic beverages (25%). Specific duties apply to motor vehicles whose value cannot be determined; cigarettes and other tobacco products (excluding cigars, which have a tariff rate of 150%); soft drinks; beer; wine; and spirits.

Taxes collected through the exchange system
State import monopoly
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
Surrender requirements
Surrender to the central bank
Surrender to authorized dealers
Financing requirements
Documentation requirements
Letters of credit
Guarantees
Domiciliation
Preshipment inspection
Other

Export licenses
Without quotas
With quotas
Export taxes
Collected through the exchange system
Other export taxes

The exportation of copra and its by-products is conducted solely by the government-owned Tobolar Copra Processing Plant, Inc.

Exports and Export Proceeds

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
Trade-related payments
Prior approval
Quantitative limits
Indicative limits/bona fide test

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Description</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>
### Capital Transactions

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on capital transactions</strong></td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>securities**</td>
<td></td>
</tr>
<tr>
<td>On capital market securities</td>
<td>n.a.</td>
</tr>
<tr>
<td>Shares or other securities of a participating</td>
<td></td>
</tr>
<tr>
<td>nature</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>instruments**</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
Sale or issue locally by nonresidents: n.a.

Purchase abroad by residents: n.a.

Sale or issue abroad by residents: n.a.

Controls on credit operations: n.a.

Commercial credits: n.a.
  By residents to nonresidents: n.a.
  To residents from nonresidents: n.a.

Financial credits: n.a.
  By residents to nonresidents: n.a.
  To residents from nonresidents: n.a.

Guarantees, sureties, and financial backup facilities: n.a.
  By residents to nonresidents: n.a.
  To residents from nonresidents: n.a.

Controls on direct investment: Yes.

Outward direct investment: n.a.

Inward direct investment: Yes.
  Foreign investors must submit applications to the registrar of corporations and obtain licenses to engage in business or to acquire an interest in a business in the Marshall Islands. Some sectors are restricted to Marshallese investors.

Controls on liquidation of direct investment: n.a.

Controls on real estate transactions: Yes.

Purchase abroad by residents: n.a.

Purchase locally by nonresidents: Yes.
  Foreigners are prohibited from owning land, but investors may obtain long-term leases for up to 50 years with an option to renew on land needed for their business activities.

Sale locally by nonresidents: n.a.

Controls on personal capital transactions: n.a.

Loans: n.a.
  By residents to nonresidents: n.a.
  To residents from nonresidents: n.a.

Gifts, endowments, inheritances, and legacies: n.a.
  By residents to nonresidents: n.a.
  To residents from nonresidents: n.a.

Settlement of debts abroad by immigrants: n.a.
### Transfer of assets
- n.a.

### Transfer abroad by emigrants
- n.a.

### Transfer into the country by immigrants
- n.a.

### Transfer of gambling and prize earnings
- No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>n.a.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>n.a.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>n.a.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>n.a.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>n.a.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>n.a.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>n.a.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>n.a.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>n.a.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>n.a.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>n.a.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>n.a.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
nonresidents

Limits (max.) on investment portfolio held abroad n.a.

Limits (min.) on investment portfolio held locally n.a.

Currency-matching regulations on assets/liabilities composition n.a.

Pension funds n.a.

Limits (max.) on securities issued by nonresidents n.a.

Investment firms and collective investment funds n.a.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 10, 1963.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: July 19, 1999.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

| Restrictions and/or multiple currency practices | n.a. Information is not publicly available. |
| Exchange measures imposed for security reasons | No. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | No. |
| Other security restrictions | No. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Mauritania is the Mauritanian ouguiya (MRU).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

#### Classification

| No separate legal tender | |
| Currency board | |
| Conventional peg | |
| Stabilized arrangement | |
| Crawling peg | |
| Crawl-like arrangement | Yes. The de jure exchange rate arrangement is floating. The Central Bank of Mauritania (BCM) intervenes to regulate the exchange market according to its exchange rate policy objectives (smoothing the exchange rate and the projected level of official reserves). Daily foreign exchange intervention data are not published. During 2019, the ouguiya followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement is classified as a crawl-like arrangement. A summary statement of market turnover data is updated daily on the BCM website. |
The official or reference exchange rate is used by the BCM, banks, and exchange bureaus to set the bid and ask rates offered to customers, with a distinction being made between account operations and OTC transactions. These rates are also used by the customs services and other economic operators for contractual, accounting, and statistical purposes.

The official or reference exchange rate is determined as follows: for the US dollar (reference rate), the latest fixing is used; for other currencies, a cross-rate between the two currencies is used based on their respective parities with the US dollar on the international market.

**Monetary policy framework**

**Exchange rate anchor**

*U.S. dollar*

*Euro*

*Composite*

*Other*

**Monetary aggregate target**

**Inflation-targeting framework**

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**

*CPI*
The monetary framework pursues multiple targets. The first is to ensure price stability. In addition, without prejudice to the objective of price stability, the BCM pursues the stability of the financial system and contributes to the implementation of the general economic policies defined by the Government.

As of December 31, 2019, 18 commercial banks and 19 exchange bureaus were licensed by the BCM to deal in foreign exchange with their clients. The BCM is the only institution authorized to grant licenses to banks and exchange bureaus.

Effective December 31, 2019, the weekly ceiling on internal currency transfers between a bank and its customer was removed. Banks must offset their clients’ purchase and sale orders in USD and EUR and present a single purchase or sale order by currency to the organized foreign exchange market, depending on whether the net balance after offset is positive or negative.

Previously, the ceiling on the amount of foreign currency handled by banks for their customers outside of the organized foreign exchange market, where the cumulative purchases of foreign currency a bank and a week performed outside of exchange market trading sessions with the same beneficiary, as defined under Article 1 of Instruction No. 06/GR/2017 was US$300,000 or the equivalent in other currencies.

Exchange bureaus may not engage in exchange operations directly with the BCM. They engage in currency exchange by buying and selling banknotes and receive and transfer funds in foreign exchange on behalf of their clients in accordance with the exchange regulations. However, they are not authorized to open customer accounts.
Nonetheless, they may have accounts abroad and make payments and transfers in foreign exchange on behalf of their clients.

**Operated by the central bank** | Yes.
---|---
**Foreign exchange standing facility** | No.
**Allocation** | No.
**Auction** | No.
**Fixing** | Yes.

The BCM conducts fixing sessions to allocate foreign exchange to the banks and to itself and to determine the exchange rate based on supply. During the fixing sessions, banks submit purchase and sale orders with exchange rates, which are classified in descending order for purchases and ascending order for sales; an equilibrium rate emerges from the comparison of these orders, which is the highest selling rate that finds a buyer. The BCM may intervene (after calculating the provisional equilibrium rate). Purchase orders retained in full or in part on the foreign exchange market are unwound at the proposed rates, within the limit of 2% of the market-clearing price, with day value date “D.”. A purchase commission of 0.75% is charged. Sale orders are unwound at the final market-clearing price minus a sales commission of 0.25%.

The ouguiya equivalent of the cumulative bids submitted by banks at an exchange market session must not exceed their free reserves in ouguiyas at the previous day’s close. Bids that exceed the limit are automatically rejected.

The BCM has issued an instruction prohibiting the manipulation of exchange rates for transactions on the official foreign exchange market.

**Interbank market** | Yes.
---|---
Banks may trade foreign currencies among themselves. However, this market segment is not yet operational.

**Over the counter** | Yes.
**Brokerage** | No.
**Market making** | No.

**Forward exchange market** | Yes.
Banks may trade among themselves (Instruction No. 001/GR/2007). However, this market segment is at the inception stage.

**Official cover of forward operations** | No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** | No.
**Controls on the use of domestic currency** | No.

**For current transactions and payments** | No.

**For capital transactions** | No.
Transactions in capital and money market instruments | No.
Transactions in derivatives and other instruments | No.
Credit operations No.

Use of foreign exchange among residents No.

**Payments arrangements** Yes.

Bilateral payments arrangements No.

*Operative* No.

*Inoperative* No.

Regional arrangements Yes. An inoperative arrangement exists within the framework of the Arab Maghreb Union.

Clearing agreements No.

Barter agreements and open accounts No.

**Administration of control** Yes. The BCM is responsible for drafting, implementing, and monitoring the foreign exchange regulations.

**Payments arrears** No.

*Official* No.

*Private* No.

**Controls on trade in gold (coins and/or bullion)** Yes.

On domestic ownership and/or trade No.

On external trade Yes. Imports and exports of gold, except manufactured articles containing small quantities of gold, require BCM authorization. A recent increase in the output of artisanal gold led the BCM to open two offices for the purchase of gold on December 28, 2018, in the town of Zouérate, and, effective January 1, 2019, in the town of Chami.

**Controls on exports and imports of banknotes** Yes.

*On exports* Yes. Travelers are not allowed to take out domestic banknotes and coins.

*Domestic currency* Yes.

*Foreign currency* Yes. BCM permission is required for residents to export foreign currency exceeding the equivalent of MRU 300,000. In such cases, documentary evidence of the source of the funds must be presented. Any additional requests (for amounts exceeding that ceiling) to buy foreign exchange for travel, submitted to the BCM through an AD, are fulfilled based on the supporting documentation. Banks and exchange bureaus may automatically sell foreign currency up to the equivalent of MRU 6,000 to nonresidents who prove their legal entry into Mauritania (appropriately stamped passport). In excess of this amount, purchases of foreign exchange (surrender) are authorized after deducting MRU 2,000 for each day of stay in Mauritania and on presentation of the required documents. Resident and nonresident holders of accounts in foreign currency maintained with a licensed banking intermediary may export any amount of foreign banknotes withdrawn from foreign exchange accounts in accordance with the existing exchange regulations.

*On imports* Yes.

*Domestic currency* Yes. Travelers are not allowed to import domestic banknotes and coins.
### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports of foreign banknotes exceeding the equivalent of US$3,000 must be declared.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

#### Foreign Exchange Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licensed intermediary banks may freely open accounts in foreign currency on behalf of residents. These accounts may be credited with: (1) foreign currency transfers from abroad; (2) transfers by debit to another account in the same currency belonging to the same account holder; (3) dividends and real net proceeds from capital transactions and the sale or liquidation of investments by imports of foreign currency; (4) the amounts of checks denominated in foreign currency drawn on foreign banks to the order of the holder; (5) interest on the accounts concerned; and (6) payments of foreign banknotes. (Amounts in excess of MRU 100,000 must be declared to the BCM.)</td>
<td></td>
</tr>
</tbody>
</table>

These accounts may be debited for: (1) withdrawals of foreign currency notes by the account holder, exclusively for the account holder’s travel needs and in accordance with the existing exchange regulations; (2) foreign transfers ordered by the account holder, in compliance with the existing exchange regulations; (3) checks and transfers issued by the account holder, for foreign exchange payments authorized under the existing exchange regulations; (4) foreign exchange sold; and (5) bank commissions charged on these accounts.

Accounts opened by exchange bureaus with primary banks may be credited by deposits of foreign currency banknotes in the context of their business activities. Foreign currency cash withdrawals by the account holder are limited to MRU 300,000 for the account holder’s travel needs. The limit of MRU 300,000 is applicable to each trip. The balances of these accounts may be transferred abroad in keeping with the prevailing regulations. Transfers abroad to finance trade transactions are authorized in accordance with the exchange regulations.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licensed banks and foreign exchange bureaus may freely open accounts with banks abroad to accommodate foreign exchange transactions. Foreign exchange investment operations abroad of natural or legal persons residing in Mauritania must be carried out through Mauritanian banks, in accordance with the terms established by foreign exchange regulations. Pursuant to Article 10 of Law No. 2004-042 of July 25, 2004, any natural or legal person of Mauritanian nationality who has a residence in Mauritania is required to declare their assets and liabilities abroad to the BCM.</td>
<td></td>
</tr>
</tbody>
</table>

| Approval required | No. |
| Accounts in domestic currency held abroad | No. |
| Accounts in domestic currency convertible into foreign currency | No. |

New accounts in domestic currency convertible to foreign exchange may not be opened. Those opened before 2000 are permitted in accordance with the provisions of Circular No. GR/005/2000 of which certain provisions were amended by Instruction No. 004/GR/05.

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>
### Nonresident Accounts

**Foreign exchange accounts permitted** Yes. Licensed intermediary banks may freely open foreign exchange accounts on behalf of nonresidents. These accounts may be credited with: (1) foreign currency transfers from abroad; (2) transfers by debit to another account in the same currency belonging to the same account holder; (3) dividends and real net proceeds from capital transactions and the sale or liquidation of investments made by imports of foreign currency; (4) the proceeds of cashed checks in foreign currency drawn on foreign banks to the order of the holder; (5) interest on the accounts; and (6) payments of foreign banknotes. (Amounts above MRU 100,000 must be declared to the BCM.)

These accounts may be debited for: (1) withdrawals of foreign currency notes by the account holder, exclusively for the account holder’s travel needs and in accordance with exchange regulations; (2) foreign transfers by the account holder, in compliance with exchange regulations; (3) checks and transfers issued by the account holder, for foreign exchange payments authorized under exchange regulations; (4) foreign exchange sold; and (5) bank commissions on these accounts.

**Approval required** No.

**Domestic currency accounts** Yes. Nonresidents may open domestic currency accounts. Balances on these accounts are freely transferable in accordance with the provisions of the foreign exchange regulations. Existing convertible ouguiya accounts may be credited in the same manner as foreign exchange accounts.

**Convertible into foreign currency** No. Existing nonresident accounts in convertible ouguiyas may be converted, but new convertible accounts may not be opened.

**Approval required** No.

**Blocked accounts** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

**Foreign exchange budget** No.

**Financing requirements for imports** Yes.

**Minimum financing requirements** No.

**Advance payment requirements** No.

**Advance import deposits** Yes. All documentary credits require a minimum deposit of 10% of the overall value of the credit for essential goods (foodstuffs, pharmaceuticals, clinker), 20% for hydrocarbons, and 40% for other products. Other types of foreign commitments (document remittances and free transfers) are subject to 100% coverage through an effective contribution before the transfer is carried out.

**Documentation requirements for release of foreign exchange for imports** Yes.

**Domiciliation requirements** Yes. Any import resulting in the transfer of currency must be domiciled with an authorized Mauritanian intermediary (IAM).

**Preshipment inspection** Yes.
**Letters of credit** Yes. All documentary credits require a minimum deposit of 10% of the overall value of the credit for essential goods (foodstuffs, pharmaceuticals, clinker), 20% for hydrocarbons, and 40% for other products.

**Import licenses used as exchange licenses** No. No legal document has replaced the advance import declaration and there are no import licenses used as exchange licenses.

**Other** No.

**Import licenses and other nontariff measures** Yes.

**Positive list** No.

**Negative list** Yes. Imports of a few goods, including arms, alcoholic beverages, and toxic waste, are prohibited for reasons of health or public policy, as are imports of species protected under the Washington Convention.

**Open general licenses** Yes.

**Licenses with quotas** No.

**Other nontariff measures** No.

**Import taxes and/or tariffs** Yes. Goods imported by some public enterprises or financed abroad are exempt from import duties. Nonexempt imports are subject to duties of between 0% and 48.23%.

**Taxes collected through the exchange system** No.

**State import monopoly** No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements** Yes. Foreign exchange receipts derived from the export of goods and services are subject to the repatriation requirement, except in the cases of enterprises operating under a special regime (Article 12 of Law No. 2004-042 of July 25, 2004). The repatriation of export earnings of fishery products produced by the Mauritanian Fish Marketing Company (SMCP) must be performed exclusively through the BCM as described in Instruction No. 003/GR/2012 of January 17, 2012.

**Surrender requirements** No.

**Surrender to the central bank** No.

**Surrender to authorized dealers** No.

**Financing requirements** No.

**Documentation requirements** Yes.

**Letters of credit** No. LCs are not compulsory for export purposes.

**Guarantees** No.

**Domiciliation** Yes. Any export of a good resulting in the repatriation of revenues must be domiciled with an IAM.

**Preshipment inspection** Yes. Some export products, in particular fishery products, are subject to preshipment inspection.

**Other** Yes. Export certificates specifying the quantity, value, and destination of
all goods are approved by the customs office; the BCM receives a copy for information purposes.

Export licenses

- Yes. Exports of goods require only a certificate approved by the customs office.
- Without quotas: Yes.
- With quotas: No.

Export taxes

- Yes. The 2007 Budget Law extended the statistical tax to all exports (except oil and mining exports) and reduced the rate to 1%.
- Collected through the exchange system: No.
- Other export taxes: Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

- Yes. There are no restrictions on payments for invisible transactions.

Trade-related payments

- Yes.
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: Yes. No indicative limits apply, but supporting documents are required to prove that the transactions are bona fide.

Investment-related payments

- Yes.
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: Yes. Full or partial repayments of foreign capital invested in Mauritania, and capital gains on those investments, are permitted.

Payments for travel

- Yes.
- Prior approval: No.
- Quantitative limits: Yes. The maximum amount allowed for a trip is the equivalent of MRU 300,000.
- Indicative limits/bona fide test: Yes. An additional allowance, requested via a licensed intermediary, may be granted by the BCM.

Personal payments

- Yes. Restrictions apply to payments of family maintenance and alimony.
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: Yes. The amount of the allowance may not exceed a reasonable level commensurate with the monthly income of the resident Mauritanian requesting the transfer. Supporting documents justifying the transaction must be submitted to prove that the transaction is bona fide.

Foreign workers’ wages

- Yes. Foreign workers’ wages may be transferred freely, usually through foreign exchange accounts.
- Prior approval: No.
- Quantitative limits: No.
Indicative limits/bona fide test | Yes. |
---|---|
The amount to be transferred in the form of savings from foreign workers’ wages must correspond to a reasonable proportion of the wages actually received. This amount may in no case exceed 60% of the wages.

Credit card use abroad | Yes. |
---|---|

Prior approval | No. |
---|---|

Quantitative limits | Yes. |
---|---|
The purchase of foreign currency (banknotes or other) and the cumulative ceilings for withdrawals and payments using international cards may not exceed the threshold set in the regulations for travel allowances.

Indicative limits/bona fide test | Yes. |
---|---|
Obtaining these cards requires opening a foreign currency account dedicated exclusively to card operations.

Other payments | Yes. |
---|---|

Prior approval | No. |
---|---|

Quantitative limits | No. |
---|---|

Indicative limits/bona fide test | Yes. |
---|---|
Transfers must be verified by submission of supporting documents.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements | Yes. |
---|---|
Export proceeds must be repatriated to Mauritania. The regulation does not specify a deadline for repatriation.

Surrender requirements | No. |
---|---|

Surrender to the central bank | No. |
---|---|

Surrender to authorized dealers | No. |
---|---|

Restrictions on use of funds | No. |
---|---|

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions | Yes. |
---|---|

Repatriation requirements | Yes. |
---|---|
Repatriation of foreign claims arising from the exportation of goods, remuneration of services, loans, and generally from all foreign revenue and proceeds is required. Waivers may be granted by the BCM.

Surrender requirements | No. |
---|---|

Surrender to the central bank | No. |
---|---|

Surrender to authorized dealers | No. |
---|---|

Controls on capital and money market instruments | Yes. |
---|---|
Exports of capital are subject to BCM approval, but transfers of foreign investments in Mauritania through banks may be made without restriction.

On capital market securities | Yes. |
---|---|

Shares or other securities of a participating nature | Yes. |
<p>| Purchase locally by nonresidents | Yes. | Purchases of securities of private enterprises are permitted. The regulation does not specify the concept of residence and does not include either quantitative limits or sector-specific requirements. |
| Sale or issue locally by nonresidents | No. | There is yet no market for brokerage services. |
| Purchase abroad by residents | Yes. | Purchases are subject to BCM authorization. |
| Sale or issue abroad by residents | No. | |
| Bonds or other debt securities | Yes. | |
| Purchase locally by nonresidents | Yes. | Local purchases are subject to the same provisions as for residents. The regulations do not specify the concept of residence and do not include either quantitative limits or sector-specific requirements. |
| Sale or issue locally by nonresidents | No. | Local sales are subject to the same provisions as for residents. The regulations do not specify the concept of residence and do not include either quantitative limits or sector-specific requirements. |
| Purchase abroad by residents | Yes. | Residents’ purchases of bonds abroad require BCM authorization. |
| Sale or issue abroad by residents | No. | |
| On money market instruments | Yes. | Local purchases are subject to the same provisions as for residents. The regulations do not specify the concept of residence and do not include either quantitative limits or sector-specific requirements. |
| Purchase locally by nonresidents | Yes. | Securities brokerage operations are permitted only for residents licensed by the BCM. Local sales are subject to the same provisions as for residents. The regulations do not specify the concept of residence and do not include either quantitative limits or sector-specific requirements. |
| Sale or issue locally by nonresidents | No. | |
| Purchase abroad by residents | Yes. | According to regulations, all exports of capital are subject to BCM authorization. |
| Sale or issue abroad by residents | No. | |
| On collective investment securities | n.r. | There are no such securities in Mauritania, but they are not explicitly restricted. |
| Purchase locally by nonresidents | No. | |
| Sale or issue locally by nonresidents | No. | |
| Purchase abroad by residents | n.r. | |
| Sale or issue abroad by residents | No. | |
| Controls on derivatives and other instruments | n.r. | There are no forward transactions in the domestic market. |
| Purchase locally by nonresidents | n.r. | |
| Sale or issue locally by nonresidents | n.r. | |
| Purchase abroad by residents | n.r. | |
| Sale or issue abroad by residents | n.r. | |
| Controls on credit operations | Yes. | Some credit transactions, guarantees, sureties, and pledges by residents to nonresidents are subject to BCM authorization. |
| Commercial credits | No. | There are no restrictions on these transactions. |
| By residents to nonresidents | No. | |</p>
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>By residents to nonresidents</th>
<th>To residents from nonresidents</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial credits</td>
<td>Yes</td>
<td></td>
<td>There are no restrictions on these transactions.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td></td>
<td>Yes</td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td></td>
<td></td>
<td>Total guarantees, sureties, and pledges (after weighting) to a single beneficiary may not exceed 25% of the institution’s net equity.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td></td>
<td>Yes</td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
<td></td>
<td>Outward direct investment is subject to BCM authorization.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td></td>
<td></td>
<td>The Investment Code (Law No. 2012-052, as amended by Law 2016-012 of April 13, 2016) governs direct investment and all associated incentives and benefits. For purposes of investing in authorized activities, nonresidents may make inward transfers to Mauritania through authorized Mauritanian intermediary (IAM – Intermédiaires agréés en Mauritanie) banks without restriction.</td>
</tr>
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<td></td>
<td></td>
<td>The Investment Code (Law No. 2012-052, as amended by Law 2016-012 of April 13, 2016) governs direct investment and all associated incentives and benefits. For purposes of investing in authorized activities, nonresidents may make inward transfers to Mauritania through authorized Mauritanian intermediary (IAM – Intermédiaires agréés en Mauritanie) banks without restriction.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No</td>
<td></td>
<td>There are no controls on the liquidation of direct investments, and the repatriation of funds is guaranteed by law.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td></td>
<td>Yes</td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td></td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td></td>
<td>Yes</td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes</td>
<td></td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td></td>
<td>Yes</td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td></td>
<td></td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td></td>
<td></td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td></td>
<td></td>
<td>These transactions are subject to BCM authorization.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td></td>
<td>No</td>
<td>There are no restrictions on these transactions.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td></td>
<td></td>
<td>Gambling is prohibited in Mauritania.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No</td>
</tr>
</tbody>
</table>

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**Note:**

- Reserve requirements: Banks must hold required reserves in their current accounts at the CB for domestic and foreign currency deposits of residents and nonresidents pursuant to Instruction Nos. 3/GR/2006, 18/GR/2008, and 7/GR/2017.
- The required reserve base in ouguiya is the average of customer deposits. It is calculated over a period of four consecutive weeks based on total ouguiya deposits at the end of each week. The amount of the required reserve is calculated by applying the required reserve ratio in effect to the reserve base. The reserve holding period is four weeks beginning one week after the calculation period. During this period, the average daily balance of banks’ ordinary current accounts in ouguiya at the CB must be greater than or equal to the reserve requirement. The required reserve ratio is 7%. Any deficiency of required reserves in ouguiya results in a penalty assessed on the deficiency during the holding period. The rate applied corresponds to the BCM policy rate plus 8 percentage points.
- The base for required foreign exchange reserve is the daily average of foreign currency demand deposits, term deposits, and other amounts due foreign currency, less the special accounts of projects financed from external resources. The daily average of the end-of-day balances of the current accounts in foreign currencies of each bank over the maintenance period must be at least equal to 7% of the daily average of the base. The holding period is 2 weeks. Any deficiency gives rise to a penalty a working day, applied on the amount of the insufficiency converted in ouguiya at the sale price of the BCM. The rate applied corresponds to the BCM policy rate plus 8 percentage points.
- Liquid asset requirements: The required liquid asset is being calculated over a period of four consecutive weeks based on total foreign currency deposits at the end of each week. The amount of the required liquid asset is calculated by applying the required liquid asset ratio in effect to the liquid asset base. The holding period is four weeks beginning one week after the calculation period. During this period, the average daily balance of banks’ ordinary current accounts in foreign currency must be at least equal to 7% of the daily average of the base. The holding period is 2 weeks. Any deficiency gives rise to a penalty a working day, applied on the amount of the insufficiency converted in ouguiya at the sale price of the BCM. The rate applied corresponds to the BCM policy rate plus 8 percentage points.
### Liquid asset requirements

No. Liquid asset requirements apply for both domestic and foreign currencies. The liquid asset requirement is, effective January 1, 2020, set at a minimum of 100% (previously 20%), which is the ratio between the high-quality liquid asset and the net cash outflows over a one-month horizon. The calculation of the new ratio complies with Basel III rules.

### Interest rate controls

No. Only savings accounts (resident and nonresident) earn interest.

### Credit controls

No. The loan agreement must be linked to the borrower’s repayment capacity, which is a ratio between the monthly payment and the stable income. Debt capacity takes account not only of the monthly payment of the loan repayments but also of all other commitments. The duration of the loan allocated may not exceed the duration of the statutory depreciation of the property or equipment concerned: 3 years for a personal loan, 1 year renewable for revolving credit, and 15 years for mortgage. The credit institution must ensure that the client’s income is not domiciled with another institution (Instruction No. 2/GR/2014).

### Investment regulations

Yes.

### Abroad by banks

Yes. These transactions are subject to BCM authorization.

### In banks by nonresidents

No. These transactions are not restricted.

### Open foreign exchange position limits

Yes.

#### On resident assets and liabilities

Yes. The commercial banks’ net open positions in foreign exchange are ±10% of net capital for each currency and ±20% of net capital for all currencies. This requirement is applicable to all resident and nonresident assets and liabilities.

#### On nonresident assets and liabilities

Yes. The commercial banks’ net open positions in foreign exchange are ±10% of net capital for each currency and ±20% of net capital for all currencies. This requirement is applicable to all resident and nonresident assets and liabilities.

### Provisions specific to institutional investors

Yes.

#### Insurance companies

Yes.

#### Limits (max.) on securities issued by nonresidents

Yes. Pursuant to Law No. 2004-042, any export of capital is subject to BCM authorization. However, current and capital transactions with proceeds net of sale or liquidation of investments made by importing foreign currency are free. Institutional investors do not derogate from these provisions.

#### Limits (max.) on investment portfolio held abroad

Yes. Pursuant to Law No. 2004-042, any export of capital is subject to BCM authorization. However, current and capital transactions with proceeds net of sale or liquidation of investments made by importing foreign currency are free. Institutional investors do not derogate from these provisions.

#### Limits (min.) on investment portfolio held locally

n.a.

#### Currency-matching regulations on assets/liabilities composition

n.a.

#### Pension funds

Yes.

#### Limits (max.) on securities issued by nonresidents

Yes. Pursuant to Law No. 2004-042, any export of capital is subject to BCM authorization. However, current and capital transactions with proceeds net of sale or liquidation of investments made by importing foreign currency are free. Institutional investors do not derogate from these provisions.
these provisions. Pursuant to Law No. 2004-042, any export of capital is subject to BCM authorization. However, current and capital transactions with proceeds net of sale or liquidation of investments made by importing foreign currency are free. Institutional investors do not derogate from these provisions.

| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |
| Investment firms and collective investment funds | Yes. |
| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |

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Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Spot exchange market 12/31/2019 The weekly ceiling on internal currency transfers between a bank and its customer was removed. Banks must offset their clients’ purchase and sale orders in US dollars and euro and present a single purchase or sale order by currency to the organized foreign exchange market, depending on whether the net balance after offset is positive or negative. Previously, the ceiling on the amount of foreign currency handled by banks for their customers outside of the organized foreign exchange market, where the cumulative purchases of foreign currency a bank and a week performed outside of exchange market trading sessions with the same beneficiary, as defined under Article 1 of Instruction No. 06/GR/2017, was US$300,000 or the equivalent in other currencies.

Arrangements for Payments and Receipts

Controls on trade in gold (coins and/or bullion) On external trade 01/01/2019 A recent increase in the output of artisanal gold led the Central Bank of Mauritania to open an office for the purchase of gold in the town of Chami.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Differential treatment of deposit accounts in foreign exchange

**Liquid asset requirements**

01/01/2020

The liquid asset requirement is set at a minimum of 100% (previously 20%). The calculation of the new ratio complies with Basel III rules.

Differential treatment of deposit accounts held by nonresidents

**Liquid asset requirements**

01/01/2020

The liquid asset requirement is set at a minimum of 100% (previously 20%). The calculation of the new ratio complies with Basel III rules.
MAURITIUS

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
September 23, 1968.

Article VIII
Yes. Date of acceptance: September 29, 1993.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes. Effective May 29, 2019, financial institutions are prohibited from dealing with persons and entities mentioned in the UNSC Consolidated list under the UN (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Mauritius is the Mauritian rupee. Commemorative gold coins are also legal tender.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement
### Floating

Yes. The de jure and de facto exchange rate arrangements are floating. The exchange rate of the rupee follows movements on the international foreign exchange market as well as domestic demand and supply conditions. Interventions by the BOMs in the foreign exchange market are limited to situations of excessive exchange rate volatility, shortages of foreign exchange on the market, and accumulation of foreign exchange reserves. The BOM publishes the rate of intervention by cob on the day the interventions take place, followed by weekly summaries with daily data. Information on foreign exchange intervention is also disseminated in the BOM’s Monthly Statistical Bulletin, Quarterly Economic Report, and Annual Report of the Bank.

### Free floating

#### Official exchange rate

Yes. The official exchange rate (referred to as the central rate of the BOM) is used for the valuation and recording of BOM assets and liabilities.

The central rate is computed as an average of the mid dealt rates of USDMUR of the last three working days, with the dealt rate being the weighted average rate of market deals of US$20,000 or above as reported by banks and foreign exchange dealers. The official exchange rate is also used for conducting government transactions in foreign exchange. Specifically, government transactions are conducted at the official rate (that is, average of mid dealt rates for past three days) adjusted by a margin. The margin is added/subtracted to/from the official rate to determine the buying and selling rates. The margin varies according to the currency being transacted against the Mauritian rupee and represents costs incurred by the BOM for conducting the transaction, that is, SWIFT, negative interest, etc. The official rate is not published.

### Monetary policy framework

#### Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

#### Monetary aggregate target

#### Inflation-targeting framework

##### Target setting body

- Government
- Central Bank
- Monetary Policy Committee
- Central Bank Board
- Other

- Government and Central Bank

##### Inflation target
<table>
<thead>
<tr>
<th>Target number</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Point target</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target with tolerance band</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Band/Range</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target measure</strong></td>
<td></td>
</tr>
<tr>
<td><strong>CPI</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Core inflation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target horizon</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating target (policy rate)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Policy rate</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target corridor band</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Open letter</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Parliamentary hearings</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of votes</strong></td>
<td></td>
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<tr>
<td><strong>Publication of minutes</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of inflation forecasts</strong></td>
<td></td>
</tr>
</tbody>
</table>

Section 4 of the BOM Act 2004 stipulates that the primary object of the Bank shall be to maintain price stability and promote orderly and balanced economic development. The Monetary Policy Committee (MPC) of the BOM normally meets on a quarterly basis to formulate and determine the monetary policy to be conducted by the BOM to maintain price stability, taking into account Mauritius’ orderly and balanced economic development. The MPC determines the Key Repo Rate (KRR), the policy rate, after reviewing international and domestic economic and financial developments while also assessing the balance of risks to the growth and inflation outlook. Section 5(2) of the BOM Act 2004 stipulates that the Bank shall determine, with the concurrence of the Minister of Finance, the accepted range of the rate of inflation during a given period consistent with the pursuit of price stability. However, the provisions of this section are yet to be implemented.

In December 2006, the BOM introduced a new framework for the conduct of monetary policy. The Lombard Rate, which used to be the signaling rate of the monetary policy stance, was replaced by the KRR, with the overnight interbank money market interest rate as the operational target. The framework was based on a corridor of ±50 basis points for the KRR, within which the overnight interbank interest rate was supposed to move. The BOM would conduct
repurchase transactions to inject/absorb liquidity in the banking system. Two additional instruments were introduced in April 2008 – the Special Deposits Facility and the Overnight Facility, while the corridor was widened to ±125 basis points around the KRR. Since early 2018, the BOM has been focusing on the 91-Day Bill yield as its short-term operating target. After every MPC meeting, the governor holds a press conference on the same day to explain the decision of the MPC. The MPC also announces its decision through a Media Release that outlines the assessment of prevailing economic and financial conditions and forecasts for inflation and real GDP growth. The Media Release is posted on the BOM’s website simultaneous to the holding of the press conference. The MPC minutes are released on the BOM’s website exactly two weeks after the meeting and also contain the voting pattern of members.

The BOM Act 2004 has been amended to require the BOM to publish a report on its monetary policy at least twice a year. The report shall include a review of price and financial stability and an assessment of the policies thereof. Accordingly, in its Annual Report for the year ended June 30, 2019, the BOM provided a review of the MPC meetings held during financial year 2018-19. In the September 2019 issue of the Quarterly Economic Report, a review was provided of the MPC decision taken during the third quarter of 2019.

**Exchange tax**
No.

**Exchange subsidy**
No.

**Foreign exchange market**
Yes.

**Spot exchange market**
Yes.

At end-June 2020, 20 banks, 6 foreign exchange dealers, and 6 money-changers (bureaux de change) were licensed by the BOM. Foreign exchange dealers buy and sell foreign currency and engage in both spot and forward foreign exchange transactions. Foreign exchange dealers may carry out money and value transfer services, maintain accounts abroad, and make payments and transfers in foreign currency on behalf of their clients. Money-changers carry same-day (spot) transactions and deal only in banknotes. Foreign exchange dealers and money changers have to observe daily foreign exchange exposure limits of 30% and 75%, respectively, in terms of their specific net owned funds.

**Operated by the central bank**
Yes.

**Foreign exchange standing facility**
No.

**Allocation**
No.

**Auction**
Yes.

The BOM conducts a single price foreign exchange auction at its initiative. The foreign exchange auction is conducted with all banks. The bids received normally reflect banks’ foreign exchange position, and the allotment is made on a pro-rata basis depending on the amount the BOM would buy or sell. Counteroffers are made to all bidders (including outliers) at the price determined by the BOM. The auction/counteroffer price is determined by the BOM based on banks’ bid prices, the prevailing USDMUR market rate, and international movements in EURUSD. There is no set frequency of foreign exchange auctions.

**Fixing**
No.

**Interbank market**
Yes.

Banks and foreign exchange dealers trade among themselves at freely determined exchange rates. The BOM is the sole institution that grants licenses to banks, foreign exchange dealers, and money-
As at end-June 2020, 20 banks and 6 foreign exchange dealers were permitted to carry out transactions in the interbank foreign exchange market.

**Over the counter**
Yes. Banks, foreign exchange dealers, and money-changers transact in foreign exchange with clients over the counter.

**Brokerage**
No.

**Market making**
No.

**Forward exchange market**
Yes. Banks and foreign exchange dealers may engage in forward transactions.

**Official cover of forward operations**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**
Yes. There are no restrictions in the use of the domestic currency for current and capital transactions and payments, except that, for anti-money laundering/combating the financing of terrorism (AML/CFT) purposes, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.

**Controls on the use of domestic currency**
Yes.

**For current transactions and payments**
Yes. There are no restrictions in the use of the domestic currency for current transactions and payments, except that, for AML/CFT purposes, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.

**For capital transactions**
Yes.

**Transactions in capital and money market instruments**
Yes. There are no restrictions in the use of the domestic currency for transactions in capital and money market instruments, except that, for AML/CFT purposes, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.

**Transactions in derivatives and other instruments**
Yes. There are no restrictions in the use of the domestic currency for transactions in derivatives and other instruments, except that, for AML/CFT purposes, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.

**Credit operations**
Yes. There are no restrictions in the use of the domestic currency for credit operations, except that, for AML/CFT purposes, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.

**Use of foreign exchange among residents**
Yes. Foreign exchange can be freely used in transactions between residents, except for transactions in cash above MUR 500,000 or an equivalent amount in foreign currency, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.

**Payments arrangements**
Yes.

**Bilateral payments arrangements**
No.

**Operative**
No.

**Inoperative**
No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Answer</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional arrangements</td>
<td>Yes</td>
<td>Mauritius is a member of COMESA and SADC regional payment system.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes</td>
<td>The BOM is both a participant and the settlement bank for the COMESA Regional Payment and Settlement System (REPSS). Clearing is undertaken by the COMESA Clearing House. The clearing of the SADC-RTGS Payment System is carried out by the SADC-RTGS Operator.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Administration of control</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes</td>
<td>Residents may hold gold for numismatic purposes or as personal jewelry and ornaments.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes</td>
<td>A permit is required to import gold.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes</td>
<td>Pursuant to Section 131A of the Customs Act (physical cross-border transportation), any person making a physical cross-border transportation of currency or bearer negotiable instruments of an amount of more than MUR 500,000 or such other amount as may be prescribed or its equivalent in any foreign currency must make a declaration to the proper officer (an officer of the Mauritius Revenue Authority), in such manner as may be prescribed, of the amount of the currency or bearer negotiable instruments in his possession, their origin and intended use. However, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.</td>
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<tr>
<td>Foreign currency</td>
<td>Yes</td>
<td>Pursuant to Section 131A of the Customs Act (physical cross-border transportation), any person making a physical cross-border transportation of currency or bearer negotiable instruments of an amount of more than MUR 500,000 or such other amount as may be prescribed or its equivalent in any foreign currency must make a declaration to the proper officer (an officer of the Mauritius Revenue Authority), in such manner as may be prescribed, of the amount of the currency or bearer negotiable instruments in his possession, their origin and intended use. However, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes</td>
<td>Pursuant to Section 131A of the Customs Act (physical cross-border transportation), any person making a physical cross-border transportation of currency or bearer negotiable instruments of an amount of more than MUR 500,000 or such other amount as may be prescribed or its equivalent in any foreign currency must make a declaration to the proper officer (an officer of the Mauritius Revenue Authority), in such manner as may be prescribed, of the amount of the currency or bearer negotiable instruments in his possession, their origin and intended use. However, cash transactions in excess of MUR 500,000 are prohibited, other than certain exempt transactions as defined in the Financial Intelligence and Anti-Money Laundering Act.</td>
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References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes. Both residents and nonresidents are allowed to maintain an account with banks in Mauritius. Resident natural and juridical persons may hold accounts in foreign currencies with commercial banks.

Held domestically

Yes. Balances may be transferred abroad freely.

Approval required

No.

Held abroad

Yes. Balances may be transferred to the home country freely.

Approval required

No.

Accounts in domestic currency held abroad

Yes. Residents may maintain accounts in domestic currency held abroad.

Accounts in domestic currency convertible into foreign currency

Yes.

Nonresident Accounts

Foreign exchange accounts permitted

Yes. Companies and individuals may maintain accounts denominated in foreign currencies with commercial banks.

Approval required

No.

Domestic currency accounts

Yes. Nonresident natural and juridical persons may maintain accounts denominated in rupees with commercial banks.

Convertible into foreign currency

Yes.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.
**Financing requirements for imports**

- No.

  **Minimum financing requirements**
  - No.

  **Advance payment requirements**
  - No.

  **Advance import deposits**
  - No.

**Documentation requirements for release of foreign exchange for imports**

- No.

  **Domiciliation requirements**
  - No.

  **Preshipment inspection**
  - No.

  **Letters of credit**
  - No.

  **Import licenses used as exchange licenses**
  - No.

  **Other**
  - No.

**Import licenses and other nontariff measures**

- Yes.

  **Positive list**
  - No.

  **Negative list**
  - Yes. A negative list exists for prohibited goods.

  **Open general licenses**
  - Yes. Most goods are imported under OGLs.

  **Licenses with quotas**
  - No.

  **Other nontariff measures**
  - Yes. Imports of agricultural, horticultural, and livestock products require phytosanitary inspection.

**Import taxes and/or tariffs**

- Yes.

  **Taxes collected through the exchange system**
  - No.

**State import monopoly**

- Yes. The following imports are under state monopoly: (1) 100% of petroleum products, including liquefied petroleum gas; and (2) 50% of flour.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements**

- No.

**Surrender requirements**

- No.

  **Surrender to the central bank**
  - No.

  **Surrender to authorized dealers**
  - No.

**Financing requirements**

- No.

**Documentation requirements**

- No.

**Letters of credit**

- No.

**Guarantees**

- No.
An export permit is required for exports of textile products to Canada and the United States. Since August 14, 2017, an export permit is also required for exports of the following six Mauritian products: rice, flour, sand, limestone, cement, and rough diamonds to any country of destination.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

- **Controls on these transfers**: No.
  - **Trade-related payments**: No.
    - **Prior approval**: No.
    - **Quantitative limits**: No.
    - **Indicative limits/bona fide test**: No.
  - **Investment-related payments**: No.
    - **Prior approval**: No.
    - **Quantitative limits**: No.
    - **Indicative limits/bona fide test**: No.
  - **Payments for travel**: No.
    - **Prior approval**: No.
    - **Quantitative limits**: No.
    - **Indicative limits/bona fide test**: No.
  - **Personal payments**: No.
    - **Prior approval**: No.
    - **Quantitative limits**: No.
    - **Indicative limits/bona fide test**: No.
  - **Foreign workers' wages**: No.
    - **Prior approval**: No.
### Quantitative limits
- No.

### Indicative limits/bona fide test
- No.

### Credit card use abroad
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Indicative limits/bona fide test
- No.

### Other payments
- No.

### Prior approval
- No.

### Quantitative limits
- No.

### Indicative limits/bona fide test
- No.

### References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks
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### Capital Transactions

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

### Purchase locally by nonresidents
- Yes.

There are no controls on the purchase locally by nonresidents of shares listed on the Stock Exchange of Mauritius (SEM), except that noncitizens may not hold more than 15% of shares in listed sugar companies. However, under the Non-Citizens (Property Restriction) Act, authorization from the Prime Minister’s Office, Home Affairs and External Communications is required for nonresidents to purchase shares that are not listed on the SEM. In addition, such
purchases must be financed by funds transferred from banks abroad. Authorization from the Prime Minister’s Office, Home Affairs and External Communications is required for investments in banks that are not listed on the SEM and which hold immovable property in Mauritius. Equity holdings in excess of 10% of a bank’s capital by residents or nonresidents require BOM approval.

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Insurance companies may invest up to 50% of their technical provisions abroad.

| Purchase abroad by residents | Yes.|
| Sale or issue abroad by residents | No. |

| On money market instruments | Yes.|
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes.|
| Sale or issue abroad by residents | No. |

Insurance companies may invest up to 50% of their technical provisions abroad.

| On collective investment securities | Yes.|
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes.|
| Sale or issue abroad by residents | No. |

Insurance companies may invest up to 50% of their technical provisions abroad.

| Controls on derivatives and other instruments | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |

An insurer shall not invest in derivatives other than –

a) derivatives designated as an asset in respect of a linked long-term policy;

b) for the purpose of reducing investment risk or for efficient portfolio management; or

c) in such manner as the insurer will, or reasonably expects to, have the asset at the settlement date of the derivative instrument which matches its obligations under that instrument and from which it can discharge those obligations.
An insurer shall not, without the approval of the Financial Services Commission (‘FSC’), given generally or in a particular case, and on such conditions as the FSC may determine –
(a) mortgage, charge, or otherwise encumber its assets;
(b) directly or indirectly borrow any asset;
(c) By means of any surety, give any security in relation to obligations between other persons except where the security is provided under a guarantee policy which the insurer is authorized to issue under its license.

As per the Insurance (Long-Term Insurance Business Solvency) Rules 2007 and Insurance (General Insurance Business Solvency) Rules 2007 insurers’ investment concentration limits may be as follows:
(1) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except property, whose shares are listed on a licensed exchange in Mauritius or listed on such exchanges as are specified in the Second Schedule, may not exceed 10% of the assets of the insurer.
(2) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except property, whose shares are other than shares described in paragraph (2) above, may not exceed 5% of the assets of the insurer.
(3) An insurer may invest up to 10% of its assets in any property.
(4) When an insurer and its related company, other than a long term insurance company, make an investment in any corporation or commodity, the aggregate value of that investment in that corporation or commodity may not exceed-
In the case of listed shares described in paragraph (2), 10% of the assets of the insurer; and in the case of shares described in paragraph (3), 5% of the assets of the insurer.
(5) The aggregate value of investments of an insurer in one or more of its related companies may not exceed 10% of the assets of the insurer.
(6) When an insurer is a branch of a foreign company-
the aggregate value of investments reported in its balance sheet in any corporation, commodity or group of related corporations, except property, whose shares are listed on a licensed exchange in Mauritius or listed on such exchanges as are specified in the Second Schedule, may not exceed 10% of the assets of the insurer;
the aggregate value of investments reported in its balance sheet in any corporation, commodity or group of related corporations, except...
property, whose shares are other than shares described in sub-
paragraph (a), may not exceed 5% of the assets of the insurer.

(7) The branch of a foreign company may not invest more than 10% of its assets in any property. Property includes direct investment in Investment Properties, mortgages and Land and Building for insurer’s own use.

It is worth noting that insurers may invest beyond the above prescribed investments limit provided that they are solvent as per the Insurance (Long-Term Insurance Business Solvency) Rules 2007 and Insurance (General Insurance Business Solvency) Rules 2007 (as appropriate).

Inward direct investment Yes.

Controls on liquidation of direct investment No.

Controls on real estate transactions Yes.

Purchase abroad by residents No.

Purchase locally by nonresidents Yes.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans No.

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No.
Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) No.

Lending locally in foreign exchange No.

Purchase of locally issued securities denominated in foreign exchange No.

Differential treatment of deposit accounts in foreign exchange Yes.

Reserve requirements Yes. Foreign currency deposits of residents (excluding Global Business Companies (GBC)), irrespective of whether these deposits are used to finance Segment A or Segment B activities, are subject to the Cash Reserve Requirement (CRR). However, all deposits of GBCs which are used to finance Segment A activity are subject to the CRR.

Liquid asset requirements No. Effective January 31, 2019, banks had to maintain Liquidity Coverage Ratio (LCR) of 100% in MUR, 80% (previously 70%) in material foreign currencies and 80% (previously 70%) on a consolidated basis. Effective January 31, 2020, banks have to maintain a LCR of 100% in MUR, 100% (previously 80%) in material foreign currencies and 100% (previously 80%) on a consolidated basis.

Interest rate controls No.

Credit controls No.

Differential treatment of deposit accounts held by nonresidents Yes.

Reserve requirements Yes. All deposits of nonresidents, which are exclusively used for financing Segment B activity, are not subject to the CRR.

Liquid asset requirements No.

Interest rate controls No.

Credit controls No.

Investment regulations Yes. Investment in shares requires BOM approval.

Abroad by banks Yes. Nonresidents may freely invest in shares of banks that are listed on the SEM. Authorization of the Prime Minister’s Office, Home Affairs and External Communications is required for investment in banks that are not listed on the SEM and which hold immovable property in Mauritius. Equity holdings in excess of 10% of a bank’s capital by residents or nonresidents require BOM approval.

Open foreign exchange position limits Yes. There is a daily overall foreign exchange exposure limit of 15% of Tier I capital for banks’ exchange market.

On resident assets and liabilities Yes.

On nonresident assets and liabilities Yes.

Provisions specific to institutional investors Yes.

Insurance companies Yes. An insurer shall not invest in derivatives other than – a) derivatives designated as an asset in respect of a linked long-term policy; b) for the purpose of reducing investment risk or for efficient portfolio management; or...
c) in such manner as the insurer will, or reasonably expects to, have the asset at the settlement date of the derivative instrument which matches its obligations under that instrument and from which it can discharge those obligations

An insurer shall not, without the approval of the Financial Services Commission ("FSC"), given generally or in a particular case, and on such conditions as the FSC may determine—

(a) mortgage, charge, or otherwise encumber its assets;
(b) directly or indirectly borrow any asset;
(c) By means of any surety, give any security in relation to obligations between other persons except where the security is provided under a guarantee policy which the insurer is authorized to issue under its license.

As per the Insurance (Long-Term Insurance Business Solvency) Rules 2007 and Insurance (General Insurance Business Solvency) Rules 2007, insurers' investment concentration limits shall be as follows:

(1) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except property, whose shares are listed on a licensed exchange in Mauritius or listed on such exchanges as are specified in the Second Schedule, may not exceed 10% of the assets of the insurer.

(2) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except property, whose shares are other than shares described in paragraph (2) above, may not exceed 5% of the assets of the insurer.

(3) An insurer may invest up to 10% of its assets in any property.

(4) When an insurer and its related company, other than a long term insurance company, make an investment in any corporation or commodity, the aggregate value of that investment in that corporation or commodity may not exceed-

In the case of listed shares described in paragraph (2), 10% of the assets of the insurer; and in the case of shares described in paragraph (3), 5% of the assets of the insurer.

(5) The aggregate value of investments of an insurer in one or more of its related companies may not exceed 10% of the assets of the insurer.

(6) When an insurer is a branch of a foreign company-

the aggregate value of investments reported in its balance sheet in any corporation, commodity or group of related corporations, except property, whose shares are listed on a licensed exchange in Mauritius or listed on such exchanges as are specified in the Second Schedule, may not exceed 10% of the assets of the insurer;

the aggregate value of investments reported in its balance sheet in any corporation, commodity or group of related corporations, except property, whose shares are other than shares described in subparagraph (a), may not exceed 5% of the assets of the insurer.

(7) The branch of a foreign company may not invest more than 10% of its assets in any property. Property includes direct investment in Investment Properties, mortgages, and Land and Building for insurer’s own use.

It is worth noting that insurers may invest beyond the above prescribed investments limit provided that they are solvent as per the Insurance (Long-Term Insurance Business Solvency) Rules 2007 and Insurance (General Insurance Business Solvency) Rules 2007 (as appropriate).
| **Limits (max.) on investment portfolio held abroad** | Yes. | Insurance companies may invest up to 50% of their technical provisions abroad. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |
| **Pension funds** | No. | Limits on pension funds are governed by internal guidelines set by the fund’s management or investment committee. |
| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio held abroad** | No. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |
| **Investment firms and collective investment funds** | No. |
| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio held abroad** | No. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Measures**

**Exchange measures imposed for security reasons**

Other security restrictions  

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/29/2019</td>
<td>Financial institutions are prohibited from dealing with persons and entities mentioned in UNSC list under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019.</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

**Differential treatment of deposit accounts in foreign exchange**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/31/2019</td>
<td>Banks had to maintain Liquidity Coverage Ratio (LCR) of 100% in MUR, 80% (previously 70%) in material foreign currencies and 80% (previously 70%) on a consolidated basis.</td>
</tr>
<tr>
<td>01/31/2020</td>
<td>Banks have to maintain Liquidity Coverage Ratio of 100% in MUR, 100% (previously 80%) in material foreign currencies and 100% (previously 80%) on a consolidated basis.</td>
</tr>
</tbody>
</table>
MEXICO

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

Date of membership
December 31, 1945.

Article VIII
Yes. Date of acceptance: November 12, 1946.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

Exchange measures imposed for security reasons
No.

No restrictions, as reported in the latest IMF staff report as of December 31, 2019.

Since December 1994, Mexico has not imposed any exchange restrictions for security reasons.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Mexico is the Mexican peso.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating
Yes. The de jure and de facto exchange rate arrangements are free
floating; the exchange rate of the peso is determined in the foreign exchange market.

The Foreign Exchange Commission (FEC), comprised of members of Banco de México (Mexico’s Central Bank, BM, acronym in Spanish) and the MOF, determines the foreign exchange rate policy. The FEC does not target or defend any exchange rate level. In February 2017, the FEC announced an intervention mechanism through a foreign exchange hedging program. The foreign exchange hedging is auctioned through non-deliverable forwards. In this regard, effective March 9, 2020, the FEC announced an increase to the foreign exchange hedging program, authorizing up to US$30 billion (previously US$20 billion) of non-deliverable forwards. During March 2020, the FEC announced two auctions of US$2 billion through non-deliverable forwards, effective March 12, 2020, and March 18, 2020, respectively.

At its maturity, each outstanding amount must be rolled over under a roll-over auction until the FEC instructs otherwise. The data on interventions are published on the Bank’s website immediately after the auctions. In particular, BM discloses received and allocated bids, including the forward points, as well as the total amount demanded.

Effective March 19, 2020, the BM announced a temporary US dollar liquidity swap line established with the Federal Reserve valid through September 30, 2020 for up to US$60 billion. Under this program, the FEC announced on March 30, 2020, the first auction to be conducted for up to US$5 billion with a maturity of 84 days, effective April 1, 2020. Similarly, on April 2, 2020, a second auction with same characteristics was announced, effective April 6, 2020.

Effective April 21, 2020, the FEC announced that it added to its toolkit the possibility of selling non-deliverable forwards settled by differences in US dollars with international counterparties, to be traded during hours when Mexican markets are closed.

On June 22, 2020, the BM announced two auctions, under the temporary US dollar liquidity swap line established with the Federal Reserve, for US$7 billion and US$4 billion with a maturity of 84 days, effective June 24 and June 29, 2020, respectively.

Effective July 29, 2020, the BM announced an extension of the US dollar liquidity swap line established with the Federal Reserve through March 31, 2021 (previously valid through September 30, 2020) for up to US$60 billion.

Detailed data on the received bids and results of the US dollar loan auctions are published on the Bank’s website.

The exchange rate (FIX) is calculated by BM as an average of quotes in the wholesale foreign exchange market for operations payable in two banking days following the quote date of any of the exchange transaction platforms or of some other similar electronic means that BM considers indicative of prevailing conditions in the wholesale foreign exchange market. BM releases the FIX at noon each banking day after receiving all quotes and performing the corresponding calculations. The FIX is published in the Federal Official Gazette one banking day after its calculation and is used to settle liabilities in US dollars payable in Mexico on the day following its publication. The FIX serves only as a reference; therefore, its use in foreign exchange transactions by market participants is not mandatory.
Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework: Yes. To fulfill BM’s constitutional mandate of pursuing stability of the purchasing power of the national currency, the BM adopted inflation targeting as the framework for implementing monetary policy.

Target setting body: Yes.

Government

Central Bank: Yes.

Monetary Policy Committee

Central Bank Board: Yes. The decisions regarding monetary policy and those related to the responsibilities of BM are made by the members of its Governing Board, which is composed of five members: The Governor presides and the others are called Deputy Governors.

The Governor, or at least two of the Deputy Governors, may call for a meeting of the Governing Board. For a session to be convened, at least three of its members must be present.

The Minister of Finance and the Deputy Minister of Finance and Public Credit may attend the Board of Governor’s meetings with voice but without vote for which purpose they must be previously called and informed of the corresponding agenda. These officials may call a Governing Board meeting and suggest issues to be addressed during the meeting.

To be valid, resolutions require the majority of the votes of the present members; in case of a tie, the presiding member has the casting vote case.

Other

Government and Central Bank

Inflation target: Yes.

Target number: Yes.

Point target

Target with tolerance band: Yes. BM’s permanent target is annual inflation of the National Consumer Price Index of 3% with a variability interval of 1 percentage point (pp). The definition of this interval is simply a practical way of considering the inherent uncertainty as to the exact realization of the 3% permanent target, because of the existence of diverse disturbances, such as relative price variations, that may affect inflation in the short run and place it above or below its target.
Target measure Yes.

*CPI* Yes. The National Consumer Price Index is an economic indicator designated to measure over time the fluctuation of prices of a defined basket of goods and services representing household consumption. It constitutes the statistical instrument used to measure inflation.

*Core inflation*

Target horizon No.

*Operating target (policy rate)* Yes.

Policy rate Yes. On December 19, 2019, BM’s Governing Board decided to decrease the overnight interbank interest rate by 25 basis points, to a level of 7.25%.

On February 13, 2020, BM’s Governing Board decided an additional decrease of 25 basis points, to a level of 7%.

On March 20, 2020, because of the complex economic and financial global situation caused by the spread of the COVID-19, the Governing Board decided to advance, from March 26 to March 20, its monetary policy decision and reduced the overnight interbank interest rate by 50 basis points to a level of 6.5%, as well as adopting other measures to provide liquidity and improve the performance of the national financial markets.

On April 21, 2020, the Governing Board of BM reduced the overnight interbank interest rate by an additional 50 basis points to a level of 6%. BM also adopted additional measures to provide liquidity and improve the performance of the national financial markets, strengthening the credit provision network and providing liquidity for the sound development of the financial system.

On May 14, 2020, the Governing Board of BM decided to reduce the overnight interbank interest rate by 50 basis points to a level of 5.5%.

On June 25, 2020, the Governing Board of BM decided to reduce the overnight interbank interest rate by 50 basis points to a level of 5%.

On August 13, 2020, the Governing Board of BM decided to reduce the overnight interbank interest rate by 50 basis points to a level of 4.5%.

Target corridor band No.

Other No.

*Accountability* Yes.

Open letter No.

Parliamentary hearings No.

Other Yes. BM is accountable to the Congress. As established in its legal framework, BM must send quarterly reports (within the next 45 working days after each quarter) to the Congress and the President of the Republic of Mexico, regarding several topics, including the registered inflation over the said period.

*Transparency* Yes.
Publication of votes

Yes.

BM can disclose its monetary policy through the following mechanisms:

(1) Monetary Policy Announcements: public communications through which the Governing Board announces the decision regarding the objective for the overnight interbank interest rate;

(2) Minutes of the meetings of the Governing Board, which describe decisions taken by the majority of board members and, if applicable, the dissenting vote where the corresponding member of the Governing Board is identified; and

(3) Quarterly reports: These reports are presented at a public session presided over by the Governor and in the presence of the other members of the Governing Board.

Publication of minutes

Yes.

Ten business days after each announcement regarding monetary policy decisions, the minutes of the session in which the Governing Board deliberated and decided about it are published, thereby allowing access to the data on which the monetary policy was based as well as the arguments that led to such decision.

On May 17, 2018, BM modified some elements of its monetary policy communication strategy:

(1) The minutes on the monetary policy decision include the voter’s identity. If there are dissenting opinions in the voting, the reasons for such dissents are included as well.

(2) The transcripts of the Governing Board’s meeting involving monetary policy decisions are available to the public three years after the corresponding meeting took place.

(3) The monetary policy decision press release (monetary policy statement) and the corresponding minutes are published simultaneously in both Spanish and English.

(4) The speeches and public presentations of the members of the Governing Board are also published. These materials are available to the public on BM’s official webpage no later than two days after the event.

Publication of inflation forecasts

Yes.

In every quarterly report, BM updates the forecasts and projections about inflation, the GDP, and other relevant factors that led to monetary policy decisions.

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes.

Authorized operators may freely set their exchange rates and commissions in transactions with their clients.

Commercial banks, development banks, securities firms, foreign exchange firms, and foreign exchange centers shall be authorized to engage in foreign exchange operations with the general public. As of December 31, 2019, there were 51 commercial banks, 6 development banks, 35 securities firms, 8 foreign exchange firms, and 962 foreign exchange centers.

Foreign exchange firms must be authorized by the MOF to purchase, sell, and exchange foreign exchange currency, including funds transfers. Foreign exchange firms may not perform exchange transactions directly with BM.

Corporations registered as foreign exchange centers at the National Banking and Securities Commission (NBSC) do not require an authorization by the MOF and may perform the following transactions: purchase and sell foreign currencies through bank account funds transfers; purchase and sell bills, minted pieces, and common metals with legal tender in the issuer country, traveler's
checks in foreign currency, and coin blanks; and purchase documents on demand denominated and payable in foreign currency, payable by financial entities, up to the equivalent of US$10,000 in domestic currency for each client on the same day. Foreign exchange centers must only sell these documents to credit institutions or securities firms.

In addition to the transactions of foreign exchange centers, foreign exchange firms may purchase and charge documents on demand denominated and payable in foreign currency or payable by financial entities, without a limit per document; sell documents on demand and payable in foreign currency issued by foreign exchange firms payable by Mexican credit institutions, branches, and agencies abroad and foreign banks; and perform other operations authorized by BM, such as shipping and receiving services of funds transfers in domestic and foreign currency, within Mexico or abroad; receiving service payments on behalf of third parties, in domestic or foreign currency, without assuming direct or contingent obligations with those who perform the payments; and acquiring liabilities from funding received from shareholders, national and foreign financial institutions, traveler’s check suppliers, and furniture and equipment suppliers necessary for their business.

Operated by the central bank Yes.
Foreign exchange standing facility No.
Allocation No.
Auction Yes.

The FEC operates an intervention mechanism through a foreign exchange hedging program. The foreign exchange hedging is auctioned through non-deliverable forwards. In this regard, effective March 9, 2020, the FEC announced an increase to the foreign exchange hedging program, authorizing up to US$30 billion (previously US$20 billion) of non-deliverable forwards. During March 2020, the FEC announced two auctions of US$2 billion through non-deliverable forwards, effective March 12, 2020 and March 18, 2020, respectively.

At its maturity, each outstanding amount must be rolled over under a roll-over auction until the FEC instructs otherwise. The data on interventions are published on the Bank’s website immediately after the auctions. In particular, BM discloses received and allocated bids, including the forward points, as well as the total amount demanded.

Effective March 19, 2020, the BM announced a temporary US dollar liquidity swap line established with the Federal Reserve valid through September 30, 2020 for up to US$60 billion. Under this program, the FEC announced on March 30, 2020, the first auction to be conducted for up to US$5 billion with a maturity of 84 days, effective April 1, 2020. Similarly, on April 2, 2020, a second auction with same characteristics was announced, effective April 6, 2020.

Effective April 21, 2020, the FEC announced that it added to its toolkit the possibility of selling non-deliverable forwards settled by differences in US dollars with international counterparties, to be traded during hours when Mexican markets are closed.

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Effective July 29, 2020, the BM announced an extension of the US dollar liquidity swap line established with the Federal Reserve through March 31, 2021 (previously valid through September 30, 2020) for up to US$60 billion.

The results of the operations by BM on the foreign exchange market, such as detailed data on the received bids and results of the US dollar loan auctions, are published on the Bank’s website.

<table>
<thead>
<tr>
<th>Fixing</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interbank market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>There are no restrictions on participation in the interbank market: all commercial and development banks may participate. There are no limits on the bid-ask spreads and commissions of market participants. In the exchange interventions, BM operates directly with commercial banks. Participants present the market rates to buy US dollars, and BM decides whether to make the transactions, which must be in line with prevailing market rates. As of December 2019, there are 51 commercial banks and 6 development banks that participate in the interbank market.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Some operations may take place in the OTC market.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>About 67% of spot operations in the local exchange market are handled through an electronic brokerage system and 5% through voice brokers according to the last triennial survey of the Bank for International Settlements from 2019.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Securities firms and commercial and development banks may enter into exchange rate, stock exchange, and other derivatives transactions. To act as an intermediary with respect to the latter transactions, BM authorization is required, which is granted on the basis of certain legal and risk-management requirements. BM does not participate in the forwards market.</td>
</tr>
<tr>
<td><strong>Official cover of forward operations</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

| Prescription of currency requirements | No. |
| Controls on the use of domestic currency | No. |
| For current transactions and payments | No. |
| For capital transactions | No. |
| Transactions in capital and money market instruments | No. |
| Transactions in derivatives and other instruments | No. |
| Credit operations | No. |
| Use of foreign exchange among residents | No. |
| Payments arrangements | Yes. |
| Bilateral payments arrangements | No. |
Operative No.
Inoperative No.
Regional arrangements Yes. Under the Reciprocal Payment and Credit Agreement entered into by BM and the Central Banks of the other LAIA member countries and the Dominican Republic, payments to these countries may be made through BM and the Central Banks of the country concerned within the framework of the LAIA multilateral clearing system. This agreement was entered into in August 25, 1982.
Clearing agreements Yes. There are clearing agreements in accordance with the payment agreements referred to above.
Barter agreements and open accounts No.
Administration of control No.
Payments arrears No.
Official No.
Private No.
Controls on trade in gold (coins and/or bullion) No.
On domestic ownership and/or trade No.
On external trade No.
Controls on exports and imports of banknotes Yes.
On exports Yes.
Domestic currency Yes. The Customs Law requires that anyone leaving the country with cash, domestic or international checks, payment orders, any other receivables, or a combination of these in domestic currency exceeding the equivalent of US$10,000 declare it to the customs authorities. Those who fail to declare are subject to penalties.
Foreign currency Yes. The Customs Law requires that anyone leaving the country with cash, domestic or international checks, payment orders, any other receivables, or a combination of these in foreign currency exceeding the equivalent of US$10,000 declare it to the customs authorities. Those who fail to declare are subject to penalties.
On imports Yes.
Domestic currency Yes. The Customs Law requires that anyone entering the country with cash, domestic or international checks, payment orders, any other receivables, or a combination of these in domestic currency exceeding the equivalent of US$10,000 declare it to the customs authorities. Those who fail to declare are subject to penalties.
Foreign currency Yes. The Customs Law requires that anyone entering the country with cash, domestic or international checks, payment orders, any other receivables, or a combination of these in foreign currency exceeding the equivalent of US$10,000 declare it to the customs authorities. Those who fail to declare are subject to penalties.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Resident Accounts
Foreign exchange accounts permitted Yes.
<table>
<thead>
<tr>
<th>Held domestically</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation No. 3/2012 establishes that credit institutions can receive demand deposits with or without checkbook in foreign currency in payable accounts in Mexico, provided the holders of such accounts are: (1) natural persons domiciled in populations located among the twenty km zone parallel to the northern international dividing line in the states of Baja California or Baja California Sur; (2) legal entities domiciled within national territory; and (3) official representations of foreign governments, international organizations, and similar institutions; foreign citizens who provide services in such agencies, institutions, as well as foreign correspondents which must be accredited in Mexico before the competent authorities. Commercial banks are authorized to maintain term deposits in foreign currency, of companies domiciled in Mexico, payable abroad. Under the general provisions referred to in Article 115 of the Credit Institutions Law (CIL), issued by the MOF, there are limits on the following transactions: (1) purchases; (2) receipt of deposits; (3) receipt of payment for credits and services; and (4) cash transfers or allocation of funds in US dollars by credit institutions. These provisions aim to establish controls with respect to cash transactions in US dollars in credit institutions, to avoid introducing into the banking system resources whose origin may be related to illegal activities and the economic resources of organized crime. The BM’s interbank payment system in US dollars (SPID acronym in Spanish) aims to provide to the participants with means to process interbank electronic transfers between money deposit accounts in US dollars of the legal entities and domiciled in the national territory that are clients of the participants.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Authorization from the MOF is required, with the opinion of the National Insurance and Bonding Commission (CNSF acronym in Spanish) and the BM, for insurance institutions and insurance mutual companies make term deposits, titles, or securities in foreign currency in foreign financial entities that are not subject to the rules for the investment of technical reserves of mutual insurance institutions and companies.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic regulations do not prohibit residents from opening accounts abroad in Mexican pesos.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are no limitations on the convertibility to foreign currency from domestic currency accounts.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit institutions may receive deposits in foreign currency with or without a checkbook in accounts payable in Mexico from official representations of foreign governments, international organizations, and similar institutions, foreign citizens who provide their services in such offices, agencies, and institutions, or serve as foreign correspondents accredited by Mexico through the corresponding competent authorities.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Credit institutions can open deposit accounts denominated in national currency to individuals and companies. The special savings accounts and accounts of levels 1 and 2 of deposits may only be opened for...</td>
<td></td>
</tr>
</tbody>
</table>
individuals. Development banks may open accounts to natural persons if their organic laws permit it, such as the National Bank of the Army, Air Force and Navy, the Welfare Bank, the National Bank of Foreign Trade, the National Financial Institution, and the National Bank of Public Works and Services.

Convertible into foreign currency
Yes.

Approval required
No.

Blocked accounts
No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.

Other
No.

Import licenses and other nontariff measures
Yes.

Import licenses from the Ministry of Economy (MOE) are required for 117 out of the 12,806 tariff items subject to general import duties, including 25 tariff lines related to special operations (Eighth Rule). Under this Rule, registered manufacturing industries may import (zero duty but under the corresponding license) finished goods to allow them to fulfill their contracts and comply with manufacturing programs in which they are registered. Licenses are also required for 19 tariff lines for used vehicles, certain imports under the trade agreement that require a license to receive tariff preference, and industrial raw diamonds imported under the Kimberley Process Certification Scheme. The Agreement by which the MOE issued rules and general criteria on foreign trade subject certain goods to automatic import permit: footwear products, steel, slot machines, and textile and clothing products. Once the requirements have been met, the corresponding permit is issued. Import licenses are generally valid for one year, but for certain sensitive products and used clothing, they are valid only for three months. The license may be renewed, depending on the importer’s performance. Import licenses are not required for used vehicles imported by the diplomatic or consular missions, or by personnel of the Mexican Foreign Service, for station-wagon-type (family) vans (“motor home”), vehicles for...
physically challenged persons, funeral vehicles or funeral carriages and coaches, go-karts, or collector’s vehicles (at least 30 years old), among others. Imports of other used cars require MOE approval. Only special-purpose vehicles not made locally are allowed for import.

Effective February 22, 2019, the agreement that establishes the classification and codification of Hydrocarbons and Petroleum Products whose import and export are subject to Prior Permission by the MOE was modified, to adjust the requirements to get a Prior Permission for the import or export of these products.

Effective January 31, 2020, the Agreement that establishes the classification and codification of merchandise and products whose import, export, entry, or exit is subject to sanitary regulation by the Ministry of Health was modified, to subject various fish and crustaceans, mollusks and other aquatic invertebrates, as well as organic chemicals to regulation.

Effective February 4, 2020, the Agreement that establishes the classification and codification of merchandise and products whose import and export are subject to regulation by the agencies that conform to the Inter-ministerial Commission for the Use and Process Control of Pesticides, Fertilizers, and Toxic Substances was modified, to subject diverse organic chemical products and products of the chemical industries to regulation.

The Agreement, by which the MOE issues general rules and criteria on foreign trade, was modified on several occasions. Among other things to add tariff lines that will be subject to automatic import permits related to various footwear, textile and clothing products and make the corresponding adjustments to Annex 2.4.1 of the Agreement with respect to what is applicable to merchandise subject to compliance with Official Mexican Standards of the textile and clothing sectors, and footwear; to modify Annexes 2.2.1 and 2.2.2 of the aforementioned Agreement to update the list of tariff items subject to the Automatic Import Notice of Steel Products scheme; to add the reduction of response times, in some cases elimination of requirements, as well as the implementation of electronic means for their processing; to incorporate sections VII and VIII of numeral 10 of Annex 2.4.1 of, to guarantee compliance with the purposes of the Official Mexican Standards in terms of Article 40 of the Federal Law on Metrology and Standardization, and thereby ensure that imported products comply with the minimum safety requirements and standards and thus provide full protection to consumers; to extend the term of the agreement that made the export of iron ore subject to prior permission to inhibit the illegal exploitation and commercialization of said merchandise, update and strengthen the requirements of the prior export permit for said good; to add the official Mexican standards concerning specifications that must be met to import petroleum products, terminals connected or interconnected through wired access to a public telecommunications network; and radio communication equipment with digital interface, respectively, as well as to submit some steel products to the submission of an automatic import notification.

The imports of some endangered species, stickers known as “Garbage Pail Kids,” certain types of pesticides and insecticides, and some narcotic drugs and psychotropic substances are prohibited, as well as weapons and other goods from countries that are under sanctions by the UNSC.
Effective November 6, 2019, the Law on General Import and Export Tariff was modified, creating 19 tariff items identified as pesticides, of which 17 are forbidden because they have been identified as high hazardous chemicals under the Stockholm Convention on Persistent Organic Pollutants and by the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. Effective February 19, 2020, the General Import and Export Tax Law Tariff was modified, which prohibits the import and export of electronic cigarettes and vaporizing devices with similar uses, as well as their cartridges and accessories.

Open general licenses No.

Licenses with quotas No.

Other nontariff measures Yes. Other nontariff measures are required, such as: previous licenses for oil products; those related to national security (weapons and ammunition); also, some related to human health, ecological and environmental regulations; animal and plant health certifications; restrictions on drugs, narcotic substances, and their inputs; nuclear energy and toxic and hazardous materials, apply to about 3,304 tariff codes out of the 12,597 tariff items under the general import tariff. About 3,598 tariff codes must comply with the standards specified in selected norms for consumer protection and/or information.

Import taxes and/or tariffs Yes.

Mexico has 12,806 tariff items in the Law on General Import and Export Tariff: 96% have ad valorem taxes of between 0% and 20% and 56% are exempt from import duties.

The largest import tax is 75% and applies to a few products, such as poultry meat and edible offal and fructose. A 50% tariff applies to imports of used cars from countries without a trade agreement.

Imports from TLCAN, ALADI, and EFTA member countries, Australia, Chile, Colombia, Costa Rica, El Salvador, the EU, Guatemala, Honduras, Israel, Japan, Nicaragua, New Zealand, Peru, Singapore, Uruguay, and Vietnam receive preferential treatment.

There is a preferential tariff of 0% to 10% for imports within the framework of the Sectorial Promotion Programs (PROSEC) only for the inputs used in the elaboration of specific products, regardless of whether the goods produced are destined for export or domestic market. At the end of 2019, the number of tariff items included in the PROSEC amounted to 998, with the automotive, electrical, and electronic products being the most benefited sectors. No tariffs are applied to goods imported temporarily for repair or transformation purposes and which will then be returned abroad.

Mexico applies antidumping and anti-subsidy duties to the following products: bond paper and rebar from Brazil; atomizers, chemical products, steel products, mushrooms, bicycles, coaxial cable “guidewire,” blenders, pencils, ceramic tiles, cookware, polyester, rachel-type synthetic fiber blankets, ceramic dinnerware and ceramic parts, metallic balloons, cooking pots, and aluminum foil, hydraulic cylinder jacks, wind towers, metal zippers, zamak and steel pull...
handles and aluminum disks from China; steel pipe from the UK; epoxidized soybean oil, rubber, chemical products, steel products, and chicken leg and thigh from the USA; rubber and steel products from Japan; rubber, polyester, and steel products from Korea; steel products from Italy, France, Germany, Kazakhstan, Portugal, Romania, Russia, Spain, Taiwan Province of China, and Ukraine; metoprolol, steel products, and antibiotics from India; and epoxidized soybean oil from Argentina.

Effective March 25, 2019, the imposition of import duties of 15% was extended for 180 days for 186 tariff items in the steel sector, dating from June 5, 2019.

In the same sense, effective September 20, 2019, a six-year reduction plan was established for the steel sector. This means the creation of 82 tariff items, the modification of 25, and the elimination of 21. Thus, for 228 tariff items, an import tariff of 15% is established until 2021, later it will go to levels of 10% until 2023 and, finally at 3% levels and Exempt until 2024.

Effective October 15, 2019, a 180-day import tariff was established for three tariff items related to the steel sector.

Effective April 10, 2019, a temporary import tariff was established for 180 days on various tariff items in the textile-clothing and footwear sector.

Effective October 28, 2019, a tariff reduction program was established for the clothing and footwear sector, which means temporarily establishing the import tariff of 317 tariff items at levels of 25% and 30% until 2024, the year in which they will return to their MFN level.

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>State import monopoly</td>
<td>No.</td>
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</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
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<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
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<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
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<tr>
<td>Preshipment inspection</td>
<td>No.</td>
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</tbody>
</table>
Most exports do not need a license. Exports of a few items related to drugs, narcotic substances, endangered species, archaeological objects, and electronic cigarettes and vaporizing devices with similar uses, as well as their cartridges and accessories, are forbidden. Exports of arms and other products destined for countries sanctioned by the UNSC are also forbidden. Exports of petroleum products and their derivatives and rough industrial diamonds, some iron ores, conventional, nuclear and chemical weapons, their parts and components, dual-use goods, as well as software and related technologies require an export license.

Tomato exports are subject to an automatic Notice (only when they are definitive exports).

Effective February 22, 2019, the agreement that establishes the classification and codification of Hydrocarbons and Petroleum Products whose import and export are subject to Prior Permission by the Ministry of Energy was modified, to adjust the requirements to get a Prior Permission for the import or export of these products.

Effective January 31, 2020, the Agreement that establishes the classification and codification of merchandise and products whose import, export, entry, or exit is subject to sanitary regulation by the Ministry of Health was modified. The modification implies adding merchandise to those already regulated. The modification does not imply qualitative changes in the regulation.

Effective February 4, 2020, the Agreement that establishes the classification and codification of merchandise and products whose import and export are subject to regulation by the agencies that conform to the Inter-ministerial Commission for the Use and Process Control of Pesticides, Fertilizers, and Toxic Substances was modified. Derived from the creation and modification of tariff lines for chemical products, goods were added for better identification, and those already regulated, which underwent changes, were updated. The modification does not imply qualitative changes in the regulation. The agreement that establishes the classification and codification of petroleum and petroleum by-products determines imports and exports are subject to prior approval by the Ministry of Energy.

Effective December 9, 2019, the Agreement by which the MOE issues general rules and criteria in Foreign Trade matters was modified, to publicize the modifications applicable to prior import and export permissions and the procedure to request tomato export notice.

Sugar exports must prior authorization, and when the destination is the USA, a maximum export quota is set. The agreement that allows the export of sugar was published in the Federal Register ("Diario
Oficial” – DOF) on October 5, 2017 by means of an Agreement by which the export of sugar is subject to prior permission and a maximum quota for its export is established.

Ad valorem taxes of 25% apply to the export of bituminous mixtures based on natural asphalt, natural bitumen, petroleum bitumen, mineral tar, or mineral tar pitch (for example, bituminous mastic, liquid bitumen), except for fluidized bitumen, and asphalt bituminous mixtures for retail sale in containers of no more than 200 liters.

Export taxes

Yes.

Collected through the exchange system

No.

Other export taxes

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

No.

Trade-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Investment-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Payments for travel

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Personal payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Foreign workers’ wages

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Credit card use abroad

No.

Prior approval

No.
Quantitative limits
Indicative limits/bona fide test
Other payments
Prior approval
Quantitative limits
Indicative limits/bona fide test

References to legal instruments and hyperlinks

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Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
Surrender requirements
Surrender to the central bank
Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

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Capital Transactions

Controls on capital transactions
Repatriation requirements
Surrender requirements
Surrender to the central bank
Surrender to authorized dealers

Controls on capital and money market instruments
On capital market securities
Shares or other securities of a participating nature
Purchase locally by nonresidents
Sale or issue locally by nonresidents

Purchases of shares and other equities may be affected by the inward direct investment laws. These laws determine which activities are reserved for the government and Mexican investors. With prior authorization of the MOE and, when applicable, by the NBSC, investment trusts may be established by Mexican banks acting as trustees. These trusts issue neutral investment instruments that may be acquired by foreign investors, which may only grant to their holder’s economic rights and, in some cases, limited corporate rights, without granting voting rights in Ordinary General Meetings.

Foreign institutions must be authorized by the MOE to engage, regularly, in commercial activities. Foreign securities publicly offered in the domestic market could be registered in the National Registry of Securities (NRS).
Foreign securities may be listed in the international stock listing system through brokerage houses, or credit institutions or else, by the issuer.

**Purchase abroad by residents** Yes. Credit institutions and securities firms may purchase shares of foreign financial entities with the prior authorization of the NBSC. Insurance institutions or mutual insurance institutions may only acquire equity shares denominated in foreign currency, with prior authorization of the MOF, considering the opinion of the CNSF and BM. Retirement fund management companies must invest 60% of their equity in shares of the investment companies that they manage. These investment companies may invest up to 20% of the total assets in foreign securities managed in compliance with the investment regime that is established by the National Retirement Savings System Commission (NRSSC).

**Sale or issue abroad by residents** Yes. Public offerings abroad of securities issued in Mexico must be notified to the NBSC. Additionally, the information related to such offerings must be registered at the NRS.

**Bonds or other debt securities** Yes.

**Purchase locally by nonresidents** Yes. Purchase of debt instruments may only be made through securities firms or credit institutions.

**Sale or issue locally by nonresidents** Yes. Foreign institutions must be authorized by the MOE before engaging in commercial activities. The public offering of securities in the national territory requires NBSC authorization. Foreign securities publicly offered in the domestic market could be registered in the NRS.

In the International Quotation System, foreign securities may be listed through securities firms or credit institutions.

**Purchase abroad by residents** Yes. Commercial banks’ foreign exchange risk position may not exceed 15% of their core capital at the close of operations each day. Insurance institutions or mutual insurance institutions may only acquire equity securities denominated in foreign currency issued by the Federal Government and registered in the NRS. Retirement fund management companies must invest 60% of their equity in shares of the investment companies that they manage. These investment companies may invest up to 20% of the total assets in foreign securities managed in compliance with the investment regime that is established by the NRSSC.

**Sale or issue abroad by residents** Yes. Public offerings abroad of securities issued in Mexico must be notified to the NBSC. National securities offered publicly in foreign markets may be registered in the NRS.

**On money market instruments** Yes.

**Purchase locally by nonresidents** Yes. Foreign institutions must be authorized by the MOE before performing any commercial activities. Retirement fund management companies must invest 60% of their equity in shares of the investment companies that they manage, and these investment companies may invest up to 20% of the total assets managed in foreign securities in compliance with the regime established by the NRSSC.

**Sale or issue locally by nonresidents** Yes. Foreign institutions must be authorized by the MOE before engaging, regularly, in commercial activities. The public offering of securities in the national territory requires prior NBSC authorization. Foreign securities publicly offered in the domestic market must be registered in the NRS.

**Purchase abroad by residents** Yes. Commercial banks’ foreign exchange positions may not exceed 15% of their core capital at the close of operations each day. Insurance institutions may only acquire equity securities denominated in foreign currency issued by the Federal Government and registered in...
the NRS. Retirement fund management companies must invest 60% of their equity in shares of the investment companies that they manage. These investment companies may invest up to 20% of the total assets managed in foreign securities in compliance with the regime established by the NRSSC.

Sale or issue abroad by residents Yes. Public offerings abroad of securities issued in Mexico must be notified to the NBSC. National securities offered publicly in foreign markets must be registered in the NRS.

On collective investment securities Yes. Foreign institutions must be authorized by the MOE before performing commercial activities.

The Board of Directors of each investment fund management company must establish holding limits per shareholder, regardless of the holder’s nationality or residence.

Purchase locally by nonresidents Yes. To operate as an investment fund, NBSC authorization is required. The information prospectus for the public markets as well as its modifications requires the authorization by the NBSC. The investment fund’s prospectus mentioned may not be used, in any other language, by any other entity other than an investment fund. Foreign securities publicly offered in the domestic market must be registered in the NRS.

Purchase abroad by residents Yes. Commercial bank’s foreign exchange positions may not exceed 15% of their core capital at the close of operations each day. Insurance companies or mutual insurance institutions may only acquire equity securities denominated in foreign currency issued by the Federal Government and registered in the NRS. Retirement fund management companies must invest 60% of their equity in shares of the investment companies that they manage. These investment companies may invest up to 20% of the total assets managed in foreign securities in compliance with the regime established by the NRSSC.

The Board of Directors of each management company must establish maximum holding limits for individual stocks of the shareholders, regardless of holder’s nationality or residence.

Sale or issue locally by nonresidents Yes. Public offerings abroad of securities issued in Mexico must be notified to the NBSC. National securities offered publicly in foreign markets must be registered in the NRS.

Controls on derivatives and other instruments Yes. Under the regulations governing derivative operations: (1) A simplified BM authorization procedure applies to commercial banks and securities firms for conducting derivative operations. (2) Multiple-scope financial companies may engage in derivative operations over underlying assets to cover their own risks without BM authorization. (3) Credit derivative operations may only be carried out by commercial banks and securities firms, the latter only on behalf of third parties. (4) Commercial banks, securities firms, investment funds, multiple-scope financial companies, and general deposit warehouses, prior to entering into any derivative operation with any of the following counterparties, must collect the counterparty’s currently valid Legal Entity Identifier Code: (1) commercial banks, (2) securities firms, (3) investment funds, (4) multiple-scope financial companies, (5) general deposit warehouses, (6) insurance institutions, (7) investment funds management companies, (8) retirement funds specialized investment companies, (9) credit unions, (10) development support organizations, and (11) foreign financial entities. Insurance institutions may enter into derivative operations solely for risk hedging, in accordance with
general regulations issued by the CNSF. Retirement funds specialized investment companies may only enter into derivative operations with prior authorization from BM, as proposed by the NRSSC.

| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |
| Sale or issue abroad by residents | Yes. |
| Controls on credit operations | Yes. |
| Commercial credits | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Financial credits | Yes. |
| By residents to nonresidents | Yes. |
| To residents from nonresidents | Yes. |
| Guarantees, sureties, and financial backup facilities | Yes. |
| By residents to nonresidents | No. |
| To residents from nonresidents | Yes. |
| Controls on direct investment | Yes. |
| Outward direct investment | No. |
| Inward direct investment | Yes. |

Commercial bank’s credit operations with related persons may not exceed 35% of the basic part of their net capital. Any commercial bank granting a credit to a person or group of individuals considered to be a unique entity by reason of a common risk must meet the limit established by the NBSC according to their capitalization level. In addition, there are controls on credits and loans granted by insurance institutions or insurance mutual companies in foreign currency.

There are limits on credits denominated in foreign currency granted to Mexican credit institutions and on open foreign exchange positions.

It is forbidden to enter into any agreement with foreign bonding companies to guarantee actions of individuals or companies bound to fulfill obligations in Mexico, except for re-bonding operations or when they are received by national bonding companies as countersecurity.

Controls apply to (1) acquisition of more than 49% of the capital stock of a Mexican company and are subject to review if the total assets of that company exceed MEX$20,184,671,346.26 (twenty thousand one hundred eighty-four million six hundred seventy-one thousand three hundred forty-six pesos and twenty-six cents); (2) acquisition of land for agricultural, livestock farming, and forestry purposes; “T” class shares may be acquired from the companies that own the property up to 49%; (3) investment in (a) provision of fuel and lubricants for ships, aircraft, and railroad equipment exceeding 49% of the capital stock; (4) investment exceeding 49% of capital stock in fishing, other than aquaculture, in coastal and fresh waters or in the exclusive economic zone; (5) investment in air, maritime, and ground transportation and related services, including cabotage and port services, except (a) participation up to 25% in the capital stock of national air transportation, specialized air transportation, and aero
taxis transportation; up to 49% in air terminal management and 49%, or above, if an authorization is granted (b) participation up to 49% in the capital stock of naval companies engaged in interior navigation, except tourism cruises and the exploitation of dredges and other naval devices for the construction, conservation, and operation of ports; in integral port management and port services of pilotage for the ships that develop interior navigation; and in companies involved only in the exportation of high-speed ships and port services for interior navigation (full ownership may be authorized); (c) railroad-related services and participation up to 49% in the capital stock of a railway concessionaire enterprise (full ownership may be authorized); and (d) participation in the capital stock of a company engaged in national ground transportation of passengers, tourists, and freight within Mexico; (6) investment exceeding 49% of the capital stock in radio broadcasting, and for newspaper printing and publishing for exclusive national distribution; (7) investment by a foreign government or government enterprise in commercial banks, financial holding companies, securities firms, insurance institutions and insurance mutual companies, bonding institutions and investment fund management companies; (8) in the restricted zone, acquisition of real estate is available only for Mexicans and Mexican companies and investment in residential real estate by firms with foreign participation incorporated in the country; (9) investment in aircraft building, assembly, or repair; shipbuilding and ship repairs; or any activity requiring a concession, other than railways, except through a company incorporated in Mexico; and (10) investment by foreigners in legal services and private education services exceeding 49% of the capital stock, except with favorable decision of the National Commission on Foreign Investment (NCFI) authorization.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| **Purchase abroad by residents** | Yes. |
| **Purchase locally by nonresidents** | Yes. |
| Controls apply to the direct acquisition by foreign nonresidents of real estate inside the restricted zone (a 100-kilometer strip along the Mexican land border and a 50-kilometer strip in and from the Mexican coast). Foreign nonresidents may acquire real estate inside the restricted zone through a real estate trust. To purchase real estate outside the restricted zone, foreign nonresidents must agree to consider themselves Mexican and to refrain from invoking the protection of their governments regarding the property acquired. Such acquisitions may take place through the acquisition of shares of Mexican institutions dedicated to nonresidential activities, notifying it to the Ministry of Foreign Affairs (MFA); or through a real estate trust for residential activities within the restricted zone, with MFA approval. |
| **Sale locally by nonresidents** | No. |
| Controls on personal capital transactions | Yes. |
| **Loans** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Gifts, endowments, inheritances, and legacies** | Yes. |
By residents to nonresidents Yes. These transactions are subject to local civil provisions. In some countries, foreign inheritances from a Mexican resident are subject to international reciprocity.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad Yes. Borrowing abroad is permitted. Open foreign exchange positions of commercial banks must not exceed 15% of their core capital. Commercial banks’ foreign exchange liabilities must not exceed 1.83 times their core capital. However, BM can authorize higher positions in foreign currency for a maximum period of 5 days within a 12-month period for each limit.

Maintenance of accounts abroad Yes. Foreign exchange risk positions of both total and for each foreign currency must not exceed the daily limit of 15% of a bank’s core capital. However, BM can authorize higher positions in foreign currency for a maximum period of 5 days within a 12-month period for each limit.

Lending to nonresidents (financial or commercial credits) Yes. Commercial banks must diversify their risks to keep performing their transactions. There are maximum limits on the amounts commercial banks may lend resulting from the integral risk management and a specific regime regarding related persons, regardless of the borrower’s residence. If a commercial bank extends credit to an individual or a group of individuals considered as a single individual because of common risk, it must comply with the limit established by the NBSC in accordance with the institution’s capitalization.

Lending locally in foreign exchange Yes. There are maximum limits on the amount commercial banks may lend, regardless of the borrower’s nationality or residence, and on their net open foreign exchange position. Open foreign exchange positions may not exceed 15% of core capital. If a commercial bank grants a credit to a person or to a group of individuals who are considered to constitute a single person because of a common risk, the commercial bank will have to comply with the limits established by the NBSC, in accordance with the institution’s capitalization.

Purchase of locally issued securities denominated in foreign exchange Yes. Credit institutions may deal on their own behalf or throughout an agency agreement with securities, commercial debt instruments not registered in the NRS, capital instruments, whether or not registered in the NRS, and government securities.

Differential treatment of deposit accounts in foreign exchange Yes.

Reserve requirements No.

Liquid asset requirements Yes. Commercial banks must invest in liquid assets—as determined by BM and denominated in foreign currency—an amount calculated through the maturity structure of their liabilities payable in foreign
currency. In accordance with the General Regulations on Liquidity Requirements for Commercial Banks, issued jointly by BM and the NBSC, commercial banks must maintain high-quality liquid assets to meet their obligations and liquidity needs during 30 days.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
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<tbody>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
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<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to the types and amounts of transactions commercial banks carry out abroad.

Open foreign exchange positions may not exceed the daily limit of 15% of core capital.

NBSC authorization is required for commercial banks to invest, directly or indirectly, in shares representing the corporate capital stock of foreign financial entities.

The total amount of investments in the stock of foreign financial entities may not exceed the lowest of the following: The equivalent to 50% of the basic share of net capital of the institution, or the surplus of the basic share of net capital of the institution over the minimum capital.

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<th>Feature</th>
<th>Status</th>
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<tbody>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Certain requirements apply to shareholder investment, regardless of the nationality or residence. If the acquisition exceeds 5% of the shares representing the capital stock of a commercial bank, NBSC approval, with BM opinion, is required.

Buyers purchasing 20% or more shares of class “O” require NBSC authorization and BM favorable opinion. To acquire said authorization, the buyers must file a request, which must contain a list of directors and officers; a general operating plan; a strategic program for organization, administration, and internal control of the institution and other documents that the NBSC requires.

For subsidiaries, to be able to be considered as such, at least 51% of the capital should be held by a subsidiary controller society or, directly or indirectly, by a foreign financial institution.

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<tr>
<th>Feature</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
</tbody>
</table>


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<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
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</tbody>
</table>

The same regulations governing resident assets and liabilities apply.

<table>
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<tr>
<th>Feature</th>
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</thead>
<tbody>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Provisions specific to institutional

Yes. The IFL, Insurance and Bonding Institutions Law (IBIL), and
<table>
<thead>
<tr>
<th>investors</th>
<th>Securities Market Law (SML) apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insurers</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes. Insurance institutions may invest in equity of other insurance institutions; insurance entities, reinsurance or foreign re-bonding institutions; investment societies or societies, which operate for them; administrators of retirement funds and retirement funds specialized investment companies. Said investments may only be done with the surplus of the minimal paid equity, with prior authorization of the CNSF, and the amount cannot be part of the Own Admissible Funds, which support the requirement of solvency equity.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. Insurance institutions can only acquire risks through investment of technical reserves in foreign currency, as also the risks taken in national currency, which offer assured sums referend to the exchange rates’ behavior. This must be carried out through securities issued in foreign currency, supported by the Federal Government and registered in the National Securities Registry and the other securities pointed out in the correspondent regulations.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>Yes. Retirement fund management companies may invest up to 40% of their capital in real estate, furniture, and equipment and the remaining 60% of such capital in shares of the investment companies they manage, regardless of their nationality.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes. Retirement funds specialized investment companies may invest up to 20% of their total assets in foreign securities authorized by the NRSSC.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes. Retirement fund management companies may invest up to 40% of their capital in real estate, furniture, and equipment, and the remaining 60% of such capital in shares of the investment companies they manage.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes. Retirement funds specialized investment companies may invest up to 20% of their total assets in foreign securities authorized by the NRSSC.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Investment funds and collective investment funds</strong></td>
<td>Yes. Regardless of the issuer’s residence, controls apply to the purchase of national or foreign securities by investment funds in variable-income and in debt instruments, whether on their own or on behalf of their clients. Investment funds in variable-income and debt instruments may invest in assets that must be registered in the National Securities Registry or in the International Quotation System; assets that have been registered, authorized, or regulated, for their public sell in general, by the Securities Commissions or equivalent organism of the States; issued by BM or by a recognized international organism; in demand deposits in national or foreign financial entities, in national or foreign currency; or in derivative financial instruments. The investment funds in variable-income and debt instruments may invest in structured products, stock fiduciary certificates, and asset-backed securities, as long as the securities are considered under their investment regime. Structured products must contain the obligation</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
of paying down the principal and a determined minimum rate. Investment funds in variable-income and debt instruments must comply with their investment regime prospect.

Investment funds may not obtain or dispose of assets that are property of or administered by institutions from the same financial group that may imply any type of conflict of interest.

Regardless of the issuer’s residence, controls apply to the purchase of national or foreign securities by investment funds in variable-income and debt instruments, whether on their own or on behalf of their clients.

Investment funds of variable-income and the debt instruments may invest in assets that must be registered in the National Securities Registry or in the International Quotation System, assets that have been registered, authorized, or regulated, for their public sell in general, by the Securities Commissions or equivalent organism of the States; issued by BM or by a recognized international organism; in demand deposit in national or foreign financial entities, in national or foreign currency; or in derivative financial instruments.

If the foreign securities are registered, authorized, or regulated, for their public sell in general, in Member States of the Pacific Alliance, the transactions must be made with agreements that enable the access to the negotiation systems.

Investment funds in variable-income and the debt instruments may invest in structured products, stock fiduciary certificates, and asset-backed securities, as long as the securities are considered under their investment regime.

The structured products must contain the obligation of paying down the principal and a determined minimum rate. Investment funds in variable-income and debt instruments must comply with their investment regime prospect.

Investment funds may not obtain or dispose assets that are property or administered by institutions from the same financial group, that may imply any type of conflict of interest.

Regardless of the issuer’s residence, controls apply to the purchase of national or foreign securities by investment funds in variable-income and debt instruments, whether on their own or on behalf of their clients.

The investment in securities and derivative financial instruments related to the same financial institution may not exceed 40% of the NAV of the investment fund. The amount of investments in financial institutions that individually constitute more than 15% of the NAV of the investment fund may not exceed, jointly, the 60% of the NAV. Both percentages are subject to the exceptions outlined in the respective articles.

Investment funds must maintain at all times a minimum percentage of easily collectible securities and values with term up to three months, according to the objective, investment prospect, and stock trading policies outlined in their information disclosure to the investment markets.

The percentage must be noted in the information disclosure. For the purposes of this disposition, easily collectible securities are those that represent up to 50% of the volume of daily operation in the market under consideration, by issuer, type of security, or series, corresponding to the average of the last 60 labor days of operation. This requirement is equally applicable to the investments in

| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | Yes. |
derivative financial instruments quoted at the stock market.

Currency-matching regulations on assets/liabilities composition No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification
Free floating

03/09/2020 The Foreign Exchange Commission announced an increase to the foreign exchange hedging program, authorizing up to US$30 billion (previously US$20 billion) of non-deliverable forwards.

03/12/2020 The Foreign Exchange Commission conducted an auction of US$2 billion through non-deliverable forwards.

03/18/2020 The Foreign Exchange Commission conducted an auction of US$2 billion through non-deliverable forwards.

03/19/2020 The Banco de México announced a temporary US dollar liquidity swap line established with the Federal Reserve valid through September 30, 2020 for up to US$60 billion.

04/01/2020 As announced on March 30, 2020, the Foreign Exchange Commission conducted the first auction for up to US$5 billion with a maturity of 84 days, under the temporary US dollar liquidity swap line established with the Federal Reserve.

04/06/2020 As announced on April 2, 2020, the Foreign Exchange Commission conducted the second auction for up to US$5 billion with a maturity of 84 days, under the temporary US dollar liquidity swap line established with the Federal Reserve.

04/21/2020 The Foreign Exchange Commission announced that it added to its toolkit the possibility of selling non-deliverable forwards settled by differences in US dollars with international counterparties, to be traded during hours when Mexican markets are closed.

06/24/2020 As announced on June 22, 2020, the Foreign Exchange Commission conducted an auction for US$7 billion with a maturity of 84 days, under the temporary US dollar liquidity swap line established with the Federal Reserve.

06/29/2020 As announced on June 22, 2020, the Foreign Exchange Commission conducted an auction for US$4 billion with a maturity of 84 days, under the temporary US dollar liquidity swap line established with the Federal Reserve.

07/29/2020 The Banco de México announced an extension of the US dollar liquidity swap line established with the Federal Reserve through March 31, 2021 (previously valid through September 30, 2020) for up to US$60 billion.

Foreign exchange market

Spot exchange market

Operated by the central bank

Auction

03/09/2020 The Foreign Exchange Commission announced an increase to the foreign exchange hedging program, authorizing up to US$30 billion (previously US$20 billion) of non-deliverable forwards.

03/12/2020 The Foreign Exchange Commission conducted an auction of US$2 billion through non-deliverable forwards.

03/18/2020 The Foreign Exchange Commission conducted an auction of US$2 billion through non-deliverable forwards.

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**04/01/2020**
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### Imports and Import Payments

**Import licenses and other nontariff measures**

**Positive list**

**02/22/2019**
The agreement that establishes the classification and codification of Hydrocarbons and Petroleum Products whose import and export are subject to Prior Permission by the Ministry of Economy was modified, to adjust the requirements to get a Prior Permission for the import or export of these products.

**01/31/2020**
The Agreement that establishes the classification and codification of merchandise and products whose import, export, entry, or exit is subject to sanitary regulation by the Ministry of Health was modified, to subject various fish and crustaceans, mollusks and other aquatic invertebrates, as well as organic chemicals to regulation.

**02/04/2020**
The Agreement that establishes the classification and codification of merchandise and products whose import and export are subject to regulation by the agencies that conform to the Inter-ministerial Commission for the Use and Process Control of Pesticides, Fertilizers, and Toxic Substances was modified, to subject diverse organic chemical products and products of the chemical industries to regulation.

**Negative list**

**11/06/2019**
The Law on General Import and Export Tariff was modified, creating 19 tariff items identified as pesticides, of which 17 are forbidden because they have been identified as high hazardous chemicals under the Stockholm Convention on Persistent Organic Pollutants and by the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

**02/19/2020**
The Law on General Import and Export Tariff was modified, which prohibits the import and export of electronic cigarettes and vaporizing devices with similar uses, as well as their cartridges and accessories.

**Import taxes and/or tariffs**

**03/25/2019**
The imposition of import duties of 15% was extended for 180 days for 186 tariff items in the steel sector, dating from June 5, 2019.
A temporary import tariff was established for 180 days on various tariff items in the textile-clothing and footwear sector.

Eighty-two tariff items were created for the steel sector.

Twenty-one tariff items were eliminated for the steel sector.

A 180-day import tariff was established for three tariff items related to the steel sector.

A tariff reduction program was established for the clothing and footwear sector, which means temporarily establishing the import tariff of 317 tariff items at levels of 25% and 30% until 2024, the year in which they will return to their MFN level.

**Exports and Export Proceeds**

**Export licenses**

**Without quotas**

02/22/2019 The agreement that establishes the classification and codification of Hydrocarbons and Petroleum Products whose import and export are subject to Prior Permission by the Ministry of Energy was modified, to adjust the requirements to get a Prior Permission for the import or export of these products.

12/09/2019 The Agreement by which the Ministry of Economy issues general rules and criteria in Foreign Trade matters was modified, to publicize the modifications applicable to prior import and export permissions and the procedure to request tomato export notice.

01/31/2020 The Agreement that establishes the classification and codification of merchandise and products whose import, export, entry, or exit is subject to sanitary regulation by the Ministry of Health was modified. The modification implies adding merchandise to those already regulated. The modification does not imply qualitative changes in the regulation.

02/04/2020 The Agreement that establishes the classification and codification of merchandise and products whose import and export are subject to regulation by the agencies that conform to the Inter-ministerial Commission for the Use and Process Control of Pesticides, Fertilizers, and Toxic Substances was modified. Derived from the creation and modification of tariff lines for chemical products, goods were added for better identification, and those already regulated, which underwent changes, were updated. The modification does not imply qualitative changes in the regulation. The agreement that establishes the classification and codification of petroleum and petroleum by-products determines imports and exports are subject to prior approval by the Ministry of Energy.
MICRONESIA

(Status as of June 30, 2020)

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>June 24, 1993.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 24, 1993.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

**Exchange Measures**

- **Restrictions and/or multiple currency practices**: No.
- **Exchange measures imposed for security reasons**: No.
- **In accordance with IMF Executive Board Decision No. 144-(52/51)**: No.
- **Other security restrictions**: No.

**References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

- **Currency**: Yes. The currency of Micronesia is the US dollar.
- **Other legal tender**: No.

**Exchange rate structure**

- **Unitary**: Yes.
- **Dual**: (Not applicable)
- **Multiple**: (Not applicable)

**Classification**

- **No separate legal tender**: Yes. The exchange rate arrangement is an exchange arrangement with no separate legal tender. The currency of Micronesia is the US dollar. The authorities do not buy or sell foreign exchange.
Free floating

**Official exchange rate**  No.

**Monetary policy framework**

Exchange rate anchor  Yes.

- **U.S. dollar**  Yes.  The US dollar is legal tender and circulates freely in Micronesia.
- **Euro**
- **Composite**
- **Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

- Government
- Central Bank
  - *Monetary Policy Committee*
  - *Central Bank Board*
  - **Other**
  - Government and Central Bank

**Inflation target**

- **Target number**
  - **Point target**
  - **Target with tolerance band**
    - **Band/Range**
- **Target measure**
  - **CPI**
  - **Core inflation**
- **Target horizon**

**Operating target (policy rate)**

- **Policy rate**
- **Target corridor band**
- **Other**

**Accountability**

- **Open letter**
Foreign exchange transactions are limited or infrequent and handled or transacted by a foreign commercial bank in the Federated States of Micronesia (FSM). There were about 50–100 foreign currency exchange transactions in 2019. The two commercial banks in the FSM are insured by the U.S. Federal Deposit Insurance Corporation. The foreign banks only accept limited foreign currencies in exchange for US dollar at foreign exchange rates. The absence of a domestic currency and a monetary authority—a CB—somewhat constrains the ability of the local authorities to regulate the scope of foreign exchange activities in the country. There are no foreign exchange bureaus in the country.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

No.

Controls on the use of domestic currency

No.

For current transactions and payments

No.
MICRONESIA

For capital transactions
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.

Use of foreign exchange among residents No.

Payments arrangements
Bilateral payments arrangements No.
Operative No.
Inoperative No.

Regional arrangements Yes. Micronesia participates in PACER and PICTA.

Clearing agreements No.
Barter agreements and open accounts No.

Administration of control

Payments arrears
Official No.
Private No.

Controls on trade in gold (coins and/or bullion)
On domestic ownership and/or trade No.
On external trade No.

Controls on exports and imports of banknotes
On exports No.

Domestic currency No.
Foreign currency No.

On imports

Domestic currency No.
Foreign currency No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted
No. Domestic currency is US dollar, and accounts reflect value in US dollar.

Held domestically
No. The domestic currency is US dollar and can be transferred abroad in US dollar.
<table>
<thead>
<tr>
<th>Approval required</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Nonresident Accounts**

| Foreign exchange accounts permitted | Yes. | This is allowed after certain due diligence standards are met. |
| Approval required | No. |
| Domestic currency accounts | Yes. | This is allowed after certain due diligence standards are met. |
| Convertible into foreign currency | No. | Transfer by a domestic bank must be made in US dollar, and conversion can be done by the recipient bank in a foreign country. |
| Approval required | Yes. |
| Blocked accounts | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange licenses | No. |
| Other | No. |
| Import licenses and other nontariff measures | Yes. | Importers must obtain a business license. |
| Positive list | No. |
| Negative list | Yes. | Imports of certain products are prohibited for environmental, health, safety, or social reasons. |
| Open general licenses | No. |
Licenses with quotas
No.

Other nontariff measures
No.

Import taxes and/or tariffs
Yes. The following tariffs and specific duties apply: (1) cigarettes, US $0.05 a cigarette; (2) beverages with fruit juice content of 25% or more by volume, 3%; (3) beer and malt beverages, US$0.25 for every 12 fluid ounces; distilled alcoholic beverages, US$12 a gallon; (4) wine, 30%; (5) imported fresh and frozen fish and seafood, 25%; (6) laundry bar soap, 25%; (7) tobacco products other than cigarettes, 50%; (8) perfume, cosmetics, and toiletries, 25%; (9) foodstuffs for human consumption, 3%; (10) gasoline and diesel fuel, US$0.05 a gallon; and (11) all other imported products, except those specified above at the rate of 4%. The ad valorem duties are based on the c.i.f. value of the goods.

Taxes collected through the exchange system
No.

State import monopoly
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Financing requirements
No.

Documentation requirements
Yes.

Letters of credit
n.r.

Guarantees
n.r.

Domiciliation
n.r.

Preshipment inspection
Yes. The Department of Health, Education and Social Affairs conducts pre-shipment inspection of foodstuffs.

Other
No.

Export licenses
No. Exports are not subject to licensing requirements, taxes, or quantitative restrictions. Purchases and exports of copra are conducted solely by the FSM Petroleum Corporation.

Without quotas
No.

With quotas
No.

Export taxes
No.

Collected through the exchange system
No.

Other export taxes
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Payments for Invisible Transactions and Current Transfers

| Category                                    | Controls on these transfers | Trade-related payments | Prior approval | Quantitative limits | Indicative limits/bona fide test | Investment-related payments | Prior approval | Quantitative limits | Indicative limits/bona fide test | Payments for travel | Prior approval | Quantitative limits | Indicative limits/bona fide test | Personal payments | Prior approval | Quantitative limits | Indicative limits/bona fide test | Foreign workers' wages | Prior approval | Quantitative limits | Indicative limits/bona fide test | Credit card use abroad | Prior approval | Quantitative limits | Indicative limits/bona fide test | Other payments | Prior approval | Quantitative limits | Indicative limits/bona fide test |
|---------------------------------------------|-----------------------------|------------------------|----------------|-------------------|--------------------------|-------------------------------|----------------|-------------------|--------------------------|---------------------|----------------|-------------------|--------------------------|----------------|----------------|-------------------|--------------------------|----------------|-------------------|--------------------------|----------------|----------------|-------------------|--------------------------|

**References to legal instruments and hyperlinks**

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### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Restrictions on use of funds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

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### Capital Transactions

#### Controls on capital transactions

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

#### Controls on capital and money market instruments

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>n.r.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.r.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>n.r.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>n.r.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>n.r.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.r.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>n.r.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign investors must obtain an application from the federal government and submit it for review and action to the Foreign Investment Board of the state in which the business will be located. They must also obtain a license from the federal government to engage in business or to acquire an interest in a business in Micronesia. If a foreign investor wishes to conduct business in more than one state, an application for each state must be obtained from the federal government and submitted to the Foreign Investment Board of each state in which the business will be located and operated. Priorities for foreign investment are reviewed from time to time by the federal and state authorities.</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>By FSM Constitution, no foreign person may own land in the FSM.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign investment in the real estate and construction sectors is prohibited in accordance with the laws prohibiting land ownership by foreigners. Foreign investors typically obtain long-term leases</td>
<td></td>
</tr>
</tbody>
</table>
Sale locally by nonresidents Yes.

Controls on personal capital transactions n.r.

Loans n.r.

By residents to nonresidents n.r.

To residents from nonresidents n.r.

Gifts, endowments, inheritances, and legacies n.r.

By residents to nonresidents n.r.

To residents from nonresidents n.r.

Settlement of debts abroad by immigrants n.r.

Transfer of assets n.r.

Transfer abroad by emigrants n.r.

Transfer into the country by immigrants n.r.

Transfer of gambling and prize earnings n.r.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) Yes. Lending to nonresidents could be allowed and treated similarly to lending to residents, provided lending is limit to no more than 20% of capital of the commercial bank. US dollar is used for lending in the country. No other currency is used for lending.

Lending locally in foreign exchange No.

Purchase of locally issued securities denominated in foreign exchange No.

Differential treatment of deposit accounts in foreign exchange Yes. May not be less than 20% of demand deposits and not less than 5% of its other deposits by a domestic bank.

Reserve requirements Yes.

Liquid asset requirements No.

Interest rate controls Yes. Interest rate control is stipulated by Usury law at no more than 21%.

Credit controls No.

Differential treatment of deposit accounts held by nonresidents No.

Reserve requirements No.

Liquid asset requirements No.

(usually up to 55 years with an option to renew for another 44 years) for land needed for their businesses.
| Requirement                                      | Status
|-------------------------------------------------|--------
| Interest rate controls                           | No.    
| Credit controls                                  | No.    
| Investment regulations                           | Yes.   
| Abroad by banks                                  | Yes.   | Domestic banks are prohibited from investing in the stock of any corporation, domestic or foreign. 
| In banks by nonresidents                         | Yes.   | No foreign person can own 10% or more in domestic bank ownership. 
| Open foreign exchange position limits            | No.    
| On resident assets and liabilities               | No.    
| On nonresident assets and liabilities            | No.    
| Provisions specific to institutional investors   | n.a.   
| Insurance companies                              | n.a.   
| Limits (max.) on securities issued by nonresidents | n.a.   
| Limits (max.) on investment portfolio held abroad | n.a.   
| Limits (min.) on investment portfolio held locally | n.a.   
| Currency-matching regulations on assets/liabilities composition | n.a.   
| Pension funds                                    | n.a.   
| Limits (max.) on securities issued by nonresidents | n.a.   
| Limits (max.) on investment portfolio held abroad | n.a.   
| Limits (min.) on investment portfolio held locally | n.a.   
| Currency-matching regulations on assets/liabilities composition | n.a.   
| Investment firms and collective investment funds | n.a.   
| Limits (max.) on securities issued by nonresidents | n.a.   
| Limits (max.) on investment portfolio held abroad | n.a.   
| Limits (min.) on investment portfolio held locally | n.a.   
| Currency-matching regulations on assets/liabilities composition | n.a.   
| References to legal instruments and hyperlinks   |        |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
## MOLDOVA

**(Position as of October 31, 2020)**

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>August 12, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Date of acceptance: June 30, 1995.</td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

- No restrictions as reported in the latest IMF staff report as of December 31, 2019.
- The Law on Prevention and Combating Money Laundering and Terrorism Financing stipulates that reporting entities must suspend transactions with respect to assets of individuals and legal entities involved in terrorism and forbids transactions with individuals and legal persons.
- In accordance with IMF Executive Board Decision No. 144-(52/51)
- Banks and other financial institutions are obliged to freeze all funds, financial assets, and other economic resources of individuals, groups, and organizations associated with terrorism, pursuant to the relevant UNSC resolutions.
- Other security restrictions | Yes. |
- The Law on Prevention and Combating Money Laundering and Terrorism Financing stipulates that reporting entities must suspend transactions with respect to assets of individuals and legal entities involved in terrorism and forbids transactions with individuals and legal persons.
- References to legal instruments and hyperlinks |
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

- The currency of the Republic of Moldova is the Moldovan leu (MDL).

### Exchange rate structure

- Unitary | Yes. |
- Dual |
- Multiple |

### Classification

- No separate legal tender |
- Currency board |
- Conventional peg |
- Stabilized arrangement |
- Crawling peg
The de jure and de facto exchange rate arrangements are classified as floating. The NBM intervenes in the domestic foreign exchange interbank market to smooth out sharp exchange rate fluctuations of MDL against the US dollar. Sharp fluctuations are not specifically defined. However, the NBM intervenes based on market conditions and future expectations of market participants. These interventions do not aim to change the trend of the exchange rate determined by the market. The NBM intervenes directly at the market-quoted rates and publishes aggregated monthly data on its website regarding its interventions and interbank market turnover. The data shows interventions by currency and type of operation (spot or derivative).

From January 2019 through June 2020, the exchange rate of the MDL has depreciated slightly, by 0.5% against the US dollar although throughout this period there were larger swings in the exchange rate. This period can be summarized in 2 episodes of foreign exchange market pressure (q1 2019 and March–April 2020), mostly driven by subjective factors that have prompted the NBM to intervene with foreign exchange sales. Accordingly, q1 2019 was characterized by a strong foreign exchange demand given the uncertainty surrounding the parliamentary election cycle, while in March–April 2020, the foreign exchange demand has soared following the restrictions imposed by the government in response to the pandemics that have incentivized businesses to shift from MDL to foreign exchange savings and individuals to hoard foreign exchange. Following these shock episodes and given the foreign exchange market seasonality that is characterized by a foreign exchange surplus during Easter holidays through early fall, the NBM was able to intervene subsequently with seldom foreign exchange purchases.

In q1 2019, the NBM has performed net sales of US$121 million and has subsequently purchased a net amount of US$116 million by the end of 2019.

In March–April 2020, the NBM has sold US$169 million and has subsequently purchased US$47 million also because of a strong adjustment in the trade balance. Aggregate monthly data on CB’s transactions with the domestic banks is published. Data is available by gross amount, by currency, and by transaction type. Data on CB’s net foreign exchange interventions can be found in the press release on the evolution of official reserve assets, which is published by the 7th following the month for which the data is reported. The press release is available in Romanian and Russian (first hyperlink provided). More detailed data (second and third hyperlinks) is published by the 22nd following the month for which the data is reported.
Monetary policy framework

Official exchange rate is used for accounting and statistical purposes.

**Exchange rate anchor**

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

Monetary aggregate target

**Inflation-targeting framework**

Yes. The NBM defines the price stability. The NBM manages the monetary policy within the inflation-targeting framework since 2010.

**Target setting body**

Yes. The NBM establishes and implements the state monetary policy. The NBM sets the inflation target and all its attributes (type, number, band, measure, horizon, etc.).

**Government**

Yes. The NBM establishes and implements the state monetary policy. The NBM sets the inflation target and all its attributes (type, number, band, measure, horizon, etc.).

**Central Bank**

Yes. The NBM establishes and implements the state monetary policy. The NBM sets the inflation target and all its attributes (type, number, band, measure, horizon, etc.).

**Monetary Policy Committee**

Yes. The Executive Board of the NBM establishes the state monetary policy, defines the price stability, and sets the inflation target and all its attributes (type, number, band, measure, horizon, etc.).

**Central Bank Board**

Yes. The Executive Board of the NBM establishes the state monetary policy, defines the price stability, and sets the inflation target and all its attributes (type, number, band, measure, horizon, etc.).

**Other**

Yes. The Executive Board of the NBM establishes the state monetary policy, defines the price stability, and sets the inflation target and all its attributes (type, number, band, measure, horizon, etc.).

**Government and Central Bank**

Yes. The Executive Board of the NBM establishes the state monetary policy, defines the price stability, and sets the inflation target and all its attributes (type, number, band, measure, horizon, etc.).

**Inflation target**

Yes.

**Target number**

Yes.

**Point target**

Yes. The inflation target is set at 5.0% annually with a possible deviation of ±1.5 percentage points.

**Target with tolerance band**

Yes. The inflation target measure is the monthly year-on-year CPI inflation published by the National Bureau of Statistics.

**Target measure**

CPI

Yes. The inflation target measure is the monthly year-on-year CPI inflation published by the National Bureau of Statistics.

**Core inflation**

Yes. The inflation target measure is the monthly year-on-year CPI inflation published by the National Bureau of Statistics.

**Target horizon**

No. The inflation target is set for an indefinite period and should be met continuously.

**Operating target (policy rate)**

Yes. De jure, there is no operating target. De facto, the base rate, which is the key policy rate, is set, thus fully controlled, by the NBM and is the main indicator for the monetary market in the short run.

**Policy rate**

Yes. De jure, there is no operating target or interest rate target. The monetary market conditions are guided by the NBM through the base rate (key policy rate), which is set (thus fully controlled) by Executive Board and is the main indicator for the monetary market in
the short run. The base rate is the reference rate for the main short-term monetary policy operations. The base rate is applied to the monetary market main operations of the NBM to send the monetary policy signals. Effective August 6, 2020, the base rate is 3% p.a.

Effective August 6, 2020, deposit and lending facility interest rates are 0.5% p.a. and 5.5% p.a., respectively.

De jure, there is no interest rate target corridor. The standing facilities determine the corridor of the interest rates on the monetary market in the short run. The interest rates on standing facilities (overnight deposits and credits) define the corridor of NBM rates.

The NBM is responsible to parliament.

Effective May 14, 2020, National Bank must submit to the parliament in a plenary session, by June 1, a report that includes information on:
- activity and its operations for the concluded financial year;
- economic situation of the State.

Effective August 7, 2019, the NBM resumed publishing votes of members of the Executive Board at monetary policy meetings in the Inflation Report (starting with the Executive Board meeting on February 6, 2019, published in the Inflation Report on August 7, 2019). In this respect, the vote count is published six months after the decision was made. Previously, the publication of votes was stopped since December 29, 2016.

The NBM publishes the Inflation Report quarterly to evaluate the efficiency of the monetary policy, which will include an analysis of the macroeconomic situation, a forecast for medium-term (two years) inflation, as well as the analysis of the risks regarding the future achievement of the quantitative target.

The inflation forecast is published on the home page of the NBM official website.

Foreign exchange purchased by individuals against cash at licensed banks or at foreign exchange offices is subject to a tax of 0.1%. Receipts from this tax are used for domestic social services.
<table>
<thead>
<tr>
<th>Foreign exchange market</th>
<th>Yes.</th>
<th>According to the Law on Foreign Exchange Regulation, licensed banks and foreign exchange entities may freely determine their bid-ask spreads on foreign exchange purchases and sales as well as their commissions for operations with clients.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
<td>Licensed banks and foreign exchange entities are the authorized participants in the domestic foreign exchange market. Foreign exchange entities include foreign exchange offices, hotels, and licensed banks. As of December 31, 2019, there were 11 licensed banks, 382 licensed foreign exchange offices (including their 72 branches), 9 licensed hotels, and 721 licensed bank foreign exchange bureaus. As of December 31, 2019, 1 currency exchange machine was installed by a foreign exchange office. As of June 30, 2020, there were 11 licensed banks, 372 licensed foreign exchange offices (including their 71 branches), 9 licensed hotels, and 713 licensed bank foreign exchange bureaus. As of June 30, 2020, 13 currency exchange machines were installed by foreign exchange entities (including 12 by licensed banks and 1 by a foreign exchange office). Licensed banks may buy from and sell to residents and nonresidents any currency (intrabank market). Foreign exchange entities may buy from and sell to individuals (residents and nonresidents) any currency. Licensed banks and foreign exchange entities may set their foreign exchange buying and selling rates. According to the Law on Foreign Exchange Regulation, a foreign exchange office is a resident legal entity that performs only one type of activity in Moldova—that is, cash purchases and sales with individuals in lei and foreign currency and traveler’s check in foreign currency. Such entities may not make payments and transfers in foreign currency on behalf of their clients. Foreign exchange offices may have accounts abroad under the same conditions as other resident legal entities. Hotels’ foreign exchange bureaus may only purchase individuals’ foreign currency cash or traveler’s checks against lei. Currency exchange operations may be performed by individuals via currency exchange machines installed by the foreign exchange entities. Foreign exchange offices cannot make foreign exchange transactions directly with the CB.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>Yes.</td>
<td>The Moldovan foreign exchange market is decentralized.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Auction</td>
<td>Yes.</td>
<td>The NBM conducts interbank foreign exchange auctions (in the form of multiple price auctions) for purchases and sales of foreign currency against lei between the NBM and licensed banks through a common trading platform (based on Bloomberg). The NBM notifies the licensed banks about the auction by sending an announcement message through the common trading platform at the latest 30 minutes before the start of the auction. The announcement message contains among other information the amount of foreign currency proposed by the NBM to be sold or bought. The frequency of the auction is not regulated. Licensed commercial banks are eligible to participate. Only one bid a participating bank is permitted, with a minimum amount of 100,000 units of the traded foreign currency. Auction participants are not required to finance specific international transactions with the foreign exchange obtained at the auction. The results are disclosed to the participating banks within one hour of the end of the auction. In case of default of the auction participants, the NBM may apply the penalties for the late payment to the respective bank according to the Agreement on the Interbank Foreign Exchange Market in the Republic of Moldova.</td>
</tr>
</tbody>
</table>
Currently, 11 licensed banks participate in the domestic foreign exchange interbank market, under the Agreement on the Interbank Foreign Exchange Market in the Republic of Moldova. The Law on Foreign Exchange Regulation allows licensed banks to set bid and ask rates for their foreign exchange transactions. Under the Agreement on the Interbank Foreign Exchange Market in the Republic of Moldova, (1) spreads (difference between the bid and ask rates) may be determined by the quoting party and (2) banks may not charge fees on foreign exchange transactions in the domestic interbank market. The Law on Payment Services and Electronic Money allows resident nonbank payment service providers and electronic money institutions to perform foreign currency exchange transactions closely related to the electronic money issuance or to the provision of payment services. Under the Law on Capital Markets, resident investment firms may perform foreign exchange buying and selling transactions related to the provision of investment services. The NBM intervenes directly with market participants at their quoted rates.

As of end of 2019, 11 banks participated in the interbank market.

The interbank market operates over the counter.

Transactions with these instruments were allowed starting with March 23, 1998, when the first Agreement on Interbank Foreign Exchange Market in the Republic of Moldova was signed.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

Payments and transfers in foreign currency in Moldova may be performed only in the cases specified by law. Payments and transfers to or from foreign countries may be performed in domestic or foreign currency, except when, in accordance with international treaties, payments and transfers must be in foreign currency or convertible foreign currency.

**Controls on the use of domestic currency**

Payments and transfers in Moldova between residents and nonresidents may be freely conducted in domestic currency. To facilitate noncash payments and transfers by legal entities, the use of cash in domestic currency between residents and nonresidents is limited.

**For current transactions and payments**

Provisions of Article 5 of the Law on Foreign Exchange Regulation governing international current transactions in foreign currency also apply to those effected with domestic currency. Payments and transfers in Moldova between residents and nonresidents may be freely conducted in domestic currency. Payments and transfers to or from foreign countries may be performed in domestic or foreign currency, except when, in accordance with international treaties, payments and transfers must be in foreign currency or convertible foreign currency. To facilitate noncash payments and transfers by legal entities, the use of cash in domestic currency between residents and nonresidents may be determined by the quoting party.
and nonresidents is limited.

**For capital transactions**  Yes.  
Provisions of Articles 6–16 and 28–34 of the Law on Foreign Exchange Regulation governing international capital transactions in foreign currency also apply to those effected with domestic currency, except for some regulations on exports and imports of cash.

**Transactions in capital and money market instruments**  Yes.  
Provisions of the Law on Foreign Exchange Regulation governing international capital transactions, as described in Section XI.A.2. of this report, in foreign currency also apply to those effected with domestic currency. Payments and transfers in Moldova between residents and nonresidents may be freely conducted in domestic currency. Payments and transfers to or from foreign countries may be performed in domestic or foreign currency, except when, in accordance with international treaties, payments and transfers must be in foreign currency or convertible foreign currency. To facilitate noncash payments and transfers by legal entities, the use of cash in domestic currency between residents and nonresidents is limited.

**Transactions in derivatives and other instruments**  Yes.  
Provisions of the Law on Foreign Exchange Regulation governing international capital transactions, as described in Section XI.A.3. of this report, in foreign currency also apply to those effected with domestic currency. Payments and transfers in Moldova between residents and nonresidents may be freely conducted in domestic currency. Payments and transfers to or from foreign countries may be performed in domestic or foreign currency, except when, in accordance with international treaties, payments and transfers must be in foreign currency or convertible foreign currency. To facilitate noncash payments and transfers by legal entities, the use of cash in domestic currency between residents and nonresidents is limited.

**Credit operations**  Yes.  
Provisions of the Law on Foreign Exchange Regulation governing international capital transactions, as described in Section XI.A.4. of this report, in foreign currency also apply to those effected with domestic currency. Payments and transfers in Moldova between residents and nonresidents may be freely conducted in domestic currency. Payments and transfers to or from foreign countries may be performed in domestic or foreign currency, except when, in accordance with international treaties, payments and transfers must be in foreign currency or convertible foreign currency. To facilitate noncash payments and transfers by legal entities, the use of cash in domestic currency between residents and nonresidents is limited.

**Use of foreign exchange among residents**  Yes.  
The use of foreign currency among residents is allowed only in cases stipulated in Articles 21 and 22 of the Law on Foreign Exchange Regulation and other relevant laws.

**Payments arrangements**  Yes.  

**Bilateral payments arrangements**  Yes.  

**Operative**  Yes.  
There are several bilateral agreements for the promotion of investment and trade development that include provisions on payments between the signatories, including with Romania, and negotiations are under way with Turkey.

**Inoperative**  No.  

**Regional arrangements**  Yes.  
The regional trade agreements in which the Republic of Moldova takes part offer a preferential trade regime by eliminating import duties as well as other tariff and nontariff barriers. The Republic of Moldova signed the following FTAs: Association Agreement and Deep and Comprehensive Free Trade Area with EU, FTA with CIS countries, FTA with CEFTA countries, and FTA with the Republic of Turkey. The Republic of Moldova also benefits from unilateral trade
preferences offered under the GSP signed with Canada, EU, Japan, Norway, Switzerland, and the United States.

Clearing agreements No.
Barter agreements and open accounts No.
Administration of control Yes. The NBM is responsible for (1) formulating and implementing the government monetary and foreign exchange policy, (2) establishing the exchange rate regime of the leu, (3) holding and managing the country’s foreign exchange reserves, (4) licensing foreign exchange offices and hotels for cash currency exchange activity with individuals, (5) approving foreign exchange operations that are subject to authorization under the Law on Foreign Exchange Regulation, and (6) exercising control over agents of foreign exchange control. According to the Law on Regulation of Repatriation of Funds, Goods, and Services Obtained from External Economic Transactions, control over the repatriation of funds, goods, and services is exercised by fiscal authorities, who verify repatriation through on-site inspections of legal entities’ economic activities. The Law on Foreign Exchange Regulation specifies the authorities and agents of foreign exchange control and the scope of their authority. The authorities of foreign exchange control are the NBM, customs authorities, financial inspection/control bodies, the Ministry of Finance and State Tax Services, National Commission for Financial Markets (NCFM), Office for Prevention and Fight Against Money Laundering, and Court of Accounts. The agents of foreign exchange control are:
- licensed banks;
- foreign exchange offices;
- hotels with NBM licenses for cash currency exchange activity with individuals;
- resident legal entities authorized to handle the exchange of postal money orders;
- resident nonbank payment services providers; and
- resident electronic money issuers in connection with the issuance of electronic money and providing payment services related to the issuance of electronic money.

The foreign exchange control authorities exercise control within the limits of their authority. Foreign exchange control agents exercise control over payments and transfers in foreign exchange operations carried out by residents and nonresidents through such agents.

Payments arrears No.
Official No.
Private No.
Controls on trade in gold (coins and/or bullion) Yes. Regulated by the Law No. 282 of July 22, 2004, on Precious Metals and Precious Stones.

Entrepreneurial activity in the field of precious metals and stones is carried out based on licenses issued by the Public Services Agency. Since the July 2010 dissolution of the State Depository of Valuables, the valuables in the State Fund of Precious Metals and Precious Stones have been transmitted to various authorities (for example, NBM, Ministry of Education, Culture and Research). Secondhand stores and pawnshops may not purchase or accept for storage or as collateral precious metal bullion or precious metal coins. Pawnshops do not have the right to receive the following: foreign currency; valuable papers;
objects that do not belong to private individuals; real estate; antique objects or other old objects; coins of precious metals; metals and precious stones, which are raw material, waste, or objects for technical and production purposes; means of transport (excluding bicycles and mopeds); waste and scrap containing precious metals extracted from the machine when scrapped.

Under the Law on the Precious Metals and Stones Regime, legal entities and individuals are entitled to hold objects of precious metals.

**On external trade**

Yes. A license from the Public Services Agency is required, which allows imports and exports of precious metals and stones.

**Controls on exports and imports of banknotes**

Yes. Imports and exports of foreign exchange values (cash in foreign and domestic currency, materialized securities, payment instruments in foreign and domestic currency) are regulated by the Law on Foreign Exchange Regulation. Imports and exports of coins containing precious metals are governed by the legislation regulating precious metals and articles thereof. If both cash (domestic and foreign currency) and traveler’s checks in foreign currency are imported or exported, the limits of €10,000 and €50,000 (including for declaration) specified below apply to the total amount imported or exported. If securities and payment instruments in both domestic and foreign currency (other than traveler’s checks) are imported or exported, the declaration limit of €10,000 indicated below applies to the total amount imported or exported.

**On exports**

Yes. Fees for customs procedures are not charged on exports of domestic currency and foreign currency in cash from Moldova by commercial banks and the NBM.

**Domestic currency**

Yes. Nonresident banks and licensed banks may export domestic currency cash with NBM approval. Exportation by nonresident banks and licensed banks of domestic currency cash in an amount not exceeding MDL 100,000 does not require the NBM approval. Exports by licensed banks and other resident legal entities of domestic currency banknotes and coins to be used to test currency-processing machines also do not require NBM approval. Once the test is completed, but no later than six months from the date of exportation, the cash must be returned. Exports of banknotes and coins by licensed banks and nonresident banks must be declared in writing to customs. Resident and nonresident individuals may export, when departing Moldova, domestic currency cash (1) in amounts not exceeding €10,000 or its equivalent an individual a trip without submission of supporting documentation to customs authorities and (2) between €10,000 and €50,000 or the equivalent an individual a trip with written declaration and submission to customs of the following supporting documents for the amount exceeding €10,000 or its equivalent: (a) customs documents confirming the importation of currency and/or (b) export permission from a licensed bank or the NBM. Individuals may not export domestic currency cash in unaccompanied luggage. Resident and nonresident legal entities may export cash in domestic currency in cases stipulated by the Law on Foreign Exchange Regulation via their official representatives. In case of exports of cash in domestic currency by individuals who are also representatives of legal entities, the requirements (including declaration) established for individuals apply for the total amount of exported funds, except when customs legislation allows exceptions for certain categories of individuals and legal entities. Residents and nonresidents may export securities and payment instruments in...
domestic currency without limit, subject to declaration in written form to customs as follows: (1) by licensed banks and nonresident banks, regardless of the amount of exported securities and payment instruments, and (2) by individuals and official representatives of legal entities, if the total amount of exported securities and payment instruments exceeds the equivalent of €10,000 an individual a trip, except when customs legislation allows exceptions for certain categories of individuals and legal entities. Payment cards are excluded from the definition of payment instruments of the Law on Foreign Exchange Regulation.

Foreign currency  Yes.

Licensed banks and nonresident banks may export foreign currency cash without NBM approval. Licensed banks and nonresident banks may export traveler’s checks in foreign currency without NBM approval. Exports of banknotes, coins, and traveler’s checks by licensed banks and nonresident banks must be declared in written form to customs. Resident and nonresident individuals may export when departing Moldova foreign currency cash and traveler’s checks in foreign currency (1) up to €10,000 or its equivalent an individual a trip without submission of supporting documentation to customs authorities and (2) between €10,000 and €50,000 or the equivalent an individual a trip by written declaration and submission to the customs authorities of the following supporting documents for the amount exceeding €10,000 or its equivalent: (a) customs documents confirming the importation of currency into Moldova and/or (b) export permission issued by a licensed bank or the NBM. Individuals may not export foreign currency cash and traveler’s checks in foreign currency in unaccompanied luggage. Resident and nonresident legal entities may export cash in foreign currency and traveler’s checks in foreign currency in cases stipulated by the Law on Foreign Exchange Regulation (for example, exports of cash by employees for business trip expenses abroad) via their official representatives. In case of exports of cash in foreign currency and traveler’s checks in foreign currency by individuals who are also representatives of legal entities, the requirements (including declaration) established for individuals are applied for the total amount of the funds exported, except when customs legislation allows exceptions for certain categories of individuals and legal entities. Residents and nonresidents may export securities and payment instruments other than traveler’s checks in foreign currency without limit, subject to declaration in written form to customs as follows: (1) by licensed banks and nonresident banks, regardless of the amount of exported securities and payment instruments, and (2) by individuals and by official representatives of legal entities, if the total amount of exported securities and payment instruments exceeds €10,000 or its equivalent an individual a trip, except when customs legislation allows exceptions for certain categories of individuals and legal entities. Payment cards are excluded from the definition of payment instruments of the Law on Foreign Exchange Regulation.

On imports  Yes.

Fees for customs procedures and customs duties are not charged on imports of domestic currency and foreign currency in cash to Moldova by commercial banks and the NBM. Only the NBM is exempted from the VAT on import of domestic currency and foreign currency in cash to Moldova.

Domestic currency  Yes.

Nonresident banks and licensed banks may import cash in domestic currency with NBM approval. Importation by nonresident banks and licensed banks of domestic currency cash in an amount not exceeding MDL 100,000 does not require the NBM approval. The importation by licensed banks and other resident legal entities of banknotes and coins in domestic currency earlier exported to be used
to test currency-processing machines also does not require the NBM approval. Cash must be returned after the testing, but no later than six months from the date of exportation. Imports of banknotes and coins by licensed banks and nonresident banks must be declared in written form to customs. Resident and nonresident individuals may, when entering Moldova, import unlimited banknotes and coins in domestic currency, subject to declaration in written form to customs if amounts exceed the equivalent of €10,000 an individual a trip. Importation of domestic currency cash in unaccompanied luggage by an individual is not allowed. Resident and nonresident legal entities may import domestic currency cash in cases stipulated by the Law on Foreign Exchange Regulation (for example, imports of cash by nonresident legal entities to make payments for exports of goods and services) via their official representatives. In case of imports of cash in domestic currency by individuals who are also representatives of legal entities, the requirements (including the declaration requirement) established for individuals are applied for the total amount of the funds imported, except when customs legislation allows exceptions for certain categories of individuals and legal entities. Residents and nonresidents may import securities and payment instruments in domestic currency without limit, subject to declaration in written form to the customs authorities as follows: (1) by licensed banks and nonresident banks, regardless of the amount of imported securities and payment instruments, and (2) by individuals and by official representatives of legal entities, if the total amount of imported securities and payment instruments exceeds the equivalent of €10,000 an individual a trip, except when customs legislation allows exceptions for certain categories of individuals and legal entities. Payment cards are excluded from the definition of payment instruments of the Law on Foreign Exchange Regulation.

Foreign currency

Yes.

Importation of foreign currency cash as well as traveler’s checks in foreign currency by licensed banks and nonresident banks may be made without NBM approval. Banknotes, coins, and traveler’s checks in foreign currency imported by licensed banks and nonresident banks must be declared to customs in writing. Resident and nonresident individuals, when entering Moldova, may import unlimited banknotes, coins, and traveler’s checks in foreign currency, subject to declaration in written form to the customs authorities if amounts exceed €10,000 or its equivalent an individual a trip. Individuals may not import foreign currency cash and traveler’s checks denominated in foreign currency in unaccompanied luggage. Resident and nonresident legal entities may import foreign currency cash and traveler’s checks in foreign currency in cases stipulated by the Law on Foreign Exchange Regulation (for example, imports of cash by nonresident legal entities to make payments for exports of goods and services) via their official representatives. In cases of importation of cash in foreign currency and traveler’s checks in foreign currency by individuals who are also representatives of legal entities, the requirements (including declaration) established for individuals are applied for the total amount of the funds imported, except when customs legislation allows exceptions for certain categories of individuals and legal entities. Residents and nonresidents may import securities and payment instruments other than traveler’s checks in foreign currency without limit, subject to declaration in written form to the customs authorities as follows: (1) by licensed banks and nonresident banks, regardless of the amount of imported securities and payment instruments, and (2) by individuals and by official representatives of legal entities, if the total amount of imported securities and payment instruments exceeds €10,000 or its equivalent an individual a trip, except when customs legislation
allows exceptions for certain categories of individuals and legal entities. Payment cards are excluded from the definition of payment instruments of the Law on Foreign Exchange Regulation.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes. Residents may perform foreign exchange operations in cash, in cashless form or with payment instruments, including through foreign and domestic currency accounts and by using traveler’s checks as specified in legislation.

Held domestically Yes. Resident legal entities and individuals may freely open accounts in any foreign currency with licensed banks. Residents’ foreign exchange accounts may be credited with foreign exchange purchased locally or received from abroad or from other legal sources. Residents may freely sell to licensed banks foreign currency from their accounts. Resident account holders may use foreign exchange in their accounts to make payments and transfers according to the legislation, including – with NBM approval – for transactions that are subject to such approval under the Law on Foreign Exchange Regulation. There are no restrictions on the use of funds for current international transactions. Domestic transactions must be settled in domestic currency, except as specified by law. Foreign currency earnings of resident legal entities must be deposited at licensed banks. Payments and transfers by resident legal entities must take place through noncash transfers, unless explicitly stipulated by law. Cash deposits to and withdrawals from resident individuals’ foreign exchange accounts are not restricted. Resident legal entities and individuals may open payment accounts in foreign currency with resident nonbank payment service providers, except for payment accounts related to the issuance of electronic money (that may be opened in domestic currency only). These accounts in foreign currency are for payments only and are subject to the foreign exchange legislation. Resident nonbank payment service providers may carry out foreign currency exchange transactions closely related to the electronic money issuance or to the provision of payment services.

Approval required Yes. Residents are allowed to open domestic foreign exchange accounts without NBM approval. Since July 1, 2016, the right of MOF to grant approvals to public institutions for opening of bank accounts was withdrawn. Thus, it is forbidden for budgetary authorities/institutions to open bank accounts for making operations through financial institutions.

Held abroad Yes. Law No. 94 of May 13, 2016, on amending and supplementing of the Law on Foreign Exchange Regulation introduced express provisions related to the nonbank payment service providers and accounts opened with them. If accounts to be opened with financial institutions abroad by residents are subject to NBM approval, these accounts may be opened with such approval. NBM approval specifies allowable operations for these accounts and may specify balance limits, fund maintenance periods, and other conditions. If resident accounts opened with financial institutions abroad do not require NBM approval, payments and transfers through these accounts must comply with foreign exchange legislation, including NBM approval for certain operations under the Law on Foreign Exchange Regulation. Residents may open payment accounts with nonresident payment service providers. Funds from resident accounts abroad may be freely transferred to Moldova.

Approval required Yes. NBM approval is required for all residents to hold accounts opened abroad.
Accounts in domestic currency held abroad

Yes.

Law No. 94 of May 13, 2016, on amending and supplementing of the Law on Foreign Exchange Regulation introduced express provisions related to the nonbank payment service providers and accounts opened with them. NBM approval is required for all residents to hold accounts opened with financial institutions abroad, with the following exceptions: (1) resident individuals during their temporary stay abroad; (2) residents making direct investments and real estate investments abroad, if the opening of such accounts by investors (in their own name) is compulsory under the laws of the country where the investments are made; (3) resident public institutions; (4) licensed banks, in their own name, if required for their financial activities; (5) resident legal entities in the name of their representative office for the office’s activity; (6) residents opening accounts related to guarantee deposit if the guarantee amount does not exceed €10,000 (or its equivalent); (7) residents opening accounts aimed at performing operations related to loans/credits/guarantees from nonresidents, if the amount of a loan/credit/guarantee does not exceed €10,000 (or its equivalent). Residents may open payment accounts with nonresident payment service providers.

Accounts in domestic currency convertible into foreign currency

Yes.

Funds in leu-denominated accounts of resident individuals and legal entities with licensed banks may be freely converted through those banks to foreign exchange for any lawful purpose. Licensed banks may purchase foreign currency against domestic currency without restriction. The Law on Payment Services and Electronic Money allows resident nonbank payment service providers to carry out foreign currency exchange transactions closely related to the electronic money issuance or to the provision of payment services, which are subject to provisions of the foreign exchange legislation.

Nonresident Accounts

Nonresident individuals and legal entities may freely open with licensed banks accounts in any foreign currency. These accounts may be credited with funds from abroad, through purchases in the domestic foreign exchange market, and from other legal sources. Nonresidents with foreign exchange accounts at licensed banks in Moldova are permitted to transfer the balances from these accounts abroad or sell them in the foreign exchange market through licensed banks without restriction. Balances from these accounts may also be used for other operations as specified by law. Payments and transfers in Moldova between residents and nonresidents and between nonresidents may take place in domestic and foreign currency, except as indicated by law. Payments and transfers to and from the accounts of nonresident legal entities must take place through noncash
transfers, unless explicitly allowed by law. Cash may be deposited in and withdrawn from nonresident individuals’ foreign exchange accounts without restriction. The law specifies the foreign exchange operations, including deposits in and withdrawals from accounts in foreign and domestic currency, which nonresidents may perform in cash or using payment instruments. Nonresident legal entities and individuals may open payment accounts in foreign currency with resident nonbank payment service providers, except for payment accounts related to the issuance of electronic money (that may be opened in domestic currency only). These accounts in foreign currency are for payments only and are subject to the foreign exchange legislation. Resident nonbank payment service providers may carry out foreign currency exchange transactions closely related to the electronic money issuance or to the provision of payment services.

Approval required

<table>
<thead>
<tr>
<th>Domestic currency accounts</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

Nonresident individuals and legal entities may freely open with licensed banks accounts in domestic currency. These accounts may be credited with funds obtained from the sale of foreign currency in the domestic foreign exchange market and from other legal sources. Nonresidents with leu accounts at licensed banks as well as on their payment accounts opened with resident nonbank payment services providers may transfer the balances from these accounts abroad or convert them to foreign currency in the foreign exchange market through licensed banks without restriction. Balances from these accounts may also be used for other operations according to the legislation. Payments and transfers to and from the accounts of nonresident legal entities must take place through noncash transfers, unless explicitly allowed by law. Cash may be deposited in and withdrawn from nonresident individuals’ accounts in domestic currency without restriction. The law specifies the foreign exchange operations, including deposits in and withdrawals from accounts in foreign and domestic currency, which nonresidents may perform in cash or using payment instruments. Nonresident legal entities and individuals may open payment accounts in domestic currency with resident nonbank payment service providers. These accounts are for payments only and are subject to the foreign exchange legislation. Resident nonbank payment service providers may carry out foreign currency exchange transactions closely related to the electronic money issuance or to the provision of payment services.

Balances from leu accounts of nonresidents opened with licensed banks may be converted freely to foreign currency. Resident nonbank payment service providers may carry out foreign currency exchange transactions closely related to the electronic money issuance or to the provision of payment services, which are subject to provisions of the foreign exchange legislation.

Approval required

| Blocked accounts | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

Yes.
Maximum financing requirements | No.
---|---
Advance payment requirements | Yes.

Unless stipulated otherwise by law, goods must be imported and services rendered, as a rule, no later than two years from the date of advance payment. The value of all imported goods and rendered services must equal the amount paid. If a contract is not executed, the amount of the advance payment must be repatriated to Moldova no later than two years after such advance payment. However, the length of this period may vary, depending on the type of contract.

Advance import deposits | No.

Documentation requirements for release of foreign exchange for imports | Yes.

Domiciliation requirements | No.

Preshipment inspection | No.

Letters of credit | No.

Import licenses used as exchange licenses | No.

Other | Yes.

Import payments in domestic and foreign currency in the amount exceeding EUR 10,000 (or their equivalent) each payment/transfer may be effected on submission of supporting documents to licensed banks and to resident nonbank payment service providers. To make import payments, foreign currency may be purchased from licensed banks and resident nonbank payment service providers.

Import licenses and other nontariff measures | Yes.

The following imports are subject to licensing for the purpose of consumer protection and to ensure compliance with domestic standards: dual-purpose goods and technologies, ammunition, military equipment, and special compounds for the manufacture thereof; explosive substances; nuclear products and technology; medicine, equipment for the manufacture of medicine, and medical equipment; chemicals; cultures for developing microorganisms; and stupefying or psychotropic materials and compounds for their derivation or production. Sugar imports are subject to authorization to monitor the volume of imports from countries that have signed FTAs with Moldova and are not members of the WTO (for example, Belarus) in conformity with Government Decision No. 134 of February 10, 2009. For WTO members, importation of sugar is performed on the basis of the first-in first-out principle and within the limits of tariff quotas, in conformity with Government Decision No. 114 of February 22, 2012. Sugar imports from EU members are based on a system for administration of tariff quotas that relies on the first-in first-out principle, under the registration in SIIV ASYCUDA World of the customs declaration.

The Republic of Moldova also applies preferential tariff rate quotas within FTAs, particularly within Deep and Comprehensive Free Trade Agreement (DCFTA) with EU and with Turkey.

Positive list | No.

Negative list | No.

The Republic of Moldova does not maintain any negative or positive listing for imports.

Open general licenses | No.

Licenses with quotas | Yes.

The Republic of Moldova applies tariff rate quotas for sugar and for other products mentioned within a FTA. It is important to mention that tariff rate quotas must not be confused with quotas because these two have a different effect on trade, the last ones being much more restrictive and should not be used.
Other nontariff measures | Yes.  
---|---
**The Republic of Moldova also applies other nontariff measures (NTMs), such as:**  
- Sanitary and Phytosanitary Measures that are applied to protect human or animal life and human plant health, from risks arising from: additives, contaminants, toxins, or disease-causing organisms in food;  
- Technical Barriers to Trade measures related to technical regulations, and procedures for assessment of conformity with technical regulations and standards.

Import taxes and/or tariffs | Yes.  
---|---
**The Republic of Moldova applies two types of tariffs:** on a Most Favorite Nation Clause rate (non-preferential tariffs) and preferential tariffs applied within signed FTAs.  
Law Approving the Combined Nomenclature of Goods (No. 172 of July 25, 2014) stipulates all tariffs applied on a non-preferential basis, on a MFN rate.  
Integrated Customs Tariff of the Republic of Moldova (TARIM) contains all applied tariffs of the Republic of Moldova (including preferential trade agreements with EU, CIS countries, CEFTA states, and Turkey), as well as VAT and excise duty;  
[Having a broad perspective on commercial profile of the Republic of Moldova, in 2018, Moldova’s average applied MFN rate was [5.4%] overall (4.4% for non-agricultural products and 11.6% for agricultural products). 45.9% of its tariff was duty free on an MFN basis; 59.4% of non-agricultural products were duty free; and 9.9% of agricultural products were duty free.]  
Fees for customs procedures and customs duties are not charged on imports of domestic currency and foreign currency in cash to the Republic of Moldova by commercial banks and the NBM.

Taxes collected through the exchange system | No.  
State import monopoly | No.  
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

**Repatriation requirements** | Yes.  
---|---
Unless stipulated otherwise by law, proceeds from exports of goods and services must be repatriated to the exporter’s account with a licensed bank, as a rule, no later than three years after issuance of the export customs declaration or from the date the services are provided, stipulated in confirming documents. The length of this period may vary, depending on the type of contract.

Surrender requirements | No.  
---|---
Surrender to the central bank | No.  
Surrender to authorized dealers | No.  
Financing requirements | No.  
Documentation requirements | No.  
Letters of credit | No.  
Guarantees | No.  
Domiciliation | No.  
Preshipment inspection | No.
## Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Yes.  
To perform payments and transfers, residents and nonresidents may purchase foreign currency from licensed banks and from resident nonbank payment service providers. Individuals may also purchase foreign currency from foreign exchange entities. Resident legal entities may make payments and transfers to nonresidents and residents abroad up to the amounts specified in the supporting documents submitted to licensed banks and to resident nonbank payment service providers. Resident legal entities may make noncash payments/transfers within foreign exchange operations without submission to the resident payment service providers of the justifying documents in the event that:

1. transfers from the licensed bank account to its bank account opened with another licensed bank or with the foreign financial institution;
2. transfers from the resident nonbank payment service providers account to its account opened with another resident payment service provider as well as in the case specified in Item (4);
3. transfers to other accounts of the resident legal entity (other than the resident payment service provider) opened with the same or another resident payment service provider;
4. transfers by the resident legal entity (other than the licensed bank) to its accounts opened with the foreign financial institutions on the basis of the authorizations issued by the NBM, which provide for the possibility of making transfers into these accounts from the accounts opened with the resident payment service providers and do not contain the requirement of presentation of justifying documents to the resident payment service provider;
5. payments/transfers abroad for the purposes stipulated in Article 23 paragraph (1) letters (a) and (c) of the Law No. 62-XVI of March 21, 2008;
6. payment abroad of the state tax established by the legislation of the foreign state;
7. payments/transfers (other than those referred to in Items (1)–(6) and transfers to their accounts, opened with foreign financial institutions without NBM authorization in the cases provided for in Article 13 paragraph (5) letters (b), (c), (e), and (f) of the Law No.
62-XVI of March 21, 2008), where those represent payments/transfers in the amount not exceeding EUR 10,000 (or their equivalent) each payment/transfer, being performed within foreign exchange operations which are not subject to notification/authorization according to the Law No. 62-XVI of March 21, 2008.

Resident individuals may make payments or transfers to nonresidents and residents abroad up to the amounts specified in the supporting documents submitted to licensed banks and to resident nonbank service providers, except as specified in NBM regulations (see below). The payments/transfers may be made by the resident individual in favor of nonresidents and abroad in favor of residents, in accordance with the Law No. 62-XVI of March 21, 2008, as follows:

(1) without submission to the resident payment service provider of the justifying documents, in the event that the single payment/transfer meets both of the following conditions:
(a) the payment/transfer in favor of a nonresident is made in the amount not exceeding EUR 10,000 (or their equivalent);
(b) the payment/transfer is made within the foreign exchange operation that is not subject to notification/authorization according to the Law No. 62-XVI of March 21, 2008;

(2) other cases than those indicated in sub-item (1) – when submitting to the resident payment service provider the justifying documents confirming the purpose of the payment/transfer and containing data on the amount of the payment/transfer.

The nonresident individual has been allowed to perform the transfer abroad of funds in foreign currency/domestic currency for the purpose of family expenses in favor of each family member – resident individuals who are staying abroad and nonresident individuals, as follows:

(1) in the amount not exceeding EUR 10,000 (or their equivalent) – without presentation to the resident payment service provider the justifying documents;

(2) in the amount exceeding EUR 10,000 (or their equivalent) – on submission to the resident payment service provider of the justifying documents:
(a) confirming the membership of the family;
(b) confirming the necessity for the payment/transfer to be made by the individual in favor of whom the transfer is made and containing data in the amount of the payment/transfer.

The nonresident individual must be allowed to perform the payments/transfers in foreign currency abroad, other than those specified, as follows:

(1) without submission to the resident payment service provider of the justifying documents, in the following cases:
(a) transfer on his own name;
(b) a payment/transfer in favor of an individual/legal entity in the amount not exceeding EUR 10,000 (or their equivalent);

(2) a payment/transfer in favor of an individual/legal entity in other cases than those established in sub-item (1) – on submission to the resident payment service provider of the justifying documents confirming the necessity of making the payment/transfer and containing data on the amount of the payment/transfer.

The nonresident legal entities are allowed to perform noncash payments/transfers abroad without submitting to resident payment service providers of justifying documents in the event that:

(1) the transfers are made on the name of the same account holder;
(2) the payments/transfers are made by financial institutions from abroad;
(3) transfers/payments are made by nonresident payment service providers in their quality of payment service providers/electronic money issuers;
(4) payments/transfers are made by the representative offices of international organizations, by diplomatic missions, consular offices, and other official representative offices of foreign states accredited in the Republic of Moldova, as well as by international organizations;
(5) payments/transfers are made by nonresident legal entities which are institutions implementing technical assistance projects/foreign financing projects for the Republic of Moldova, for purposes related to implementation of the projects, only in relation to individuals;
(6) payment of state tax established by the legislation of the foreign state;
(7) payments/transfers other than those referred to in Items (1)–(6) in the amount not exceeding EUR 10,000 (or their equivalent) each payment/transfer.

<table>
<thead>
<tr>
<th>Trade-related payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Payments are permitted up to the amount set forth in the supporting documents. Individuals and legal entities are allowed to make payments in the amount of up to €10,000 or its equivalent without the submission of supporting documents.

<table>
<thead>
<tr>
<th>Investment-related payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

After payment of all fiscal obligations, foreign investors may transfer abroad any funds obtained domestically as a result of their investment activities. The NBM must be notified by residents of some categories of private loans from nonresidents specified in Article 6 of the Law on Foreign Exchange Regulation if the amount of these loans is exceeding EUR 50,000 (or its equivalent). Current payments related to these loans may be effected by residents on presentation of the document confirming the notification of the loan to the NBM. Payments are permitted up to the amount set forth in the supporting documents.

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Payments are permitted up to the amount set forth in the supporting documents. Individuals/legal entities are allowed to make payments in the amount of up to €10,000 or its equivalent, without the submission of supporting documents.

<table>
<thead>
<tr>
<th>Personal payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
</tbody>
</table>

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Indicative limits/bona fide test

Yes.

The following apply to current payments and transfers abroad (in foreign and domestic currency) by resident individuals a transaction:

1. for family expenses: (a) a transfer in the amount not exceeding EUR 10,000 (or their equivalent) – without submission to the resident payment service provider of the justifying documents; (b) a transfer in the amount of over EUR 10,000 (or their equivalent) – on submission to the resident payment service provider of the documents:
   (i) confirming family membership; (ii) confirming the need for the payment/transfer to be made by the individual in favor of whom the transfer is made and containing data on the amount of the payment/transfer;

2. in the resident’s name for current expenses during a temporary stay abroad: (a) a transfer in the amount not exceeding EUR 10,000 (or their equivalent) – without the submission of the justifying documents to the resident payment service provider; (b) a transfer in the amount exceeding EUR 10,000 (or their equivalent) – on submission to the resident payment service provider of the documents:
   (i) confirming the fact of temporary stay abroad (for example, confirmation from a foreign educational institution, a medical institution or from workplace abroad, the temporary residence permit in the respective foreign state); (ii) confirming the necessity of performing the payment/transfer by the individual and containing data regarding the amount of the payment/transfer;

3. in the resident’s name to obtain an entry visa, on submission of documentation confirming the reason for the visit and the need for funds abroad: (a) a transfer in the amount not exceeding EUR 10,000 (or their equivalent) – without the submission of the justifying documents to the resident payment service provider; (b) a transfer in the amount exceeding EUR 10,000 (or their equivalent) – on submission to the resident payment service provider of:
   (i) the document/information confirming the need of availability of funds abroad on the name of the respective individual to obtain a visa and containing data on the amount of necessary funds (for example, the document/information of the diplomatic mission of the foreign state that specifies the requirement to deposit funds to the account opened with a foreign bank to obtain an entry visa and the amount necessary to be deposited); (ii) the documents confirming the purpose/reason of the visit, required for the submission to the respective diplomatic mission/consular office to obtain the respective visa; and

4. for the benefit of a nonresident in other cases: (a) without submission to the resident payment service provider of the justifying documents, in the event that the single payment/transfer meets both of the following conditions: (i) the payment/transfer in favor of a nonresident is made in the amount not exceeding EUR 10,000 (or their equivalent); (ii) the payment/transfer is made within the foreign exchange operation that is not subject to notification/authorization according to the Law No. 62-XVI of March 21, 2008; (b) other cases than those indicated in sub-item (1) – when submitting to the resident payment service provider the justifying documents confirming the purpose of the payment/transfer and containing data on the amount of the payment/transfer.

The following apply to current payments and transfers abroad (in foreign and domestic currency) by nonresident individuals:

1. transfer abroad for family expenses: (a) in the amount not exceeding EUR 10,000 (or their equivalent) – without presentation to the resident payment service provider the justifying documents; (b) in the amount exceeding EUR 10,000 (or their equivalent) – on submission to the resident payment service provider of the justifying documents:
   (i) confirming family membership; (ii) confirming the need for the payment/transfer to be made by the individual in favor of whom the transfer is made and containing data on the amount of the payment/transfer;
confirming the necessity for the payment/transfer to be made by the individual in favor of whom the transfer is made and containing data in the amount of the payment/transfer; and
(2) other payments and transfers abroad: (a) without submission to the resident payment service provider of the justifying documents in the following cases: (i) transfer on his own name; (ii) a payment/transfer in favor of an individual/legal entity in the amount not exceeding EUR 10,000 (or their equivalent); (b) a payment/transfer in favor of an individual/legal entity in other cases than those established in sub-item (1) – on submission to the resident payment service provider of the justifying documents confirming the purpose of making the payment/transfer and containing data on the amount of the payment/transfer.

Foreign workers' wages
Prior approval
Quantitative limits
Indicative limits/bona fide test
Credit card use abroad
Prior approval
Quantitative limits
Indicative limits/bona fide test
Other payments
Prior approval
Quantitative limits
Indicative limits/bona fide test

International cards may be issued to individuals and legal entities against resident and nonresident accounts with licensed banks. International cards issued against lei or foreign exchange accounts of resident individuals may be used abroad for up to €10,000 or its equivalent a month for withdrawal of cash or traveler’s checks. Resident individuals’ cards may be used abroad for payments and transfers in accordance with the foreign exchange legislation without quantitative limits. Resident legal entities may use international cards issued against their accounts for foreign exchange operations in accordance with the foreign exchange legislation without quantitative limits.

Prior approval
Quantitative limits
Indicative limits/bona fide test
Other payments
Prior approval
Quantitative limits
Indicative limits/bona fide test

Payments are permitted up to the amount set forth in the supporting documents, except:
(1) The resident legal entities:
(a) transfers from the licensed bank account to its bank account opened with another licensed bank or with the foreign financial institution;
(b) transfers from the resident nonbank payment service provider account to its account opened with another resident payment service provider as well as in the case specified in letter (d);
(c) transfers to other accounts of the resident legal entity (other than the resident payment service provider) opened with the same or another resident payment service provider;
(d) transfers by the resident legal entity (other than the licensed bank) to its accounts opened with the foreign financial institutions on the
basis of the authorizations issued by the NBM, which provide for the possibility of making transfers into these accounts from the accounts opened with the resident payment service providers and do not contain the requirement of presentation of justifying documents to the resident payment service provider;

(e) payments/transfers abroad for the purposes stipulated in Article 23 paragraph (1) letters (a) and (c) of the Law No. 62-XVI of March 21, 2008;

(f) payment abroad of the state tax established by the legislation of the foreign state;

(g) payments/transfers (other than those referred to in letters (a)–(f), where those represent payments/transfers in the amount not exceeding EUR 10,000 (or their equivalent) each payment/transfer, being performed within foreign exchange operations which are not subject to notification/authorization according to the Law No. 62-XVI of March 21, 2008.

(2) The resident individual:

(a) the payment/transfer in favor of a nonresident is made in the amount not exceeding EUR 10,000 (or their equivalent);

(b) the payment/transfer is made within the foreign exchange operation that is not subject to notification/authorization according to the Law No. 62-XVI of March 21, 2008;

(3) The nonresident individual:

(a) transfer on his own name;

(b) a payment/transfer in favor of an individual/legal entity in the amount not exceeding EUR 10,000 (or their equivalent);

(4) The nonresident legal entities:

(a) the transfers are made on the name of the same account holder;

(b) the payments/transfers are made by financial institutions from abroad;

(c) transfers/payments are made by nonresident payment service providers in their quality of payment service providers/electronic money issuers;

(d) payments/transfers are made by the representative offices of international organizations, by diplomatic missions, consular offices, and other official representative offices of foreign states accredited in the Republic of Moldova, as well as by international organizations;

(e) payments/transfers are made by nonresident legal entities which are institutions implementing technical assistance projects/foreign financing projects for the Republic of Moldova, for purposes related to implementation of the projects, only in relation to individuals;

(f) payment of state tax established by the legislation of the foreign state;

(g) payments/transfers other than those referred to in letters (a)–(f) in the amount not exceeding EUR 10,000 (or their equivalent) each payment/transfer.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes. Unless stipulated otherwise by law, proceeds received by resident legal entities from invisible transactions must be repatriated to Moldova, as a rule, no later than three years from the date the services are provided as stipulated in the confirming documents. If services are not rendered by nonresidents to resident legal entities, any advance payment must be repatriated no later than two years after payment.

Surrender requirements No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.
Restrictions on use of funds  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.
According to the Law on Foreign Exchange Regulation, capital transactions do not require NBM approval, except as specified by law. NBM approval is required for certain capital transactions of residents that imply capital outflow. The authorization regime does not generally apply to (1) capital foreign exchange operations involving the MOF and the NBM, (2) capital foreign exchange operations with national public budget funds, and (3) foreign exchange operations related to guarantees as laid down in Article 4 Item 12 of the Law No. 184 of July 22, 2016, on financial collateral arrangements. Operations involving receipt by residents from nonresidents of certain categories of loans and credits and guarantees must be notified by residents to the NBM for statistical purposes. When amount of a loan/credit/guarantee from nonresident does not exceed €50,000 or its equivalent, it is not subject to notification to the NBM. Foreign exchange operations related to guarantees as laid down in Article 4 Item 12 of the Law No. 184 of July 22, 2016, on financial collateral arrangements are not subject to notification to the NBM. The NBM approval for capital transactions of residents that imply capital outflow does not generally apply to foreign exchange operations not exceeding EUR 10,000 (or their equivalent). Capital foreign exchange transactions are subject, among other requirements, to submission of supporting documents to the licensed bank and to resident nonbank payment service providers, except as specified under NBM regulations. To make such payments, foreign currency may be purchased from licensed banks and resident nonbank payment service providers.

Repatriation requirements  Yes.
Proceeds received by resident legal entities from capital transactions must be repatriated to Moldova unless a specific exemption has been granted by law. Law No. 1466 of January 29, 1998, on Regulation of Repatriation of Funds, Goods, and Services Obtained from External Economic Transactions regulates the repatriation of proceeds by resident legal entities in Moldova. The repatriation period depends on the type of contract as specified in Article 3 “Deadlines of repatriation of funds, goods, and services originating from foreign economic transactions.”

Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.

Controls on capital and money market instruments  Yes.
Issuance in Moldova of securities denominated in foreign currency is not permitted.

The procedures for purchases of government securities by foreign investors at auction are similar to those for local investors. A foreign investor may purchase government securities of a single international securities identification number (ISIN) according to the purchase limit of government securities, if it is announced in Communiqué of government securities placement. A noncompetitive bid submitted by an investor for government securities may not exceed more than 3%
of the indicative volume of the issue announced at the reference auction, under a single ISIN.

**On capital market securities**

Yes.

**Shares or other securities of a participating nature**

Yes.

According to the Law on the NCFM in case of violations in the securities market, to protect the rights of investors and the public, the NCFM may suspend the placement and circulation of securities admitted on the regulated market, outside regulated market, or multilateral trading facility (MTF), as well as clearing and settlement of transactions. According to the amendments to the Law on Capital Market regarding information disclosure, if the shareholder has acquired or alienated the voting shares of an issuer considered a public interest entity, the shareholder is required to inform the issuer and the NCFM within four working days of acquisition or alienation, if, after the transaction, the share reaches, exceeds, or falls below 5%, 10%, 15%, 20%, 25%, 33%, 50%, 66%, 75%, or 90%. The company must disclose information about its activity in accordance with this law, the Capital Market Law, and the normative acts of the NCFM. Therewith, an issuer that is considered to be a public interest entity will disclose publicly the information. The number of shares granting control over the company must be determined by the conditions for exercising control in the situations established by the capital market legislation. The natural or legal person that holds, directly or indirectly, alone or together with the persons acting in concert with it, more than 50% of the voting shares, which are in the circulation of the company or of the securities that can be converted or offer the right to purchase the voting shares, is obliged to carry out a mandatory takeover bid within three months from the date of making subscriptions (in the register of shareholders) regarding acquisition of shares. Up to the fulfillment of the requirements mentioned above, the person holding more than 50% has the right to vote at the general meeting of the shareholders within 25% of the voting shares, which are in the circulation of the company. The total number of voting shares belonging to this person must be taken into account only for the establishment of the quorum at the holding of the general meeting of the shareholders. The person holding more than 50% and/or its representatives is registered with the entire stock of securities held. The takeover bid may be initiated only in respect of securities issued by public interest entities. A mandatory takeover bid can be carried out by: (1) a natural or legal person who holds, directly or indirectly, alone or together with persons acting in concert, more than 50% of the voting rights of a company or transferable securities or offers the right to purchase the securities with the right to vote, is obliged to make a takeover bid regarding the purchase at a fair price of securities of the same class held by other persons; (2) a legal person who directly or indirectly owns more than 50% of all the voting securities of an issuer must be obliged to initiate a mandatory takeover bid whenever its founders change (associations or shareholders) who, together with the persons with whom they act in concert, hold a majority of the voting rights in that legal person. The takeover bid is voluntary if the bidder, failing this obligation, submits a takeover bid related to the purchase of a number of voting securities of an issuer that pursues or aims to obtain more than 50% of the total number of these securities. A takeover bid prospectus is approved by the NCFM and must be published within seven working days. A minority shareholder, who obtained the shares against patrimonial vouchers or its legal successor, may require the acquisition of its shares by a person who alone or with affiliates owns more than 90% of the total number of voting shares. The price offered for the shares of minority
shareholders must equal at least the highest of the following: (1) the weighted average share price in transactions over the 12 months preceding the date of notification of the application, (2) the per share NAV in accordance with the issuer’s latest financial position, (3) the per share market value of net assets, calculated by the censors committee on the basis of the valuation report drawn up by a specialized organization which is not a related party of the company, or (4) the nominal (set) value of shares. The majority shareholder, within 30 working days of receipt of the application, must notify the minority shareholder of the fixed price according to the criteria mentioned above. Payment for the shares by the majority shareholder may take place with the consent of the minority shareholder at a price in accordance with the application within 30 working days of acceptance of the price. The stock exchange must disclose the following information for securities admitted on the regulated market or a MTF: (1) date and time of the transaction, (2) class and government registration number of the securities traded, (3) price per security, (4) type of transaction, and (5) amount and share of securities in the transaction of the respective class. Insiders may purchase and sell securities of the issuer if information that could influence the securities price is disclosed before the purchase and the price are established according to the securities market law. The Regulation on licensing and authorization on the capital market set requirements for granting, suspending, and withdrawing licenses and authorizations on the capital market according to the EU Directives. It stipulates new requirements for equity capital, internal policies, internal control, entity’s management, technical audit for registrars, approval of delegated agents and accepted persons, evaluation procedure of qualified holdings in the investment firm, market operator, and central depository (NCFM Decision No. 56/11). In a transaction with financial instruments admitted on a regulated market, outside regulated market, or a MTF, investment firms must disclose information on the volume, price, and data of these transactions. For transactions in financial instruments admitted to trading outside regulated markets or MTFs, reports must be submitted to the NCFM no later than one working day after the transaction as prescribed by the NCFM. Licensed/authorized entities must also disclose other information on their activity according to the law. Reports on events and actions affecting the financial and economic activities of the issuer must be published by the issuer in accordance with the normative acts. The Rules of the regulated market of the Moldova Stock Exchange were approved by NCFM Decision No. 23/3 of May 8, 2015, published in the Official Gazette No. 115-123/758 of May 15, 2015. Previous rules were repealed, and the new rules stipulate new requirements for admission of issuers on the regulated market and additional requirements on information disclosure, introduce the requirement for approval by the supervisory authority of the manager and members of the council and the requirement for technical audit of the information system, and increase the minimum amount for equity capital to €100,000 within three years up to €1 million within ten years. The Instruction on reporting of licensed and authorized entities on the capital market was approved by NCFM Decision No. 38/5 of July 3, 2015. The new Instruction on reporting provides requirements on the reporting method and conditions for legal entities authorized and licensed to provide services on the capital market. It includes provisions regarding the conditions for information disclosure and principles to which the reports should comply.
professional participants in securities markets may be any natural or legal persons. Proposed acquirer must notify the NCFM in writing before the acquisition of shares placed by an investment firm if they intend to obtain a qualifying holding or increase their holding at a level equal to or exceeding 20%, 30%, or 50% of the share capital. The NCFM will in no more than 60 working days from the date of acknowledgment review the documents submitted by the potential acquirer and assess the reputation of the proposed acquirer, the reputation and experience of any person who will manage the investment, and the financial soundness of the proposed acquirer. Particular attention will be paid to the type of business the investment firm intends to carry out. In case of rejection of the proposed acquisition, the potential acquirer will be notified on the day the notice is issued. The NCFM rejects the proposed procurement draft if the result of the assessment reflects that a qualifying holding is or will be directly or indirectly held by persons resident in jurisdictions where there are not implemented international standards of transparency.

Sale or issue locally by nonresidents

Yes.

Foreign securities for public offering in Moldova must be in the form of Moldovan depository receipts (MDRs) issued by local investment firm. According to Article 9 of the Law on Capital Markets: (1) MDRs may be issued only on shares and bonds of foreign issuers subject to registration by the relevant foreign authority. (2) MDR issuance may not exceed the market value of the underlying shares and bonds issued by foreign issuers at the time of issuance. (3) The issuer of the MDRs is obligated to (a) pay dividends and any other payments paid by the foreign issuer to the holders of MDRs; (b) repurchase the MDRs at the request of their holders; and (c) publicly disclose and/or submit to MDR holders the financial reports and any other information disclosed by foreign issuers. (4) The issuer of the MDRs may not (a) issue the MDRs for a longer maturity than the term of the underlying shares and bonds issued by the foreign issuers and (b) sell the underlying shares and bonds issued by the foreign issuer before the maturity of the MDRs. (5) The issuer of the MDRs may request payment for the activities laid down in paragraph (3) subparagraphs (a) and (b), which is to be set out in the decision of issuance of the MDRs and not changed before the term of maturity of the MDRs. (6) In case of insolvency of the issuer of MDRs, shares and bonds of foreign issuers as well as dividends and any other payments paid by the foreign issuer will not be included in the debtor mass and will be used to repurchase the MDRs from their holders. Issuance of MDRs requires registration with the NCFM. Issuance in Moldova of securities denominated in foreign currency is not permitted. According to the Law on Foreign Exchange Regulation, purchases by residents from nonresidents of foreign financial instruments are subject to NBM approval as follows: (1) on a foreign stock exchange and (2) over the counter in the foreign capital market. NBM approval is not required for purchases of foreign financial instruments, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) financial instruments are issued by international organizations.

Purchase abroad by residents

Yes.

According to the Law on Foreign Exchange Regulation, NBM approval is required for purchases by residents of foreign financial instruments as follows: (1) on a foreign stock exchange and (2) over the counter in the foreign capital market. NBM approval is not required for purchases of foreign financial instruments, as follows:
Sale or issue abroad by residents: Yes. The NCFM registers the securities issued by residents in Moldova and issues permits for securities to circulate outside the country.

Bonds or other debt securities: Yes.

Purchase locally by nonresidents: Yes. A foreign investor may purchase government securities within a single ISIN according to the purchase limit of government securities, if it is announced in Communiqué of government securities placement. A noncompetitive bid submitted by an investor for government securities may not exceed more than 3% of the indicative volume of the issue announced at the reference auction, under a single ISIN.

Sale or issue locally by nonresidents: Yes. Foreign securities for public offering in Moldova must be in the form of MDRs. According to Article 9 of the Law on Capital Markets: (1) MDRs may be issued only on shares and bonds of foreign issuers subject to registration by the relevant foreign authority. (2) MDR issuance may not exceed the market value of the underlying shares and bonds issued by foreign issuers at the time of issuance. (3) The issuer of the MDRs must (a) pay dividends and any other payments paid by the foreign issuer to the holders of MDRs; (b) repurchase the MDRs at the request of their holders; and (c) publicly disclose and/or submit to MDR holders the financial reports and any other information disclosed by foreign issuers. (4) The issuer of the MDRs may not (a) issue the MDRs for a longer maturity than the term of the underlying shares and bonds issued by the foreign issuers and (b) sell the underlying shares and bonds issued by the foreign issuer before the term of maturity of the MDRs. (5) The issuer of the MDRs may request payment for the activities laid down in paragraph (3) subparagraphs (a) and (b), which is to be set out in the decision of issuance of the MDRs and not changed before the maturity of the MDRs. (6) In case of insolvency of the issuer of MDRs, shares and bonds of foreign issuers as well as dividends and any other payments paid by the foreign issuer will not be included in the debtor mass and will be used to repurchase the MDRs from their holders. Issuance of MDRs requires NCFM registration. According to the Law on Foreign Exchange Regulation, NBM approval is required for purchases by residents from nonresidents of foreign financial instruments as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) financial instruments are issued by international organizations.

Purchase abroad by residents: Yes. According to the Law on Foreign Exchange Regulation, NBM approval is required for purchases by residents of foreign financial instruments as follows: (1) on a foreign stock exchange or (2) on the OTC foreign capital market. NBM approval is not required for purchases of foreign financial instruments from nonresidents, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) financial instruments are issued by international organizations.

Sale or issue abroad by residents: Yes. The NCFM registers the securities issued by residents in Moldova.
and issues permits for securities to circulate outside the country.

**On money market instruments**

- **Purchase locally by nonresidents**: Yes.
  
  The procedures for purchasing government securities by foreign investors at auction are similar to those for local investors. A foreign investor may purchase government securities within a single ISIN according to the purchase limit of government securities, if it is announced in Communiqué of government securities placement. A noncompetitive bid submitted by an investor for government securities may not exceed more than 3% of the indicative volume of the issue announced at the reference auction, under a single ISIN.

- **Sale or issue locally by nonresidents**: Yes.
  
  According to the Law on Foreign Exchange Regulation, purchases by residents from nonresidents of foreign financial instruments on the local money market, including through sale by the issuer, are subject to NBM approval. NBM approval is not required for purchases of foreign financial instruments, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) financial instruments are issued by international organizations. Foreign securities for public offering in Moldova must be in the form of MDRs. According to Article 9 of the Law on Capital Markets: (1) MDRs may be issued only on shares and bonds of foreign issuers subject to registration by the relevant foreign authority. (2) MDR issuance may not exceed the market value of the underlying shares and bonds issued by foreign issuers at the time of issuance. (3) The issuer of the MDRs must (a) pay dividends and any other payments paid by the foreign issuer to the holders of MDRs; (b) repurchase the MDRs at the request of their holders; and (c) publicly disclose and/or submit to MDR holders the financial reports and any other information disclosed by foreign issuers. (4) The issuer of the MDRs may not (a) issue the MDRs for a longer maturity than the term of the underlying shares and bonds issued by the foreign issuers and (b) sell the underlying shares and bonds issued by the foreign issuer before the term of maturity of the MDRs. (5) The issuer of the MDRs may request payment for the activities laid down in paragraph (3) subparagraphs (a) and (b), which is to be set out in the decision of issuance of the MDRs and not changed before the maturity of the MDRs. (6) In case of insolvency of the issuer of MDRs, shares and bonds of foreign issuers as well as dividends and any other payments paid by the foreign issuer will not be included in the debtor mass and will be used to repurchase the MDRs from their holders. Issuance of MDRs requires NCFM registration.

- **Purchase abroad by residents**: Yes.
  
  According to the Law on Foreign Exchange Regulation, purchases by residents of foreign financial instruments on the foreign money market, including through sale by the issuer, require NBM approval. NBM approval is not required for purchases of foreign financial instruments, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) financial instruments are issued by international organizations.

- **Sale or issue abroad by residents**: No.
  
  According to the Law on Foreign Exchange Regulation and Law on Capital Market, no controls apply to the sale or issue abroad by residents of these instruments.

**On collective investment securities**

- **Purchase locally by nonresidents**: No.
  
  Under the Law on Foreign Exchange Regulation and Law on Capital Market, no controls apply to the sale or issue abroad by residents of these instruments.

The provisions of the Law on Foreign Exchange Regulation governing transactions regarding purchases by residents of foreign financial instruments on the capital market apply.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, NBM approval is required for purchases by residents from nonresidents of foreign financial instruments as follows: (1) within their admission to the local capital market through sale by the issuer and (2) on the OTC local capital market. NBM approval is not required for purchases of foreign financial instruments from nonresidents, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) financial instruments are issued by international organizations.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, NBM approval is required for purchases by residents of foreign financial instruments as follows: (1) on a foreign stock exchange or (2) on the OTC foreign capital market. NBM approval is not required for purchases of foreign financial instruments, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) financial instruments are issued by international organizations.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td>According to the Law on Foreign Exchange Regulation and Law on Capital Market, no controls apply to the sale or issue abroad by residents of these instruments.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td>According to the Law on Foreign Exchange Regulation, nonresidents may purchase on the local foreign exchange market through authorized participants foreign currency against other foreign currency and domestic currency without restriction.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, nonresidents may sell on the local foreign exchange market through authorized participants foreign currency against other foreign currency and domestic currency without restriction. NBM approval is required for purchases from nonresidents of foreign derivatives and other instruments by residents. NBM approval is not required for purchases of foreign derivatives and other instruments, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) derivatives are issued by international organizations.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, purchases of foreign exchange abroad by residents are subject to NBM approval, except for (1) licensed banks; (2) resident individuals who are staying abroad temporarily; (3) resident legal entities and resident individuals who have accounts abroad and conduct exchange operations according to the regime of the respective account established under the legislation of Moldova; and (4) other residents, where the amount of a currency exchange operation does not exceed €10,000 (or its equivalent). NBM approval is required for purchases of foreign derivatives and other instruments by residents. NBM approval is not required for purchases of foreign derivatives and other instruments, as follows: (1) by licensed banks, as well as the entities whose activity is regulated and supervised by the NCFM, and (2) by other residents where: (a) amount of operation does not exceed €10,000 (or its equivalent) or (b) derivatives are issued by international organizations.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>The NCFM registers securities issued by residents in Moldova and</td>
</tr>
</tbody>
</table>
issues permits for securities to circulate outside the country. According to the Law on Foreign Exchange Regulation, sale of foreign exchange abroad by residents is subject to NBM approval, except for (1) licensed banks; (2) resident individuals who are staying abroad temporarily; (3) resident legal entities and resident individuals who have accounts abroad and conduct exchange operations according to the regime of the respective account established under the legislation of Moldova; and (4) other residents, where the amount of a currency exchange operation does not exceed €10,000 (or its equivalent).

<table>
<thead>
<tr>
<th>Controls on credit operations</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Credit operations contracted or guaranteed by the government and by administrative–territorial units, as well as credit operations contracted by government and municipal companies, as well as by businesses with more than 50% of statutory capital held by government and/or administrative–territorial units, do not have to be notified to the NBM. According to amendments in the Law on Public Sector Debt, State Guarantees and State On-Lending, the notion of public debt was changed to the notion of public sector debt (Law No. 89 of May 29, 2014), which implies changes to the applicable categories of credit operations.

<table>
<thead>
<tr>
<th>Commercial credits</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents must comply with the repatriation period provided for by the relevant legislation. NBM approval is not required for commercial loans or credits provided by residents, including licensed banks to nonresidents.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Notification to the NBM is required for interest-bearing commercial loans and credits, except for factoring operations for which the nonresident factor assumes the risk of the nonresident debtor’s insolvency. Also, notification to the NBM is not required if the amount of a commercial loan/credit does not exceed €50,000 (or its equivalent). There are no other requirements in addition to the notification to the NBM.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial credits</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>NBM approval is required except for the following: (1) financial leasing, (2) credits granted by licensed banks, and (3) other loans/credits of which value does not exceed €10,000 (or its equivalent).</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Notification to the NBM is required for financial loans or credits, except for (1) interbank credits with an initial repayment period of less than one year and (2) loans or credits received from nonresidents through credit cards issued by nonresidents at a resident’s request. However, notification to the NBM is not required if the amount of a loan/credit does not exceed €50,000 (or its equivalent). There are no other requirements in addition to the notification to the NBM.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>NBM approval is required for the issuance by a resident nonbank guarantor of a guarantee (1) based on a transaction between two nonresidents and (2) in the form of a deposit guarantee. However, NBM approval is not required if the amount of a guarantee does not exceed €10,000 (or its equivalent).</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
| Notification for statistical purposes to the NBM is required for guarantees issued by a nonresident guarantor based on a transaction between two residents. However, notification to the NBM is not required if the amount of a guarantee does not exceed €50,000 (or its equivalent). Guarantees issued by a nonresident guarantor based on a transaction between a resident and a nonresident, as well as foreign

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exchange operations related to guarantees as laid down in Article 4 Item 12 of the Law No. 184 of July 22, 2016, on financial collateral arrangements are not subject to notification to the NBM.

<table>
<thead>
<tr>
<th>Controls on direct investment</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Under the Law on Foreign Exchange Regulation, long-term loans and credits for a period longer than five years, for the purpose of establishing or maintaining lasting economic links, as well as any other types of outward direct investments are not subject to NBM authorization.</td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Long-term loans and credits (for a period longer than five years) in an amount exceeding €50,000 (or its equivalent), for the purpose of establishing or maintaining lasting economic links, are subject to notification to the NBM for statistical purposes. Within the framework of direct investment, nonresidents may not own agricultural land and forests.</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign investors may transfer abroad funds obtained domestically as a result of liquidation of direct investment after having fulfilled fiscal obligations.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Nonresidents may own property in Moldova, except agricultural land and forests.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Agricultural land and forests inherited by nonresidents in accordance with Moldovan law may be sold only to resident individuals or legal entities.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>NBM approval is required for loans by resident individuals to nonresident individuals, except for loans not exceeding €10,000 or its equivalent.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Resident individuals may grant to nonresident individuals donations in various forms (gifts, grants) with NBM approval, except for donations not exceeding €10,000 or its equivalent. Funds in the form of inheritances or legacies from residents to nonresidents may be transferred abroad without NBM approval.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>
Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**

Yes. The acquisition by the bank of any qualifying holding in a foreign entity is subject to the prior approval of the NBM if, as a result of the acquisition, the entity must be included in the scope of prudential consolidation. The total net MDL exposure of a bank indexed to foreign currency to individuals, including those engaged in entrepreneurial or other activities, may not exceed 30% of eligible capital, of which total net exposure, other than mortgages, may not exceed 10% of eligible capital of banks. Residents of jurisdictions that do not implement international transparency standards may not hold directly or indirectly equity shares in the capital of banks.

The mechanism for setting up a branch of a foreign bank provides for requirements related to licensing, endowment capital (which have to be the same amount as the capital that a bank must maintain) and conditions for carrying out the activity.

Strengthening the financial stability of the nonbank lending sector and fostering consumer protection and responsible lending practices to reduce the risks of over-indebtedness of the population and bring into line the laws related to the activity of nonbank lending organizations has led to performing the following amendments to the law:

1. Prohibiting non-bank credit organizations (NBCOs) to call for any deposits and other reimbursable funds from public since April 20, 2020. However, this prohibition does not apply to subordinated loans;
2. Limiting the total costs of the nonbank credit or financial leasing for a period of up to two years and in the amount of up to 50 thousand lei (for individual consumers), that should not exceed the amount disbursed according to the respective contract, since April 20, 2020;
3. Regulating the responsible credit, including the conditions and the way of evaluating the client’s ability to repay the nonbank credit and/or financial leasing, the degree of collateral coverage, criteria related to the debt service ratio to the debtor’s income, since April 20, 2020;
4. Introducing and significant increase of pecuniary sanctions on NBCOs, so that they are effective, proportionate, and dissuasive, since April 20, 2020;
5. Increasing the minimum capital requirements up to 1 million lei since January 1, 2021;
6. Introducing additional instruments to ensure the transparency of credit costs by the NBCOs obligation to disclose information according to legislation, since April 20, 2020.

**Borrowing abroad**

Yes. Notification to the NBM is required for (1) financial loans and credits, except for (a) interbank loans with an initial repayment period of less than one year and (b) loans and credits received from nonresidents through credit cards issued by nonresidents at a resident’s request; (2) commercial loans and credits bearing interest, except for factoring operations in which the nonresident factor assumes the risk for the nonresident debtor’s insolvency; and (3) loans/credits within operations related to direct investments. However, notification to the NBM is not required if the amount of a loan/credit does not exceed €50,000 (or its equivalent). Licensed savings and credit associations (SCAs) may not perform activity abroad or in foreign currency. With regard to the activity of nonbank credit organizations, there are no restrictions.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes</td>
<td>Licensed banks may open accounts with financial institutions. Based on the Law on Foreign Exchange Regulation, the information is introduced to clarify the type of institutions with which residents may open account abroad based on the NBM approval in foreign and domestic currency necessary for carrying out financial activities without the NBM approval. Under the foreign exchange legislation, credit institutions other than licensed banks may open accounts with financial institutions abroad with the NBM approval.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No</td>
<td>The NBM approval is not required for financial loans or credits granted by licensed banks to nonresidents. The NBM approval is not required for commercial loans or credits provided by licensed banks to nonresidents.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
<td>Licensed banks may grant foreign currency loans to residents as follows: (1) for payments and transfers with nonresidents, (2) for repayment of other credits received from licensed banks for the purpose of payments and transfers with nonresidents, (3) for purposes provided for in the credit agreements concluded between the Moldovan government and nonresidents and between licensed banks and international financial organizations, (4) for interbank lending related to the financial activities of licensed banks, (5) to resident legal entities involved in exports of goods (including leased assets) and services against financial means in foreign currency, and (6) to legal entities engaged in insurance, leasing, and microfinancing activity.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes</td>
<td>Securitiesdenominated in foreign exchange are not issued in Moldova.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes</td>
<td>Banking regulations do not provide for separate accounts in foreign exchange; banks, however, perform separate accounting for each currency.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes</td>
<td>Banks keep their required reserves separately in Moldovan lei and foreign currencies. The reserve base for required reserves in MDL consists of liabilities in MDL and nonconvertible currencies, while the reserve base for required reserves in foreign currency (US dollar and euro) consists of liabilities in the respective and other freely convertible currencies. The required reserve ratio in MDL changed during 2020 as follows and became effective with the maintenance period:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective January 16, 2020–February 15, 2020 – 42% (previously 42.5%) (NBM Decision No. 324 of December 11, 2019);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective February 16, 2020–March 15, 2020 – 41.5% (NBM Decision No. 324 of December 11, 2019);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective March 16, 2020–April 15, 2020 – 41% (NBM Decision No. 324 of December 11, 2019);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective April 16, 2020–May 15, 2020 – 34% (NBM Decision No. 89 of April 3, 2020);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective August 16, 2020–September 15, 2020 – 33% (Decision No. 183 of August 6, 2020);</td>
</tr>
<tr>
<td>The required reserve ratio applied to freely convertible currency has remained unchanged at the level of 14% until July 15, 2019. Up to date, it has changed as follows and became effective with the maintenance period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective July 16, 2019–August 15, 2019 – 17% (NBM Decision No. 170 of June 16, 2019);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective January 16, 2020–February 15, 2020 – 18% (NBM Decision No. 324 of December 11, 2019);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- effective February 16, 2020–March 15, 2020 – 19% (NBM Decision No. 324 of December 11, 2019);</td>
</tr>
</tbody>
</table>
- effective March 16, 2020–April 15, 2020 – 20% (NBM Decision No. 324 of December 11, 2019);
- effective April 16, 2020–May 15, 2020 – 21% (NBM Decision No. 73 of March 20, 2020);
- effective August 16, 2020–September 15, 2020 – 24% (Decision No. 183 of August 6, 2020); and

**Liquid asset requirements** Yes. Effective October 1, 2020, banks must ensure that the currency denomination of their liquid assets is consistent with the distribution by currency of their net liquidity outflows. However, where appropriate, the NBM may require banks to restrict currency mismatch by setting limits on the proportion of net liquidity outflows in a currency that can be met during a stress period by holding liquid assets not denominated in that currency. Previously, banking regulation did not provide differential treatment of deposit accounts in foreign exchange with regard to liquidity requirements.

**Interest rate controls** No.

**Credit controls** No.

**Differential treatment of deposit accounts held by nonresidents** No. Banking regulations do not provide for separate accounts for nonresidents; banks, however, perform separate accounting for nonresidents.

**Reserve requirements** No.

**Liquid asset requirements** No.

**Interest rate controls** No.

**Credit controls** No.

**Investment regulations** Yes. According to the Law on Foreign Exchange Regulation, purchases by licensed banks of foreign financial instruments do not require NBM approval. However, under the Law on Banking Activity, the acquisition by the bank of any qualifying holding in a foreign entity is subject to the prior approval of the NBM if, as a result of the acquisition, the entity must be included in the scope of prudential consolidation.

**Abroad by banks** Yes. Residents of jurisdictions that do not implement the international transparency standards may not hold direct or indirect equity interests in the capital of banks. Banks and foreign bank branches are established in the same conditions stipulated in the Law on Banking Activity and Law on State Registration of Legal Entities and Individual Entrepreneurs No. 220-XVI from October 19, 2007. Foreign banks are allowed to establish branches in the Republic of Moldova without legal personality, with the condition that existing legislative framework in the country of origin and/or its application does not prevent the exercise of the National Bank supervisory functions.

**In banks by nonresidents** Yes. Residents of jurisdictions that do not implement the international transparency standards may not hold direct or indirect equity interests in the capital of banks. Banks and foreign bank branches are established in the same conditions stipulated in the Law on Banking Activity and Law on State Registration of Legal Entities and Individual Entrepreneurs No. 220-XVI from October 19, 2007. Foreign banks are allowed to establish branches in the Republic of Moldova without legal personality, with the condition that existing legislative framework in the country of origin and/or its application does not prevent the exercise of the National Bank supervisory functions.

**Open foreign exchange position limits** Yes. Balance sheet foreign exchange assets may not exceed 125% or be less than 75% of balance sheet foreign exchange liabilities. The open long or short foreign exchange position limit for each currency may not, respectively, exceed or be less than 10% of the regulatory capital. The open long or short foreign exchange position limit for all currencies may not, respectively, exceed or be less than 20% of regulatory capital.
On resident assets and liabilities

Yes.

Limits on open foreign exchange positions apply equally to assets and liabilities of residents and nonresidents. Balance sheet foreign exchange assets may not exceed 125% or be less than 75% of balance sheet foreign exchange liabilities. The open long or short foreign exchange position limit for each currency may not, respectively, exceed or be less than 10% of the regulatory capital. The open long or short foreign exchange position limit for all currencies may not, respectively, exceed or be less than 20% of regulatory capital.

On nonresident assets and liabilities

Yes.

Limits on open foreign exchange positions apply equally to assets and liabilities of residents and nonresidents. Balance sheet foreign exchange assets may not exceed 125% or be less than 75% of balance sheet foreign exchange liabilities. The open long or short foreign exchange position limit for each currency may not, respectively, exceed or be less than 10% of the regulatory capital. The open long or short foreign exchange position limit for all currencies may not, respectively, exceed or be less than 20% of regulatory capital.

Provisions specific to institutional investors

Yes.

Insurance companies

Yes.

Limits (max.) on securities issued by nonresidents

Yes.

When placing the assets accepted as coverage for technical provisions and for the minimum margin of solvency, the insurer (reinsurer) must respect the rules of distribution of investment in securities issued by foreign governments and/or national banks or international financial organizations; such amounts may represent no more than 5% for the same issuer and no more than 20% of the total value of the total technical reserves, excluding the share of the reinsurer, and one-half of the minimum solvency margin. According to the Law on Foreign Exchange Regulation, purchases of foreign financial instruments by insurance companies do not require NBM approval. Other foreign exchange operations (under the Law on Foreign Exchange Regulation) of insurance companies are subject to the same regulations as other resident legal entities (except licensed banks).

Limits (max.) on investment portfolio held abroad

Yes.

According to the Law on Foreign Exchange Regulation, purchases of foreign financial instruments by insurance companies do not require NBM approval. Other foreign exchange operations (under the Law on Foreign Exchange Regulation) of insurance companies are subject to the same regulations as other resident legal entities (except licensed banks).

Limits (min.) on investment portfolio held locally

Yes.

The insurer (reinsurer) may not invest more than 15% of its own capital in the share capital of a company without the prior approval of the supervisory authority.

Effective March 27, 2020, cash in current accounts in banks and branch of a bank from other state, licensed by the NBM, including in foreign currency, must not exceed the limit of 20% of total technical reserves, excluding the reinsurer’s share in technical reserves, and half of the minimum solvency margin.

It has been established the gradual implementation of the requirement to fully cover the solvency margin and the technical reserves with qualitative assets by replacing the requirement to cover the solvency margin and the technical reserves and setup of deadline for its application, as well as the revision of the categories of assets that may be recognized as eligible to cover the minimum solvency margin.

Currency-matching regulations on assets/liabilities composition

No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension funds</td>
<td>Yes</td>
<td>Pension funds may not issue securities.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, purchases of foreign financial instruments by pension funds do not require NBM approval. Other foreign exchange operations (under the Law on Foreign Exchange Regulation) of pension funds are subject to the same regulations as other resident legal entities (except licensed banks).</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, purchases of foreign financial instruments by pension funds do not require NBM approval. Other foreign exchange operations (under the Law on Foreign Exchange Regulation) of pension funds are subject to the same regulations as other resident legal entities (except licensed banks). There are no specific limits on foreign investment of pension funds; according to the general provisions, a maximum of 5% of the total value of the fund assets and a maximum of 5% of the total value of the assets of the respective issuer may be invested in a single issuer.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes</td>
<td>Resident investment firms may perform foreign exchange buying and selling transactions related to the provision of investment services. UCITS may perform foreign exchange investments related to the provisions of UCITS.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, purchases of foreign financial instruments by investment companies and collective investment undertakings (CIU) do not require NBM approval. Other foreign exchange operations (under the Law on Foreign Exchange Regulation) of investment funds and CIU are subject to the same regulations as other resident legal entities (except licensed banks).</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes</td>
<td>According to the Law on Foreign Exchange Regulation, purchases of foreign financial instruments by investment companies and CIU do not require NBM approval. Other foreign exchange operations (under the Law on Foreign Exchange Regulation) of investment funds and CIU are subject to the same regulations as other resident legal entities (except licensed banks).</td>
</tr>
</tbody>
</table>

Effective February 6, 2020, the Law on ACIU provides limitations on investment portfolio held abroad as follows:

1. An ACIU that distributes its participation units to retail investors may invest in all categories of assets provided in Article 9 paragraph (1), meeting the following requirements:
   a. securities and/or money market instruments issued by a single entity may not exceed 20% of ACIU’s total assets. The limit set out at this letter may not apply to securities issued or guaranteed by a...
central or local administrative authority, or by a CB of a Member State of the EU, by the ECB or by the EIB, or by a public international body from one or more Member States;
(b) amount of deposits held in a single foreign bank should not exceed 20% of ACIU’s total assets;
(c) amount of loans or guarantees issued may not exceed 30% of total assets, and the amount of any loan or guarantee granted to a single entity may not exceed 10% of ACIU’s total assets;
(d) amount of shares or units issued by a publicly opened ACIU or by a collective investment undertaking (CIU) should not exceed 20% of ACIU’s total assets;
(e) amount of investments in a single real estate asset should not exceed 30% of ACIU total assets. For calculating this limit, properties that have an interconnected economic destination are considered as a single real estate asset.
(2) NCFM might establish by its normative acts other provisions regarding the limits and categories of assets in which the ACIU can invest.

Limits (min.) on investment portfolio held locally

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective February 6, 2020, the Law on ACIU provides limitations on investment portfolio held locally as follows:</td>
<td></td>
</tr>
<tr>
<td>(1) An ACIU that distributes its participation units to retail investors may invest in all categories of assets provided in Article 9 paragraph (1), meeting the following requirements:</td>
<td></td>
</tr>
<tr>
<td>(a) securities and/or money market instruments issued by a single entity may not exceed 20% of ACIU’s total assets. The provided limits do not apply to securities issued or guaranteed by an authority of the central or local public administration of the Republic of Moldova, by the NBM, or by any central or local administrative authority;</td>
<td></td>
</tr>
<tr>
<td>(b) amount of deposits held in a single national bank should not exceed 20% of ACIU’s total assets;</td>
<td></td>
</tr>
<tr>
<td>(c) amount of loans or guarantees issued may not exceed 30% of the value of its assets, and amount of any loan or guarantee granted to a single entity may not exceed 10% of ACIU’s total assets;</td>
<td></td>
</tr>
<tr>
<td>(d) amount of shares or units issued by a publicly opened ACIU or by a CIU should not exceed 20% of ACIU’s total assets;</td>
<td></td>
</tr>
<tr>
<td>(e) amount of investments in a single real estate asset should not exceed 30% of the value of ACIU assets. For calculating this limit, properties that have an interconnected economic destination are considered as a single real estate asset.</td>
<td></td>
</tr>
<tr>
<td>(2) An ACIU may acquire participation units of other ACIUs managed by the same Fund Manager if the constitutive acts or its rules provide rights for such an acquisition, and their value must not exceed 10% of ACIU’s total assets.</td>
<td></td>
</tr>
<tr>
<td>(3) A Fund Manager is not entitled to charge additional fees in connection with the investment of the assets of one ACIU in equity securities of another ACIU it manages.</td>
<td></td>
</tr>
<tr>
<td>(4) An ACIU that attracts financial resources through a closed offer may invest in all categories of assets mentioned in Article 9 paragraph (1) of the Law. The constitutive acts or the rules of the ACIU must specify the limits and categories of investment.</td>
<td></td>
</tr>
<tr>
<td>(5) If an ACIU exceeds the investment limits provided by this law, the articles of constitutive acts or the ACIU’s rules, it will be obliged to adjust, within 12 months, the position of its assets to the requirements provided by this law, by the constitution papers or the rules of the ACIU, taking into account the interests of investors.</td>
<td></td>
</tr>
<tr>
<td>(6) NCFM might establish by its normative acts other provisions regarding the limits and categories of assets in which the ACIU can invest.</td>
<td></td>
</tr>
</tbody>
</table>

Currency-matching regulations on

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
</table>

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

INTERNATIONAL MONETARY FUND

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Changes during 2019 and 2020

Exchange Arrangement

<table>
<thead>
<tr>
<th>Monetary policy framework</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation-targeting framework</td>
<td></td>
</tr>
<tr>
<td>Operating target (policy rate)</td>
<td></td>
</tr>
<tr>
<td>Policy rate</td>
<td>08/06/2020</td>
</tr>
<tr>
<td>Target corridor band</td>
<td>08/06/2020</td>
</tr>
</tbody>
</table>

Accountability

| Parliamentary hearings | 05/14/2020 | The parliamentary hearing became effective. |

Transparency

| Publication of votes | 08/07/2019 | The National Bank of Moldova resumed publishing votes of members of the Executive Board at monetary policy meetings in the Inflation Report. |
| Publication of minutes | 08/07/2019 | The National Bank of Moldova resumed the publication of the summaries of minutes of the Executive Board meetings on monetary policy in the Inflation Report. |

Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reserve requirements</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>07/16/2019</td>
<td>The required reserve ratio applied to freely convertible currency increased to 17% from 14%.</td>
</tr>
<tr>
<td>01/16/2020</td>
<td>The required reserve ratio applied to freely convertible currency increased to 18% from 17%.</td>
</tr>
<tr>
<td>01/16/2020</td>
<td>The required reserve ratio applied to Moldovan leu was reduced to 42% from 42.5%.</td>
</tr>
<tr>
<td>02/16/2020</td>
<td>The required reserve ratio applied to Moldovan leu was reduced to 41.5% from 42%.</td>
</tr>
<tr>
<td>02/16/2020</td>
<td>The required reserve ratio applied to freely convertible currency increased to 19% from 18%.</td>
</tr>
<tr>
<td>03/16/2020</td>
<td>The required reserve ratio applied to freely convertible currency increased to 20% from 19%.</td>
</tr>
<tr>
<td>03/16/2020</td>
<td>The required reserve ratio applied to Moldovan leu was reduced to 41% from 41.5%.</td>
</tr>
<tr>
<td>04/16/2020</td>
<td>The required reserve ratio applied to Moldovan leu was reduced to 34% from 41%.</td>
</tr>
<tr>
<td>04/16/2020</td>
<td>The required reserve ratio applied to freely convertible currency increased to 21% from 20%.</td>
</tr>
<tr>
<td>08/16/2020</td>
<td>The required reserve ratio applied to freely convertible currency increased to 24% from 21%.</td>
</tr>
<tr>
<td>08/16/2020</td>
<td>The required reserve ratio applied to Moldovan leu was reduced to 33% from 34%.</td>
</tr>
<tr>
<td>09/16/2020</td>
<td>The required reserve ratio applied to Moldovan leu was reduced to 32% from 33%.</td>
</tr>
<tr>
<td>09/16/2020</td>
<td>The required reserve ratio applied to freely convertible currency</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>Insurance companies</td>
<td></td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>10/01/2020</td>
</tr>
<tr>
<td>Banks must ensure that the currency denomination of their liquid assets is consistent with the distribution by currency of their net liquidity outflows. However, where appropriate, the National Bank of Moldova may require banks to restrict currency mismatch by setting limits on the proportion of net liquidity outflows in a currency that can be met during a stress period by holding liquid assets not denominated in that currency.</td>
<td></td>
</tr>
</tbody>
</table>

| Insurance companies                           | 03/27/2020 |
| **Limits (min.) on investment portfolio held locally** |  |
| Cash in current accounts in banks and branch of a bank from other state, licensed by the National Bank of Moldova, including in foreign currency, must not exceed the limit of 20% of total technical reserves, excluding the reinsurer’s share in technical reserves, and half of the minimum solvency margin. |  |

| Investment firms and collective investment funds | 02/06/2020 |
| **Limits (max.) on investment portfolio held abroad** |  |
| The Law on alternative collective investment undertakings provides limitations on investment portfolio held abroad. |  |

| Investment firms and collective investment funds | 02/06/2020 |
| **Limits (min.) on investment portfolio held locally** |  |
| The Law on alternative collective investment undertakings provides limitations on investment portfolio held locally. |  |
MONGOLIA  
(Position as of July 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>February 14, 1991.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>February 1, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange Measures

The IMF staff report for the 2019 Article IV Consultation, with Mongolia states that, as of August 2, 2019, Mongolia maintained two MCPs subject to IMF jurisdiction. First, the modalities of the multi-price auction system give rise to an MCP because there is no mechanism in place that ensures that exchange rates of accepted bids at the multi-price auction do not deviate by more than 2%. In addition, Mongolia has an official exchange rate (reference rate) that is mandatorily used for government transactions (as opposed to the commercial market rate). Therefore, by way of official action, the authorities have created market segmentation. While Order #699 of the Bank of Mongolia (BOM) issued on December 3, 2010, sets forth that the reference rate is determined based on the weighted average of market rates used from 4 p.m. of the previous day to 4 p.m. of the current day, staff are of the view that this Order does not eliminate the market segmentation and the multiplicity of effective rates arising from it. Accordingly, in the absence of a mechanism to ensure that the commercial rates and the reference rate do not deviate by more than 2%, the way the reference rate is used in government transactions gives rise to an MCP subject to IMF approval. (Country Report No. 19/297)

Exchange measures imposed for security reasons

Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

Yes.

Restrictions are imposed on certain transactions with the former Republic of Serbia and Montenegro.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange rate structure

Unitary

Dual

Multiple

Yes.

The exchange rate structure is classified as multiple because the official exchange rate may differ from the market rate by more than 2%, and a multiple-price auction was introduced without a formal mechanism to prevent a spread exceeding 2% of effective rates.
between the winning bids. Since the inception of the auction, however, winning bids have never deviated by more than 2%. To eliminate the risk of accepted bids deviating by more than 2%, in addition to multiple-price auction, the BOM introduced a single-price auction, from October 1, 2015, that is, where all accepted offers are fulfilled at a single cutoff rate.

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement: Yes.

The de jure exchange rate arrangements are floating. The BOM reserves the right to intervene in the foreign exchange market. The BOM intervenes through the auction to moderate the rate of change in line with macroeconomic fundamentals. Because of economic slowdown because of COVID-19, as of June 30, 2020, Mongolia’s imports have fallen by 15% to 2.4 million, exports have fallen by 28% to 2.8 million, and Balance of Payment (BOP) showed deficit of US$679.2 million. Exchange rate was 2823.89 as of June 30, 2020, incurring MNT depreciation of 3.3%. Subsequently, the BOM’s intervention in the foreign exchange market through auction has increased drastically compared to previous year. The BOM publishes the cutoff rate and amount of intervention for each auction on its website. Intervention data is also published in BOM’s annual report. From January 2020, the exchange rate has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to crawl-like from other managed, effective January 23, 2019.

- Pegged exchange rate within horizontal bands
- Other managed arrangement: Yes.
- Floating
- Free floating
- **Official exchange rate**: Yes.

The BOM’s closing rate—togrog against US dollar—is calculated as the sum of weighted purchase and sale rates multiplied by total purchase and sale volume percentages, respectively. Purchase and sale volumes are based on transactions between 4:00 p.m. of the previous day and 4:00 p.m. of the current day reported by banks by 4:40 p.m. every business day. The closing reference rate is announced by 5:40 p.m. everyday once it is cleared by the director of the Reserve Management and Financial Markets Department at the BOM. Calculation of reference rates of togrugs against all other foreign currencies is based on rates in international markets between 4:00 p.m. and 4:30 p.m. of the current day. The reference rate is used in accounting, customs valuation, and government transactions with the BOM. For accounting purposes, the daily reference rate is the BOM’s closing rate on the previous day. The reference rate is announced each weekday except national holidays.

**Monetary policy framework**
Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*

*Core inflation*

Target horizon

*Operating target (policy rate)*

Policy rate

Target corridor band

*Other*

*Accountability*

Open letter

Parliamentary hearings

*Other*

*Transparency*
The BOM has had a monetary aggregate targeting framework since the mid-1990s with reserve money as the operating target and M2 as the intermediate target. However, because of the remonetization process and the volatility of the money multiplier since 2007, the BOM has not strictly adhered to its monetary targets (except during 2009–2011, when the BOM had an IMF-supported program). It has pursued an eclectic anchoring strategy involving the monitoring of a broad range of financial (exchange rate, money and credit growth, interest rate) and real (domestic demand, current account, production) indicators. Since 2012, the BOM has been pursuing a more forward-looking approach by introducing the Forecasting and Policy Analysis System (FPAS) in which monetary policy decision is based on macroeconomic forecasts. The current policy strategy of the BOM can be considered as inflation-targeting framework, but it is not fully pledged. The targets for 2020 and over medium term are 8% and 6%, respectively. The target measure is headline inflation (CPI) with current horizon of 2018–2020. The BOM has cut the policy rate twice by 100 basis points each 10% effective March 12, 2020, and to 9% effective April 14, 2020. Inflation targets are set in the Monetary Policy Guidelines, which is prepared by the BOM and approved by the parliament. Realization of the target is reported to the parliament. The MPC consists of 7 members, including the BOM Governor, the First Deputy Governor, the Deputy Governor, and four outside members. Currently, there are 3 outside members who are project head at the Ministry of Finance and 2 professors from the Institute of Finance and Economics and National University of Mongolia. The meetings of the MPC are held at least 4 times a year, and it publishes its decisions after each such meeting. Minutes of the MPC meetings are published on the BOM website. Inflation forecasts are published quarterly in the Inflation Report.

Banks and nonbank financial institutions (NBFIs) may freely set their exchange rates in transactions with their clients. There were 12 commercial banks and 542 NBFIs in Mongolia as of June 30, 2020. The operations of foreign exchange bureaus have been delegated to NBFIs licensed by the Financial Regulatory Committee. As of June 30, 2020, 45 currency bureaus were active in the domestic foreign exchange market. NBFIs are approved to purchase and sell banknotes and make foreign currency payments and transfers on behalf of their clients but may not have accounts abroad.

A two-way multiple-price foreign exchange auction is held twice a week. The BOM additionally introduced a single-price foreign exchange auction by amendment of the auction regulation on October 1, 2015. The amount of purchase and sale is not announced in advance. Only commercial banks may participate in the auction.
Commercial banks may propose three bids and three offers and may freely determine their bid and offer prices. Maximum and minimum amounts apply. The buying and selling limit for one bid must be in the range of, effective July 2, 2020, US$0.1–US$8.0 million (previously US$0.2–US$8.0 million). The BOM publishes the results of the auctions on its website within the day.

Fixing
No.

Interbank market
Yes. There are 12 banks and the Development Bank of Mongolia that participate in the interbank foreign exchange market. There are no limits on the bid-ask spread and commission of market participants. As of June 2020, there were 112 banks that actively participated in the interbank foreign exchange market.

Over the counter
Yes. Commercial banks may trade foreign exchange with each other over the counter and may freely set their buying and selling rates.

Brokerage
No.

Market making
Yes. The three largest banks in the Mongolian banking sector are playing a major role as market makers.

Forward exchange market
Yes. Banks are granted a supplementary foreign exchange settlement license from the BOM for the purpose of carrying out forward exchange transaction. As of June 30, 2020, the BOM did not issue any forward agreements with the commercial banks.

Official cover of forward operations
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements
Yes.

Controls on the use of domestic currency
No.

For current transactions and payments
No. Under Article 7 of the AML/CFT Law of Mongolia, all financial institutions and designated non-financial businesses and professions (DNFBPs) must report cash and foreign transactions (for example, SWIFT, Moneygram) to the financial information unit. Also, they must report transactions that are suspected of being proceeds of crime, money laundering, and terrorist financing.

For capital transactions
No.

Transactions in capital and money market instruments
No. Under Article 7 of the AML/CFT Law of Mongolia, all financial institutions and DNFBPs must report cash and foreign transactions (for example, SWIFT, Moneygram) to the financial information unit. Also, they must report transactions that are suspected of being proceeds of crime, money laundering, and terrorist financing.

Transactions in derivatives and other instruments
No. Under Article 7 of the AML/CFT Law of Mongolia, all financial institutions and DNFBPs must report cash and foreign transactions (for example, SWIFT, Moneygram) to the financial information unit. Also, they must report transactions that are suspected of being proceeds of crime, money laundering, and terrorist financing.

Credit operations
No. Under Article 7 of the AML/CFT Law of Mongolia, all financial institutions and DNFBPs must report cash and foreign transactions (for example, SWIFT, Moneygram) to the financial information unit. Also, they must report transactions that are suspected of being proceeds of crime, money laundering, and terrorist financing.

Use of foreign exchange among residents
Yes. All settlements, advertisements, prices, and tariffs must be denominated and settled in togrogs. Only authorized commercial
Use of foreign exchange among residents

banks and NBFI s have a right to deal in foreign exchange.

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>Yes.</td>
</tr>
<tr>
<td>The bilateral payments arrangements are inoperative.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>International transactions are governed by the Foreign Exchange Law. Authorized commercial banks and NBFI s may affect foreign exchange transactions. The responsible department is the Research and Statistics Department of the Bank of Mongolia.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Resident Accounts

| Foreign exchange accounts permitted | Yes. |
| Held domestically | Yes. |
| Accounts may be held at authorized banks. These accounts may be credited with retained export earnings and foreign exchange |
transferred from abroad, and the balances may be used for any purpose without restriction.

Approval required
No.
Held abroad
Yes.

Approval required
No.

Accounts in domestic currency held abroad
Yes. Residents may open and maintain domestic currency accounts abroad without approval.

Accounts in domestic currency convertible into foreign currency
Yes. Accounts in domestic currency are convertible to foreign currency.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes. Inclusion in the State Registry is required. Under Article 5 of the AML/CFT Law of Mongolia and subsequent regulations approved by the BOM, know-your-customer and customer due diligence requirements apply to all nonresident and foreign exchange accounts in all financial institutions.

Approval required
No.

Domestic currency accounts
Yes.

Convertible into foreign currency
Yes.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.

Other
No.

Import licenses and other nontariff measures
Yes.

Positive list
No.
### MONGOLIA

<table>
<thead>
<tr>
<th>Negative list</th>
<th>Yes.</th>
<th>Import of drugs, alcohol, materials that encourage or depict violence, pornography, and items that could cause environmental damage is prohibited.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
<td>A special permit is required for imports of historical artifacts, precious metals, weapons, radioactive materials, ferrous and nonferrous metals, and goods and services requiring licenses under international contracts and agreements.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
<td>A uniform import duty of 5% applies. A uniform VAT of 10% is levied on imports of most goods. Specific excise taxes are levied on imports of alcohol, cigarettes, tobacco and tobacco products, passenger cars, and petroleum products.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |}

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
<td>A special permit is required for exports of historical artifacts, precious metals, weapons, radioactive materials, ferrous and nonferrous metals, and goods and services requiring licenses under international contracts and agreements.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>Yes.</td>
<td>Export taxes apply to exports of nonferrous and scrap metals, raw camel wool, and lumber and other wood products.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

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## Payments for Invisible Transactions and Current Transfers

All money transfers and wire transactions above Tog 20 million must be reported to the financial information unit for the purposes of AML/CFT.

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>
**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

All money transfers and wire transactions above Tog 20 million must be reported to the financial information unit for the purposes of AML/CFT.

**Capital Transactions**

<table>
<thead>
<tr>
<th>Capital Controls</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The controlling shareholder, alone or together with related persons, must inform the Financial Regulatory Commission, Mongolian stock exchange, and the public via its website of any 5% increase or decrease in the share volume of a company’s controlling shareholders within five working days.

A legal person listed on a foreign exchange may list and trade its securities on a stock exchange in Mongolia on approval of the Financial Regulatory Commission. The issuer must indicate in the prospectus of the securities to be issued in Mongolia the regulatory differences between Mongolia and the country in which the securities were initially issued. The issuer must also make provisions for investors’ potential risks and make arrangements for the exercise of their rights. The criteria for foreign security issuance in Mongolia and the list of accepted foreign exchanges are determined by the Financial Regulatory Commission. Granting ownership free of charge and selling securities on credit in the primary market are prohibited, unless stated otherwise in the law. According to the Foreign Exchange Law, residents may purchase shares or other securities of a participating nature abroad. Since April 1, 2018, pursuant to amendments to the Banking Law announced January 18, 2018, banks may not establish subsidiary companies or hold minority interest of more than 20% in any company. All banks had to comply with this requirement by January 1, 2019.
<table>
<thead>
<tr>
<th>Category</th>
<th>Allowed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Companies listed on the Stock Exchange of Mongolia may also list and trade a certain portion of their securities and depository receipts on a foreign stock exchange. To issue securities in foreign countries, a company must register them with the Financial Regulatory Commission, which sets the registration rules.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
<td>Registration with the depository house through brokers and dealer companies is required.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>The issuance of bonds or other debt securities by nonresidents is prohibited. Bonds or other debt securities may be issued only by the government on the approval of the parliament or by companies registered in Mongolia. The lending of securities is prohibited.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td>Foreign-registered investment funds may not publicly offer or sell their shares and unit rights in Mongolia. A foreign-registered investment fund may offer its shares and unit rights (privately) through a closed offer on authorization of the Financial Regulatory Commission. The regulation and requirements for such authorization must be approved by the Financial Regulatory Commission.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
<td>Banks and nonbanks are subject to net open position limits which are established by regulations approved by the BOM and Financial Regulatory Commission. Derivative transactions are taken into account in estimation of net open positions. In addition, credit equivalent amount of derivatives is calculated. And these calculations are taken into account in the capital adequacy requirements.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transaction Type</td>
<td>Action for Residents to Nonresidents</td>
<td>Action for Nonresidents to Residents</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>--------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
### Transfer of gambling and prize earnings
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
<th>In accordance with the AML/CFT Law, banks and other credit institutions are supervised and monitored by the BOM and Financial Regulatory Commission of Mongolia, respectively. The supervising authorities conduct on- and off-side risk-based supervision. The duties of banks and other credit institutions (reporting entities) include understanding their risks associated with AML/CFT and adopting internal procedures which cover regular, enhanced, and simplified customer due diligence.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
<td>The registration of foreign borrowing is not required except as required for the purpose of combating terrorism and money laundering.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
<td>The BOM permission is required.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td>Banks are required to obtain a supplementary foreign exchange settlement license to engage in these transactions.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
<td>Banks are required to obtain a supplementary foreign exchange settlement license to engage in these transactions.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents in foreign exchange</td>
<td>Yes.</td>
<td>Banks must meet separate reserve requirements for both togrog and foreign currency deposits, and the reserve requirement rate for togrog is 8.5% and the rate for foreign currency remains 15%. It is required to maintain an amount equivalent to at least 50% of required reserves in their togrog and foreign currency accounts held at the BOM by the end of each day strictly. The remaining 50% of required reserves can be maintained on average basis throughout the maintenance period. The cash in vault for either togrog or foreign currency is not taken into account when calculating reserve fulfillment. Banks are allowed to use their togrog excess reserves to fulfill up to 50% of their foreign currency required reserves at the end of the maintenance period. The banks’ required reserves in togrog are remunerated at 50% of the BOM’s overnight deposit rate.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td>Nonresidents’ investment activities are regulated by the Law on Investments, Company Law, and Banking Law.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
<td>Banks are required to hold a supplementary foreign exchange</td>
</tr>
</tbody>
</table>
settlement license and securities trading license to engage in these transactions. Basic activities such as transfers and foreign exchange trading are granted with the banking license. Since April 1, 2018, pursuant to amendments to the Banking Law announced January 18, 2018, banks may not establish subsidiary companies or hold minority interest of more than 20% in any company. All banks had to comply with this requirement by January 1, 2019.

In banks by nonresidents  Yes.  Nonresidents’ investments in banks are regulated by the Law on Investments, Company Law, Banking Law, and Regulation on Change in Bank Capital Structure. All residents and nonresidents are required to get a permit from the BOM to become a bank shareholder. According to the Law on Investments, any foreign state-owned legal entity willing to invest in more than 33% of bank’s ownership must get a permit from the Government of Mongolia before getting a permit from the BOM.

Open foreign exchange position limits  Yes.  The limits are 15% of adjusted capital for the net position in a single currency and, effective May 23, 2019, 30% (previously 40%) of adjusted capital for the total net position in all currencies. Adjusted capital is calculated, effective May 23, 2019, as follows: (1) Treasury-owned common and preferred equities are deducted from Tier 1 and Tier 2 capital, respectively; (2) goodwill is deducted; (3) the sum of deferred taxes and software in excess of 10% of Tier 1 is deducted; (4) 75% and 25% of amounts in excess of limits set in the Banking Law 17.1–17.5 are deducted from Tier 1 and Tier 2 capital, respectively. If Tier 2 is insufficient, the remainder is deducted from Tier 1; (5) Tier 2 is capped at 50% of Tier 1. Previously, it was calculated as follows: (1) 75% of the capital invested directly and indirectly via a third party in other banks and NBFIs is deducted from Tier 1 capital and the remaining 25% from Tier 2 capital, except capital invested in subsidiary and affiliated financial institutions (as amended by the BOM Governor’s Decree No. 762 of 2011); (2) the maximum amount of Tier 2 capital must be less than the amount of Tier 1 capital, and the amount of subordinated debt under Tier 2 capital is limited to 50% of Tier 1 capital; (3) accounts must be adjusted if violations are discovered during off-site and follow-up examinations; (4) perpetual and noncumulative preferred stock must be less than 15% of Tier 1 capital; (5) revaluation surplus of certain properties may be deducted from Tier 2 capital; (6) goodwill must be deducted from Tier 1 capital; and (7) loss provision must be equivalent to no more than 1% of risk-weighted assets.

On resident assets and liabilities  Yes.

On nonresident assets and liabilities  Yes.

Provisions specific to institutional investors  No.

Insurance companies  No.

Limits (max.) on securities issued by nonresidents  No.

Limits (max.) on investment portfolio held abroad  No.

Limits (min.) on investment portfolio held locally  No.

Currency-matching regulations on assets/liabilities composition  No.

Pension funds  No.
Limits (max.) on securities issued by nonresidents
Limits (max.) on investment portfolio held abroad
Limits (min.) on investment portfolio held locally
Currency-matching regulations on assets/liabilities composition
Investment firms and collective investment funds
Limits (max.) on securities issued by nonresidents
Limits (max.) on investment portfolio held abroad
Limits (min.) on investment portfolio held locally
Currency-matching regulations on assets/liabilities composition

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification
Crawl-like arrangement
01/23/2019
From January 2020, the exchange rate has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to crawl-like from other managed.

Monetary policy framework
Other monetary framework
03/12/2020
The Bank of Mongolia has cut the policy rate by 100 basis points to 10%.
04/14/2020
The Bank of Mongolia has cut the policy rate by 100 basis points to 9%.

Foreign exchange market
Spot exchange market
Operated by the central bank
Auction
07/02/2020
The buying and selling limit for one bid must be in the range of US $0.1–US$8.0 million (previously US$0.2–US$8.0 million).

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Open foreign exchange position limits
05/23/2019
Adjusted capital is calculated as follows: (1) Treasury-owned common and preferred equities are deducted from Tier 1 and Tier 2 capital, respectively; (2) goodwill is deducted; (3) the sum of deferred taxes and software in excess of 10% of Tier 1 is deducted; (4) 75% and 25% of amounts in excess of limits set in the Banking Law 17.1–17.5 are deducted from Tier 1 and Tier 2 capital, respectively. If Tier 2 is insufficient, the remainder is deducted from Tier 1; (5) Tier 2 is capped at 50% of Tier 1. Previously, it was calculated as follows: (1) 75% of the capital invested directly and indirectly via a third party in other banks and NBFIs is deducted from
Tier 1 capital and the remaining 25% from Tier 2 capital, except capital invested in subsidiary and affiliated financial institutions (as amended by the BOM Governor’s Decree No. 762 of 2011); (2) the maximum amount of Tier 2 capital must be less than the amount of Tier 1 capital, and the amount of subordinated debt under Tier 2 capital is limited to 50% of Tier 1 capital; (3) accounts must be adjusted if violations are discovered during off-site and follow-up examinations; (4) perpetual and noncumulative preferred stock must be less than 15% of Tier 1 capital; (5) revaluation surplus of certain properties may be deducted from Tier 2 capital; (6) goodwill must be deducted from Tier 1 capital; and (7) loss provision must be equivalent to no more than 1% of risk-weighted assets.

The limit is 30% (previously 40%) of adjusted capital for the total net position in all currencies.
MONTENEGRO

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>January 18, 2007.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: January 18, 2007.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | No. |
| Other security restrictions | Yes. |
| References to legal instruments and hyperlinks | Montenegro, as a member of the UN, observes and implements all mandatory measures of UNSC resolutions. This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Exchange Arrangement

| Currency | Yes. The euro is legal tender in Montenegro. |
| Other legal tender | No. |

Exchange rate structure

| Unitary | Yes. |
| Dual | |
| Multiple | |

Classification

| No separate legal tender | Yes. The exchange rate arrangement is an exchange arrangement with no separate legal tender. The euro is legal tender. |
| Currency board | |
| Conventional peg | |
| Stabilized arrangement | |
| Crawling peg | |
| Crawl-like arrangement | |
| Pegged exchange rate within horizontal bands | |
| Other managed arrangement | |
| Floating | |
Free floating

**Official exchange rate**
No.

**Monetary policy framework**

Exchange rate anchor
Yes.

*U.S. dollar*

*Euro*
Yes. The euro is legal tender and circulates freely in Montenegro.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

Other

**Accountability**

Open letter
Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. According to the Law on Foreign Current and Capital Operations (OGM Nos. 45/05, 62/08, 40/11, 62/13, and 70/17), Article 8, exchange operations may be performed by legal persons and entrepreneurs, which have contract with a bank, and are registered for performing exchange operations. The CB must prescribe in detail terms and manner of performing exchange operations. The Central Bank of Montenegro (CBM) is not responsible for issuing licenses for performing bureau de change operations, and banks are not obliged to submit data and information about other persons with whom they concluded the contract on performing bureau de change operations. Banks must perform exchange operations in their own name and for their own account. Other legal persons may perform exchange operations in their own name and for a bank’s account, subject to signing an agreement with the bank.

According to the Decision on Detailed Requirements and Manner of Performing Bureau De Change Operations (OGM No. 27/11), Article 2, banks must perform bureau de change operations in their own name and for their own account. Other legal persons and entrepreneurs (hereinafter: the ADs) may perform bureau de change activities in their own name and for a bank’s account, subject to signing an agreement with the bank on performing bureau de change activities and the dealer’s registration for the performance of this activity. The bank must be accountable for the operations of the AD with whom it has signed the agreement on performing bureau de change activities. Bureau de change activities at border crossings and on vessels may be performed by persons employed in the bank and/or AD, subject to a separate approval of the bank.

Spot exchange market

Yes. In Montenegro, banks perform activities on exchange market, but there is not an organized spot exchange market (in terms of platform).

Operated by the central bank

No.

Foreign exchange standing facility

No.

Allocation

No.

Auction

No.

Fixing

No.

Interbank market

No. There is no interbank foreign exchange market.

Over the counter

No.
Over the counter brokerage No.
Market making No.
Forward exchange market No. There is no forward exchange market, but there are no restrictions on forward deals by residents abroad.
Official cover of forward operations No.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No.
Controls on the use of domestic currency No.
For current transactions and payments No.
For capital transactions No.
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents No.
Payments arrangements No.
Bilateral payments arrangements No.
Operative No.
Inoperative No.
Regional arrangements No.
Clearing agreements No.
Barter agreements and open accounts No.
Administration of control No. The CBM, which is not an issuing bank, prescribes prudential rules for the operations of dealers and banks in foreign exchange transactions and sets limits on their foreign exchange positions.

Payments arrears No.
Official No.
Private No.
Controls on trade in gold (coins and/or bullion) No.
On domestic ownership and/or trade No.
On external trade No.
Controls on exports and imports of banknotes No. Domestic and foreign currency cash may be imported and exported freely; amounts of €10,000 and above must be reported to customs by residents and nonresidents.
On exports No.
### Domestic currency
No. Exports of cash, in domestic or foreign currency, amounting to €10,000 and above must be reported to customs by residents and nonresidents.

### Foreign currency
No. Exports of cash, in domestic or foreign currency, amounting to €10,000 and above must be reported to customs by residents and nonresidents.

### On imports
No.

#### Domestic currency
No. Imports of cash, in domestic or foreign currency, amounting to €10,000 and above must be reported to customs by residents and nonresidents.

#### Foreign currency
No. Imports of cash, in domestic or foreign currency, amounting to €10,000 and above must be reported to customs by residents and nonresidents.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Resident Accounts

### Foreign exchange accounts permitted
Yes.

#### Held domestically
Yes. Government agencies and organizations may hold foreign exchange accounts with the CBM or with commercial banks. Resident natural and juridical persons may hold foreign exchange accounts with authorized banks in the form of demand and time deposits. Deposits to these accounts and transfers abroad from these accounts may be made freely through transfers or, in certain cases, in cash.

#### Approval required
No.

#### Held abroad
Yes. Residents may hold foreign exchange accounts abroad.

#### Approval required
No.

#### Accounts in domestic currency held abroad
Yes. Residents may hold euro accounts abroad without approval.

#### Accounts in domestic currency convertible into foreign currency
Yes. Accounts denominated in euros are freely convertible to other currencies.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Nonresident Accounts

### Foreign exchange accounts permitted
Yes. Nonresident natural and juridical persons may hold foreign exchange accounts with authorized banks in the form of demand and time deposits. Deposits may be held in currencies traded in the domestic foreign exchange market. Deposits to these accounts may be through transfers or, in certain cases, in cash. Montenegrins who have resided abroad for more than six months are considered nonresidents.

### Approval required
No.

### Domestic currency accounts
Yes. Nonresidents may hold domestic currency in their accounts with authorized banks in the form of sight deposits and time deposits. Nonresidents may deposit domestic currency acquired through authorized transactions in accounts with authorized banks.

### Convertible into foreign currency
Yes.

### Approval required
No.

### Blocked accounts
No.
<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Imports and Import Payments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
<td>No. Payments for imports of goods and services are free of restrictions, provided documentary proof is submitted.</td>
</tr>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes. Payments for imports may be made through authorized banks and in cash. Residents must provide the bank with the standard import documentation.</td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes. Import licensing procedures are maintained for various reasons including protection of national security, human, animal, or plant life or health, and to meet commitments under international conventions to which Montenegro is a signatory, for example, the CITES. As of the end of 2017, these requirements covered approximately 356 ten-digit HS tariff items, or 3.6% of all tariff lines, comprising explosives, headgears, optical instruments, pharmaceutical products, insecticides, contact lenses, uranium, and apparatus based on the use of X-rays or alpha, beta, or gamma radiation.</td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No. There is no positive list. An estimated 96.4% of all tariff items may be imported freely. Goods not included on the control list (negative list) may be imported and exported freely.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes. Negative list (prohibitions or restrictions). Montenegro prohibits a few imports, mainly to protect health, safety, security, the environment, and natural resources. Imports of radioactive waste (HS28.44.10.10, HS28.44.30.55, and HS28.44.50) and trade in nuclear materials (from HS28.44.20.25 to HS28.44.20.99) are prohibited. No other import prohibitions are in place. Regarding the importation of used products, certain technical requirements must be met. Used motor vehicles being imported or being placed on the Montenegrin market for the first time can be put into free circulation on determination of the level of costs for the type approval of such vehicles. Waste tires can only be imported for processing, on the basis of an approval or an import license issued by the Environmental Protection Agency, provided their import does not endanger the environment or human health.</td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other nontariff measures</strong></td>
<td>No. Export and import quotas have been eliminated in Serbia and Montenegro.</td>
</tr>
</tbody>
</table>
Montenegro, in accordance with an agreement between the two republics for harmonizing their trade, customs, and indirect tax regimes.

**Import taxes and/or tariffs**

| Yes. |

The Law on Customs Tariff (OG of the MNE No. 28/12) stipulates customs duty that has to be paid for imports of goods. The rate does not exceed 50%. The average applied tariff rate for 2020 is 5.07% calculated by customs rates set out in the Decree on Customs Tariffs for 2020 (OG of the MNE No. 04/20).

The applied customs rates for 2020 can be found at the following link: taric.carina.co.me/TariCG.

Montenegro applies only tariff-rate (preferential) quotas under its Regional Trade Agreements. They currently affect imports of 149 agricultural products from the EU in line with the Stabilization and Association Agreement (for example, poultry meat, fish, cheese, water, and wine) since 2008 and imports of dried fruit from Turkey since 2010. Tariff-rate quotas are allocated by the Customs Administration on a first-come, first-served basis.

**Taxes collected through the exchange system**

| No. |

**State import monopoly**

| No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

| Yes. |

Nonautomatic export licenses are required for the following commodities: drugs, medicines, blood and pharmaceutical products, precious metals, explosives, arms, military equipment, dual-use goods, and goods which may be used for the execution of a death penalty and whose application may be subject to torture and national art treasures.

To (1) preserve the stability of the supply of raw materials to the processing sector, (2) ensure the stability of the population of the northern part of Montenegro who use wood for heating, (3) preserve the stability of the prices of fuel, and (4) control the preservation of the forest fund, combat illegal harvesting, and control the
implementation of the cutting in line with the cutting plan. Montenegro has in place a licensing regime for export of raw wood and certain wood products. The scope of the licensing regime consists of a total of 30 tariff lines that are restricted (OGM No. 33/2018). Effective April 30, 2019, the validity of the licensing regime for exports of raw wood and certain products was extended for two more years (OGM No. 24/2019).

<table>
<thead>
<tr>
<th>With quotas</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment-related payments</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal payments</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign workers' wages</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Credit card use abroad        | No. |

These transactions may be made freely after payment of the appropriate taxes.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Controls on capital and money market instruments Yes.
On capital market securities Yes.
Shares or other securities of a participating nature Yes.
Purchase locally by nonresidents No.
Sale or issue locally by nonresidents No.
Purchase abroad by residents Yes.

Insurance companies may deposit and invest their technical provisions in (1) securities issued by Montenegro and the CBs and governments of foreign countries rated at least A or its equivalent by widely accepted, internationally recognized rating agencies; (2) shares traded on the organized securities market in Montenegro; and (3) shares of foreign legal entities, provided they have been listed on the stock exchange for at least last two years and if they have a credit rating of at least “A” awarded by Standard & Poor’s or Fitch-IBCA.
or at least “A2” awarded by Moody’s. According to the Article 7 of the Rulebook, the above-mentioned assets could be deposited and invested within the following restrictions:

1. Maximum limits for total assets (Article 7, Paragraph 1): up to 30% in the assets referred to in the Article 6, Paragraph 6, and in securities issued by the CBs and governments of foreign countries and which have rating of at least “A” or its equivalent, awarded by generally accepted, internationally recognized rating agencies;
2. Maximum limits for individual asset (Article 7, Paragraph 2): up to 10% in securities of the same issuer from the assets covered by the Article 6, Paragraph 6, and in securities issued by the CBs and governments of foreign countries and which have rating of at least “A,” or its equivalent, awarded by generally accepted, internationally recognized rating agencies.

The MOF may prescribe other investments considered adequate in terms of safety, yield, and marketability.

| Sale or issue abroad by residents | No. |
| Bonds or other debt securities | Yes. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |

Insurance companies may deposit and invest their technical provisions in (1) securities issued by Montenegro and the CBs and governments of foreign countries rated at least A or its equivalent by widely accepted, internationally recognized rating agencies; (2) bonds or other debt securities traded on the organized securities market in Montenegro; (3) bonds or other debt securities not traded on the organized securities market, if the issuer is a legal entity whose principal place of business is in Montenegro; (4) debt securities issued or guaranteed by governments or the CBs of an EU member state or a member state of the OECD or an international financial organization to which one or more EU member states or one or more OECD member countries belong, if they have a credit rating for long-term borrowing in domestic and foreign currencies at least equal to the credit rating of Montenegro awarded by Standard & Poor’s or Fitch-IBCA or Moody’s; (5) bonds and other debt securities issued or guaranteed by the municipal governments in Montenegro, EU member state, or OECD member state; and (6) debt securities of foreign legal entities traded on a stock exchange in the countries where they are registered, provided their credit rating awarded by Standard & Poor’s or Fitch-IBCA is at least “A” or if awarded by Moody’s at least “A2.”

According to the Article 7 of the Rulebook, the above-mentioned assets could be deposited and invested within the following restrictions:

1. Maximum limits for total assets (Article 7, Paragraph 1):
   (1) up to 30% in the assets referred to in the Article 6, Paragraphs 2 and 5, and in securities issued by the CBs and governments of foreign countries and which have rating of at least “A” or its equivalent, awarded by generally accepted, internationally recognized rating agencies;
   (2) up to 30% in the assets referred to in the Article 6, Paragraphs 3 and 4;
2. Maximum limits for individual asset (Article 7, Paragraph 2):
   (1) up to 10% in securities of the same issuer from the assets covered by the Article 6, Paragraphs 2 and 5, and in securities issued by the
CBs and governments of foreign countries and which have rating of at least “A,” or its equivalent, awarded by generally accepted, internationally recognized rating agencies;
(2) up to 20% in bonds and other debt securities of the same issuer from the assets covered by the Article 6, Paragraphs 3 and 4.
The MOF may prescribe other investments considered adequate in terms of safety, yield, and marketability.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Insurance companies may deposit and invest their technical provisions in (1) securities issued by Montenegro and the CBs and governments of foreign countries rated at least A or its equivalent by widely accepted, internationally recognized rating agencies; (2) debt securities traded on the organized securities market in Montenegro; (3) debt securities not traded on the organized securities market, if the issuer is a legal entity whose principal place of business is in Montenegro; and (4) debt securities issued or guaranteed by governments or the CBs of an EU member state or a member state of the OECD or an international financial organization to which one or more EU member states or one or more OECD member countries belong, if they have a credit rating for long-term borrowing in domestic and foreign currencies at least equal to the credit rating of Montenegro awarded by Standard & Poor’s or Fitch-IBCA or Moody’s. The MOF may prescribe other investments considered adequate in terms of safety, yield, and marketability.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
Financial credits

By residents to nonresidents No.
To residents from nonresidents No.

Guarantees, sureties, and financial backup facilities

By residents to nonresidents No.
To residents from nonresidents No.

Controls on direct investment No.

Outward direct investment No.
Inward direct investment No.

Controls on real estate transactions Yes.

Purchase abroad by residents No.

Purchase locally by nonresidents Yes.

A nonresident seeking to acquire real estate must prove to the appropriate public authority that the real estate acquired is necessary for the nonresident to do business in Montenegro. Purchases of real estate designated as restricted (such as in national parks or border areas) are prohibited.

Sale locally by nonresidents No.

Proceeds from these transactions may be transferred abroad freely, provided tax liabilities have been settled.

Controls on personal capital transactions No.

Loans No.

By residents to nonresidents No.
To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.
To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.
Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions No.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

As per Article 90 of the Insurance Law, insurance companies may deposit and invest their technical provisions in securities issued by Montenegro and the CBs and governments of foreign countries rated at least “A” or its equivalent by widely accepted, internationally recognized rating agencies. According to the Article 6 of the Rulebook on Depositing and Investing the Technical Provisions of the Insurance Undertaking (OGM No. 062/18), insurance undertaking may deposit and invest in following securities:

1. debt securities issued by or securities guaranteed by governments or the CBs of an EU member state or a member state of the OECD or an international financial organization to which one or more EU member states or one or more OECD member countries belong, if they have a credit rating for long-term borrowing in domestic and foreign currencies at least equal to the credit rating of Montenegro.
awarded by Standard & Poor’s or Fitch-IBCA or Moody’s (Article 6, Paragraph 2);
(2) bonds and other debt securities issued or guaranteed by the municipal governments in Montenegro, an EU member state, or an OECD member state (Article 6, Paragraphs 3 and 4);
(3) debt securities of foreign legal entities traded on a stock exchange in the countries where they are registered, provided their credit rating awarded by Standard & Poor’s or Fitch-IBCA is at least “A” or if awarded by Moody’s at least “A2” (Article 6, Paragraph 5);
(4) shares of foreign legal entities provided they have been listed on the stock exchange listing for at least last two years and have a credit rating approved by the Standard & Poor’s or Fitch-IBCA rating agencies with at least “A” and/or Moody’s with at least “A2” (Article 6, Paragraph 6);
(5) investment units of investment funds that are registered in Montenegro, an EU member state, or an OECD member state (Article 6, Paragraph 8).

According to the Article 7 of the Rulebook, the above-mentioned assets could be deposited and invested within the following restrictions:
Maximum limits for total assets (Article 7, Paragraph 1):
(1) up to 30% in the assets referred to in the Article 6, Paragraphs 2, 5, and 6, and in securities issued by the CBs and governments of foreign countries and which have rating of at least “A” or its equivalent, awarded by generally accepted, internationally recognized rating agencies;
(2) up to 30% in the assets referred to in the Article 6, Paragraphs 3 and 4;
Maximum limits for individual asset (Article 7, Paragraph 2):
(1) up to 10% in securities of the same issuer from the assets covered by the Article 6, Paragraphs 2, 5, and 6, and in securities issued by the CBs and governments of foreign countries and which have rating of at least “A,” or its equivalent, awarded by generally accepted, internationally recognized rating agencies;
(2) up to 20% in bonds and other debt securities of the same issuer from the assets covered by the Article 6, Paragraphs 3 and 4.

According to the Article 9 of the Rulebook, the special provisions funds for benefits secured by an insurance contract that are directly related to the investments value (that is, special technical provisions for unit-linked insurance product) must be deposited and invested with the following restrictions:
(1) up to 50% in investment units of one investment fund;
(2) up to 70% in investment units of investment funds managed by the same management company or investment funds are related legal persons.

The insurance undertaking invests special provisions for benefits secured by an insurance contract that are directly related to the investments value in investment units of investment funds registered outside Montenegro if:
(1) a credit rating for the long-term debt of an EU member state or the OECD, in which the investment fund is registered, is not lower than the credit rating that Montenegro has,
(2) the net assets of an investment fund are not less than €100 million,
(3) the investment policy of an investment fund allows the conclusion of options and forward contracts solely for the purpose of protecting the assets and liabilities of an investment fund, and
(4) the investment fund is not registered in the territories in which the exemption from payment of taxes has been carried out, or in which
the minimum tax rates (off-shore zone) are applied.
Generally, the MOF may prescribe other investments considered adequate in terms of safety, yield, and marketability.

As per Article 90 of the Insurance Law, insurance companies may deposit and invest their technical provisions in securities issued by Montenegro and the CBs and governments of foreign countries rated at least “A” or its equivalent by widely accepted, internationally recognized rating agencies.

According to the Article 6 of the Rulebook on Depositing and Investing the Technical Provisions of the Insurance Undertaking (OGM No. 062/18), insurance undertaking may deposit and invest in the following securities:

(1) debt securities issued by or securities guaranteed by governments or the CBs of an EU member state or a member state of the OECD or an international financial organization to which one or more EU member states or one or more OECD member countries belong, if they have a credit rating for long-term borrowing in domestic and foreign currencies at least equal to the credit rating of Montenegro awarded by Standard & Poor’s or Fitch-IBCA or Moody’s (Article 6, Paragraph 2);

(2) bonds and other debt securities issued or guaranteed by the municipal governments in Montenegro, an EU member state, or an OECD member state (Article 6, Paragraphs 3 and 4);

(3) debt securities of foreign legal entities traded on a stock exchange in the countries where they are registered, provided their credit rating awarded by Standard & Poor’s or Fitch-IBCA is at least “A” or if awarded by Moody’s at least “A2” (Article 6, Paragraph 5);

(4) shares of foreign legal entities provided they have been listed on the stock exchange listing for at least last two years and have a credit rating approved by the Standard & Poor’s or Fitch-IBCA rating agencies with at least “A” and/or Moody’s with at least “A2” (Article 6, Paragraph 6);

(5) investment units of investment funds that are registered in Montenegro, an EU member state, or an OECD member state (Article 6, Paragraph 8).

According to the Article 7 of the Rulebook, the above-mentioned assets could be deposited and invested within the following restrictions:

Maximum limits for total assets (Article 7, Paragraph 1):
(1) up to 30% in the assets referred to in the Article 6, Paragraphs 2, 5, and 6, and in securities issued by the CBs and governments of foreign countries and which have rating of at least “A” or its equivalent, awarded by generally accepted, internationally recognized rating agencies;

(2) up to 30% in the assets referred to in the Article 6, Paragraphs 3 and 4;

Maximum limits for individual asset (Article 7, Paragraph 2):
(1) up to 10% in securities of the same issuer from the assets covered by the Article 6, Paragraphs 2, 5, and 6, and in securities issued by the CBs and governments of foreign countries and which have rating of at least “A,” or its equivalent, awarded by generally accepted, internationally recognized rating agencies;

(2) up to 20% in bonds and other debt securities of the same issuer from the assets covered by the Article 6, Paragraphs 3 and 4.

According to the Article 9 of the Rulebook, the special provisions funds for benefits secured by an insurance contract that are directly related to the investments value (that is, special technical provisions for unit-linked insurance product) must be deposited and invested with the following restrictions:
(1) up to 50% in investment units of one investment fund;
(2) up to 70% in investment units of investment funds managed by
the same management company or investment funds are related legal
persons.

The insurance undertaking invests special provisions for benefits
secured by an insurance contract that are directly related to the
investments value in investment units of investment funds registered
outside Montenegro if:
(1) a credit rating for the long-term debt of an EU member state or
the OECD, in which the investment fund is registered, is not lower
than the credit rating that Montenegro has,
(2) the net assets of an investment fund are not less than €100
million,
(3) the investment policy of an investment fund allows the
conclusion of options and forward contracts solely for the purpose of
protecting the assets and liabilities of an investment fund, and
(4) the investment fund is not registered in the territories in which the
exemption from payment of taxes has been carried out, or in which
the minimum tax rates (off-shore zone) are applied.

Generally, the MOF may prescribe other investments considered
adequate in terms of safety, yield, and marketability.

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

There is no prescribed minimum for investment portfolio held
locally.

In accordance with the Article 38 of the Law on Voluntary Pension
Funds, the assets of a pension fund may be invested in the following
types of assets: (1) short-term notes and other short-term securities
issued by Montenegro and local governments and short-term bank
deposits as specified by the regulations of the Securities
Commission; (2) long-term bonds and other long-term securities
issued by Montenegro and local governments, joint-stock companies
registered with the Securities Commission and traded on the stock
exchanges in Montenegro or other countries and traded in organized
capital markets of OECD and EU countries, and by foreign nonstate
toies traded in the organized capital markets of OECD and EU
countries; (3) stocks issued by joint-stock companies registered with
the Securities Commission and traded on the stock exchanges in
Montenegro; foreign joint-stock companies and closed-end
investment funds traded in the organized capital markets of OECD
and EU countries; (4) units of domestic and foreign open-end
investment funds if they invest in the securities of issuers registered
in Montenegro or OECD or EU countries; (5) other investments
specified by the regulations of the Securities Commission, except as
referred to in the Article 39 of the law (this option has not been used
in practice); and (6) real estate in Montenegro. A pension fund may
acquire no more than 10% of a particular security’s issue. No more
than 10% of a pension fund’s assets may be invested in the securities
of a single issuer. As an exception to the limits in Paragraphs 2 and 3
of this article, a pension fund’s assets may be invested in assets
stipulated in Paragraph 1, Item 1, and Item 2 Line 1, without
limitation. In accordance with the Article 39 of the Law on Voluntary
Pension Funds, the assets of a pension fund may not be invested in
(1) stocks, bonds, and other securities that are not traded on stock
exchanges or organized markets, except the units of open-end
investment funds; (2) assets that may not be divested under the law;
(3) physical assets that are not traded on organized markets and
whose value is uncertain (including, for example, antiques, works of
art, and motor vehicles); (4) stocks, bonds, and other securities issued
by (a) a stockholder of a pension company; (b) the custodian of a pension fund; (c) a person related to the entities listed in items (a) and (b); (d) a management company; or (e) a brokerage or dealing house, or a licensed bank that trades securities on behalf of the management company; and (5) other assets as specified by the Securities Commission.

In accordance with the Law on Voluntary Pension Funds, there is no maximum limit on the purchase of securities issued by nonresidents. During the process of preparing the investment policy and prospectus for voluntary pension funds, the management company must define limits for securities issued by nonresidents. In addition, in accordance with the Article 38 of the Law on Voluntary Pension Funds, the assets of a pension fund may be invested in the following types of assets: (1) short-term notes and other short-term securities issued by Montenegro and local governments, and short-term bank deposits as specified by the regulations of the Securities Commission; (2) long-term bonds and other long-term securities issued by Montenegro and local governments, joint-stock companies registered with the Securities Commission and traded at the stock exchanges in Montenegro or other countries and traded in the organized capital markets of OECD and EU countries, and by foreign nonstate entities traded in the organized capital markets of OECD and EU countries; (3) stocks issued by joint-stock companies registered with the Securities Commission that are traded on the stock exchanges in Montenegro, foreign joint-stock companies and closed-end investment funds traded in the organized capital markets of OECD and EU countries; (4) units of domestic and foreign open-end investment funds if they invest in the securities of issuers registered in Montenegro or OECD or EU countries; (5) any other investment specified by the regulations of the Securities Commission, other than those referred to in the Article 39 of the law; and (6) real estate in Montenegro. A pension fund may acquire no more than 10% of a particular security’s issue, and no more than 10% of its assets may be invested in the securities of a single issuer.

In accordance with the Law on Voluntary Pension Funds, there is no maximum limit on investment abroad. During the process of preparing the investment policy and prospectus for voluntary pension funds, the management company must define limits on investments abroad. In accordance with the Article 38 of the Law on Voluntary Pension Funds, the assets of a pension fund may be invested in the following types of assets: (1) short-term notes and other short-term securities issued by Montenegro and local governments and short-term bank deposits as specified by the regulations of the Securities Commission; (2) long-term bonds and other long-term securities issued by Montenegro and local governments, joint-stock companies registered with the Securities Commission and traded at the stock exchanges in Montenegro or other countries and traded in the organized capital markets of OECD and EU countries, and by foreign nonstate entities traded in the organized capital markets of OECD and EU countries; (3) stocks issued by joint-stock companies registered with the Securities Commission and traded on the stock exchanges in Montenegro and by foreign joint-stock companies and closed-end investment funds traded in the organized capital markets of OECD and EU countries; (4) units of domestic and foreign open-end investment funds if they invest in the securities of issuers registered in Montenegro or OECD or EU countries; (5) any other form of investment specified by the regulations of the Securities Commission, other than those referred to in the Article 39 of the law; and (6) real estate in Montenegro. A pension fund may acquire no
more than 10% of a particular security’s issue, and no more than 10% of a pension fund’s assets may be invested in the securities of a single issuer.

In accordance with the Law on Voluntary Pension Funds, there is no minimum limit on investments held locally. During the process of preparing the investment policy and prospectus for voluntary pension funds, the management company must define limits on investments held locally, but there are no strict limits defined by the law. In accordance with the Law on Voluntary Pension Funds, a pension fund’s assets may be invested in the following assets without limitation: (1) short-term notes and other short-term securities issued by the government of Montenegro and local governments, as well as short-term bank deposits, as specified by the regulations of the Securities Commission; and (2) long-term bonds and other long-term securities issued by the government of Montenegro and local governments.

In accordance with the Law on Voluntary Pension Funds, there are no currency-matching regulations.

Article 27 of the Law on Investment Funds prescribes the following: (1) Open-end funds may invest no more than (a) 10% of assets in transferable securities or money market instruments issued by the same entity and (b) 20% of assets in deposits with the same subject.

(2) Exposure of open-end funds to counterparty risk in OTC derivatives transactions may not exceed (a) 10% of assets if the counterparty is a credit institution referred to in the Article 25, Paragraph 1, Item 4, of the law and (b) 5% of assets in other cases.

(3) The total value of transferable securities and money market instruments held by open-end funds in issuers in which more than 5% of assets are invested may not exceed 40% of total assets.

(4) The limitation referred to in Paragraph 3 of this article does not apply to deposits or transactions in OTC derivatives with financial institutions subject to prudential supervision.

(5) Notwithstanding the limits referred to in Paragraph 1 of this article, open-end funds may not, if it would cause investment of more than 20% of assets in the same company, combine (a) investments in transferable securities or money market instruments issued by such company; (b) deposits with the respective company; and (c) exposures arising from transactions in OTC derivatives in which the respective company is involved.

(6) Notwithstanding Paragraph 1 of this article, open-end funds may invest no more than 35% of assets in transferable securities or money market instruments of the same company, if transferable securities or money market instruments are issued or guaranteed by the state, the local government, or an international organization.

(7) Notwithstanding Paragraph 1 of this article, open-end funds may invest no more than 25% of assets in bonds, if bonds are issued by a credit institution with a registered office in an EU member state that is under the supervision of the relevant authority for the purpose of protection of bondholders. For bonds issued by foreign institutions not registered in an EU member state, the 10% limit indicated in Item 1 applies.

(8) Funds raised by issuing bonds referred to in Paragraph 7 of this article must be invested in assets that until the maturity of the bond may back claims on bonds, and that would be, in case of bankruptcy of the issuer, used for payment of principal and accrued unpaid interest.

(9) If an open-end fund invests more than 5% of its assets in bonds referred to in Paragraph 7 of this article issued by the same entity, the total value of these investments may not exceed 80% of open-end fund assets.

(10) If an
open-end fund invests more than 5% of its assets in transferable securities and money market instruments in accordance with Paragraphs 6 and 7 of this article, those transferable securities are not taken into account when applying limits specified in Paragraph 2 of this article. (11) Investments in transferable securities and money market instruments issued by the same entity, or in deposits or derivative instruments issued by the same entity, which are carried out in accordance with Paragraphs 1–8 of this article, may not together exceed 35% of the open-end fund’s assets. (12) Companies in the same group as the group that keeps the consolidated accounts in accordance with recognized international accounting standards are considered to be a single company for the purpose of calculating limits referred to in this article. Open-end funds may cumulatively invest no more than 20% of assets in transferable securities and money market instruments within the same group. Article 81, Paragraph 1, Items 4 and 5, of the Law on Investment Funds prescribes allowable investments of a closed-end investment fund as follows: (1) deposits with authorized banks in Montenegro or in another country, provided they are subject to supervision and limitations equivalent to supervision and limitations established by the regulations, maturing within no more than 12 months and withdrawable at any time; (2) forwards and options and other financial derivatives traded on an organized market, provided they are based on financial investment instruments, financial indices, interest rates, exchange rates, or currencies in which the fund is permitted to invest according to its prospectus and articles of association; business activities agreed on in other organized markets and concluded with institutions subject to supervision of the appropriate authority in Montenegro or in an EU member state, subject to reliable and verifiable daily valuation and sellable at any time, and that may be liquidated or completed by settlement at their fair value at the request of the fund. Such instruments may be used solely to reduce or limit risk or increase yields and reduce costs of the fund without increasing the risk—that is, that they should not change the investment strategy, objectives, or limitations defined by this law and the prospectus and/or articles of association of the fund. The fund’s prospectus must provide for investment in these instruments and the purpose for which they may be used (protection against the risk and/or to achieve the investment objectives of the fund) and indicate that risk evaluation of these instruments has been provided. Article 62, Paragraph 2, of the Law on Investment Funds prescribes that an investment fund for investment in initial capital may not invest more than 20% of its net assets in any other company. Article 27 of the Law on Investment Funds prescribes the following: (1) Open-end funds may invest no more than (a) 10% of assets in transferable securities or money market instruments issued by the same entity and (b) 20% of assets in deposits with the same subject. (2) Exposure of open-end funds to counterparty risk in OTC derivatives transactions may not exceed (a) 10% of assets if the counterparty is a credit institution referred to in the Article 25, Paragraph 1, Item 4, of the law and (b) 5% of assets in other cases. (3) The total value of transferable securities and money market instruments held by open-end funds in issuers in which more than 5% of assets are invested may not exceed 40% of total assets. (4) The limitation referred to in Paragraph 3 of this article does not apply to deposits or transactions in OTC derivatives with financial institutions subject to prudential supervision. (5) Notwithstanding the limits referred to in Paragraph 1 of this article, open-end funds may not, if it would cause investment of more than 20% of assets in the same company, combine (a) investments in transferable securities or

**Limits (max.) on investment portfolio held abroad**

Yes.
money market instruments issued by such company; (b) deposits with the respective company; and (c) exposures arising from transactions in OTC derivatives in which the respective company is involved. (6) Notwithstanding Paragraph 1 of this article, open-end funds may invest no more than 35% of assets in transferable securities or money market instruments of the same company, if transferable securities or money market instruments are issued or guaranteed by the state, the local government, or an international organization. (7) Notwithstanding Paragraph 1 of this article, open-end funds may invest no more than 25% of assets in bonds, if bonds are issued by a credit institution with a registered office in an EU member state that is under the supervision of the relevant authority for the purpose of protection of bondholders. For bonds issued by foreign institutions not registered in an EU member state, the 10% limit indicated in Item 1 applies. (8) Funds raised by issuing bonds referred to in Paragraph 7 of this article must be invested in assets that until the maturity of the bond may back claims on bonds, and that would be, in case of bankruptcy of the issuer, used for payment of principal and accrued unpaid interest. (9) If an open-end fund invests more than 5% of its assets in bonds referred to in Paragraph 7 of this article issued by the same entity, the total value of these investments may not exceed 80% of open-end fund assets. (10) If an open-end fund invests more than 5% of its assets in transferable securities and money market instruments in accordance with Paragraphs 6 and 7 of this article, those transferable securities are not taken into account when applying limits specified in Paragraph 2 of this article. (11) Investments in transferable securities and money market instruments issued by the same entity, or in deposits or derivative instruments issued by the same entity, which are carried out in accordance with Paragraphs 1–8 of this article, may not together exceed 35% of the open-end fund’s assets. (12) Companies in the same group as the group that keeps the consolidated accounts in accordance with recognized international accounting standards are considered to be a single company for the purpose of calculating limits referred to in this article. Open-end funds may cumulatively invest no more than 20% of assets in transferable securities and money market instruments within the same group. Article 81, Paragraph 1, Items 4 and 5, of the Law on Investment Funds prescribes allowable investments of a closed-end investment fund as follows: (1) deposits with authorized banks in Montenegro or in another country, provided they are subject to supervision and limitations equivalent to supervision and limitations established by the regulations, maturing within no more than 12 months and withdrawable at any time; (2) forwards and options and other financial derivatives traded on an organized market, provided they are based on financial investment instruments, financial indices, interest rates, exchange rates, or currencies in which the fund is permitted to invest according to its prospectus and articles of association; business activities agreed on in other organized markets and concluded with institutions subject to supervision of the appropriate authority in Montenegro or in an EU member state, subject to reliable and verifiable daily valuation and sellable at any time, and that may be liquidated or completed by settlement at their fair value at the request of the fund. Such instruments may be used solely to reduce or limit risk or increase yields and reduce costs of the fund without increasing the risk—that is, that they should not change the investment strategy, objectives, or limitations defined by this law and the prospectus and/or articles of association of the fund. The fund’s prospectus must provide for investment in these instruments and the purpose for which they may be used (protection
against the risk and/or to achieve the investment objectives of the fund) and indicate that risk evaluation of these instruments has been provided. Article 62, Paragraph 2, of the Law on Investment Funds prescribes that an investment fund for investment in initial capital may not invest more than 20% of its net assets in any other company.

Article 27 of the Law on Investment Funds prescribes the following:

1. Open-end funds may invest no more than (a) 10% of assets in transferable securities or money market instruments issued by the same entity and (b) 20% of assets in deposits with the same subject.
2. Exposure of open-end funds to counterparty risk in OTC derivatives transactions may not exceed (a) 10% of assets if the counterparty is a credit institution referred to in the Article 25, Paragraph 1, Item 4, of the law and (b) 5% of assets in other cases.
3. The total value of transferable securities and money market instruments held by open-end funds in issuers in which more than 5% of assets are invested may not exceed 40% of total assets.
4. The limitation referred to in Paragraph 3 of this article does not apply to deposits or transactions in OTC derivatives with financial institutions subject to prudential supervision.
5. Notwithstanding the limits referred to in Paragraph 1 of this article, open-end funds may not, if it would cause investment of more than 20% of assets in the same company, combine (a) investments in transferable securities or money market instruments issued by such company; (b) deposits with the respective company; and (c) exposures arising from transactions in OTC derivatives in which the respective company is involved.
6. Notwithstanding Paragraph 1 of this article, open-end funds may invest no more than 35% of assets in transferable securities or money market instruments of the same company, if transferable securities or money market instruments are issued or guaranteed by the state, the local government, or an international organization.
7. Notwithstanding Paragraph 1 of this article, open-end funds may invest no more than 25% of assets in bonds, if bonds are issued by a credit institution with a registered office in an EU member state that is under the supervision of the relevant authority for the purpose of protection of bondholders.
8. Funds raised by issuing bonds referred to in Paragraph 7 of this article must be invested in assets that until the maturity of the bond may back claims on bonds, and that would be, in case of bankruptcy of the issuer, used for payment of principal and accrued unpaid interest.
9. If an open-end fund invests more than 5% of its assets in bonds referred to in Paragraph 7 of this article issued by the same entity, the total value of these investments may not exceed 80% of open-end fund assets.
10. If an open-end fund invests more than 5% of its assets in transferable securities and money market instruments in accordance with Paragraphs 6 and 7 of this article, those transferable securities are not taken into account when applying limits specified in Paragraph 2 of this article.
11. Investments in transferable securities and money market instruments issued by the same entity, or in deposits or derivative instruments issued by the same entity, which are carried out in accordance with Paragraphs 1–8 of this article, may not together exceed 35% of the open-end fund’s assets.
12. Companies in the same group as the group that keeps the consolidated accounts in accordance with recognized international accounting standards are considered to be a single company for the purpose of calculating limits referred to in this article. Open-end funds may cumulatively invest no more than 20% of assets in transferable securities and money market instruments within the same group. Article 81, Paragraph 1, Items 4 and 5, of the Law on Investment Funds prescribes allowable investments of a closed-end investment fund as follows: (1) deposits with authorized banks in Montenegro or in...
another country, provided they are subject to supervision and limitations equivalent to supervision and limitations established by the regulations, maturing within no more than 12 months and withdrawable at any time; (2) forwards and options and other financial derivatives traded on an organized market, provided they are based on financial investment instruments, financial indices, interest rates, exchange rates, or currencies in which the fund is permitted to invest according to its prospectus and articles of association; business activities agreed on in other organized markets and concluded with institutions subject to supervision of the appropriate authority in Montenegro or in an EU member state, subject to reliable and verifiable daily valuation and sellable at any time, and that may be liquidated or completed by settlement at their fair value at the request of the fund. Such instruments may be used solely to reduce or limit risk or increase yields and reduce costs of the fund without increasing the risk—that is, that they should not change the investment strategy, objectives, or limitations defined by this law and the prospectus and/or articles of association of the fund. The fund’s prospectus must provide for investment in these instruments and the purpose for which they may be used (protection against the risk and/or to achieve the investment objectives of the fund) and indicate that risk evaluation of these instruments has been provided. Article 62, Paragraph 2, of the Law on Investment Funds prescribes that an investment fund for investment in initial capital may not invest more than 20% of its net assets in any other company.

Currency-matching regulations on assets/liabilities composition  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exports and Export Proceeds

Export licenses
Without quotas  04/30/2019  The validity of the licensing regime for exports of raw wood and certain products was extended for two more years (Official Gazette of the Republic of Montenegro No. 24/2019).
**MOROCCO**

*(Position as of June 30, 2020)*

## Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>April 25, 1958.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance: January 21, 1993.</td>
<td></td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

## Exchange Measures

| Restrictions and/or multiple currency practices | No.            |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |
| Other security restrictions                     | Yes. |
| References to legal instruments and hyperlinks  | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

## Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The currency of Morocco is the Moroccan dirham. Commemorative gold coins with a face value of DH 250 and DH 500 and commemorative silver coins with a face value of DH 50, DH 100, DH 150, and DH 200 are also legal tender.</td>
<td></td>
</tr>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
<tr>
<td>Exchange rate structure</td>
<td></td>
</tr>
<tr>
<td>Unitary</td>
<td>Yes.</td>
</tr>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
<tr>
<td>Classification</td>
<td></td>
</tr>
<tr>
<td>No separate legal tender</td>
<td></td>
</tr>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
</tr>
<tr>
<td>Stabilized arrangement</td>
<td>Yes.</td>
</tr>
<tr>
<td>The de jure exchange system is a pegged exchange rate within horizontal bands calculated based on a basket of currencies, comprised since April 2015 of the euro and the US dollar, weighted, respectively, at 60% and 40%. The limit exchange rates for the</td>
<td></td>
</tr>
</tbody>
</table>
fluctuation band around the central rate of the basket are (+) and (−) 5%.

The exchange arrangement falls within the purview and prerogatives of the Ministry of Economy and Finance. The BAM is responsible for its operational implementation (quoted rates, ranges) and any changes and monitors the foreign exchange market. On March 6, 2020, the Ministry of Economy, Finance, and Government Reform, following the opinion from the Bank Al-Maghrib (BAM), decided, effective March 9, 2020, to increase the fluctuation band for the dirham from +/−2.5% to +/−5% against the central rate established by the BAM based on a basket of currencies comprised of the euro and the US dollar, weighted, respectively, at 60% and 40%. Because the exchange rate has remained stabilized within a 2% band against the US dollar–euro basket in 2019, the de facto exchange rate arrangement is classified as stabilized.

Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

| Yes. | The dirham has been pegged since 1973 to a basket of currencies weighted in accordance with the geographic distribution of Morocco’s foreign trade. The composition of this basket is subject to adjustment. Since April 2015, the basket has been composed of the euro and the US dollar, with weights of 60% and 40%, respectively. The BAM sets the central dirham/US dollar exchange rate, as well as the limits for the exchange rate fluctuation bands around the central rate at, effective March 9, 2020, +/−5% (previously +/−2.5%). However, the BAM may establish limits for the exchange rate bands against another currency. Based on its published methodology, the BAM establishes daily reference exchange rates for the dirham based on quotes listed by banks with market maker status as outlined in the BAM’s Circular. |

**Monetary policy framework**

<table>
<thead>
<tr>
<th>Exchange rate anchor</th>
<th>Yes.</th>
<th>The monetary policy framework is an exchange rate anchor vis-à-vis a composite comprising the euro and the US dollar. Within the framework of an exchange rate fixed to a currency composite, the BAM adopted a monetary policy framework in 2006 based on various inflation indicators, with the overnight interest rate as its operational target to pursue its main objective of price stability. On March 22, 2016, the BAM lowered the reference interest rate to 2.25%. Since April 2015, the basket has been composed of the euro and the US dollar, with weights of 60% and 40%, respectively.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. dollar</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Euro</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Composite</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Monetary aggregate target

Inflation-targeting framework

*Target setting body*
- Government
- Central Bank
  - *Monetary Policy Committee*
  - *Central Bank Board*
- *Other*
- Government and Central Bank

*Inflation target*
- Target number
  - *Point target*
  - *Target with tolerance band*
  - *Band/Range*
- Target measure
  - *CPI*
  - *Core inflation*
- Target horizon

*Operating target (policy rate)*
- Policy rate
- Target corridor band
- *Other*

*Accountability*
- Open letter
- Parliamentary hearings
- *Other*

*Transparency*
- Publication of votes
- Publication of minutes
- Publication of inflation forecasts

*Other monetary framework*

**Exchange tax**

Yes. Banks charge a 0.1% commission on foreign exchange transactions
for dirhams with customers, as well as with foreign banks. This commission is not charged on transactions between Moroccan banks. For banknote transactions with foreign banks, the commission is not charged.

<table>
<thead>
<tr>
<th>Exchange subsidy</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The foreign exchange market was established in 1996.

Banks must adhere to the band rates set by the BAM when performing spot market foreign exchange transactions in exchange for dirhams, referred to in Articles 2 and 4 of the Decision of the Governor of the BAM on how to apply the exchange rate regime. The exchange rate band in relation to the central rate is set at, effective March 9, 2020, +/-5% (previously +/-2.5%).

The FEO’s Foreign Exchange Policy Statement defines spot foreign exchange transactions as follows: (1) the purchase and sale of foreign currencies against dirhams by banks, between themselves, with the BAM, or with their customers; (2) the purchase and sale of foreign currencies against other foreign currencies by banks, between themselves, with customers, with foreign banks, or with the BAM. Banks are authorized to carry out, either on their own account or on behalf of their customers, spot foreign exchange transactions, hedging transactions, loan-borrowing transactions in accordance with the 2020 General Instructions on Foreign Exchange Operations, and to establish foreign exchange positions, in accordance with the procedures laid down by the BAM.

Amounts repatriated and not paid into the foreign currency accounts referred to in the provisions of the foreign exchange regulations in force must be transferred under market conditions and in accordance with the procedures laid down by the BAM regarding the applicable exchange rates within three working days of receipt of the funds by the bank. The equivalent in dirhams must be immediately made available to the beneficiary by the bank that received the funds.

For foreign exchange transfers, licensed banks and exchange bureaus freely determine their bid-ask spread within the fluctuation band of +/-5% around the central rate of the band established by the BAM.

Banks charge a 0.1% commission on foreign exchange transactions for dirhams with customers, as well as with foreign banks. This commission is not charged on transactions between Moroccan banks. For banknote transactions with foreign banks, the commission is not charged. Banks are authorized to buy and sell foreign currency among themselves and with customers and to maintain foreign exchange positions on terms established by the BAM. Purchase, sale, and arbitrage operations among banks or on behalf of their clients may be denominated in any currency traded in the foreign exchange market. Banks may conduct foreign currency buying and selling operations with foreign banks and the BAM for any currency traded in the foreign exchange market. The BAM reserves the right not to list certain currencies even if they are traded in the foreign exchange market. Currencies not listed by the BAM may be traded by banks among themselves or with their foreign correspondents.

There were 15 financial institutions active on the foreign exchange market as of December 31, 2019.

Operated by the central bank: Yes.

The BAM intervenes in the exchange rate market, on its own initiative, via buy or sell currency auctions in exchange for dirhams. The BAM sets:

(1) the currency for its interventions on the exchange rate market;
and (2) the terms of eligibility for auctions.

It may also intervene using other instruments, such as OTC currency...
sales or purchases in exchange for dirhams, currency loans or borrowings, and foreign exchange swaps against the dirham.

The BAM, as fiscal agent of the Treasury, executes the latter’s foreign exchange payment orders.

The BAM does not verify transactions when dealing with commercial banks.

The BAM organizes on its own initiative auctions to buy or sell US dollars in exchange for dirhams on an electronic platform. It may also organize auctions for other currencies. Only banks with market maker status are authorized to participate in the currency auctions. The first auction took place January 15, 2018.

Before each session, the BAM uses the auction platform to publish its contribution pages on Reuters, Bloomberg, and its website, with the press release setting out the characteristics of the following call for tenders: Session date; Purchase or Sale; Currency; Amount; Opening time; Closing time; and Value date.

Bids must comply with the following conditions: The minimum amount per bid is US$500,000; the amount of the bid must be a multiple of 500,000; each bid may be divided, at most, into 3 tranches of a multiple of 500,000; the amount per bid must not exceed the amount of the auction announced by the BAM.

The BAM sets and publishes the fluctuation band, in relation to the central exchange rate, which it uses as a basis for operating on the foreign exchange market. To that end, it sets a minimum and maximum exchange rate for each auction. Bidders may modify or cancel their bids until the auction closing time.

At the closing time of the auction session, the bids submitted to the BAM are deemed firm and irrevocable.

The BAM publishes the overall results of the auction on its website as well as on its contribution pages on Reuters and Bloomberg. The last foreign exchange auction was held on March 20, 2018.

The BAM reserves the right to suspend access for banks having status as market makers in foreign exchange auctions when they fail to comply with the rules in connection with this status to which they are subject under the circular from the BAM.

The BAM may also decide to withdraw market maker status from a bank when it no longer meets the conditions for which the status of market maker was granted, and despite warnings issued by the BAM, the bank engages in actions that may adversely affect the proper operation of the foreign exchange market.

Over and above the requirements of market maker banks, there is no specific mechanism governing transactions in the domestic foreign exchange market. Banks may carry out foreign exchange transactions with other banks. As of December 31, 2019, there were 15 banks operating in the interbank market.

The BAM sets the limit for the exchange rate for the exchange of foreign banknotes against the dirham at, effective March 9, 2020, +/−7.5% (previously 5%) in relation to the central exchange rate. The BAM sets the OTC band rate limits of the dirham against other currencies.

It may postpone setting the OTC band rate limit of one or more currencies in the event of a major event affecting them.

When performing OTC foreign exchange transactions, banks must apply exchange rates that fall within the band rate limits referred to in Article 8 of the Decision of the Governor of the BAM on how to apply the exchange rate regime. The BAM informs banks of the exchange rates of listed currencies against the US dollar applicable to
the foreign banknote transactions it carries out with them at the time of publication of the rate limits.

Regarding OTC foreign exchange transactions between the BAM and banks, the settlement of foreign banknote transactions initiated by banks with the BAM is carried out by hedging in foreign currency with their foreign correspondent banks. These transactions involve only the banknotes of listed foreign banks and result in the payment of 1% commission, before tax, to the BAM. For OTC operations, authorized intermediary banks are authorized as follows:

1. Authorized intermediaries, foreign exchange bureaus, and payment institutions, licensed for this purpose by the FEO, may engage in trading involving foreign banknotes and traveler’s checks with customers. Only credit institutions with the status of authorized intermediary may negotiate with customers LCs, bank checks, and money orders. These institutions may also engage in currency trading involving foreign banknotes with Moroccans and foreign nationals holding foreign exchange accounts. For OTC foreign exchange operations, licensed intermediary banks may (a) buy or sell foreign currency banknotes, travelers’ checks, LCs, bank checks, and money orders with their customers and (b) repurchase nonresidents’ dirhams at the end of their stay in Morocco from previously surrendered foreign currency. The FEO permits exchange bureaus and payment institutions it has authorized to conduct OTC operations to buy and sell foreign banknotes and travelers’ checks with their customers as allowed by foreign exchange regulations. Foreign exchange bureaus and payment institutions authorized to conduct OTC transactions may buy, in exchange for domestic currency, foreign banknotes and/or foreign-currency-denominated travelers’ checks and sell for cash, in exchange for domestic currency, foreign banknotes and traveler’s checks, as part of the allowance for tourists, the Hajj pilgrimage, missions, and internships abroad by personnel of central and local governments and of public institutions and enterprises, and the educational allowance for students (the emigration allowance was eliminated effective January 14, 2019). Effective January 1, 2020, payment institutions are also permitted to grant electronic trade allowances to individuals.

Since July 17, 2018, foreign exchange bureaux may hold cash equivalent to DH 500,000. For exchange bureaux in airport duty-free (hors douane) departure lounges or bonded arrival areas, the cash limit is DH 600,000 since 2013. Foreign exchange bureaux must deal with a licensed intermediary bank or the BAM to transfer their surplus holdings and cash travelers’ checks. Certain establishments – other than licensed bank intermediaries, exchange bureaux, and payment institutions – may also be authorized by the FEO to purchase foreign banknotes and/or traveler’s checks for dirhams on behalf of a licensed bank intermediary they have freely chosen. These authorizations are known as sub-delegations and the beneficiaries as sub-delegates. Such establishments are classified as hotels, guesthouses, tourism residences, youth hostels, international passenger carriers, travel agencies, and car rental firms with offices at ports and airports, and casinos authorized by the relevant authorities. Sub-delegates may engage, for the account of an authorized intermediary, in operations involving the purchase of foreign banknotes or negotiation of traveler’s checks with customers.

2. Authorized intermediaries, foreign exchange bureaux, and payment institutions may deal in foreign banknotes, traveler’s checks, LCs, bank checks, and money orders in foreign exchange
with their customers up to the limits allowed by the limit rates applied by the BAM at the central rate of plus 7.5% for sales and minus 7.5% for purchases effective March 9, 2020 (previously +/−5%).

Sub-delegates engage in the transactions referred to in Article 1(3) of the BAM Circular on OTC transactions at the exchange rates agreed on with the authorized intermediary on whose behalf they are dealing. Rates applied to OTC exchange transactions are net, inclusive of all charges and commissions.

Foreign exchange bureaus and payment institutions must go to a credit institution with the status of authorized intermediary trade in foreign banknotes and cash traveler’s checks. These operations are carried out on the terms and conditions agreed on between the parties.

As of December 31, 2019, there were 655 exchange bureaus authorized by the FEO exclusively to engage in OTC foreign exchange operations.

Brokerage No.
Market making Yes. Banks with market maker status must meet the following requirements: (1) Provide continuous buy/sell trading quotes of USD/MAD on the spot market listed on Reuters and Bloomberg, with updates every 15 seconds; (2) provide firm buy/sell spot market quotes for USD/MAD on the trading platform for at least 6 banks with market maker status within the limits of their daily requirements; (3) provide simultaneous and identical quotes on the trading platform and on Reuters and Bloomberg contribution pages; (4) provide quotes for a minimum of US$500,000 with a maximum bid-ask spread of 50 basis points (bps) within the limits of the daily requirement; (5) provide reciprocal daily commitments vis-à-vis relevant market makers in terms of amounts and spread; (6) perform all trades relating to the reciprocal quote commitments on the trading platform; and (7) perform all other operations not relating to reciprocal commitments on the Bloomberg or Reuters platform.

Forward exchange market Yes. Banks may perform the following hedging operations against the following risks on behalf of their customers or for their own proprietary purposes, in compliance with the foreign exchange regulations in effect: (1) hedging operations against foreign exchange rate risk for foreign currencies against dirhams and foreign currencies against other foreign currencies; (2) hedging operations against interest rate risk; (3) hedging operations against the risk of commodity fluctuations taken out by Moroccan legal entities with banks or foreign broker-dealers on an organized international market; commodities include mining, energy, and agricultural products, as well as timber, coal, silver, and other precious metals; and (4) hedging transactions against any risk inherent in any asset or debt. Banks are required to ensure that the unwinding of hedging transactions does not exceed the settlement periods of the current or underlying capital transaction provided for in the commercial or financial contracts concluded in this context. Effective January 1, 2020, operators may undertake hedging operations with justification that the outcome has been secured rather than the initiation of the hedge agreement for imports and exports of goods. This option of signing hedging agreements for imports and exports may be executed within the limit of 25% of the average value of imports carried out during the last three fiscal years and 100% of the average export turnover for the past three fiscal years.

Hedging transactions, carried out by banks with their customers, must be covered by a contract in the framework of the International Swaps and Derivatives Association (ISDA), the French Banking...
Federation (FBF), or the European Market Infrastructure Regulation (EMIR).

Hedging transactions – foreign exchange transactions against dirhams – carried out with customers are subject to foreign exchange commissions in accordance with current regulations. Articles 140 and 143 of the 2020 General Instruction from the FEO on Foreign Exchange Operations on hedging operations specifies the terms and conditions of hedging operations with regard to the above-mentioned risks, which must be related to actual commercial or financial operations when the hedge relates to a current or capital transaction linked to the activity of the company (which must have been in business for at least three years) and when the amount to be hedged does not exceed the amount of the transaction and the settlement does not exceed the settlement deadlines. These provisions are intended to prevent speculative transactions in the foreign exchange market.

Banks may offer their customers a combination of instruments as part of the same hedging operation. Hedging transactions may also result in the unwinding of positions arising from such transactions. In addition, hedging the stock of imported commodities may cover exported/imported products as well as imported and stored products. For hedging against any risk inherent in any asset or debt, banks may conclude these transactions only on a proprietary basis or on behalf of certain institutional entities – credit institutions and similar entities, insurance companies, and collective investment funds (organismes de placement collectif en titrisation). Institutional investors were also allowed to cover capital transactions, such as investments made abroad by UCITS or insurance companies.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.

Controls on the use of domestic currency Yes.

For current transactions and payments Yes. Transactions between Morocco and foreign countries – regardless of the type – must be settled in foreign currencies quoted by the BAM or in convertible dirhams.

However, importers of services are authorized to use dirhams on the national territory to settle transactions for import services rendered in Morocco by nonresident natural persons.

“Special” accounts denominated in dirhams may be opened in the name of nonresident foreign natural or legal persons in the cases and conditions set out in the 2020 General Instruction on Foreign Exchange Operations.

Current transactions within the national territory may only be settled in the national currency.

Any foreign exchange transaction not specifically defined remains subject to the authorization of the Exchange Office.

For capital transactions Yes. As a general rule, settlement of capital transactions between residents and nonresidents must be made in currencies listed by the BAM.

Capital transactions within the national territory may only be settled in the national currency.

Any foreign exchange transaction not specifically defined remains subject to the authorization of the Exchange Office.
Transactions in capital and money market instruments  Yes.  As a general rule, settlement of capital transactions between residents and nonresidents must be made in currencies listed by the BAM. Capital transactions within the national territory may only be settled in the national currency.

Transactions in derivatives and other instruments  Yes.  As a general rule, settlement of capital transactions between residents and nonresidents must be made in currencies listed by the BAM. Capital transactions within the national territory may only be settled in the national currency.

Credit operations  Yes.  As a general rule, settlement of the credit transactions between residents and nonresidents must be made in currencies listed by the BAM. However, banks are allowed to grant loans in national currency to nonresidents: (1) loans in dirhams granted by banks to nonresident foreign individuals and Moroccans residing abroad, intended to finance the acquisition and/or development of real estate in Morocco; (2) consumer loans granted in dirhams by banks to foreign personnel working for diplomatic representations accredited in Morocco or international organizations based or represented in Morocco; and (3) credit lines and facilities granted to branches registered with the FEO as part of the execution of contracts in Morocco, the remuneration of which is denominated entirely in dirhams. Credit transactions within the national territory may only be settled in national currency.

Use of foreign exchange among residents  Yes.  Transactions among residents in Morocco must be denominated and settled in domestic currency.

## Payments arrangements

<table>
<thead>
<tr>
<th>Type of Arrangement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
</tbody>
</table>

## Regional arrangements  Yes.  A regional payments arrangement among the CBs of Algeria, Libya, Mauritania, Morocco, and Tunisia governs payment operations among those countries. Economic operators may settle their transactions either within the framework of these arrangements or by following normal procedures. Payments between Morocco and AMU countries may be made either under the unified bilateral payments agreement concluded between AMU countries or through the banking system. Payments between Morocco and the AMU countries and all related documents must be denominated either in one of the currencies of the two countries involved in the transaction or in a currency that is jointly quoted by the two countries.

## Administration of control  Yes.  Foreign exchange controls are overseen by the FEO (Office des Changes) and the Administration of Customs and Indirect Taxes, both under the MOF. The Office has delegated the execution of the main exchange regulation measures to authorized banks. Foreign exchange controls involve verifying that all foreign exchange transactions are conducted in accordance with the regulations in effect.

<table>
<thead>
<tr>
<th>Type of Control</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
</tbody>
</table>
Residents may purchase, hold, and sell gold coins in Morocco for numismatic or investment purposes. Ten different types of foreign gold coins are traded on the Casablanca Stock Exchange, which does not, however, deal in gold bars.

Any individual or legal entity wishing to operate as a manufacturer or merchant of items made of platinum, gold, or silver, is required to file a declaration with the customs precious metal warranty office, eight days prior to the date on which the establishment opens or commences operation (Article 4 of Dahir No. 1-77-340 and Article 91 of Minister of Finance arrêté 1309-77).

This application must include the following supporting documents: (1) a copy certified as true to the original from the register of commerce and (2) a certificate of registration in the business license tax rolls (rôble des patentes), prepared for the year during which the declaration is prepared.

Items made from platinum, gold, or silver, except for those articles weighing one gram or less, imported into or manufactured in Morocco, must be presented to the customs precious metal warranty offices to undergo assay and, if necessary, to be covered with hallmarks indicating warranty (Article 44 of Dahir No. 1-77-340). The items thus presented may not have a fineness of less than the following minimum amounts: (1) for platinum items: 950 per mille; (2) for gold items: 750 per mille; and (3) for silver items: 800 per mille.

Manufacturers and merchants (including itinerant traders) of platinum, gold, or silver items are required to keep a register signed and initialed by the chief of the customs precious metal warranty office with local jurisdiction, in which register they must enter the type, number, weight, and fineness of the articles made of these materials which they are purchasing, selling, or receiving to repair, and they must do so on a daily basis and at the very time when these items are bought, sold, or brought in (Articles 93 and 94(2) of the Minister of Finance arrêté).

Imports of gold are subject to authorization from the Administration of Customs and Indirect Taxes. The MOF fixes a quota annually for the importation of gold ingots. The quota is allocated among jewelers and industrial users of precious metals. Exports of gold are also regulated.

Exports of domestic banknotes are subject to authorization. However, authorized intermediary banks or operators established in the export free zones may export dirham-denominated banknotes to the Tangiers Export Free Zone with an export declaration. The dirhams must be drawn from convertible dirham accounts of operators in the export zone and used solely for payments to residents for the following expenditures: wages and other wage-earner remuneration up to any amount and transportation, repairs, work, and supplies of products from the territory covered up to DH 5,000 an operation and subject to an annual ceiling of DH 150,000 an operator. Travelers may export up to DH 2,000 in dirham banknotes.

Authorized intermediary banks may set up foreign exchange counters on sea ferries operating between Morocco and other countries. The rules governing such foreign exchange counters (1) allow banks to
bring aboard the ferry, under customs control, a stock of dirham banknotes for each crossing, and (2) limit such transactions at these counters to the purchase of foreign banknotes against dirhams from Moroccan citizens and foreign residents or nonresidents traveling to Morocco. Stocks of dirham banknotes for such counters must be brought aboard the ferry under customs control. For this purpose, the bank must execute with customs a dirham export declaration at the time of the ferry’s departure.

Foreign currency

Yes.

Foreign and Moroccan nonresidents may export foreign-currency-denominated means of payment previously imported or debited from their foreign exchange or convertible dirham accounts. Nonresident individuals (foreigners and Moroccans residing abroad) are not required to show a declaration to Customs filled out on entering the territory or a foreign currency receipt when, at the end of their stay, they resell remaining dirhams from previous exchange transactions to foreign exchange bureaus, payment institutions authorized to conduct OTC exchange transactions, and authorized intermediary banks situated at ports or airports, up to DH 2,000 a passport. Residents may also export foreign banknotes within the limits specified in the foreign exchange regulations (for example, for travel allowances).

Nonresident individuals are authorized, when leaving Morocco, to export previously imported foreign-currency-denominated means of payment in accordance with the foreign exchange regulations currently in force.

Moroccans residing abroad may buy foreign currency back from banks and export up to 50% of the foreign currency repatriated and sold on the foreign exchange market over the last twelve months up to a maximum of DH 100,000, excluding the foreign currency credited to their convertible dirham accounts. Effective January 1, 2020, Moroccan nationals resident abroad may repurchase and export 100% of the foreign exchange previously repatriated and transferred on the foreign exchange market within the limit of DH 100,000.

On imports

Yes.

Domestic currency

Yes.

The importation of domestic banknotes is subject to authorization. Travelers are, however, authorized to import up to DH 2,000 in dirham banknotes.

Foreign currency

No.

Nonresident travelers may bring in unlimited amounts of foreign banknotes, traveler’s checks, and other means of payment denominated in foreign exchange, including negotiable bearer instruments. The term “negotiable bearer instruments” means monetary bearer instruments such as traveler’s checks; negotiable instruments (especially checks, promissory notes, and money orders) that are either payable to the bearer or freely endorsable or made out to a fictitious beneficiary or in any form that permits a transfer by simple remittance; and incomplete instruments (especially checks, promissory notes, and money orders) that are signed but do not indicate the beneficiary. Resident travelers may also import unlimited amounts of foreign banknotes, but must surrender them for dirhams within 30 days of their return to Morocco. Imports of foreign banknotes must be declared at customs offices when the amount to be imported exceeds the equivalent of DH 100,000. Imports of foreign currency banknotes less than the equivalent of DH 100,000 may be covered, if desired, by a written declaration filed with customs on entering Morocco.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Resident Accounts

Foreign exchange accounts permitted Yes.

Held domestically Yes.

Two types of accounts may be opened: (1) Foreign resident individuals and foreign firms may open foreign exchange accounts in Moroccan banks without limitation. These accounts may be credited with transfers from abroad, any foreign-exchange-denominated means of payment (for example, banknotes, traveler’s checks), and foreign currency that was withdrawn from a Moroccan bank in accordance with current foreign exchange regulations. Deposits of foreign banknotes by the account holder must be supported with an original signed foreign exchange import declaration from the border customs services or another document attesting to the origin of the foreign exchange. These accounts may be debited for transfers abroad and for the surrender of foreign currency for dirhams for all domestic settlements. There are no restrictions on interest payments on these accounts, on transfers between foreign exchange accounts, or on transfers between foreign exchange accounts and convertible dirham accounts. Authorized banks may issue international credit cards to holders of these accounts. Overdrafts on these accounts are not permitted. (2) Moroccan exporters of goods and services (including fishing companies) may open foreign exchange accounts and deposit up to 70% of the repatriated foreign exchange receipts from exports. The portion that Moroccan exporters of goods in the aeronautics and space industries may hold is 85% of export earnings in convertible dirham or foreign exchange accounts. The accounts may be credited in full or in part at the discretion of the exporter. In the case of a partial credit, the remaining amount may subsequently be credited to the account within one year of the date the foreign exchange was sold in the foreign exchange market. Exporters’ foreign exchange accounts may also be credited without restriction with (1) transfers from other foreign exchange or convertible dirham accounts belonging to the same account holder, (2) funds debited from foreign exchange accounts and sold in the foreign exchange market, and (3) funds withdrawn from convertible dirham accounts for payment of expenses in Morocco. These funds may be credited to exporters’ accounts within a period of one year of the date on which they were withdrawn. The accounts may also be credited with foreign banknotes withdrawn for professional travel purposes and not used, provided the account is credited within 30 days of the date foreign currency was withdrawn for travel that did not take place or for travel that did take place within 30 days of entry into Morocco. The accounts may be debited (1) for foreign exchange expenses related to the account holder’s professional activity, (2) to credit another foreign exchange or convertible dirham account in the name of the same account holder, and (3) to sell foreign exchange in the foreign exchange market. Authorized banks may issue international credit cards to holders of these accounts. Overdrafts are not permitted in foreign exchange accounts. Authorized banks may open foreign exchange accounts for foreign placement operations for insurance and reinsurance companies, UCITS, and OPCCs (Organisme de Placement Collectif en Capital (Capital Investment Organizations)), and make transfers related to foreign deposit, investment, and placement operations. They may also open foreign exchange accounts to allow traders to improve their management of international trade operations while avoiding exchange rate fluctuations and commissions and fees related to sales and repurchases of foreign currency. Authorized intermediary banks may open, on behalf of nonexporter
individuals or firms, foreign exchange accounts to facilitate use of annual allowances in their favor under exchange regulations currently in force.

Effective January 1, 2019, banks are authorized to open, on behalf of companies that do not have a foreign currency account – micro-credit associations, associations recognized as being of public utility, cooperatives and professional federations as well as individuals engaged in professional activity – and who benefit from a business travel allowance, a foreign currency or convertible dirham account for “business travel allowance” for the purpose of receiving the allowance.

These accounts may record on the credit side up to 100% of the allowances related to business travel. Such accounts may also be freely debited (1) with foreign banknotes to meet business travel needs; (2) with outward transfers or Internet purchases, in connection with the above-mentioned business travel (hotel bookings, transport costs abroad, etc.); (3) for the issuance of bank checks and/or traveler’s checks; and (4) for the issuance or charging of international bank cards in accordance with the provisions of the exchange regulations.

Authorized intermediary banks may also open foreign exchange accounts in the name of recipients of the tourism allowance. These accounts may be credited (1) with 100% of the tourism travel allowances and (2) with the tourism travel allowances for the individual’s minor children or spouse. Such accounts may be debited (1) with foreign banknotes to meet needs associated with tourism or business travel; (2) with outward transfers or Internet purchases in connection with tourism travel; (3) for the issuance of bank checks and/or traveler’ checks; and (4) for the issuance or charging of international bank cards issued in accordance with the exchange regulations.

Authorized intermediaries may open on their books foreign exchange accounts in the name of insurers and reinsurers for the purpose of engaging in the collection of premiums or settlement of amounts of compensation for claims associated with foreign exchange policies signed in accordance with instructions from the minister of finance. These accounts may be credited (1) with the amounts of the premium, which is to be settled in foreign exchange; (2) with the share of premiums accruing to the insurer under a coinsurance policy. In such cases, the transfer must be made by debiting the “foreign exchange insurance” account of the lead insurer; (3) with the payments of reinsurers and coinsurers to cover their liabilities; (4) with the payments in connection with recoveries (recours et sauvetage); (5) for foreign exchange purchases required to cover liabilities originating from insurance policies underwritten in foreign exchange if the balance on a foreign exchange insurance account is unable to cover liabilities borne by the insurer; (6) for the refund of premiums paid to a reinsurer following termination of the policy. They may be debited (1) with compensation for claims as allowed by the exchange regulations; (2) with shares of premiums and other amounts owed to reinsurers; (3) with premiums and amounts owed to reinsurers under reinsurance agreements; and (4) with commissions and charges payable in foreign exchange in favor of a nonresident insurance intermediary under an insurance policy denominated in foreign exchange. Insurance and reinsurance enterprises licensed in Morocco and required to accept on a reinsurance basis the risks envisaged by current exchange regulations as well as risks ceded from foreign insurers, may open on the books of authorized intermediaries accounts known as “reinsurance acceptances in foreign exchange–local business” and “reinsurance
acceptances in foreign exchange–foreign business.”

Insurance and reinsurance enterprises, engaging in reinsurance acceptances for operations insured in foreign exchange under a policy underwritten with an insurance and reinsurance enterprise, may open reinsurance acceptances in foreign exchange–local business accounts on the books of authorized intermediaries. Local business is defined as risk situated in Morocco covered by insurance policies in foreign currencies and underwritten with Moroccan insurers and ceded to Moroccan reinsurers. A reinsurance acceptance in foreign exchange–local business account may be credited with (1) amounts paid by direct insurers, on the understanding that these payments must be made by debiting their insurance in foreign exchange–local business accounts and (2) with amounts owed by reinsurance reinsurers (rétrocessionnaires) in settlement of their liabilities on retroceded risks. A reinsurance acceptance in foreign exchange–local business account may be debited (1) with amounts owed to reinsurance reinsurers and (2) with reinsurance balances and shares in compensation for claims accruing to direct insurers.

Insurance and reinsurance enterprises engaging in reinsurance acceptances for operations insured in foreign exchange under a policy underwritten with an insurance and reinsurance enterprise may open reinsurance acceptances in foreign exchange–local business accounts on the books of authorized intermediaries. Local business is defined as risk situated in Morocco covered by insurance policies denominated in foreign currencies and underwritten with Moroccan insurers and ceded to Moroccan reinsurers. A reinsurance acceptance in foreign exchange–local business account may be credited with (1) amounts paid by direct insurers, on the understanding that these payments must be made by debiting their insurance in foreign exchange–local business accounts and (2) with amounts owed by reinsurance reinsurers (rétrocessionnaires) in settlement of their liabilities on retroceded risks. A reinsurance acceptance in foreign exchange–local business account may be debited (1) with amounts owed to reinsurance reinsurers and (2) with reinsurance balances and shares in compensation for claims accruing to direct insurers.

Operators duly licensed under Moroccan insurance regulations to engage in reinsurance brokerage operations, which serve to place abroad risks entrusted by foreign insurance and reinsurance firms, may open a currency-specific account referred to as a “foreign exchange reinsurance brokerage” account on the books of authorized intermediaries. These accounts may be credited with funds received from foreign insurance and reinsurance firms in connection with premiums, compensation on claims, reinsurance balances, and brokerage commissions. These accounts may be debited with amounts paid to foreign insurance and reinsurance firms in connection with premiums, compensation on claims, and reinsurance balances. Brokerage commissions accruing to Moroccan brokers...
must be surrendered in the foreign exchange market immediately after encashment.

The categories of capital that may be freely managed by entities with Casablanca Finance City (CFC) status and that therefore may be deposited in their foreign exchange or convertible dirham accounts at authorized intermediary banks were defined. Entities with CFC status may freely open foreign currency accounts in banks in Morocco to manage their foreign currency holdings in one of the following categories: (1) capital entrusted by nonresident investors to entities with CFC status for placement or investment purposes; (2) capital collected by entities with CFC status for their own account when issuing securities abroad or mobilizing external financing; (3) holdings in foreign exchange accounts or convertible dirham accounts opened on the books of authorized intermediaries in the name of foreign individuals or legal entities or in the name of Moroccans residing abroad and made available to entities with CFC status by the holders of such accounts; (4) funds made available to entities with CFC status by Moroccan financial institutions licensed to engage in foreign placement operations; (5) holdings in foreign exchange accounts or convertible dirham accounts opened in the name of entities with CFC status and engaging in services export operations; and (6) any other foreign-source foreign currency holdings.

Entities with CFC status engaging in services export transactions may open foreign exchange accounts or convertible dirham accounts on the books of authorized intermediary banks. Such accounts may be credited with 100% of proceeds from services rendered to nonresident entities by entities with CFC status.

Effective January 19, 2019, for hedging operations against the risk of commodity price fluctuation on behalf of Moroccan legal entities, banks are required to open foreign currency accounts on their books. Foreign currency accounts, dedicated to customer hedging transactions, must record all related financial flows, including the security deposit, daily margin calls, and premiums received or paid.

Effective January 1, 2020, service exporters bidding for foreign contracts have the option of opening foreign exchange accounts in Morocco dedicated to the settlement of expenditure in connection with such contracts.

Effective January 1, 2020, resident individuals having revenue from foreign sources may place up to 70% of such revenue in an account in foreign exchange or in convertible dirhams to be opened with Moroccan banks.

Approval required
Yes. Approval is not required for resident foreign exporters of goods and services; nonexporters who are beneficiaries of business travel allowances and individuals with tourism allowances; insurance and reinsurers; operators authorized to engage in brokerage operations; entities with CFC status for needs associated with management of their foreign exchange assets; entities with CFC status engaging in services export operations; and effective January 19, 2019, Moroccan legal entities that have subscribed to hedging instruments against commodity price fluctuation risks.

Held abroad
Yes. Authorized banks may transfer funds for investment purposes as deposits to, effective January 1, 2019, foreign banks (previously, in OECD, EU, and AMU member countries) on their own behalf and on behalf of (1) insurance and reinsurance companies for up to 5% of the total volume of their reserves, (2) retirement agencies for up to 5% of the total volume of their reserves, and (3) UCITS and, effective January 14, 2019, OPCCs for up to 10% of their net assets for dirham-denominated subscriptions and, effective January 14, 2019, 100% for subscriptions collected in foreign currency.
Authorized banks may open foreign currency accounts related to management of hedging operations against the risk of fluctuation in the price of certain commodities. These accounts devoted exclusively to managing hedging operations must record all financial flows relating to hedging of the risk of price fluctuations of certain commodities, including the security deposit, margin calls, premiums received, etc.

**Approval required**

Yes. 

Foreign residents do not require approval to open these accounts. Effective January 14, 2019, FEO approval is no longer required for the opening of foreign currency accounts in foreign banks for companies holding contracts abroad. These accounts may credit the amounts of advances transferred, revenue for services rendered abroad under contracts, and debit the amounts of expenditure incurred abroad in the execution of these contracts and transfers to Morocco.

**Accounts in domestic currency held abroad**

No. 

Residents may not open dirham accounts abroad.

**Accounts in domestic currency convertible into foreign currency**

Yes. 

Resident foreign nationals may open accounts in convertible dirhams in Moroccan banks. The accounts may be credited with the proceeds of foreign exchange sales and amounts transferable from Morocco, in accordance with exchange regulations. The accounts may be debited to purchase foreign exchange or for any other domestic settlement. There are no restrictions on interest payments or on transfers between accounts abroad in convertible dirhams and between convertible dirham accounts and foreign exchange accounts. Authorized banks may issue international credit cards and checks to the holders of these accounts. Overdrafts on these accounts are not permitted. Exporters of goods and services (including fishing companies) may open accounts in convertible dirhams in Moroccan banks. These accounts may be credited with the dirham equivalent of 70% of foreign exchange that is repatriated and transferred to approved intermediary banks for exports of goods and services. The accounts may be credited in full or in part at the discretion of the exporter. In the case of a partial credit, the remaining amount may subsequently be credited to the account within a maximum period of one year from the date the foreign exchange was sold on the foreign exchange market. Convertible dirham accounts may be credited with (1) amounts from other foreign exchange or convertible dirham accounts belonging to the same exporter; (2) foreign banknotes withdrawn and not used, provided the account is credited within 30 days of the date the foreign currency is withdrawn; (3) the amount of expenses for which funds have been debited from the account for operations that have been partially or fully cancelled; and (4) amounts withdrawn from foreign exchange accounts and sold in the foreign exchange market and those debited from a convertible dirham account to cover expenses in Morocco. These amounts may be credited to the exporter’s account within a maximum of one year from the date of the debit. Funds in these accounts may be used to finance expenditures related to professional activities. The maximum amount of repatriated export earnings exporters may place in a foreign exchange or a convertible dirham account is 70% (85% for companies in the aeronautics and space sector). Holders of these accounts may obtain international credit cards and checks from authorized banks, but overdrafts are not permitted. Authorized intermediary banks may open convertible dirham accounts in the name of individuals to facilitate use of the annual allowances specified in the exchange regulations and to combine in one foreign exchange or convertible dirham account in the name of an individual the tourism travel allowances for the individual’s minor
children or spouse. These accounts may be credited (1) with 100% of the tourism travel allowances and (2) with the tourism travel allowances for the individual’s minor children or spouse. Such accounts may be debited (1) with foreign banknotes to meet needs associated with tourism or business travel; (2) with outward transfers or Internet purchases in connection with tourism travel; (3) for the issuance of bank checks and/or traveler’s checks; and (4) for the issuance or charging of international bank cards issued in accordance with the exchange regulations.

Effective January 1, 2019, banks are authorized to open, on behalf of companies that do not have a foreign currency account – micro-credit associations, associations recognized as being of public utility, cooperatives and professional federations as well as individuals engaged in professional activity – and who benefit from a business travel allowance, a foreign currency or convertible dirham account for “business travel allowance” for the purpose of receiving the allowance.

The categories of capital that may be freely managed by entities with CFC status and that therefore may be deposited in their foreign exchange or convertible dirham accounts opened at authorized intermediary banks were defined. Entities with CFC status may freely open convertible dirham accounts in banks in Morocco to manage their foreign currency holdings in one of the following categories: (1) capital entrusted by nonresident investors to entities with CFC status for placement or investment purposes; (2) capital collected by entities with CFC status for their own account when issuing securities abroad or mobilizing external financing; (3) holdings in foreign exchange accounts or convertible dirham accounts opened on the books of authorized intermediaries in the name of foreign individuals or legal entities or in the name of Moroccans residing abroad and made available to entities with CFC status by the holders of such accounts; (4) funds made available to entities with CFC status by Moroccan financial institutions licensed to engage in foreign placement operations pursuant to exchange regulations; (5) holdings in foreign exchange accounts or convertible dirham accounts opened in the name of entities with CFC status and engaging in services export operations; and (6) any other foreign-source foreign currency holdings.

Entities with CFC status engaging in services export transactions may open foreign exchange accounts or convertible dirham accounts at authorized intermediary banks. Such accounts may be credited with 100% of proceeds from services rendered to nonresident entities by entities with CFC status.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes.

Two types of accounts may be opened: (1) Foreign exchange accounts in the names of foreign nationals may be maintained by nonresident individuals and legal entities of foreign nationality. These accounts may be credited with transfers from abroad; foreign banknotes, checks, and traveler’s checks; any other means of payment denominated in foreign currency; and foreign currency withdrawn from domestic banks, in accordance with exchange regulations. Deposits of foreign banknotes by the account holder must be justified by an original signed import declaration from the border customs offices or any other supporting document. These accounts may be debited for transfers abroad or for the surrender of foreign currency for dirhams for all domestic settlements. (2) Foreign
exchange accounts may be opened by Moroccan nationals residing abroad. These accounts may be credited with transfers from abroad; traveler’s checks, foreign banknotes, or any other means of payment denominated in foreign currency; and foreign currency withdrawn from domestic banks in accordance with exchange regulations. They may be debited for transfers abroad and for the surrender of foreign currency for dirhams for all domestic settlements. There are no restrictions on interest payments on these accounts, transfers between foreign exchange accounts, or transfers between foreign exchange accounts and convertible dirham accounts. A set of conditions and modalities governing the opening and functioning of nonresident accounts denominated in foreign currency and in dirhams include the following: (1) specification of arrangements related to the crediting of foreign exchange accounts and foreign accounts in convertible dirhams with foreign banknotes and (2) distinction between foreign accounts in convertible dirhams held in the names of foreign correspondents of Moroccan banks and those held in the names of customers (individuals and legal entities other than foreign correspondents).

Approval required No.

**Domestic currency accounts**

Yes. Nonresidents may open three types of dirham accounts as follows: (1) External convertible dirham accounts are restricted to nonresident individuals and legal entities of foreign nationality. (2) Convertible dirham accounts may be held in the name of Moroccans residing abroad. Both types of accounts may be credited with proceeds from the surrender of foreign currency and amounts freely transferable from Morocco in accordance with general or special authorization from the FEO. They may be debited for the purchase of foreign currency and all domestic settlements. There are no restrictions on transfers between foreign accounts in convertible dirhams or between these accounts and foreign exchange accounts. Holders of these accounts may obtain international credit cards from authorized banks. Overdrafts are not allowed, and there are no restrictions on the payment of interest on these accounts. (3) Nonresident foreigners whose funds are deemed nontransferable under the exchange regulations may deposit those funds in convertible term accounts at authorized intermediary banks. Funds from these accounts may be transferred within four years at a rate of 25% a year. Nonresident foreign currency and dirham accounts are subject to the following: (1) definition of modalities related to the crediting of foreign exchange accounts and foreign accounts in convertible dirhams with foreign banknotes; (2) distinction between foreign accounts in convertible dirhams in the name of foreign correspondents of Moroccan banks and those in the name of customers (individuals and legal entities other than foreign correspondents); and (3) extension of the authorization for nonresident foreigners to hold dirham-denominated accounts called “special accounts” to other entities – namely diplomatic representatives; international organizations headquartered or represented in Morocco; foreign staff of diplomatic missions and international organizations; businesses operating in EPZs and financial centers and those under contract to provide goods or services in Morocco; and effective January 14, 2019, nonresident foreign individuals who have outstanding dirham-denominated loans with Moroccan banks.

Convertible into foreign currency Yes. Funds in convertible dirham accounts held by foreign nonresident natural or juridical persons and Moroccans residing abroad are freely convertible.

Approval required No.
Nonresident foreigners with funds deemed nontransferable under the exchange regulations may deposit them in convertible term accounts at authorized intermediary banks. Funds from these accounts may be transferred within four years at a rate of 25% a year. Holders of convertible term accounts and those acquiring them, including Moroccans residing abroad, may use these funds freely for domestic expenditures in dirhams, including investment. Investments financed from the accounts are covered by the convertibility arrangements for a period of two years from the date of the investment.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

<table>
<thead>
<tr>
<th>Financing requirements for imports</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Importers may make advance payments of up to 30% of the total import value of goods (50% for companies operating in the aeronautical and space sector). Importers may make advance payments of up to 30% of the total value of the import of services (up to 50% of the price invoiced for the cost of repairs and technical overhauls abroad of Moroccan fishing vessels or ships).

Effective January 14, 2019, the ceiling for the advance payment of imports of goods was harmonized and the advance payment of the total amount of imports was authorized for categorized companies. Importers of goods are authorized to pay in advance for the import of goods in the following cases: (1) up to the foreign currency equivalent of DH 200,000, regardless of the nature of the goods to be imported; (2) up to 100% of the amount invoiced for imports of goods to be carried out by companies that have been categorized by the FEO and the General Directorate of Tax or by the FEO and the Customs and Indirect Taxes Administration; (3) up to DH 1 million for companies in the aeronautics and space industries sector registered with the FEO; and (4) up to the value of the second-hand equipment acquired at auctions, on presentation of an invoice or any document in lieu thereof, drawn up by the foreign company that organizes these sales and stipulating the obligation to pay before the equipment is collected.

The importation of services was redefined to include all services rendered to a resident by a nonresident in Morocco. These services may be rendered in Morocco or abroad. The provision of training, expertise, and analysis services of all kinds may be provided abroad. The ceiling for advance payment by importers of services was increased. They may make advance payments before the delivery of the service when it is so stipulated in the commercial contract: (1) up to the foreign currency equivalent regardless of the imported service and (2) up to the amount invoiced, in the case of equipment repairs (including aircraft) or the processing of products temporarily exported abroad and related incidental costs.

Previously, importers could make advance payments for (1) goods, up to 30% of the total import value; (2) software worth at least DH 50,000, up to 50%; (3) software worth less than DH 50,000, up to 100%; (4) used capital goods acquired at auction, up to 100%; and (5) goods such as industrial molds, servers, and telecommunications equipment manufactured specifically for Moroccan companies and used abroad, up to 100%. There was no option to make advance payments for the importation of goods up to DH 200,000. Importers...
could pay for imports before the due date in a commercial contract without requiring the foreign supplier to provide a discount of at least 3%. The rules governing payments for imports by operators in the aeronautics and space industries stipulated that these operators could pay in advance for imports of up to DH 1 million (Article 245), make a down payment of up to 50% of the total value of the imports (Article 242), and settle the full amount before entry of the merchandise in Morocco, based solely on the final invoice and shipping documents. Importers could pay in advance for imports of goods, within the following limits: (1) DH 100,000 irrespective of the type of merchandise to be imported and (2) DH 200,000 for merchandise imported under customs arrangements involving temporary importation for inward processing with payment, and capital goods as defined by the Harmonized Commodity Description and Coding System.

Effective January 1, 2020, service importers were permitted to make advance payments before the services are provided, when such payments are provided in the commercial agreement: within the limit of the equivalent of DH 200,000 in foreign exchange regardless of the service that is imported.

<table>
<thead>
<tr>
<th>Advance import deposits</th>
<th>No.</th>
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**Documentation requirements for release of foreign exchange for imports**

Entities and individuals duly listed in the trade register may engage in operations involving the import of goods and international trade, including services not related to commercial operations.

<table>
<thead>
<tr>
<th>Domiciliation requirements</th>
<th>Yes.</th>
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Effective January 14, 2019, the domiciliation requirement for service import operations was abolished.

For imports of goods, an import security must be obtained by the importer and domiciled at an authorized bank to cover payment for goods and related fees. This domiciliation is not required for imports that do not involve payments.

The import security for the purchase of goods for noncommercial use such as books, periodicals, and technical and scientific documentation by residents for their own use is also waived if the purchase value does not exceed DH 20,000.

Importers in the aeronautics and space industries may domicile a single import commitment for imports from various suppliers in one or several countries.

Resident individuals may make Internet transactions involving imports of goods and services by using an international credit card, up to DH 10,000 for each calendar year.

Effective January 1, 2020, the electronic trade allowance for individuals was increased from DH 10,000 to DH 15,000.

<table>
<thead>
<tr>
<th>Preshipment inspection</th>
<th>No.</th>
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<tr>
<td>Letters of credit</td>
<td>No.</td>
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</table>

| Import licenses used as exchange licenses | No. |

| Other | Yes. |

Except for goods imported by air or by post, insurance policies for imports must be taken out with insurance companies in Morocco. For certain groups of goods, however, insurance policies may be underwritten abroad. This group includes: (1) externally financed imports if the terms include foreign insurance; (2) capital goods and equipment under turnkey contracts; (3) crude oil, gas, heifers, and wood; (4) imports whose risk cannot be covered by insurance and reinsurance companies established in Morocco; and (5) imports under free trade agreements for risk that may or may not be covered by insurance and reinsurance companies established in Morocco. Importers may, as part of their import operations, contract insurance
in foreign currency with insurance and reinsurance companies established in Morocco when these contracts are signed by or on behalf of nonresidents or when the regulations authorize the underwriting of insurance abroad. Payments for discrepancies arising from the ullage of petroleum products and derivatives and payments of imports by a third party in lieu of the initial importer have been liberalized. Liberalization measures have been implemented to allow free settlement of the following transactions: (1) settlements of differentials noted between the amounts on bills of lading and those imputed by the customs services for grains, mining products, and chemicals; (2) settlements related to variations in content for the liquidation of sugar, oil, and mineral imports; (3) settlements of general average contributions for ships transporting merchandise to Morocco; and (4) settlements for disputed claims related to imports.

Effective January 14, 2019, payments for imports made in connection with sales exhibitions are subject to FEO authorization. Resident individuals may make Internet transactions involving imports of goods and services by using an international credit card, up to DH 10,000.

Effective January 1, 2020, the electronic trade allowance for individuals was increased from DH 10,000 to DH 15,000.

| Import licenses and other nontariff measures | Yes. |
| Positive list | Yes. |
| Imports are not restricted, except for arms and explosives, secondhand clothing, chemical products that deplete the ozone layer, white weapons, drones, and used tires and wheels with used tires or retreads. These products require an import license issued by the Department of Foreign Trade (DFT). |
| Negative list | Yes. |
| Imports of products that pose a threat to public health, morals, order, or security are prohibited. |
| Open general licenses | No. |
| Licenses with quotas | No. |
| Other nontariff measures | Yes. |
| Imports may be restricted for limited periods to protect new industries or counteract dumping. Safeguard (tariff) measures may be established for periods of five years to protect new industries, and they may be extended to eight years. In the case of dumping, the product in question is subject to import declaration for up to nine months, and this measure is renewable once. During this period, investigations are carried out to determine whether dumping is taking place and, if it is, to determine the tariff measures that need to be introduced. Individuals may import merchandise valued at up to DH 20,000 a year that is not to be resold. Commercial activities of individuals not registered in the Commercial Registry and without a tax identification number must be authorized by the DFT. |
| Import taxes and/or tariffs | Yes. |
| Customs duties are levied on an ad valorem basis. A large number of goods are only subject to a 2.5% import duty. Imports of products to be used in the manufacture of goods for export are exempt from customs duties. Specific rates are applied to certain agricultural products. |
| Taxes collected through the exchange system | No. |
| State import monopoly | No. |
| This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |
Exports and Export Proceeds

Repatriation requirements

Yes. There is no obligation to sign an export declaration (titre d’exportation) for any freely exportable product or merchandise. Export proceeds must be repatriated within 150 days of customs declaration. Effective January 14, 2019, the deadline for repatriating the export proceeds from goods sold on consignment was also set at 150 days (previously 180 days). The repatriation requirement does not apply to exports of goods involving no payment, which includes (1) noncommercial goods with a value less than or equal to DH 10,000; (2) samples whose value is less than or equal to DH 20,000; (3) pharmaceuticals, documents, and promotional materials shipped in connection with free samples up to 3% of the value of medications to be exported with payment, provided they are shipped simultaneously with the pharmaceuticals to be exported with payment; (4) toxic waste for disposal abroad; (5) goods shipped temporarily under economic customs arrangements; (6) goods shipped to make up for missing items or replace defective merchandise; (7) goods returned to the Moroccan exporter for additional work; (8) goods previously imported, recognized as not conforming to the order or defective, on presentation to customs of a bank certificate stating that no payment has been or will be made under the pertinent import commitment; (9) products shipped for tests and analyses by foreign laboratories; and (10) books, reviews, periodicals, and journals imported and not sold.

Proceeds from exports may be collected abroad and used directly to finance imports of goods and raw materials needed to manufacture goods for exportation. Exporters of goods may freely extend commercial credits to nonresidents for up to 150 days. Credits with longer terms may be granted FEO approval, if justified by commercial necessity. Exporters and authorized intermediary banks may extend supplier and buyer credits to foreign customers for up to 85% of the value of exported goods or works and of the provision of services abroad. These credits may be short or medium term for all categories of goods and services and long term for capital goods (repayment up to eight years).

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Foreign exchange must be surrendered within one month of payment by the foreign buyer. In principle, this date must not be more than 150 days from the date of the shipment of goods. This deadline may be extended if warranted by business conditions and approved by the FEO. Exporters of goods and services may hold up to 70% of their export earnings in convertible dirham or foreign exchange accounts. Exporters of goods and services in the aeronautics and space industries may hold up to 85% of export earnings in convertible dirham or foreign exchange accounts. Exporters of goods may grant their foreign clients a discount of up to 5% of the invoice price for reasons such as late delivery, contribution to packaging, rebates on turnover, missing or defective items, or payments in cash. Exporters of goods in the aeronautics and space industries may grant their foreign clients a discount of up to 10% of the invoice price for reasons such as late delivery, contribution to packaging, rebates on turnover, missing or defective items, or payments in cash.

Financing requirements

No.

Documentation requirements

Yes.
Letters of credit No.
Guarantees No. There is no obligation to sign an export declaration (titre d’exportation) for operations involving the export of any freely exportable product or merchandise. No guarantee is required. The customs declaration provides proof of export.
Domiciliation No.
Preshipment inspection No. Preshipment inspection is not required; however, exports of food products are subject to quality control.
Other Yes. Entities and individuals duly listed in the trade register may engage in international trade operations, including services not related to commercial operations. Exporters may make: (1) payment of factoring commissions, (2) payment of fees for exports up to 10% of the value of the good or service exported, (3) payment of miscellaneous expenses incurred abroad for the shipment of goods to Morocco, (4) payment of expenses related to seafood exports, and (5) price concessions on exports of goods (revision of prices following weight or content analysis and cancellation of orders).
Export licenses Yes.
Without quotas Yes. Exports of grain flour, charcoal, archeological items, leather and hides, raw algae and agar–agar, and chemical products that deplete the ozone layer require export licenses issued by the DFT.
With quotas No.
Export taxes Yes.
Collected through the exchange system No.
Other export taxes Yes. A 1% quality control tax is levied on exports of foodstuffs.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes.
Trade-related payments Yes. Authorized banks may make payments for: (1) fees relating to international trade transactions, transportation, services, technical assistance, income from capital (including interest and dividends), and wages; (2) transfers of amounts owed to foreign suppliers for international business transactions (purchases of goods and services abroad for direct sale to foreign customers) conducted by Moroccan corporations or individuals; and (3) transfers for services by nonresidents at call centers in Morocco, such as rental of specialized lines or satellite segments, use of telephone lines abroad, etc.
Effective January 14, 2019, the importation of services was redefined to include all services rendered to a resident by a nonresident in Morocco. These services may be rendered in Morocco or abroad. The provision of training, expertise, and analysis services of all kinds may be provided abroad.
Entities with CFC status may transfer funds for foreign technical assistance expenses and services by foreign contractors and for the following: (1) subsidiaries’ share of expenses incurred by their parent company, such as management and headquarters’ expenses, royalties, and research and development expenses relating to the activity of entities with CFC status; (2) expenses billed by the parent company, including those relating to personnel; and (3) expenses relating to services shared by subsidiaries and parent companies, such as...
information technology (IT)-related expenses, human resource management costs, expenses relating to accounting/finance services, and training expenses.

Authorized intermediaries may transfer to the account of entities with CFC status remuneration owed in connection with management fees. Clarification of provisions governing outlays associated with the transfer of personnel by a parent company specifies that these outlays refer to fees billed to entities with CFC status in connection with the transfer of foreign personnel or Moroccans residing abroad transferred to the Moroccan subsidiary. These outlays include wages, payroll taxes, expatriation allowances, and other incidental costs such as those for housing, airline tickets, travel, etc., paid abroad for the benefit or the account of such personnel.

International courier services have been liberalized.

International messaging services refer to services performed under an agreement between a Moroccan international messaging company and its nonresident partner, entailing (1) collection of mail and parcels delivered by customers established in Morocco and their shipment abroad through the nonresident partner’s network and (2) receipt of mail and parcels originating abroad via the nonresident partner’s network and their distribution to recipients in Morocco.

Operators in the aeronautics and space industries may settle several types of services, including contributions to the research programs of their parent companies, access to IT systems, and miscellaneous administrative and management services and transfer payments to parent companies for separation of foreign, expatriate, or transferred personnel.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes.

Payments for freight, unloading, and storage are not restricted. Importers may pay for overweight freight charges in amounts not exceeding 10% of the amount initially stated in the commercial contract, as well as any penalty for late shipment or landing of the goods. Representation and brokerage charges of exports of goods and services may be settled for up to 10% of their value. Rental fees for stands and exhibitor fees for fairs and exhibitions abroad by residents without a foreign exchange or a convertible dirham account may be transferred by authorized intermediaries on presentation of an invoice or fee slip signed by the organizer of the fair or exhibition.

Costs related to consignment sales may be settled directly by deduction from the selling price of the goods sold on consignment, including such costs as commissions, transit charges, handling charges, customs duty, packaging and repackaging costs, warehousing and storage fees, expert costs, analysis or sampling fees, destruction expenses in case of damage, costs for advertising and promotion incurred by foreign commission merchants and purchasing cooperatives, costs of transportation to or from Morocco, and costs incurred by foreign consignees for marketing goods sold on consignment (fresh fruit and vegetables, citrus fruits, flowers, fishing products). Authorized intermediaries may also freely transfer funds returned by the General Treasury for the VAT on bills of purchase in Morocco collected by diplomatic and consular representatives and representatives of international public organizations and their foreign staff.

Insurance underwriting for commercial transactions is carried out in accordance with insurance regulations. The regulatory framework governing insurance and reinsurance operations lists the foreign currency operations eligible for insurance in Morocco and authorizes
economic operators to contract insurance with insurance and reinsurance companies abroad. The foreign currency operations for which economic operators may contract insurance denominated in foreign currency with insurance and reinsurance companies in Morocco are as follows: (1) imports and exports, when the related contracts are signed by or on behalf of nonresidents; (2) merchandise shipments from a foreign country or a free trade zone in Morocco to a foreign country within the framework of international business transactions initiated by resident operators; (3) exports not involving payments; (4) risk in free trade and offshore areas established in the national territory; (5) aviation risk (hull and civil liability); and (6) “contractor’s all risk” operations, when the insured party is a nonresident. The foreign currency operations for which insurance may be contracted with foreign insurance and reinsurance companies are as follows: (1) mandatory insurance for which coverage cannot be found with insurance and reinsurance companies in Morocco; (2) aviation and maritime and transportation insurance, including international road transportation (hull and cargo), whether or not covered by insurance and reinsurance companies in Morocco; (3) import insurance related to payment for certain goods (crude oil, gas, and diesel fuel; heifers; wood; goods imported by air or by post; externally financed imports if the terms include foreign insurance) whose import certificate is expressed in c.i.f. value and for which the importer is required to accept insurance abroad; and (4) premiums payable by Moroccan ship owners to foreign associations as coverage for certain risks related to the development of their shipping company that cannot be covered by insurance and reinsurance companies in Morocco. Moroccan businesses with construction contracts abroad may transfer up to 20% of the contract amount to defray their initial expenses and liberalized transfers for technical assistance required for the performance of contracts abroad. The regulatory framework for international transport is set out in the 2019 General Instruction on Foreign Exchange Operations. Effective January 1, 2019, the regime applicable to international transport was reorganized with the aim of simplification, through the creation of a single “international transport account” account, to record all transactions carried out with the same foreign partner.

Investment-related payments
Yes. Since 1992, income generated by foreign investments in Morocco is freely transferable, without limitation in amount and duration, when the investments are financed in foreign currency. This income is freely transferable to nonresident foreigners, even in the absence of foreign currency financing.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes. There are indicative limits on transfers of interest, which must be market based. The exchange regulation states that the applicable interest rates must correspond to the market rates but does not give a quantified limit.

Payments for travel
Yes.

Prior approval
No.

Quantitative limits
Yes. Limits vary by the type of journey. Tourism allowance: Effective January 1, 2020, the ceiling on the tourism allowance was changed to DH 200,000 and the indexation rate for the income tax supplement was changed to 25%, with the option of carrying the unused portion forward once to the next year. The amount of the tourism allowance was previously, effective
January 1, 2019, DH 45,000 that could be increased by a supplement equal to 10% of income tax. The overall amount of the tourism allowance may not exceed DH 100,000 a person and a calendar year. Previously, the allowance was DH 40,000 a person a year. An additional allowance of DH 20,000 could be granted for a minor child accompanying a parent during travel abroad on the passport of the beneficiary parent. Religious travel allowance: DH 15,000 a person a calendar year for Umrah pilgrimage; DH 15,000 a person a calendar year for the Hajj pilgrimage; an additional DH 20,000 for the staff of the travel agency accompanying pilgrims, per accompanying person a trip.

Business travel allowance: 100% of the amount of corporate or income tax (for companies subject to that tax) paid by the companies and subsidiaries, referred to in Article 105, in the past fiscal year, up to DH 500,000 a calendar year; 100% of the amount of income tax for individuals engaged in professional activity, as referred to in Article 105, in the past fiscal year, up to DH 100,000 a calendar year; DH 60,000 for companies that paid corporate tax of less than DH 60,000, those exempt from corporate tax, and Moroccan micro-credit associations or associations deemed to be in the public interest, Moroccan cooperatives and professional federations.

Effective January 14, 2019, cooperatives and professional federations also benefit from the DH 60,000 allowance for business travel. Larger allowances may be approved by the FEO on proof of need. The allowances for specific business travel may not be added to other allowances, except for the tourism allowance.

Effective January 1, 2020, cooperatives subject to corporation tax have the option of benefiting from a business travel allowance of 100% of the amount of tax paid, with a ceiling of DH 500,000. Previously, it was a lump sum of DH 60,000.

For a given trip, the tourism allowance may be combined, in whole or in part, with any other foreign exchange allowances under a general or special FEO authorization. The same allowance for tourism travel may also be granted to Moroccan nationals living abroad. Foreign residents who wish to travel abroad may be granted the foreign exchange equivalent of all their income savings. Moroccans and foreign nationals residing in Morocco and Moroccans residing abroad are eligible for a foreign exchange allowance equivalent to DH 15,000 for umra (lesser pilgrimage) travel. Allowances for tourism and umra travel may be delivered in whole or in part, by subrogation, to Moroccan travel agencies approved by the Ministry of Tourism for tourism, family, cultural, or private travel abroad by means of an individual or group check or by transfer to foreign service providers.

With regard to tourism and religious travel, (1) pilgrims may make advance payment of living expenses if required by contractual provisions; (2) pilgrims may purchase foreign exchange for personal expenses; (3) travel agencies may, in case of overrun of their allowances, use funds in their convertible dirham and/or foreign-currency-denominated accounts to cover the expenses of pilgrims and their travel companions; and (4) intermediaries may issue securities guaranteeing the settlement of services to be provided to pilgrims and their travel companions on behalf of Saudi service providers, at the request and on behalf of travel agencies organizing Hajj trips. Business travel by exporters of goods and services may be financed without restriction by debiting foreign exchange or convertible dirham accounts in Moroccan banks. For business travel other than by exporters of goods and services, a tax criterion is used to determine the maximum business travel allowance banks may provide to individuals and legal entities for companies without

Indicative limits/bona fide test Yes.
convertible dirham and foreign exchange accounts. The allowance is 100% of the amount of corporate or income tax (for companies subject to that tax) paid by such companies in the past fiscal year, up to DH 500,000 a calendar year; 100% of the amount of income tax for Moroccans engaged in professional activity, with an increased ceiling for such allowances to 100% of the income tax they paid in the past fiscal year, up to DH 100,000, and up to DH 60,000 for companies that paid corporate tax of less than DH 60,000, those exempt from corporate tax, and Moroccan micro-credit associations or associations deemed to be in the public interest. The emigration allowance was discontinued effective January 14, 2019.

| Personal payments | Yes. |
| Prior approval    | No.  |
| Quantitative limits| No.  |
| Indicative limits/bona fide test | Yes. |

Licensed banks may provide foreign exchange allowances to Moroccans for travel abroad for medical treatment, up to the equivalent of DH 30,000 a trip, and may make transfers, without restriction, on patients’ behalf for treatment abroad to hospitals and medical institutions. Licensed banks are also authorized to transfer sums relating to the purchase of medicine, medical supplies, and medical tests by foreign laboratories. Banks may make transfers for study abroad as follows:

1. an annual departure allowance equivalent to DH 25,000, paid in one or several installments;
2. allowances for living expenses of up to DH 10,000 a month. Transfers may be higher on presentation of supporting documents, with the possibility of making advance transfers for up to twelve months;
3. for the corresponding rents and charges (trustee fees, taxes, and fees related to the conclusion of the lease): up to the amount indicated in the required documents;
4. for tuition and fees: up to the amount indicated in the required documents.

Effective January 14, 2019, students may benefit from additional transfers for living expenses and rent for the year following the end of their studies.

Banks are authorized to transfer the repayment of student loans contracted with foreign banks and the costs of visits abroad for language-learning purposes. To cover the costs of internships and missions abroad, banks may sell foreign exchange to staff of public agencies, local governments, public institutions and enterprises, and foreign institutions or organizations up to the amount allocated by their employers, or up to DH 2,000 a day, within an overall limit of DH 20,000 a trip, if the mission order does not cover the costs of the mission or the internship. The allowance of DH 20,000 for the father, mother, or guardian of a minor student leaving Morocco for the first time and the allowance for acquisition of computer hardware among the facilities granted for study travel abroad were eliminated.

Medical personnel in public agencies, local governments, and public institutions and enterprises wishing to attend professional events abroad may also purchase foreign exchange. If the costs of the mission or internship are borne in full by the traveler, banks may provide DH 2,000 a day up to DH 20,000 a trip. Banks may transfer funds to cover immigration application fees. The immigration allowance was discontinued effective January 14, 2019. Requests for additional amounts require FEO approval, which is granted on presentation of supporting documents. Banks may transfer funds for
family assistance up to DH 10,000 a year.

Foreign workers’ wages No. Foreigners residing in Morocco and employed in either the private or public sector or engaged in industrial, commercial, agricultural, or certain other professions may transfer all their income. They may also freely contribute to pension or social security funds in their countries of origin. These arrangements apply equally to Moroccans’ foreign spouses. Commercial banks are authorized to transfer pensions paid by government or private organizations to retirees residing permanently abroad. In addition, retired foreigners and Moroccans’ foreign spouses may transfer their entire pensions. They may also transfer severance benefits paid by their Moroccan employers by order of a Moroccan court. Authorized banks may make payments for after-tax earnings of foreign or Moroccan artists residing abroad who are invited to exhibit or perform in Morocco, and transfers of prize money won at film festivals.

Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

Credit card use abroad Yes. Banks may issue credit cards without restriction to (1) foreigners holding accounts in foreign exchange or convertible dirhams; (2) staff of international organizations whose offices or headquarters are in Morocco; (3) Moroccans residing abroad who hold accounts in convertible dirhams or in foreign exchange; (4) exporters of goods and services who hold accounts in foreign exchange or convertible dirham accounts; (5) economic operators, other than exporters of goods and services, who have a foreign exchange travel allowance; and (6) effective January 14, 2019, drivers for the payment of vehicle-related expenses (International Road Transport) and travel expenses. Authorized banks may also issue international credit cards to any Moroccan or foreign individual eligible for a foreign exchange allowance under the exchange regulations for travel for tourism, religious, medical, or educational purposes. Banks may issue resident individuals international credit cards to pay for purchases made over the Internet, up to DH 10,000 a year. Effective January 1, 2020, the electronic trade allowance for individuals was increased from DH 10,000 to DH 15,000. Effective January 14, 2019, startups listed by the Digital Development Agency may pay, by international payment card, for services up to DH 500,000.

Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. The limit is the amount of funds in the beneficiary’s account and the authorized foreign exchange allowance.

Other payments Yes.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test Yes. Banks are authorized to settle current transactions carried out by resident individuals as defined in Article 150 of the 2020 General Instruction on Foreign Exchange Operations on the basis of a contract, invoice, or any applicable document. Entities authorized to carry out operations to import services are
authorized to carry out operations to import the services listed in Annex 1 of the 2020 General Instruction on Foreign Exchange Operations. Import transactions may be settled in accordance with the contractual terms and conditions once the services have been provided.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**

Yes. Moroccan residents and legal entities must repatriate foreign exchange receipts accruing from their claims on nonresidents and sell them in the foreign exchange market. Resident foreigners must repatriate only foreign exchange receipts that result from their activities in Morocco. Repatriation must take place within one month of the date of the claim. For exports of services, repatriation must be made within, effective January 1, 2019, 90 days of the provision of services (previously 60 days). Exporters of services from Morocco and entities engaged in work or the provision of services abroad may grant credits to their foreign clients in an amount not to exceed 85% of the value of the services provided.

**Surrender requirements**

Yes.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

Yes. Exporters of services may keep up to 70% of their foreign exchange receipts in foreign currency or convertible dirham accounts. Proceeds from exports of services must be repatriated within 60 days following the date on which the services are delivered.

**Restrictions on use of funds**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**

Yes.

**Repatriation requirements**

Yes. Moroccan residents and legal entities must repatriate foreign exchange receipts accruing from their claims on nonresidents and sell them in the foreign exchange market. Repatriation must take place within one month of the date of such claims. Resident foreigners must repatriate only foreign exchange receipts that result from their activities in Morocco.

**Surrender requirements**

Yes.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

Yes. Proceeds generated by investments and placements abroad must be repatriated and surrendered on the foreign exchange market within 30 days following the date on which such proceeds are collected.

**Controls on capital and money market instruments**

Yes.

**On capital market securities**

Yes.

**Shares or other securities of a participating nature**

Yes.

**Purchase locally by nonresidents**

No. Nonresidents may purchase Moroccan securities without limitation.

**Sale or issue locally by nonresidents**

Yes. Issuance of capital market securities by nonresidents is subject to authorization. There are, however, no restrictions on the sale of
Moroccan securities by nonresidents. Proceeds from such sales may be transferred freely, provided the relevant purchases are financed by foreign exchange inflows or other comparable means. In other cases, the proceeds must be deposited in a convertible dirham account and may be transferred abroad over a four-year period.

**Purchase abroad by residents**

Yes.

Purchases of foreign securities by Moroccan residents and transfers of the funds required for such purchases are subject to FEO approval. Authorized banks may transfer funds on behalf of resident corporations in operation for at least three years to purchase shares in existing companies, up to DH 100 million a calendar year for investment in Africa and DH 50 million for other continents. The investment must relate to the usual activity of the resident corporation. Resident foreigners may purchase securities and other funds, provided these purchases are financed from their foreign exchange holdings abroad or from their foreign exchange accounts or convertible dirham accounts.

Moroccan firms in which a foreign company’s share is over 50% may enter their resident active employees in “shareholder plans” issued by their parent company, up to 10% of annual pay net of income tax, social security contributions, and any other amount the employee is required to pay.

**Sale or issue abroad by residents**

Yes. These transactions are subject to FEO authorization.

**Bonds or other debt securities**

Yes.

**Purchase locally by nonresidents**

No.

There is no minimum holding period requirement for such bonds.

**Sale or issue locally by nonresidents**

Yes. FEO approval is required.

**Purchase abroad by residents**

Yes. Purchases abroad of bonds and other debt securities by residents are subject to FEO authorization. Authorized banks may transfer funds for the purchase of debt securities listed or traded on, effective January 1, 2019, regulated markets (previously, on regulated markets in OECD, EU, and AMU member countries) on their own behalf and on behalf of (1) insurance and reinsurance companies for up to 5% of the total volume of their reserves, (2) retirement agencies for up to 5% of the total volume of their reserves, and (3) UCITS and, effective January 14, 2019, OPCCs for up to 10% of their net assets for dirham-denominated subscriptions and, effective January 14, 2019, 100% for foreign currency-denominated subscriptions. Resident foreign nationals may engage in these transactions, provided they are financed with their own foreign exchange holdings.

**Sale or issue abroad by residents**

Yes. Approval is required.

**On money market instruments**

Yes.

**Purchase locally by nonresidents**

No.

**Sale or issue locally by nonresidents**

Yes. Issuance of these instruments by nonresidents is subject to authorization.

**Purchase abroad by residents**

Yes. Purchases abroad of money market instruments by residents are subject to FEO authorization. Authorized banks may transfer funds to purchase financial instruments listed or traded on, effective January 1, 2019, regulated markets (previously, on regulated markets in OECD, EU, and AMU member countries) on their own behalf and on behalf of (1) insurance and reinsurance companies for up to 5% of the total volume of their reserves, (2) retirement agencies for up to 5% of the total volume of their reserves, and (3) UCITS and, effective January 14, 2019, OPCCs for up to 10% of their net assets for dirham-denominated subscriptions and, effective January 14,
2019, 100% for subscriptions collected in foreign currency. Resident foreign nationals may engage in these transactions, provided they are financed with their own foreign exchange holdings.

Sale or issue abroad by residents  Yes. These operations are subject to FEO approval.

On collective investment securities  Yes. The regulations governing money market instruments apply.

Purchase locally by nonresidents  No.

Sale or issue locally by nonresidents  Yes. Issuance of these instruments by nonresidents is subject to authorization.

Purchase abroad by residents  Yes. Purchases abroad by residents are subject to FEO authorization. Authorized banks may transfer funds for the purchase of financial instruments listed or traded on, effective January 1, 2019, regulated markets (previously, on regulated markets in OECD, EU, and AMU member countries) on their own behalf and on behalf of (1) insurance and reinsurance companies for up to 5% of the total volume of their reserves, (2) retirement agencies for up to 5% of the total volume of their reserves, and (3) UCITS and, effective January 14, 2019, OPCCs for up to 10% of their net assets for dirham-denominated subscriptions and, effective January 14, 2019, 100% for foreign currency-denominated subscriptions. Resident foreign nationals may engage in these transactions, provided they are financed with their own foreign exchange holdings.

Sale or issue abroad by residents  Yes. Approval is required.

Controls on derivatives and other instruments  Yes.

Purchase locally by nonresidents  Yes. Authorized intermediary banks may offer instruments to hedge against exchange, interest rate, and commodity price fluctuation risks only to resident operators.

Sale or issue locally by nonresidents  Yes. Only Moroccan banks may offer instruments to hedge against exchange, interest rate, and commodity price fluctuation risks to operators.

Purchase abroad by residents  Yes. Derivatives transactions must be based on real trade or financial transactions and may not be speculative. Economic agents may negotiate directly with international broker-dealers or through authorized banks to hedge against price fluctuation risk for certain commodities that are or may be traded on a secondary market. These transactions must take place through dedicated multicurrency accounts at Moroccan banks. Authorized banks may offer their customers options for exchanging dirhams and foreign currency and one foreign currency for another, to the exclusion of foreign instruments. To hedge against customer risk, authorized banks must have recourse to the local interbank market. If they are unable to find the appropriate hedging instrument in the local market, they may turn to the international market for foreign exchange hedging instruments. Hedging transactions must be backed by the foreign exchange options selected by customers. Authorized intermediary banks may also offer instruments to hedge against the risk of interest rate fluctuation to resident economic operators with foreign loans. Authorized banks may offer their customers forward cover for foreign exchange and may do so by borrowing or investing foreign exchange at the same maturities as the hedging operations. Authorized intermediaries may also sign, on their own behalf or on behalf of their customers (1) spot or forward contracts for foreign currency swaps, (2) swap contracts with their foreign correspondents, and (3) swap contracts for foreign exchange and dirhams, regardless of the maturity date, on behalf of Moroccan companies with
concessional financing by foreign governments or public agencies or international development institutions.

For hedging against any risk inherent in any asset or debt, banks may conclude these transactions only on a proprietary basis or on behalf of certain institutional entities – credit institutions and similar entities, insurance companies, and collective investment funds (organismes de placement collectif en titrisation). Institutional investors were also allowed to cover capital transactions, such as investments made abroad by UCITS or insurance companies.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>Yes.</th>
<th>These operations are subject to FEO approval.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

Exporters of goods may extend commercial credit to nonresidents for up to 150 days. Credit with longer terms may be extended with FEO approval, if justified on the basis of commercial necessity. Authorized intermediary banks may use funds from foreign exchange accounts opened in the names of exporters of goods and services, resident nationals, and resident and nonresident foreigners for their lines of credit to each other, especially for buyer credits to foreign customers of Moroccan exporters. Exporters and authorized intermediary banks may provide supplier credits or buyer credits to foreign customers for up to 85% of the value of exported goods or works and the provision of services abroad. These credits may be granted for a short or medium term for all categories of goods and services and for a long term for capital goods (repayment up to eight years).

| To residents from nonresidents  | No. |
| Financial credits               | Yes. |
| By residents to nonresidents    | Yes. |

Local banks may extend loans in dirhams to foreign nonresident individuals for the purchase or development of Moroccan real estate, up to 70% of the value of the real estate to be purchased or developed. Moroccans residing abroad are also permitted such credits. These loans must be serviced with funds transferred from abroad or with debits from convertible dirham accounts. Banks may grant dirham-denominated consumer loans to foreign personnel working for diplomatic representations accredited in Morocco or international organizations based or represented in Morocco.

| To residents from nonresidents  | Yes. |
| Guarantees, sureties, and financial backup facilities | Yes. |
| By residents to nonresidents    | Yes. |

Resident enterprises may obtain loans abroad without limitation, provided they are backed by investment or foreign trade transactions. Repayment must be made from Morocco through the banking system.

Effective January 14, 2019, banks are authorized to issue bank guarantees and guarantees to residents to cover commitments made to nonresidents, when such commitments arise from current or capital transactions carried out in accordance with the provisions of the 2019 General Instruction on Foreign Exchange Operations. Previously, Moroccan banks could issue sureties to nonresidents on behalf of residents for (1) participation of the latter in markets abroad (provision of goods or services); (2) refunds of down payments received from foreign customers; and (3) guarantees of loans and other financial instruments in accordance with foreign exchange regulations. Authorized intermediary banks could issue sureties for...
(1) substitution of a holdback corresponding to the portion payable in foreign currency under a public or private contract awarded to a nonresident; (2) guarantees of payment related to commitments to nonresidents for maritime transportation and certain road and air transport operations; (3) guarantees in favor of foreign banks granting medium- or long-term loans to nonresident foreigners and to Moroccans residing abroad, up to the total value of the property to be purchased; and (4) payment to foreign lenders of the foreign currency equivalent of the amounts received, within the framework of contracts to perform work and/or provide services fully or partly financed by foreign lenders, in lieu of the contract principals. Authorized intermediaries had to issue sureties on behalf of goods and services exporters guaranteeing payment in the context of transactions related to exports of goods and/or services. Authorized intermediary banks could issue outright surety or performance bonds for exporters of services in favor of nonresidents.

To residents from nonresidents

Yes.

Effective January 14, 2019, banks are authorized to issue or to accept bank guarantees and guarantees to nonresidents to cover commitments made to residents, when such commitments arise from current or capital transactions carried out in accordance with the provisions of the 2020 General Instruction on Foreign Exchange Operations. Guarantees and sureties issued by Moroccan banks on behalf of a nonresident to a resident must be counter-secured by foreign banks. Previously, Moroccan banks could issue or accept, in favor of residents, sureties issued on behalf of nonresidents in support of the participation of those nonresidents in public or private contracting, the supply of goods and services, and the refund of down payments. They could also issue sureties on behalf of nonresidents in settlement of tax liabilities and financial obligations. A counter guarantee from a foreign bank was required for sureties issued by Moroccan banks on behalf of nonresidents. Sureties issued for the account of a nonresident in favor of a resident had to be counter guaranteed by a first-class bank abroad. When claims were entered under sureties issued or accepted in favor of residents on behalf of nonresidents, the proceeds had to be repatriated to Morocco.

Controls on direct investment

Yes.

Outward direct investment

Yes.

Outward direct investment is subject to FEO approval, but resident firms in operation for at least three years whose accounts have been certified by an external auditor may invest without authorization up to an annual maximum of DH 100 million for investment in Africa and DH 50 million for other continents. This investment must be related to the usual activity of the firm and may take various forms – for example, the establishment of new enterprises, equity participation in existing enterprises, the opening of representative or liaison offices, branches, etc. Investors may freely reinvest the proceeds from the sale or liquidation of their investments abroad. Resident foreigners may invest abroad, provided the operations are financed from their own funds abroad or from their holdings in convertible dirhams or foreign exchange. Financial enterprises having CFC status were allowed to engage in their outward investment operations: (1) with no requirements on the minimum number of activities (however, legal entities are required to show at least three years of minimum number of activities) and (2) with no restriction on the amount for the share subscribed for by nonresidents or resident aliens in the capital of investment funds having CFC status (the ceilings of DH 100 million and DH 50 million apply only to shares subscribed for by residents).
Inward direct investment
No.

Controls on liquidation of direct investment
No. There are no controls on transfers made directly through the banking system of the proceeds of the liquidation or sale of foreign investments, including capital gains, when such investment is financed by the sale of foreign exchange or by debit from a convertible dirham account in foreign currency.

Controls on real estate transactions
Yes. These operations are subject to the investment regulations.

Purchase abroad by residents
Yes. Purchases of real estate abroad by Moroccan residents require FEO authorization. Resident foreigners may purchase real estate abroad with funds from foreign exchange accounts.

Purchase locally by nonresidents
Yes. Foreign nationals may purchase real estate, except farmland.

Sale locally by nonresidents
No.

Controls on personal capital transactions
Yes.

Loans
Yes.

By residents to nonresidents
Yes. These operations are subject to FEO approval. However, Moroccan banks may grant loans in dirhams to nonresident foreigners and Moroccans residing abroad for the purchase or development of real estate in Morocco, up to 70% of the price of the real estate to be purchased or developed. They may also grant dirham-denominated consumer loans to foreign personnel working for diplomatic representations accredited in Morocco or international organizations based or represented in Morocco.

To residents from nonresidents
Yes. These operations are subject to FEO approval.

Gifts, endowments, inheritances, and legacies
Yes.

By residents to nonresidents
Yes. Gifts and grants are subject to authorization. However, transfers of inheritances may be effected freely if the inherited property is covered by convertibility arrangements. In other cases, eligible parties may enjoy transfer rights if such rights have not been already exercised by the deceased.

To residents from nonresidents
No.

Settlement of debts abroad by immigrants
Yes. These operations are unrestricted, provided they are financed from the foreign funds of the parties concerned or from their funds in foreign exchange or in convertible dirhams.

Transfer of assets
Yes.

Transfer abroad by emigrants
Yes. On departure from Morocco, foreigners may freely transfer assets not subject to the convertibility arrangement, up to DH 30,000 or the equivalent for each year of residence in Morocco, in addition to other transfer rights (for example, income or savings). Any remainder must be deposited in a convertible term account.

Transfer into the country by immigrants
No.

Transfer of gambling and prize earnings
Yes. These earnings are transferable, provided the gambling was financed with foreign currency.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial
Yes.
banks and other credit institutions

Borrowing abroad  Yes. Commercial banks may borrow abroad only to finance foreign trade or investment operations on behalf of customers or as part of the introduction of forward cover for customers' foreign exchange swaps, with maturities equal to the duration of the hedging operations offered.

Maintenance of accounts abroad  Yes. Banks may open and maintain accounts with their correspondents to effect outward payments and to manage hedging operations against price fluctuation risk for certain commodities. Authorized banks may deposit funds into accounts with banks in, effective January 1, 2019, other countries (previously in OECD, EU, and AMU member countries).

Lending to nonresidents (financial or commercial credits)  Yes. Lending to nonresidents by Moroccan banks is subject to FEO approval. However, banks may grant loans to nonresident foreign individuals for the purchase or development of real estate in Morocco, up to 70% of the value of the real estate. Moroccans residing abroad are permitted such credits. Banks may use cash in foreign exchange accounts held by foreign nationals, Moroccan citizens residing abroad, and exporters for buyer credits to foreign customers to finance Moroccan exports.

Authorized intermediary banks may use funds from foreign exchange accounts opened in the names of exporters of goods and services, resident nationals, and resident and nonresident foreigners for their lines of credit to each other, especially for buyer credits to foreign customers of Moroccan exporters. Exporters and authorized intermediary banks may provide supplier credits or buyer credits to foreign customers for up to 85% of the value of exported goods or works and the provision of services abroad. These credits may be granted for a short or medium term for all categories of goods and services and for a long term for capital goods (repayment up to eight years).

Lending locally in foreign exchange  Yes. Effective January 14, 2019, banks are authorized to use the foreign currency held in foreign exchange accounts opened on their books for the purpose of granting loans to finance import, export, international trade and investment operations, and to finance the operational cycle of industrial companies located in EPZs located in Morocco.

Purchase of locally issued securities denominated in foreign exchange  Yes. These transactions are subject to FEO approval.

Differential treatment of deposit accounts held in foreign exchange  Yes. Convertible dirham and foreign exchange accounts are excluded from reserve requirements.

Reserve requirements  Yes. Credit institutions must calculate this coefficient on the basis of accounting records of their head office in Morocco and, where applicable, of all their agencies and branches abroad.

Liquid asset requirements  No.

Interest rate controls  No.

Credit controls  Yes. Overdrafts are not permitted in foreign exchange accounts.

Differential treatment of deposit accounts held by nonresidents  Yes. Overdrafts are not permitted in foreign exchange accounts.
<table>
<thead>
<tr>
<th>Investment regulations</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>These operations are subject to approval by the FEO and the monetary authorities. However, authorized banks may deposit foreign exchange with banks and purchase debt securities or other financial instruments listed or traded on, effective January 1, 2019, regulated markets (previously on regulated markets in OECD, EU, and AMU member countries).</td>
<td></td>
</tr>
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<td><strong>In banks by nonresidents</strong></td>
<td>Yes.</td>
</tr>
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<td>These operations are subject to approval by the monetary authorities.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>The open foreign exchange position limit for each currency is 10% of net capital and 20% in aggregate for all currencies.</td>
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<td><strong>On resident assets and liabilities</strong></td>
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<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>Insurance companies</strong></td>
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<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
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<td>Insurance and reinsurance companies may invest abroad in the form of bank deposits with foreign banks, debt securities, and financial instruments listed or traded on, effective January 1, 2019, regulated markets (previously, on regulated markets in OECD, EU, and AMU member countries), for up to 5% of the total volume of their reserves as recorded in the most recently closed balance sheet.</td>
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<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
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<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
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<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
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<td><strong>Pension funds</strong></td>
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<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
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<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>n.a.</td>
</tr>
</tbody>
</table>
Investment firms and collective investment funds  Yes.

Limits (max.) on securities issued by nonresidents  Yes. UCITS may invest abroad in the form of bank deposits with foreign banks, debt securities, and financial instruments listed or traded on, effective January 1, 2019, regulated markets (previously, on regulated markets in OECD, EU, and AMU member countries), for up to 10% of the value of their assets. Effective January 14, 2019, the foreign placement regime was extended to OPCCs with the possibility for UCITS and OPCCs to invest abroad up to 100% of collected subscriptions in foreign currencies.

Limits (max.) on investment portfolio held abroad  Yes. UCITS may invest abroad in the form of bank deposits with foreign banks, debt securities, and financial instruments listed or traded on, effective January 1, 2019, regulated markets (previously, on regulated markets in OECD, EU, and AMU member countries), for up to 10% of the value of their assets.

Limits (min.) on investment portfolio held locally  No. There is no minimum limit applicable to the portion of the investment portfolio that may be held locally.

Currency-matching regulations on assets/liabilities composition  n.a.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification

Stabilized arrangement  03/09/2020 The Ministry of Economy, Finance, and Government Reform, following the opinion from the Bank Al-Maghrib (BAM), decided to increase the fluctuation band for the dirham from +/-2.5% to +/-5% against the central rate established by the BAM based on a basket of currencies comprised of the euro and the US dollar, weighted, respectively, at 60% and 40%.

Official exchange rate  03/09/2020 The Bank Al-Maghrib set the limits for the exchange rate fluctuation bands around the central rate at +/-5% (previously +/-2.5%).

Foreign exchange market

Spot exchange market  03/09/2020 The Bank Al-Maghrib set the limits for the exchange rate fluctuation bands around the central rate at +/-5% (previously +/-2.5%).

Interbank market

Over the counter  01/14/2019 The emigration allowance provided through foreign exchange bureaus and cash transfer corporations authorized to conduct OTC transactions was discontinued.

01/01/2020 Payment institutions were permitted to grant electronic trade allowances to individuals.

03/09/2020 The Bank Al-Maghrib set the limit for the exchange rate for the exchange of foreign banknotes against the dirham at +/-7.5% (previously 5%) in relation to the central exchange rate.

Forward exchange market  01/01/2020 Operators may undertake hedging operations with justification that the outcome has been secured rather than the initiation of the hedge agreement for imports and exports of goods. This option of signing hedging agreements for imports and exports may be executed within the limit of 25% of the average value of imports carried out during the last three fiscal years and 100% of the average export turnover for the past three fiscal years.

Arrangements for Payments and Receipts
Controls on exports and imports of banknotes

On exports

- **Foreign currency**
  - **01/01/2020** Moroccan nationals resident abroad may repurchase and export 100% of the foreign exchange previously repatriated and transferred on the foreign exchange market within the limit of DH 100,000.

Resident Accounts

- **Foreign exchange accounts permitted**
  - **Held domestically**
    - **01/01/2019** Banks were authorized to open, on behalf of companies that do not have a foreign currency account – micro-credit associations, associations recognized as being of public utility, cooperatives and professional federations as well as individuals engaged in professional activity – and who benefit from a business travel allowance, a foreign currency or convertible dirham account for “business travel allowance” for the purpose of receiving the allowance.

- **01/19/2019** For hedging operations against the risk of commodity price fluctuation on behalf of Moroccan legal entities, banks are required to open foreign currency accounts on their books. Foreign currency accounts, dedicated to customer hedging transactions, must record all related financial flows, including the security deposit, daily margin calls, and premiums received or paid.

- **01/01/2020** Service exporters bidding for foreign contracts have the option of opening foreign exchange accounts in Morocco dedicated to the settlement of expenditure in connection with such contracts.

- **01/01/2020** Resident individuals having revenue from foreign sources may place up to 70% of such revenue in an account in foreign exchange or in convertible dirhams to be opened with Moroccan banks.

- **Approval required**
  - **01/19/2019** Approval is not required for Moroccan legal entities that have subscribed to hedging instruments against commodity price fluctuation risks.

- **Held abroad**
  - **01/01/2019** The General Instruction on Foreign Exchange Operations no longer provides the geographic limit for outward investments. The limit is under the authority of the Financial Market Regulation Authority of Morocco (AMMC). Previously, the limit included OECD, EU, and AMU member countries.

- **01/14/2019** In addition to UCITS, authorized banks may transfer funds for investment purposes as deposits to foreign banks on behalf of Capital Investment Organizations (Organisme de Placement Collectif en Capital – OPCCs) for up to 10% of their net assets for dirham-denominated subscriptions. At the same time, for both UCITS and OPCCs investments abroad were allowed up to 100% of collected subscriptions in foreign currencies.

- **Approval required**
  - **01/14/2019** Foreign Exchange Office approval is no longer required for the opening of foreign currency accounts in foreign banks for companies holding contracts abroad. These accounts may credit the amounts of advances transferred, revenue for services rendered abroad under contracts, and debit the amounts of expenditure incurred abroad in the execution of these contracts and transfers to Morocco.

- **Accounts in domestic currency convertible into foreign currency**
  - **01/01/2019** Banks were authorized to open, on behalf of companies that do not have a foreign currency account – micro-credit associations, associations recognized as being of public utility, cooperatives and professional federations as well as individuals engaged in professional activity – and who benefit from a business travel allowance, a foreign currency or convertible dirham account for “business travel allowance” for the purpose of receiving the allowance.
Nonresident Accounts

The authorization for nonresident foreigners to hold dirham-denominated accounts called “special accounts” was extended to nonresident foreign individuals who have outstanding dirham-denominated loans with Moroccan banks.

Imports and Import Payments

The ceiling for the advance payment of imports of goods was harmonized and the advance payment of the total amount of imports was authorized for categorized companies. Importers of goods are authorized to pay in advance for the import of goods in the following cases: (1) up to the foreign currency equivalent of DH 200,000, regardless of the nature of the goods to be imported; (2) up to 100% of the amount invoiced for imports of goods to be carried out by companies that have been categorized by the Foreign Exchange Office (FEO) and the General Directorate of Tax or by the FEO and the Customs and Indirect Taxes Administration; (3) up to DH 1 million for companies in the aeronautics and space industries sector registered with the FEO; and (4) up to the value of the second-hand equipment acquired at auctions, on presentation of an invoice or any document in lieu thereof, drawn up by the foreign company that organizes these sales and stipulating the obligation to pay before the equipment is collected.

The importation of services was redefined to include all services rendered to a resident by a nonresident in Morocco. These services may be rendered in Morocco or abroad. The provision of training, expertise, and analysis services of all kinds may be provided abroad. The ceiling for advance payment by importers of services was increased. They may make advance payments before the delivery of the service when it is so stipulated in the commercial contract: (1) up to the foreign currency equivalent of DH 100,000, regardless of the imported service and (2) up to the amount invoiced, in the case of equipment repairs (including aircraft) or the processing of products temporarily exported abroad and related incidental costs.

Previously, importers could make advance payments for (1) goods, up to 30% of the total import value; (2) software worth at least DH 50,000, up to 50%; (3) software worth less than DH 50,000, up to 100%; (4) used capital goods acquired at auction, up to 100%; and (5) goods such as industrial molds, servers, and telecommunications equipment manufactured specifically for Moroccan companies and used abroad, up to 100%. There was no option to make advance payments for the importation of goods up to DH 200,000. Importers could pay for imports before the due date in a commercial contract without requiring the foreign supplier to provide a discount of at least 3%. The rules governing payments for imports by operators in the aeronautics and space industries stipulated that these operators could pay in advance for imports of up to DH 1 million (Article 245), make a down payment of up to 50% of the total value of the imports (Article 242), and settle the full amount before entry of the merchandise in Morocco, based solely on the final invoice and shipping documents. Importers could pay in advance for imports of goods, within the following limits: (1) DH 100,000 irrespective of the type of merchandise to be imported and (2) DH 200,000 for merchandise imported under customs arrangements involving temporary importation for inward processing with payment, and capital goods as defined by the Harmonized Commodity Description...
and Coding System.

Service importers were permitted to make advance payments before the services are provided, when such payments are provided in the commercial agreement: within the limit of the equivalent of DH 200,000 in foreign exchange regardless of the service that is imported.

**Documentation requirements for release of foreign exchange for imports**

- **Domiciliation requirements** 01/14/2019
  - The domiciliation requirement for service import operations was abolished.
- **Other** 01/01/2020
  - The electronic trade allowance for individuals was increased from DH 10,000 to DH 15,000.

**Repatriation requirements** 01/14/2019
- The deadline for repatriating the export proceeds from goods sold on consignment was set at 150 days (previously 180 days).

**Exports and Export Proceeds**

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

- **Trade-related payments** 01/14/2019
  - The importation of services was redefined to include all services rendered to a resident by a nonresident in Morocco. These services may be rendered in Morocco or abroad. The provision of training, expertise, and analysis services of all kinds may be provided abroad.

**Indicative limits/bona fide test** 01/01/2019
- The regime applicable to international transport was reorganized with the aim of simplification, through the creation of a single “international transport account” account, to record all transactions carried out with the same foreign partner.

**Payments for travel**

**Quantitative limits** 01/01/2019
- The travel allowance was increased to DH 45,000 which may be increased by a supplement equal to 10% of income tax. The overall amount of the tourism allowance may not exceed DH 100,000 a person and a calendar year. Previously, the allowance was DH 40,000 a person a year. An additional allowance of DH 20,000 could be granted for a minor child accompanying a parent during travel abroad on the passport of the beneficiary parent.

01/14/2019
- Cooperatives and professional federations may benefit from the DH 60,000 allowance for business travel.

01/01/2020
- The ceiling on the tourism allowance was changed to DH 200,000 and the indexation rate for the income tax supplement was changed to 25%, with the option of carrying the unused portion forward once to the next year. The amount of the tourism allowance was previously DH 45,000 that could be increased by a supplement equal to 10% of income tax. The overall amount of the tourism allowance may not exceed DH 100,000 a person and a calendar year.

01/01/2020
- Cooperatives subject to corporation tax have the option of benefiting from a business travel allowance of 100% of the amount of tax paid, with a ceiling of DH 500,000. Previously, it was a lump sum of DH 60,000.

**Indicative limits/bona fide test**

**Personal payments** 01/14/2019
- The emigration allowance was discontinued.

**Indicative limits/bona fide test** 01/14/2019
- Students may benefit from additional transfers for living expenses.
and rent for the year following the end of their studies. The immigration allowance was discontinued.

Credit card use abroad

01/14/2019 Banks may issue credit cards without restriction to drivers for the payment of vehicle-related expenses (International Road Transport) and travel expenses.

01/14/2019 Startups listed by the Digital Development Agency may pay, by international payment card, for services up to DH 500,000.

01/01/2020 The electronic trade allowance for individuals was increased from DH 10,000 to DH 15,000.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements 01/01/2019 For exports of services, repatriation must be made within 90 days of the provision of services (previously 60 days).

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Bonds or other debt securities

Purchase abroad by residents 01/01/2019 The General Instruction on Foreign Exchange Operations no longer provides the geographic limit for outward investments. The limit is under the authority of the Financial Market Regulation Authority of Morocco (AMMC). Previously, the limit included OECD, EU, and AMU member countries.

01/14/2019 In addition to UCITS, authorized banks may transfer funds for the purchase of debt securities listed or traded on regulated markets on behalf of Capital Investment Organizations (Organisme de Placement Collectif en Capital – OPCCs) for up to 10% of their net assets for dirham-denominated subscriptions. At the same time, for both UCITS and OPCCs investments abroad were allowed up to 100% of collected subscriptions in foreign currencies.

On money market instruments

Purchase abroad by residents 01/01/2019 The General Instruction on Foreign Exchange Operations no longer provides the geographic limit for outward investments. The limit is under the authority of the Financial Market Regulation Authority of Morocco (AMMC). Previously, the limit included OECD, EU, and AMU member countries.

01/14/2019 In addition to UCITS, authorized banks may transfer funds to purchase financial instruments listed or traded on regulated markets on behalf of Capital Investment Organizations (Organisme de Placement Collectif en Capital – OPCCs) for up to 10% of their net assets for dirham-denominated subscriptions. At the same time, for both UCITS and OPCCs investments abroad were allowed up to 100% of collected subscriptions in foreign currencies.

On collective investment securities

Purchase abroad by residents 01/01/2019 The General Instruction on Foreign Exchange Operations no longer provides the geographic limit for outward investments. The limit is under the authority of the Financial Market Regulation Authority of Morocco (AMMC). Previously, the limit included OECD, EU, and AMU member countries.

01/14/2019 In addition to UCITS, authorized banks may transfer funds for the purchase of financial instruments listed or traded on regulated markets in OECD, EU, and AMU member on behalf of Capital Investment Organizations (Organisme de Placement Collectif en
Capital – OPCCs) for up to 10% of their net assets for dirham-denominated subscriptions. At the same time, for both UCITS and OPCCs investments abroad were allowed up to 100% of collected subscriptions in foreign currencies.

Controls on credit operations

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

01/14/2019

Banks were authorized to issue bank guarantees and guarantees to residents to cover commitments made to nonresidents, when such commitments arise from current or capital transactions carried out in accordance with the provisions of the 2019 General Instruction on Foreign Exchange Operations. Previously, Moroccan banks could issue sureties to nonresidents on behalf of residents for (1) participation of the latter in markets abroad (provision of goods or services); (2) refunds of down payments received from foreign customers; and (3) guarantees of loans and other financial instruments in accordance with foreign exchange regulations. Authorized intermediary banks could issue sureties for (1) substitution of a holdback corresponding to the portion payable in foreign currency under a public or private contract awarded to a nonresident; (2) guarantees of payment related to commitments to nonresidents for maritime transportation and certain road and air transport operations; (3) guarantees in favor of foreign banks granting medium- or long-term loans to nonresident foreigners and to Moroccans residing abroad, up to the total value of the property to be purchased; and (4) payment to foreign lenders of the foreign currency equivalent of the amounts received, within the framework of contracts to perform work and/or provide services fully or partly financed by foreign lenders, in lieu of the contract principals. Authorized intermediaries had to issue sureties on behalf of goods and services exporters guaranteeing payment in the context of commitments to nonresidents when such commitments were derived from transactions related to exports of goods and/or services. Authorized intermediary banks could issue outright surety or performance bonds for exporters of services in favor of nonresidents.

To residents from nonresidents

01/14/2019

Banks were authorized to issue or to accept bank guarantees and guarantees to residents to cover commitments made to nonresidents, when such commitments arise from current or capital transactions carried out in accordance with the provisions of the 2019 General Instruction on Foreign Exchange Operations. Guarantees and sureties issued by Moroccan banks on behalf of a nonresident to a resident must be counter-secured by foreign banks. Previously, Moroccan banks could issue or accept, in favor of residents, sureties issued on behalf of nonresidents in support of the participation of those nonresidents in public or private contracting, the supply of goods and services, and the refund of down payments. They could also issue sureties on behalf of nonresidents in settlement of tax liabilities and financial obligations. A counter guarantee from a foreign bank was required for sureties issued by Moroccan banks on behalf of nonresidents. Sureties issued for the account of a nonresident in favor of a resident had to be counter guaranteed by a first-class bank abroad. When claims were entered under sureties issued or accepted in favor of residents on behalf of nonresidents, the proceeds had to be repatriated to Morocco.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
The General Instruction on Foreign Exchange Operations no longer provides the geographic limit for outward investments. The limit is under the authority of the Financial Market Regulation Authority of Morocco (AMMC). Previously, the limit included OECD, EU, and AMU member countries.

Banks were authorized to use the foreign currency held in foreign exchange accounts opened on their books for the purpose of granting loans to finance import, export, international trade and investment operations, and to finance the operational cycle of industrial companies located in EPZs located in Morocco.

The General Instruction on Foreign Exchange Operations no longer provides the geographic limit for outward investments. The limit is under the authority of the Financial Market Regulation Authority of Morocco (AMMC). Previously, the limit included OECD, EU, and AMU member countries.

Banks were authorized to use the foreign currency held in foreign exchange accounts opened on their books for the purpose of granting loans to finance import, export, international trade and investment operations, and to finance the operational cycle of industrial companies located in EPZs located in Morocco.

The foreign placement regime was extended to Capital Investment Organizations (Organisme de Placement Collectif en Capital – OPCCs) with the possibility for UCITS and OPCCs to invest abroad up to 100% of collected subscriptions in foreign currencies.
MOZAMBIQUE
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
September 24, 1984.

Article VIII
Yes. Date of acceptance, May 20, 2011.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Mozambique is the Mozambican metical. Polymer Mt 20, Mt 50, and Mt 100 notes are in circulation, and Mt 200, Mt 500, and Mt 1,000 notes have been improved to make them more durable. Also in circulation are Mt 0.50, Mt 1, Mt 2, Mt 5, and Mt 10 coins.

Other legal tender
No.

Exchange rate structure

Unitary
Yes. Commercial banks must apply uniform exchange rates in their transactions with the public, irrespective of their nature or purpose, that is, the purchase and sale of foreign exchange involving notes, foreign currency and other foreign operations or receivables.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal
The de jure and de facto exchange rate arrangements are classified as floating. As a major conduit for foreign aid flows, the Bank of Mozambique (BM) is the main channel for foreign exchange into the market. It also intervenes to smooth seasonal fluctuations. For its transactions in Mozambique’s interbank foreign exchange market (MCI), the BM uses the quotes shown on the screen for each commercial bank.

The official (benchmark) market exchange rate is calculated as the simple average of the exchange rates quoted daily by commercial banks at three moments in the day: 9:30 a.m., 12:30 p.m., and 3:30 p.m.
The monetary policy regime is based on the interest rate as an operating target. The monetary policy interest rate is called the interbank money market rate (MIMO rate). The framework is considered transitory until the adoption of an explicit inflation-targeting regime and has as main characteristics: (1) MIMO rate as a signaling rate to the market of the BM monetary policy stance; (2) the MIMO rate is defined based on the analysis of the domestic and international recent macroeconomic development, as well as the inflation projections, weighted to its associated risks; (3) the MIMO rate is fixed within the corridor formed by the interest rate of the Standing Lending Facility and Deposit Standing Facility; (4) the bank manages very short liquidity through repo and reverse repo overnight operations, to ensure that the interest rate of the transactions contracted in the interbank market for this period fluctuates around the MIMO rate; and (5) for the management of longer-term liquidity, the bank uses reverse repo operations of 7 up to 364 days and the issuance of BT of 91, 182, and 364 days, as well as the adjustment of the coefficient and period of compliance with the reserve requirement.

ADs may trade freely with their customers. The maximum bid-ask spread is 2%, excluding the commissions charged by the banks on foreign exchange transactions.

Commercial banks, MCI participants, and exchange bureaus can establish operations with customers at freely negotiated rates. Negotiated transactions between the BM and commercial banks have a spot-value date (up to two business days). Fifteen banks and 14 foreign exchange bureaus are authorized to buy and sell foreign exchange. The BM grants licenses to deal in foreign exchange. The establishment of foreign exchange bureaus is subject to authorization by the BM. Foreign exchange bureaus may not enter into foreign exchange transactions directly with the BM, and they may not make
foreign currency payments or transfers on behalf of their clients. Foreign exchange bureaus may maintain accounts abroad subject to authorization by the BM.

**Operated by the central bank** Yes.

**Foreign exchange standing facility** No.

**Allocation** No.

**Auction** No. The MCI regulations are currently being revised with a view to introducing foreign exchange auctions.

**Fixing** Yes. Interbank market operations and operations with the BM are carried out using the BM’s software. All US dollar–metical buying and selling quotes of banks authorized to operate in the MCI are shown on a screen. The quotes may be adjusted as many times a day as necessary during MCI operating hours, 8:30 a.m. to 3:30 p.m. The average official exchange rate of the day is set at 3:30 p.m. (close of business). All operations between the banks and the BM are based on the exchange rates shown on the screen. The exchange rate used for accounting and valuation purposes is the benchmark rate, calculated at 3:30 p.m. on each business day.

**Interbank market** Yes. Commercial banks may engage in interbank transactions through the MCI. Exchange bureaus may not participate in the MCI. Fifteen commercial banks participate in this market. The BM stipulates a maximum bid-ask spread of 20 cents for transactions between commercial banks and a maximum bid-ask spread of 2% for commercial banks’ transactions with customers. The BM intervenes in the MCI at prices quoted by the commercial banks through the BM’s application software (Meticalnet). The BM is a price taker. As of end-2019, there were 15 banks participating in the interbank foreign exchange market.

**Over the counter** No.

**Brokerage** No.

**Market making** Yes. Commercial banks participating in the MCI must adhere to a code of conduct and honor up to one firm quote of US$50,000 a day. The maximum spread between the foreign exchange buying and selling rates is set by the BM. Within these limits, commercial banks may freely set their exchange rates in interbank transactions. The maximum spread between buying and selling rates is set by the BM and communicated to market participants, which implies that rates are based exclusively on market criteria determined by participating institutions.

**Forward exchange market** Yes. Commercial banks may carry out spot transactions. The use of this market is not common. The BM does not carry out forward exchange transactions.

**Official cover of forward operations** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** Yes.

**Controls on the use of domestic currency** Yes. The metical may not be used for transactions abroad.

**For current transactions and payments** Yes.
### MOZAMBIQUE

<table>
<thead>
<tr>
<th>For capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes. The use of foreign currency by residents for domestic transactions is common, although regulated.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administration of control</th>
<th>Yes. The BM is responsible for foreign exchange policy and administers its control.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on trade in gold (coins and/or bullion)</th>
<th>Yes. Gold exports are subject to BM approval.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes. Residents other than monetary authorities may hold gold for numismatic purposes or as jewelry or ornaments.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes. The exportation of gold is governed by special regulations; the same regulations that apply to other imported items are applicable to the importation of nonmonetary gold. The exportation of gold is subject to registration and approval by the BM.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes. Exports of domestic currency are subject to a limit of Mt 10,000.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes. Immigrants may export foreign banknotes up to the equivalent of US $5,000 and, above that, up to the amount they declared on entry.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes. Imports of domestic currency are subject to a limit of Mt 10,000, provided they had been previously exported.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes. Imports of foreign currency in excess of US$10,000 or its equivalent must be declared.</td>
</tr>
</tbody>
</table>

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

<table>
<thead>
<tr>
<th>Resident Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
</tr>
</tbody>
</table>
Held domestically

Yes. Foreign exchange accounts may be credited with (1) deposits of banknotes and traveler’s checks; (2) bank account transfers; (3) funds from foreign loans; (4) deposits of other payment instruments accepted by the banking system; (5) funds from loans or intended to repay such loans; and (6) export proceeds and foreign investment income without limits. Foreign exchange may be withdrawn from resident accounts only for travel abroad and is limited to the equivalent of US$10,000 a transaction. For local payments, the funds need to be converted to local currency. Balances in these accounts may not be transferred abroad freely. These accounts may be debited for payments abroad, subject to Notice No. 20/GBM/2017 of December 27, 2017 (Foreign Exchange Regulation).

Approval required
No.

Held abroad
Yes. These accounts are subject to approval by the BM, but balances may be freely transferred home.

Approval required
Yes. Residents must obtain BM approval to open these accounts.

Accounts in domestic currency held abroad
No.

Accounts in domestic currency convertible into foreign currency
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.

Approval required
No.

Domestic currency accounts
Yes. Domestic currency accounts held in connection with capital operations are subject to approval by the BM.

Convertible into foreign currency
Yes. Confirmation of the origin of the funds and approval are required. Transfers of such funds abroad are permitted with confirmation of their origin.

Approval required
Yes. Approval is required when these accounts involve capital operations.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
Yes.

Minimum financing requirements
No.

Advance payment requirements
Yes. Documentary proof of delivery must be presented.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
Yes. Approval is not required for payments and transfers for current transactions, but registration is necessary.

Domiciliation requirements
Yes. Import transactions must be made through a commercial bank.

Preshipment inspection
Yes. There is a positive list of goods that are subject to preshipment inspection.
Letters of credit | Yes. | The law not only recommends the use of LCs and documentary remittances or collection (because they entail less risk), but also permits the use of other means widely used in international trade.

Import licenses used as exchange licenses | No. |
Other | No. |

**Import licenses and other nontariff measures** | Yes. | Imports must be registered with customs. An import clearance ("single-document" form) is required.
Positive list | No. |
Negative list | Yes. | There is a negative list under the current commercial code.
Open general licenses | No. | Single licenses are issued.
Licenses with quotas | No. |
Other nontariff measures | No. |

**Import taxes and/or tariffs** | Yes. |
Taxes collected through the exchange system | Yes. | Sugar imports are subject to a variable surcharge.

State import monopoly | No. |

**References to legal instruments and hyperlinks** |  |
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

**Repatriation requirements** | Yes. | Proceeds from exports of goods and services, and income from foreign investment, must be repatriated within 90 days of receipt. Export proceeds, except in cases authorized by the BM, must be collected through commercial banks.

Surrender requirements | Yes. |

**Surrender to the central bank** | No. |
**Surrender to authorized dealers** | Yes. | To address the COVID-19 pandemic, effective April 29, 2020, a requirement was introduced for 30% of the revenue from the export of goods, services, and investment income to be converted into national currency at commercial banks.

**Financing requirements** | No. |

**Documentation requirements** | Yes. | Exporters must present the export clearance ("single-document" form), a commercial invoice, and a bill of lading.
Letters of credit | Yes. | The law recommends the use of checks and transfers, LCs, and documentary collection.
Guarantees | No. |
Domiciliation | Yes. |
Preshipment inspection | Yes. | Inspection is performed only at the request of an importer.
Other | Yes. |
**Export licenses** | Yes. | Exporters must register with customs. An export clearance ("single-document" form) is required. Exportation of gold, silver, and platinum is subject to registration and approval by the BM.
Without quotas | Yes. |
With quotas | No.
---|---
**Export taxes** | Yes. Exports of raw cashew nuts are subject to an 18% overvaluation tax.
Collected through the exchange system | No.
Other export taxes | Yes. Exports of raw cashew nuts are subject to an 18% overvaluation tax.
**References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes. According to regulations pursuant to Foreign Exchange Law No. 11/2009, payments and transfers for current transactions do not require approval but must be registered at the respective intermediary commercial bank.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes. Remittances of profits and dividends from FDI may be made in accordance with the specific project authorization. For other profit and dividend transfers, the company initiating the transfer must present certain documents, including its balance sheet, a certificate from the tax authorities, minutes of shareholders’ meetings, and proof of the original investment by the foreign investor.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes. Foreign experts working in Mozambique may remit abroad all or part of their salaries, depending on the terms of their employment contracts.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes. The limit is determined by the terms of the contract.</td>
</tr>
</tbody>
</table>
Credit card use abroad

Yes.

Prior approval

No.

Quantitative limits

Yes. Authorization by the BM is not required. Commercial banks may set quantitative limits to the use of their customers’ credit cards abroad.

Indicative limits/bona fide test

Yes. Authorization by the BM is not required. Commercial banks may set quantitative limits to the use of their customers’ credit cards abroad.

Other payments

Yes.

Prior approval

Yes. Payments for current international transactions are unrestricted. International capital transactions are subject to authorization.

Quantitative limits

No.

Indicative limits/bona fide test

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Yes.

Surrender requirements

Yes.

Surrender to the central bank

Yes. Certain Mozambicans working abroad under officially arranged contracts (specifically, miners in South Africa) must remit 60% of their earnings through the BM and convert them to meticais.

Surrender to authorized dealers

Yes. To address the COVID-19 pandemic, effective April 29, 2020, a requirement was introduced for 30% of the revenue from the export of goods, services, and investment income to be converted into national currency at commercial banks.

Restrictions on use of funds

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Yes. Controls apply to all capital transactions in accordance with the Foreign Exchange Law No. 11/2009. Pursuant to this law, regulations have established procedures for (1) obtaining BM approval and registration of capital transactions and (2) dealing with failure to register within the prescribed time limit.

Repatriation requirements

Yes.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. To address the COVID-19 pandemic, effective April 29, 2020, a requirement was introduced for 30% of the revenue from the export of goods, services, and investment income to be converted into national currency at commercial banks.

Controls on capital and money market instruments

Yes. Pension funds may invest in securities abroad up to 10% of total assets.

On capital market securities

Yes.

Shares or other securities of a participating nature

Yes.

Purchase locally by nonresidents

Yes. BM approval is required if the transaction is not conducted on the
stock exchange.

Sale or issue locally by nonresidents  Yes. Nonresidents may not invest in securities through financial intermediaries, except when such securities transactions are conducted on the stock exchange, pursuant to a special regime provided for by law. Otherwise, they require authorization by the BM. There is no established foreign exchange limit.

Purchase abroad by residents  Yes. BM approval is required prior to the transaction for amounts above US$250,000 a year.

Sale or issue abroad by residents  Yes. BM approval is required prior to the transaction.

Bonds or other debt securities  Yes.

Purchase locally by nonresidents  Yes. Stock exchange purchases must be intermediated by banks, in which case no prior approval is required.

Sale or issue locally by nonresidents  Yes. BM approval is required prior to the transaction. There are no registered cases of such transactions in Mozambique.

Purchase abroad by residents  Yes. BM approval is required prior to the transaction for amounts above US$250,000 a year.

Sale or issue abroad by residents  Yes. BM approval is required prior to the transaction.

On money market instruments  Yes.

Purchase locally by nonresidents  Yes. Prior BM approval is required for these transactions.

Sale or issue locally by nonresidents  Yes. Prior BM approval is required for these transactions.

Purchase abroad by residents  Yes. Prior BM approval is required for these transactions for amounts above US$250,000 a year.

Sale or issue abroad by residents  Yes. Prior BM approval is required for these transactions.

On collective investment securities  Yes.

Purchase locally by nonresidents  Yes. BM approval is required prior to the transaction.

Sale or issue locally by nonresidents  Yes. BM approval is required prior to the transaction.

Purchase abroad by residents  Yes. BM approval is required prior to the transaction for amounts above US$250,000 a year.

Sale or issue abroad by residents  Yes. BM approval is required prior to the transaction.

Controls on derivatives and other instruments  Yes.

Purchase locally by nonresidents  Yes. BM approval is required prior to the transaction.

Sale or issue locally by nonresidents  Yes. BM approval is required prior to the transaction.

Purchase abroad by residents  Yes. BM approval is required prior to the transaction.

Sale or issue abroad by residents  Yes. BM approval is required prior to the transaction.

Controls on credit operations  Yes. Controls apply to all credit operations. Public and private enterprises need BM approval to borrow abroad. All foreign borrowing must be registered with the BM.

Commercial credits  Yes.

By residents to nonresidents  Yes. BM approval is required prior to the transaction for credit exceeding two years.

To residents from nonresidents  Yes. BM approval is required prior to the transaction for credit exceeding two years.

Financial credits  Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Regime</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction with some exceptions, including for amounts less than or equal to US$5 million with maturity no less than 3 years and certain terms and conditions of interest rate.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes</td>
<td>Controls apply to all transactions in sureties, guarantees, and financial backup facilities.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction, except in the case of guarantees for periods of 360 days or less.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction for amounts above US$250,000 a year.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes</td>
<td>Foreign investors are guaranteed the right to repatriate their initial capital. Incentives for foreign investment include tax and customs exemptions for specified periods and access to domestic credit. Foreign investment proposals are processed by the Investment Promotion Center. Foreign investors may remit profits and dividends from their investments according to the specific project authorization on submission of supporting documentation.</td>
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</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>Yes</td>
<td>Transfer of the invested capital on liquidation is subject to approval of the BM.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction for amounts above US$250,000 a year.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>Nonresidents are prohibited from purchasing real estate from the government.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes</td>
<td>These transactions are subject to foreign exchange control and BM approval. Approval depends on (1) the legitimacy and lawfulness of the transaction and (2) compliance with tax liabilities. There are no quantitative limits.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes</td>
<td>BM approval is required prior to the transaction.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No</td>
<td>Earnings from gambling are fully transferable, provided they are confirmed by a casino and by the Office of the General Inspector of</td>
</tr>
</tbody>
</table>
Gambling, in accordance with a special permanent authorization granted to casinos by the BM.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**References to legal instruments and hyperlinks**

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**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | Yes.
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes. Approval is required, and all foreign borrowing must be registered with the BM.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes. BM approval is required.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes. This is considered a capital transaction subject to the Foreign Exchange Law; there are no quantitative limits.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes. Banks must record a 50% provision on lending if there are strong doubts about repayment or if borrowers are not exporters. Banks must record a 100% provision for overdue credits.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange Reserve requirements</td>
<td>Yes. Commercial banks must hold a minimum of 8% of their eligible deposits in legal reserves on a daily basis over a period of two weeks. This reserve requirement applies to deposits in both domestic and foreign currencies.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes. Commercial banks and other credit institutions are subject to Law No. 3/93 (Foreign Investment in Mozambique), Law No. 11/2009 (Foreign Exchange), and Notice No. 20/GBM/2017 of December 27, 2017 (Foreign Exchange Regulation).</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes. Commercial banks and other credit institutions are subject to Law No. 3/93 (Foreign Investment in Mozambique), Law No. 11/2009 (Foreign Exchange), and Notice No. 20/GBM/2017 of December 27, 2017 (Foreign Exchange Regulation).</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes. Commercial banks and other credit institutions are subject to Law No. 3/93 (Foreign Investment in Mozambique), Law No. 11/2009 (Foreign Exchange), and Notice No. 20/GBM/2017 of December 27, 2017 (Foreign Exchange Regulation).</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes. Limits are set as a percentage of core capital. Credit institutions may not have, at the close of each day, a global foreign exchange position that is more than 20% of their own capital or a foreign exchange position in each foreign currency that is more than 10% of their own capital.</td>
</tr>
</tbody>
</table>
On resident assets and liabilities

Yes. Limits on foreign exchange positions are based on credit institutions’ own capital regardless of their residence status.

On nonresident assets and liabilities

Yes. Limits on foreign exchange positions are based on credit institutions’ own capital regardless of their residence status.

Provisions specific to institutional investors

Insurance companies

No. Decree No. 42/03 of December 10, 2003, regulates the financial guarantees required of insurance companies.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

Pension funds

Yes. Decree No. 25/2009 of August 17, 2009, establishes the legal framework governing the constitution and management of pension funds, representing complementary social security.

Limits (max.) on securities issued by nonresidents

Yes. Pension funds may invest in securities abroad up to 10% of total assets.

Limits (max.) on investment portfolio held abroad

Yes. Pension funds may invest in securities abroad up to 10% of total assets.

Limits (min.) on investment portfolio held locally

Yes. Insurance Institute of Mozambique regulations apply.

Currency-matching regulations on assets/liabilities composition

Yes. Insurance Institute of Mozambique regulations apply.

Investment firms and collective investment funds

Yes. Decree No. 54/99 of September 8, 1999, states that investment funds are prohibited from acquiring (1) shares in a fund managed by the same asset management unit; (2) any assets used as collateral or guarantees or otherwise pledged; (3) securities issued or held by the asset management company; (4) securities issued or held by entities holding a 10% or more interest in the asset management company; (5) securities issued or held by entities in which the asset management company holds an interest of 20% or more; (6) securities issued by entities that are members of the management or executive body of the asset management company; (7) securities issued or held by entities in which one or more members of the management or executive body hold an interest of 20% or more; (8) securities issued or held by entities on whose management or executive body one or more administrators of the asset management company serve; (9) securities placed on the market pursuant to placement agreements by the asset management company, the custodian, and by entities holding an interest of 10% or more in the asset management company, except in the case of initial public offerings; and (10) jointly owned real property. Regulations on the limits on portfolio investments and the composition of investment funds are currently being prepared.

Limits (max.) on securities issued by nonresidents

Yes. Mozambique Stock Exchange rules apply. BM approval is required prior to the transaction for amounts above US$250,000 a year.

Limits (max.) on investment portfolio held abroad

Yes. Mozambique Stock Exchange rules apply. BM approval is required prior to the transaction for amounts above US$250,000 a year.

Limits (min.) on investment portfolio held locally

Yes. Mozambique Stock Exchange rules apply.

Currency-matching regulations on assets/liabilities composition

No.
Changes during 2019 and 2020

Exports and Export Proceeds

Repatriation requirements
Surrender requirements

Surrender to authorized dealers 04/29/2020

To address the COVID-19 pandemic, a requirement was introduced for 30% of the revenue from the export of goods, services, and investment income to be converted into national currency at commercial banks.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
Surrender requirements

Surrender to authorized dealers 04/29/2020

To address the COVID-19 pandemic, a requirement was introduced for 30% of the revenue from the export of goods, services, and investment income to be converted into national currency at commercial banks.

Capital Transactions

Controls on capital transactions
Repatriation requirements
Surrender requirements

Surrender to authorized dealers 04/29/2020

To address the COVID-19 pandemic, a requirement was introduced for 30% of the revenue from the export of goods, services, and investment income to be converted into national currency at commercial banks.
Status under IMF Articles of Agreement

Date of membership
January 3, 1952.

Article VIII
Yes.

Article XIV
Yes.

Exchange Measures

Restrictions and/or multiple currency practices
Yes. The IMF staff report for the 2018 Article IV Consultation with Myanmar states that, as of February 25, 2019, Myanmar continues to avail itself of transitional arrangements under Article XIV, although it has eliminated all Article XIV restrictions. Myanmar has made significant progress toward satisfying Article VIII obligations. However, Myanmar maintains an MCP subject to the IMF’s jurisdiction under Article VIII, Section 3. The authorities have removed the exchange restriction arising from the tax certification requirement for transfers of net investment income abroad by revising the relevant provision in the new investment law and rules and by confirming that the practice conforms to the new provision. (Country Report No. 19/100)

Exchange measures imposed for security reasons
Yes. In accordance with the provisions under the Counter-Terrorism Law enacted in June 2014, the Central Committee of Counter Terrorism released the Order Nos. 1/2015 and 3/2015 in relation to the freezing and prohibition of assets and financial resources of those persons involved in international terrorism or groups associated with terrorism. Following these orders, the Central Bank of Myanmar (CBM) issued letters to banks and nonbank financial institutions (NBFIs) to comply with provisions under the Counter-Terrorism Law. After the enactment of the Counter-Terrorism Law, the CBM issued Instruction No. 6/2014 of October 3, 2014, Letter No. MaBaBa/BRD/AML/CFT (14/2015) of November 27, 2015, and Letter No. MaBaBa/BRD/AML/CFT (7/2016) of January 29, 2016, to banks and NBFIs. According to the name list of persons involved in terrorism connected with Taliban or Al-Qaida designated as persons associated with terrorism by US Executive Order No. 13224, the UN 1267 Sanctions Committee forwarded by the Ministry of Foreign Affairs of Myanmar, US Embassy, Australian Embassy and through the UN website, the CBM issued seven letters in 2006, seven letters in 2007, nine letters in 2008, six letters in 2009, one letter in 2011, and two letters in 2013, respectively, to all state-owned banks and private banks to comply with the CBM Directive No. 2/2002 issued March 7, 2002, which required banks to freeze funds and other assets of and prohibit transactions with persons suspected to be involved in terrorism and organizations associated with terrorism to report these accounts related to such persons to the CBM. With reference to the Anti-Money Laundering Central Board’s letter, the Central Committee for Counter Terrorism issued the Freezing Order No. 3/2016 of May 19, 2016, with respect to freezing and prohibition
of money, properties, and funds of those persons and organizations associated with terrorism including the ISIL, Taliban, and Al-Qaida groups and the groups associated with those groups connected with terrorism under the Sanctions list of the UNSC. Therefore, the CBM instructed state-owned banks, private banks, foreign bank branches, and finance companies to comply with the Order No. 3/2016 issued by the Central Committee for Counter Terrorism.

According to the UNSC Resolution Nos. 2270 (2016), 2371 (2017), 2375 (2017), and 2397 (2017), the CBM issued four letters in 2017 to all banks, NBFIs, and mobile financial services providers for freezing and prohibition of money, properties, and funds of the related persons and organizations of Democratic People’s Republic of Korea which are included in the freeze lists of the said resolutions. Moreover, the CBM has directed the aforesaid Institutions to take necessary due diligence on the information about the U.S. Department of the Treasury’s “Treasury acts to Increase Economic Pressure on North Korea and Protect the US Financial System” in 2017.

According to the UNSC Resolution Nos. 1267 (1999), 1989 (2011), 2253 (2015), and 2462 (2019), the CBM issued nine letters in 2019 to all banks, NBFIs, and mobile financial services providers for freezing and prohibition of money, properties, and funds of the related persons and organizations of ISIL (Da'esh) (Al-Qaida) which are included in the freeze lists of the said resolutions.

Following the Standing Order Nos. 1/2017 and 1/2018 of the Central Committee for Counter Terrorism, Countering the Financing of Terrorism Working Committee, the CBM had released two letters in 2017 and 2018 to all banks, NBFIs, and mobile financial services providers for freezing and prohibition of money, properties, and funds of Bengali Extremist Terrorists designated by the Central Committee for Counter Terrorism, Arakan Rohingya Salvation Army, and persons who are related to such persons and the name list of the Arakan Rohingya Salvation Army.

According to the Standing Order No. 3/2017 of the Central Committee for Counter Terrorism, Countering the Financing of Terrorism Working Committee, all banks, NBFIs, and mobile financial services providers are instructed to regularly update the UNSC’s list of persons and groups associated with terrorism and enhance customer due diligence to freeze and prohibit money, properties, and funds of the said persons involved in terrorism. In 2018, Myanmar FIU’s Directives in relation to high-risk and noncooperative jurisdictions were circulated to all banks, NBFIs, and mobile financial services providers to apply Enhanced Due Diligence (EDD) measures to business relationship and transactions with natural and legal persons, and financial institutions, from countries called for by the FATF.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

- **Currency**: Yes. The currency of Myanmar is the Myanmar kyat.
- **Other legal tender**: No.
- **Exchange rate structure**: Unitary
The exchange rate structure is classified as multiple because of the MCP. The MCP results because the multiple price foreign exchange auction gives rise to multiple exchange rates at which successful bids are sold, which may differ by more than 2% as there is no mechanism in place to prevent such deviation.

The de jure exchange rate arrangement is a managed float. The CBM has no predetermined target for the level of the kyat exchange rate and expects the value to fluctuate with supply and demand in the market. The CBM issued February 4, 2019, a formal regulation announcing the market-based exchange rate as the new reference rate. Indicative cross-rates for certain other currencies are based on Thomson Reuters and the IMF website. The CBM reserves the right to intervene to moderate excessive exchange rate volatility in the foreign exchange market. The de facto exchange rate regime is classified as other managed.

Effective February 5, 2019, the CBM computes and publishes the daily reference exchange rate based on transactions in the foreign exchange market in accordance with CBM Instruction No. 5/2019. The reference exchange rate is computed by assigning weights to the average rate between executed interbank foreign exchange transactions among AD banks, and the average rate of transactions between AD banks and their customers. This reference rate is an indicative rate, and participants in the foreign exchange market are not required to use it in their transactions. Previously, the reference exchange rate was determined at the foreign exchange auctions organized by the CBM. The cutoff rate in the CBM’s daily foreign exchange auction was used as the CBM reference exchange rate for that day’s trading. This reference rate was used to set the midrate in the retail money changer (MC) market, in the wholesale interbank market for ADs, and for foreign exchange transactions with the government.

Effective January 21, 2019, indicative cross-rates for certain other currencies are based on Thomson Reuters and the IMF website. Previously, indicative cross-rates were based on Thomson Reuters, Oanda.com, and the respective CBs.
The CBM has been exercising Reserve Money Targeting monetary policy framework. Under this framework, reserve money is the operational target and broad money is the intermediate target. Currently, the CBM is conducting deposit auction based on the moderate level of inflation. The CBM also stipulates the reserve requirement ratio for all banks to control the broader monetary conditions.

To boost and maintain the adequate level of liquidity in the system responding to the COVID-19 Pandemic impact, the CBM has temporarily suspended the deposit auction effective March 26, 2020, and lowered the minimum reserve requirement ratio for banks to 3.5% of customers’ deposits in Myanmar Currency (Myanmat kyat (MMK)) from 5%. Furthermore, to stimulate the country’s economic development, the CBM cut the bank rate three times: 50 basis points (bps) effective March 16, 2020, 100 bps effective April 1, 2020, and 150 bps effective May 1, 2020, respectively.

Inflation-targeting framework

Target setting body
- Government
- Central Bank
  - Monetary Policy Committee
  - Central Bank Board
- Other
  - Government and Central Bank

Inflation target
- Target number
- Point target
- Target with tolerance band
  - Band/Range
- Target measure
  - CPI
  - Core inflation
- Target horizon

Operating target (policy rate)
- Policy rate
Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes.

Spot exchange market Yes. The spot market consists of the retail MC counters and wholesale AD market, including foreign exchange auctions organized by the CBM. As of June 30, 2020, 24 private banks and 369 nonbank companies were licensed to carry out the money changing business. Of these private banks, 19 are also licensed as ADs and may conduct wholesale noncash transactions. In addition, three state banks and 13 foreign bank branches are licensed as ADs. Some state banks also have money changing counters. The Myanmar Foreign Trade Bank has three MC counters, the Myanmar Investment and Commercial Bank (MICB) maintains one MC counter, and the Myanmar Economic Bank (MEB) maintains three MC counters out of 22. The CBM abolished the trading band (reference rate ± 0.8%) for foreign exchange transactions in August 2018. Customers may buy or sell in the retail market up to US$10,000 or its equivalent in Singapore dollars (SGD), euros (EUR), Thai baht, and Malaysian ringgit without documentation. For larger amounts, documentation may be required.

Operated by the central bank Yes.

Foreign exchange standing facility No.

Allocation No.

Auction Yes. Effective November 18, 2019, one-way foreign exchange auction rules were adopted. Previously, the CBM conducted daily two-way multiple price auctions. All AD license banks can participate in the auction. Banks will be notified for the foreign exchange auction at least 30 minutes before the auction. The foreign exchange auction notification includes time and date of the auction, foreign currency, auction type, (buying/selling), auction volume, minimum and maximum exchange rates, settlement date, and bidding time. Currently, the auctions are conducted only in US dollars (USD).

Fixing No.
Interbank market

Yes.

Wholesale private banks authorized to deal in foreign exchange may settle foreign exchange transactions among themselves through foreign currency accounts abroad. ADs are allowed to offer larger noncash foreign exchange services to customers and to trade directly with each other in the AD market. Actual exchange rates quoted by wholesale foreign exchange interbank market are the prevailing market rates. Authorized private banks participate in the interbank foreign exchange market. Thus far, 34 banks have accessed the interbank market activities, and the turnover sees a prominent improvement. The CBM does not intervene with market participants in the interbank market.

Over the counter

Yes.

Brokerage

No.

Market making

No.

Forward exchange market

No.  
ADs are allowed to participate in the forward exchange market.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes.

Settlements with member countries of the ACU are made in ACU Dollar/ACU Euro (ACUD/ACUE) through the ACU Mechanism. 1 ACUD = 1 USD, 1 ACUE = 1 Euro.

Controls on the use of domestic currency

Yes.

For current transactions and payments

Yes.

For capital transactions

Yes.

Transactions in capital and money market instruments

Yes.

Transactions in derivatives and other instruments

Yes.

Credit operations

Yes.

Use of foreign exchange among residents

Yes.

Residents may hold up to the equivalent of US$10,000 in foreign currency (euros and Singapore dollars) for six months after receipt. Foreign exchange account holders may transfer funds from their accounts to settle transactions between residents without approval. Residents may deposit the foreign currency in AD banks. Until June 30, 2013, FECs could be used for payments between residents.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperable

No.

Regional arrangements

Yes.  
Myanmar is a member of ASEAN.

Clearing agreements

No.

Barter agreements and open accounts

Yes.  
There are bilateral trade arrangements with neighboring countries. These arrangements do not provide for the extension of credit.
The Foreign Exchange Management Law provides the legal framework for foreign exchange transactions supplemented by CBM regulations. The Paris Club creditors, in January 2013, agreed to write off 50% of all arrears (US$10 billion) and reschedule the remainder over 15 years with a seven-year grace period. The write-off is being phased in, with 25% after approval of the IMF Staff-Monitored Program and the remaining 75% on its successful completion. In February 2014, the Staff-Monitored Program was successfully completed with the support of the IMF. Under the Staff-Monitored Program, quantitative targets and structural benchmarks were met. Therefore, the second tranche of debt reduction went into effect in March 2014 to fulfill the 50% cancellation.

Companies owned by Myanmar citizens are allowed to undertake export and import of gold which are not international standard gold bullion, gold jewelry, and handicraft made by gold after receiving the approval from the concerned authority and obtaining export/import license in line with certain regulations of Notification No. 7/2018. Companies that trade international standard gold bullion should adhere to the regulation under the Foreign Exchange Management Law of the CBM.

Currency note can be exported in line with regulations under the Foreign Exchange Management Law. Myanmar residents traveling abroad may take out foreign currency up to US$10,000 or its equivalent on presentation of a passport, visa, and airline ticket. Foreigners may bring in foreign currency up to US$10,000 or its equivalent without declaration.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Myanmar nationals, national firms, foreign firms, foreigners, and diplomats may open foreign currency accounts at government-owned banks and private banks that have been issued international banking licenses. Foreign exchange balances in accounts with banks with international banking licenses may be used for all payments, including import payments. Account holders may make import payments with licenses issued by the Ministry of Commerce (MOC)
Account holders may use funds from their account to purchase airline tickets for family visits abroad and to make payments for imports, examination fees for their children, and medical treatment abroad. Foreign exchange balances may be withdrawn in cash up to US$10,000 a week. Transfer of funds between accounts is permitted.

**Approval required**
Yes.

**Held abroad**
Yes.

These accounts may be opened, but approval is required. Banks must report to the CBM within a week about the situation of opening foreign exchange account abroad.

**Approval required**
Yes.

**Accounts in domestic currency held abroad**
No.

Residents are not allowed to open accounts in kyat abroad.

**Accounts in domestic currency convertible into foreign currency**
Yes.

Conversion is permitted only for payment of official expenses and is subject to approval by the Ministry of Planning and Finance (MOPF).

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted**
Yes.

Myanmar nationals, foreign firms, foreigners, and diplomats may open foreign currency accounts at ADs. Foreign exchange balances in accounts with ADs may be used for all payments, including import payments. Account holders may use funds from their accounts to purchase airline tickets for family visits abroad and to pay for imports, examination fees, and medical treatment abroad. Foreign exchange balances may be withdrawn in cash up to US$10,000 a week. Transfer of funds between accounts is permitted.

**Approval required**
No.

CBM approval is not required for nonresidents to open foreign exchange accounts with government-owned or private banks.

**Domestic currency accounts**
Yes.

These accounts are permitted, but all debits and credits require authorization.

**Convertible into foreign currency**
Yes.

These accounts may be converted, but approval is required. In case of foreign exchange demand for import purposes, balances in domestic currency account may be converted to foreign currency if there is sufficient foreign exchange.

**Approval required**
Yes.

**Blocked accounts**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

**Foreign exchange budget**
Yes.

An import program for the public sector is prepared annually as part of the foreign exchange budget drawn up by the MOPF.

**Financing requirements for imports**
Yes.

Foreign exchange balances may be used for all payments, including import payments. Foreign exchange purchased from MC counters may be freely used to pay for imports after depositing funds to a foreign exchange account with an AD.

**Minimum financing requirements**
No.

**Advance payment requirements**
No.

**Advance import deposits**
Yes.
### Documentation requirements for release of foreign exchange for imports

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import transactions must be effected through AD banks</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Domiciliation requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import transactions must be effected through AD banks</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Preshipment inspection

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import transactions must be effected through AD banks</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Letters of credit

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import transactions must be effected through AD banks</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Import licenses used as exchange licenses

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import license is a kind of permission for the importation of certain goods. Importers also need to show the import license at AD banks for obtaining foreign exchanges to make payments for imported goods.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Other

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government economic enterprises may engage in their own external trade but must apply for an import license from the Ministry of Commerce for certain items which are included in the negative list. Private importers also need import permit or licenses for certain items included in the negative list, which has about 40% of 10-digit HS Code (Harmonized System) lines of Customs Tariff of Myanmar 2017 Version.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

### Import licenses and other nontariff measures

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer, cigarettes, and commodities banned under existing national laws may not be imported. Effective May 25, 2020, alcohol may be imported (previously banned) and its importation procedures are prescribed as per Ministerial Order of Ministry of Commerce No. 39/2020 of May 25, 2020.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Positive list

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open general licenses</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Negative list

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>OGLs are issued for international trade fair purposes.</td>
<td>No</td>
</tr>
</tbody>
</table>

### Licenses with quotas

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses with quotas</td>
<td>No</td>
</tr>
</tbody>
</table>

### Other nontariff measures

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import customs duty is collected at the MFN rate, ranging from 0% to 50% of the assessed value, with the conversion factor for the calculation of assessed value set at the reference foreign exchange rate published daily by the CBM. Effective April 1, 2020, the import customs duty of alcohol is increased from 40% to 50% as per Ministerial Order No. 2/2020 of January 3, 2020, and Departmental Order No. 1/2020 of January 10, 2020. Effective August 1, 2020, import customs duty of motor vehicle and other vehicles principally designed for the transport of persons under/and 2000 CC is temporarily decreased from 30% to 20%, for the vehicle 2001 CC and above is temporarily decreased from 40% to 30%, and for the vehicle imported in Semi-Knocked Down purpose is decreased from 10% to 0% and 20% to 5%, respectively, as per Ministerial Order No. 84/2020 of July 29, 2020, and Departmental Order No. 37/2020 of July 30, 2020.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Taxes collected through the exchange system

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No</td>
</tr>
</tbody>
</table>

### State import monopoly

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>State import monopoly</td>
<td>No</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Exports and Export Proceeds
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repatriation requirements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Proceeds from exports must be fully repatriated within six months of the date of exportation. AD licensed banks (AD banks) are instructed to submit, without failure, within five working days over the list of companies which did not repatriate export proceeds within defined period of six months.</td>
<td></td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Guarantees</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Domiciliation</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Export transactions must be effected through authorized domestic banks.</td>
<td></td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Without quotas</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Government economic enterprises, associations, and private companies have to apply for export permit or license for exporting certain items, except for those items which are exempted. The government has issued the updated list indicating the items that are subject to license requirement with the Notification No. 51/2020.</td>
<td></td>
</tr>
<tr>
<td><strong>With quotas</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Collected through the exchange system</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Other export taxes</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Specific goods tax is imposed on export proceeds of hardwood logs and cut hardwood at 10%.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Payments</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>AD banks may make payments for current account transactions without CBM approval.</td>
<td></td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No</td>
</tr>
<tr>
<td>AD banks may remit insurance premiums without CBM approval. Surplus income of foreign airlines and payment of air freight charges to foreign airlines may be transferred abroad freely.</td>
<td></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
</tr>
</tbody>
</table>
Transfers abroad of net income, amortization of loans, and payments of interest are subject to the MOPF approval, which requires certification of applicable tax payments by those who transfer net investment income abroad. According to Article 27(b) of the current Foreign Investment Law, a tax exemption or relief from income tax on profits from business is available to investors who deposit such profits in a reserve fund and reinvest them within one year.

Myanmar residents traveling abroad may export foreign currency up to US$10,000 or its equivalent on presentation of a passport, visa, and airline ticket.

Compensation payments to foreigners for accidents (air crashes) and pension payments may be transferred abroad freely.

Foreign currencies requested for foreign trips, medical expenses, study fees and examination fees, fees for conference, congress, seminar, and costs of living for family or family members abroad up to US$10,000 or its equivalent foreign currencies are allowed. In excess of US$10,000 or its equivalent, approval of the CB is required.

Approval of the CB is required for the amounts in excess of US $10,000 or its equivalent foreign currencies for foreign trips, medical expenses, study fees and examination fees, fees for conference, congress, seminar, and costs of living for family or family members abroad.

Salary and lawfully earned income may be transferred abroad through AD banks without CBM approval after payment of taxes.
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Proceeds from Invisible Transactions and Current Transfers

| Repatriation requirements | Yes. | Proceeds should be transferred to the account at domestic ADs within six months after the different date. |
| Surrender requirements | No. | |
| **Surrender to the central bank** | No. | |
| **Surrender to authorized dealers** | No. | |
| Restrictions on use of funds | No. | |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Capital Transactions

| Controls on capital transactions | Yes. | Residents may acquire foreign exchange for the purpose of capital transactions after getting the CBM’s approval. |
| Repatriation requirements | Yes. | |
| **Surrender requirements** | No. | |
| Surrender to the central bank | No. | |
| Surrender to authorized dealers | No. | Residents can sell their foreign exchange receipts to ADs following the expiry of the period during which they can deposit legitimately held foreign exchange earnings or they can deposit at their foreign exchange accounts. |
| Controls on capital and money market instruments | Yes. | |
| **On capital market securities** | Yes. | |
| Shares or other securities of a participating nature | Yes. | The Securities Exchange Law has not yet clearly defined the participation of nonresidents. |
| Purchase locally by nonresidents | Yes. | Approval of the CBM is required. |
| Sale or issue locally by nonresidents | Yes. | Approval of the CBM is required. |
| Purchase abroad by residents | Yes. | Approval of the CBM is required. |
| Sale or issue abroad by residents | Yes. | Approval of the CBM is required. |

| Bonds or other debt securities | Yes. | Capital transactions in bonds and other debt securities are subject to CBM’s approval. |
| Purchase locally by nonresidents | Yes. | Capital transactions in bonds and other debt securities are prohibited. |
| Sale or issue locally by nonresidents | n.a. | The Securities Exchange Law has not yet clearly defined the participation of nonresidents. |
| Purchase abroad by residents | Yes. | Capital transactions in bonds and other debt securities are prohibited. |
| Sale or issue abroad by residents | Yes. | Capital transactions in bonds and other debt securities are prohibited. |
| **On money market instruments** | Yes. | Capital transactions in money market instruments are prohibited. |
| Purchase locally by nonresidents | Yes. | Capital transactions in money market instruments are prohibited. |
| Sale or issue locally by nonresidents | Yes. | Capital transactions in money market instruments are prohibited. |
Purchase abroad by residents: Yes. Capital transactions in money market instruments are prohibited.
Sale or issue abroad by residents: Yes. Capital transactions in money market instruments are prohibited.
On collective investment securities: Yes. Capital transactions in collective investment securities are prohibited.
Purchase locally by nonresidents: n.r. The Securities Exchange Law has not yet clearly defined the participation of nonresidents.
Sale or issue locally by nonresidents: Yes. Capital transactions in collective investment securities are prohibited.
Purchase abroad by residents: Yes. Capital transactions in collective investment securities are prohibited.
Sale or issue abroad by residents: Yes. Capital transactions in collective investment securities are prohibited.
Controls on derivatives and other instruments:
  Purchase locally by nonresidents: No.
  Sale or issue locally by nonresidents: No.
  Purchase abroad by residents: No.
  Sale or issue abroad by residents: No.
Controls on credit operations: Yes.
Commercial credits:
  By residents to nonresidents: Yes. Capital transactions in commercial credit are subject to CBM’s approval.
  To residents from nonresidents: Yes. Capital transactions in commercial credit are subject to CBM’s approval.
Financial credits:
  By residents to nonresidents: Yes. Capital transactions in financial credit are subject to CBM’s approval.
  To residents from nonresidents: Yes. Capital transactions in financial credit are subject to CBM’s approval.
Guarantees, sureties, and financial backup facilities:
  By residents to nonresidents: Yes. Capital transactions in the facilities are subject to CBM’s approval.
  To residents from nonresidents: Yes.
Controls on direct investment: Yes.
Outward direct investment: Yes. Outward investments are subject to CBM’s approval.
Inward direct investment: Yes. Foreign investors must declare their funds and prove the evidence of their funds brought in to the CB for each transaction. Foreign investors who fail to present the documentary evidence may not be permitted to repatriate the funds abroad (Foreign Exchange Management Department (FEMD)).
Controls on liquidation of direct investment: Yes. In the case where the investment period has ended or the investment activities are partially or completely ceased, the foreign investor may repatriate his or her investment funds to his or her own country or to a third country in accordance with the existing Laws (FEMD).
Controls on real estate transactions: Yes.
Purchase abroad by residents: Yes. These transactions are subject to CBM’s approval.
Foreigners may not own land but as per Section 50(a) of the Myanmar Investment Law (MIL), an investor who obtains permit or endorsement under this Law has the right to obtain a long-term lease of land or building from the owner if it is private land or building, or from the relevant government departments or government organization if it is land managed by the government, or land or building owned by the Union in accordance with the stipulations to make investment. Foreign investor may lease land or building, either from the government or government organizations or from owners of private land or building commencing on the date of receipt of a Permit or an Endorsement of the Myanmar Investment Commission up to an initial period of 50 years in accordance with the stipulation (Section 50(b) of the MIL). After the expiry of the term of the right to use land or building or the period of right to lease of land or building permitted under subsection (b), a consecutive period of 10 years and a further consecutive period of 10 years’ extension to such period of lease of land or building may be obtained with the approval of the Myanmar Investment Commission (Section 50(c) of the MIL). The Myanmar Investment Commission must, for the purpose of the development of the entire Union with the approval of the Pyidaungsu Hluttaw submitted through the government, grant a longer period for the right to lease land or building and the right to use land under this Law, to investors who invest in a least developed and remote region (Section 50(f) of the MIL).

**Purchase locally by nonresidents**

Yes.

**Sale locally by nonresidents**

Yes.

**Controls on personal capital transactions**

Yes.

**Loans**

Yes.

- **By residents to nonresidents**
  
  Yes. The approval requirement applies to both loans received by and provided to residents from nonresidents.

- **To residents from nonresidents**
  
  Yes. Residents may not take foreign loans from abroad or conduct other types of borrowing abroad or documents that are likely to be loans without the prior approval of the CB and comply with the provisions of the CB (FEMD).

**Gifts, endowments, inheritances, and legacies**

Yes.

- **By residents to nonresidents**
  
  Yes. Transactions of gifts, endowments, inheritances, and legacies that are up to US$10,000 (SGD and EUR) can be approved and conducted by AD banks; any transaction amounts exceeding US$10,000 need to obtain approval of the CBM.

- **To residents from nonresidents**
  
  Yes. Transactions of gifts, endowments, inheritances, and legacies that are up to US$10,000 (SGD and EUR) can be approved and conducted by AD banks; any transaction amounts exceeding US$10,000 need approval from the CBM.

**Settlement of debts abroad by immigrants**

n.a.

**Transfer of assets**

n.a.

- **Transfer abroad by emigrants**
  
  n.a.

- **Transfer into the country by immigrants**
  
  n.a.

**Transfer of gambling and prize earnings**

Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>These transactions can be conducted in accordance with Foreign Exchange Management Regulation.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>n.a.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>n.a.</td>
</tr>
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<td>n.a.</td>
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<tr>
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<td>Interest rate controls</td>
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</tr>
<tr>
<td>Credit controls</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes</td>
</tr>
<tr>
<td>Effective February 11, 2019, the maximum limit on open foreign exchange positions based on NOP should be no more than $\pm 20%$ of the core capital as per Central Bank of Myanmar Instruction No. 6/2019, which applies to both residents’ and nonresidents’ assets and liabilities. Previously, the NOP limit was $\pm 30%$ of the core capital.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes</td>
</tr>
<tr>
<td>Effective February 11, 2019, the maximum limit on open foreign exchange positions based on net open position (NOP) should be no more than $\pm 20%$ of the core capital as per Central Bank of Myanmar Instruction No. 6/2019, which applies to both residents’ and nonresidents’ assets and liabilities. Previously, the NOP limit was $\pm 30%$ of the core capital.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>According to Article 12(a) of the Myanmar Insurance Law, Myanmar Insurance is allowed to invest in- and outside the country with the approval of the MOPF; however, currently Myanmar Insurance has...</td>
<td></td>
</tr>
</tbody>
</table>
According to Article 12(a) of the Myanmar Insurance Law, Myanmar Insurance is allowed to invest in- and outside the country with the approval of the MOPF; however, currently Myanmar Insurance has no foreign or local investment portfolio, except government securities sold by the CBM.

| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | Yes. |

According to Article 12 (f) and (g) of the Myanmar Insurance Law, Myanmar Insurance is allowed to accept foreign exchange received as premium from insurance effected and pay compensation in foreign exchange for losses as insurance is effected in foreign exchange. Therefore, Myanmar Insurance is allowed to accept any indemnity in both local currency and foreign exchange. However, the currency of receiving premium and paying compensation has to be the same; however, it is not specifically stipulated in the law.

Currently, there is no limit for investment by pension funds. After establishing the Central Provident Fund with the promulgation of the Central Provident Fund Law, it is needed to define the limitation for pension funds.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Official exchange rate</th>
<th>01/21/2019</th>
<th>Indicative cross-rates for certain other currencies are based on Thomson Reuters and the IMF website.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02/05/2019</td>
<td>The Central Bank of Myanmar (CBM) computes and publishes the daily reference exchange rate based on transactions in the foreign exchange market in accordance with CBM Instruction No. 5/2019. The reference exchange rate is computed by assigning weights to the average rate between executed interbank foreign exchange transactions among AD banks, and the average rate of transactions between AD banks and their customers. This reference rate is an indicative rate, and participants in the foreign exchange market are not required to use it in their transactions. Previously, the reference exchange rate was determined at the foreign exchange auctions.</td>
</tr>
</tbody>
</table>
Monetary policy framework

Monetary aggregate target

03/16/2020 The Central Bank of Myanmar cut the bank rate by 50 bps.

03/26/2020 To boost and maintain the adequate level of liquidity in the system responding to the COVID-19 Pandemic impact, the Central Bank of Myanmar has temporarily suspended the deposit auction and lowered the minimum reserve requirement ratio for banks to 3.5% of customers’ deposits in Myanmar Currency (Myanmar kyat (MMK)) from 5%.

04/01/2020 The Central Bank of Myanmar cut the bank rate by 100 bps.

05/01/2020 The Central Bank of Myanmar cut the bank rate by 150 bps.

Foreign exchange market

Spot exchange market

Operated by the central bank

Auction

11/18/2019 One-way foreign exchange auction rules were adopted. Previously, the Central Bank of Myanmar conducted daily two-way multiple price auctions.

Imports and Import Payments

Import licenses and other nontariff measures

Negative list

05/25/2020 Alcohol may be imported (previously banned) and its importation procedures are prescribed as per Ministerial Order of Ministry of Commerce No. 39/2020 of May 25, 2020.

Import taxes and/or tariffs

04/01/2020 The import customs duty of alcohol is increased from 40% to 50% as per Ministerial Order No. 2/2020 of January 3, 2020, and Departmental Order No. 1/2020 of January 10, 2020.

08/01/2020 Import customs duty of motor vehicle and other vehicles principally designed for the transport of persons under and above 2000 CC is temporarily decreased from 30% to 20%, for the vehicle 2001 CC and above is temporarily decreased from 40% to 30%, and for the vehicle imported in Semi-Knocked Down purpose is decreased from 10% to 0% and 20% to 5%, respectively, as per Ministerial Order No. 4/2020 of July 29, 2020, and Departmental Order 37/2020 of July 30, 2020.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Open foreign exchange position limits

On resident assets and liabilities

02/11/2019 The maximum limit on open foreign exchange positions based on net open position (NOP) should be no more than ± 20% of the core capital as per Central Bank of Myanmar Instruction No. 6/2019, which applies to both residents’ and nonresidents’ assets and liabilities. Previously, the NOP limit was ±30% of the core capital.

On nonresident assets and liabilities

02/11/2019 The maximum limit on open foreign exchange positions based on net open position (NOP) should be no more than ±20% of the core capital as per Central Bank of Myanmar Instruction No. 6/2019, which applies to both residents’ and nonresidents’ assets and liabilities. Previously, the NOP limit was ±30% of the core capital.
NAMIBIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
September 25, 1990.

Article VIII
Yes. Date of acceptance: September 20, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes. In accordance with UNSC resolutions, the Bank of Namibia (BON) prohibits financial transactions with Al-Qaida and the Taliban.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Namibia is the Namibian dollar.

Other legal tender
Yes. The South African rand is also legal tender.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement is a conventional pegged arrangement vis-à-vis the rand. The document that establishes the fixed exchange rate arrangement is the CMA agreement.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Free floating

**Official exchange rate**

The Namibian dollar is pegged to the South African rand at par. The exchange rate of the Namibian dollar vis-à-vis other currencies is determined on the basis of cross-rates in international markets of the rand vis-à-vis the currencies concerned. The official exchange rate is used for accounting and valuation purposes. The BON is authorized to make changes to the exchange rate arrangement.

**Monetary policy framework**

Exchange rate anchor

*Yes.*

*U.S. dollar*

*Euro*

*Composite*

*Other*

Yes.

The monetary policy framework is an exchange rate anchor vis-à-vis the rand.

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

*Government*

*Central Bank*

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

*Target number*

*Point target*

*Target with tolerance band*

*Band/Range*

**Target measure**

*CPI*

*Core inflation*

**Target horizon**

**Operating target (policy rate)**

*Policy rate*

*Target corridor band*
Other

Accountability
Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax No.
Exchange subsidy No.

Foreign exchange market Yes. The foreign exchange market in Namibia has developed as an extension of the foreign exchange market in South Africa. ADs are allowed to determine freely their bid-ask spread and foreign exchange commissions with their clients.

Spot exchange market Yes. Foreign exchange bureaus are allowed to operate in the spot foreign exchange market and are subject to licensing by the CB. As of December 31, 2019, there were six foreign exchange bureaus in Namibia. Foreign exchange bureaus may engage only in travel-related transactions and may not transact directly with the CB. They may not maintain accounts abroad, and their operations are limited to the purchase and sale of banknotes.

Operated by the central bank Yes.
Foreign exchange standing facility Yes. The BON buys and sells Namibian dollars for rand at par with no commission. The BON deals only with ADs and the government.
Allocation No. The BON does not verify the validity of transactions when dealing with banks.
Auction No.
Fixing No.

Interbank market Yes. Banks trade among themselves in foreign currency.

Over the counter Yes. There are eight commercial banks in Namibia. The foreign exchange interbank market in Namibia is still closely linked to South Africa’s as most banks are subsidiaries of South African Banks. Because of liquidity constraints in Namibia, banks would often enter into interbank deals with South African counterparties. Banks are allowed to determine freely their bid-ask spread and foreign exchange commissions with their clients.

Brokerage Yes.
Market making No.
Forward exchange market Yes. ADs are permitted to conduct forward exchange operations, including providing forward cover, with residents in any foreign currency with respect to authorized trade and nontrade transactions.
Forward exchange contracts may cover the entire period of the outstanding commitments and accruals. Forward cover is also provided to nonresidents, subject to certain conditions. Gold mining companies and houses may sell forward anticipated receipts of their future gold sales. Forward cover is provided in US dollars only and is available to ADs for maturities not exceeding 12 months at a time in the form of swap transactions involving Namibian dollars (rand) and US dollars, with a margin based on the interest rate differential between the two currencies. The CB does not participate in the forward foreign exchange market.

Official cover of forward operations   Yes. Special forward cover at preferential rates is provided for import financing.

References to legal instruments and hyperlinks   This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements   Yes. All countries outside the CMA constitute the nonresident area. The rand is legal tender in Namibia. Settlements by or to residents of the CMA within the nonresident area may be made in rand to and from a nonresident account or in any foreign currency.

Controls on the use of domestic currency   Yes. Settlement by or to residents of the CMA within the nonresident area may be made in Namibian dollars to and from a nonresident account or in any foreign currency.

For current transactions and payments   Yes. Namibian dollars may not be used to settle interest and principal payments.

For capital transactions   Yes. Namibian dollars may not be used to settle interest and principal payments.

Transactions in capital and money market instruments   Yes.

Transactions in derivatives and other instruments   No.

Credit operations   Yes. Namibian dollars may not be used to settle interest and principal payments.

Use of foreign exchange among residents   Yes. In accordance with CMA arrangements, residents are not allowed to transact business in foreign currencies. Transactions may be invoiced in foreign currencies, but payments must be made in the local currency.

Payments arrangements   Yes.

Bilateral payments arrangements   No.

Operative   No.

Inoperative   No.

Regional arrangements   Yes. Namibia is part of the CMA, and no restrictions are applied to payments within the CMA.

Clearing agreements   No.

Barter agreements and open accounts   No.

Administration of control   Yes. The BON has delegated some powers to ADs that assist the BON in administering exchange controls. If an AD is not authorized to approve a transaction under the terms of the Exchange Control Regulations, an application is filed with the BON. The norms applied by the BON in scrutinizing applications are subject to CMA policy guidelines.

Payments arrears   No.
### Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
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</tbody>
</table>

The Exchange Control Regulations prohibit the purchase and sale, both domestically and abroad, of unworked gold by Namibian residents without the specific authorization of the BON. All such requests are considered on their merits.

### On domestic ownership and/or trade

<table>
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<th>Status</th>
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<tr>
<td>Yes.</td>
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Residents are permitted to purchase, hold, and sell gold coins within the CMA for numismatic and investment purposes only.

### On external trade

<table>
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<th>Status</th>
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<td>Yes.</td>
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Exports and imports of gold require approval of the monetary authority.

### Controls on exports and imports of banknotes

<table>
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<th>Status</th>
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<tbody>
<tr>
<td>Yes.</td>
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</table>

### On exports

| Domestic currency | Yes. |

Individuals may export no more than NS$25,000 in BON banknotes in addition to the basic travel allowance. A currency conversion agreement between the BON and the National Bank of Angola allowed business people and traders to export Namibian dollars to Angola and Angolan Kwanzas to Namibia and exchange them for local currency for trading purposes. The import of Angolan Kwanzas to Namibia was suspended from December 1, 2015. However, Namibian dollars are still exported to Angola under specific arrangements in terms of the Currency Conversion Agreement.

#### Foreign currency

<table>
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<tr>
<th>Status</th>
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<tbody>
<tr>
<td>Yes.</td>
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</tbody>
</table>

Residents and contract workers departing from Namibia to destinations outside the CMA may take out their travel allowance in foreign banknotes. Foreign visitors leaving Namibia may take with them the unspent portion of the proceeds of foreign currency imported and exchanged in Namibia.

### On imports

#### Domestic currency

<table>
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<tr>
<th>Status</th>
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<tbody>
<tr>
<td>Yes.</td>
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</tbody>
</table>

On entry from countries outside the CMA, residents and nonresidents may bring in no more than NS$25,000 in Namibian banknotes or R 25,000 in South African banknotes. There are no limitations on the importation of domestic currency from Eswatini, Lesotho, and South Africa.

#### Foreign currency

<table>
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<tr>
<th>Status</th>
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<tbody>
<tr>
<td>Yes.</td>
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</tbody>
</table>

Importation of foreign currency by nonresidents of the CMA is unrestricted. However, Namibian residents are allowed to import into Namibia only the residual balance of foreign currency initially exported. A currency conversion agreement between the BON and the National Bank of Angola allowed business people and traders to export Namibian dollars to Angola and Angolan Kwanzas to Namibia and exchange them for local currency for trading purposes. The import of Angolan Kwanzas to Namibia was suspended from December 1, 2015. However, Namibian dollars are still exported to Angola under specific arrangements in terms of the Currency Conversion Agreement.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Resident Accounts

#### Foreign exchange accounts permitted

<table>
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<th>Status</th>
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<tbody>
<tr>
<td>Yes.</td>
</tr>
</tbody>
</table>

Resident private individuals are allowed to hold foreign exchange accounts with local ADs, subject to approval. Exporters may retain export proceeds for 180 days after receipt in foreign exchange accounts with ADs. Up to the equivalent of NS$6 million a year may be held in a domestic foreign exchange account. Balances may only
be effected through the commercial banking system on condition that all the requirements are met.

Approval required
Yes.

Held abroad
Yes. Approval is required and is granted to resident individuals on the merit of the application. Approval is not required for investments up to the equivalent of N$6 million a year or to retain abroad income earned overseas. Balances may be transferred to the home country freely.

Approval required
Yes. Foreign bank accounts for investment up to the equivalent of N$6 million a year do not require approval.

Accounts in domestic currency held abroad
No.

Accounts in domestic currency convertible into foreign currency
Yes. Payments in foreign currency may be effected from resident accounts, provided the transaction is covered under the Exchange Control Regulations, or with approval.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes. ADs are required to open separate accounts on behalf of nonresident clients to distinguish between normal clearing accounts and foreign exchange trading accounts. This requirement does not affect the transferability of funds.

Approval required
No. Nonresidents may open foreign exchange accounts, and funds in these accounts are freely transferable.

Domestic currency accounts
Yes. These accounts may be credited with all authorized payments by residents, with the proceeds of sales of foreign currency to ADs, and with payments from nonresidents’ accounts. They may be debited for payments to CMA residents for any purpose (other than loans), payments to nonresidents for any purpose, transfer to a local nonresident account or remittance to any country outside the CMA, purchases of any foreign currency, and payments to account holders residing in Namibia for short periods.

Convertible into foreign currency
Yes. These accounts may be converted, and no approval is required.

Approval required
No.

Blocked accounts
Yes. Residents who emigrated from Namibia on or before February 28, 2002, may transfer their blocked funds abroad freely through an authorized bank. The assets of residents who emigrated after that date are subject to normal emigration procedures. Emigrants may transfer up to the equivalent of N$10 million a family or N$6 million an individual, inclusive of any assets previously transferred abroad. Transfers in excess of these limits are subject to a transfer tax of 10% of the amount in excess of the limit. Emigrants may subsequently transfer annual income from their remaining blocked assets, but may not dispose of the assets through sale to Namibian residents.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
Yes.

Minimum financing requirements
No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange may be provided for advance payment up to 100% of the ex-factory cost of capital goods to be imported. ADs must, however, ascertain that an order would be refused without the advance payment and that such payment is typical in the trade concerned. There are no limits on advance payments for noncapital goods.</td>
<td></td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Documentation confirming receipt of the imported articles into Namibia (for example, a bill of entry or local mail receipts) is required.</td>
<td></td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>LCs may be established locally by ADs.</td>
<td></td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>There are no restrictions on imports originating in any country of the SACU. Imports from countries outside the SACU are usually licensed in conformity with South Africa’s import regulations. These permits are valid for one year for imports and are expressed in terms of value. At present, about 90% of imports require a permit.</td>
<td></td>
</tr>
<tr>
<td><strong>Positive list</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Negative list</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Namibia has the right to restrict certain imports (through customs duties or quantitative restrictions) from countries outside the SACU and, under certain conditions, from countries within the SACU.</td>
<td></td>
</tr>
<tr>
<td><strong>Open general licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other nontariff measures</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>Yes.</td>
</tr>
<tr>
<td>A general sales tax of 10% is levied on all imports in addition to a sales duty between 0% and 15%, depending on the type of commodity.</td>
<td></td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td><strong>Exports and Export Proceeds</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Repatriation requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Export proceeds must generally be repatriated within 180 days of receipt.</td>
<td></td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Exporters may retain export proceeds for 180 days after receipt in a customer foreign exchange account with an AD.</td>
<td></td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Exports from Namibia over the amount of N$50,000 must be
accompanied by an export declaration, and the inflow of foreign currency must be declared on receipt of export proceeds locally.

Letters of credit: Yes.
Guarantees: Yes.
Domiciliation: No.
Preshipment inspection: No.
Other: No.

Export licenses: Yes. Exports, except to SACU member countries, require a license.
Without quotas: Yes. Permits are required for export of goods in short supply to non-SACU countries.
With quotas: No.

Export taxes: No.
Collected through the exchange system: No.
Other export taxes: No.

Export licenses: Yes. Exports, except to SACU member countries, require a license.
Without quotas: Yes. Permits are required for export of goods in short supply to non-SACU countries.
With quotas: No.

Export taxes: No.
Collected through the exchange system: No.
Other export taxes: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: Yes. ADs may approve trade-related invisible payments without limitation and other invisible payments up to established limits. Larger amounts may be approved on presentation of documentary proof of need.

Trade-related payments: Yes.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: Yes. Trade-related payments are allowed on presentation of documentary evidence confirming the amount involved. ADs may transfer license fees, demurrage and survey fees, and payment for samples sent for analysis outside the CMA with documentary evidence confirming the amount involved.

Investment-related payments: Yes.
Prior approval: Yes. BON approval is required for loans contracted by local companies with local sources.
Quantitative limits: No.
Indicative limits/bona fide test: No. Remittance of profits and dividends is permitted, provided the funds were not obtained through excessive use of local borrowing facilities.
Payments for travel: Yes. Payments for travel allowances do not require passports to be endorsed.
Prior approval: No.
Quantitative limits: Yes. A single discretionary allowance for private individuals of N$1 million a person a calendar year may be used for donations to missionaries, maintenance transfers, monetary gifts, loans, and travel expenses. Residents (natural persons) who are 18 years of age or older may obtain a single discretionary allowance for private individuals of up to the equivalent of N$1 million a person a calendar year.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
year. However, residents (natural persons) who are younger than 18 years of age are not eligible for the single discretionary allowance for private individuals but may be accorded up to N$200,000 a calendar year for travel expenses.

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>Yes.</th>
<th>Amounts in excess of the indicative limits are approved if the applicant provides documents in support of a genuine request.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
<td>There are no restrictions on payments for medical costs. Remittances for alimony (subject to presentation of a court order) are permitted up to the equivalent of N$9,000 a month. The annual allowance for study abroad for a single student is set at the equivalent of N$1 million and for a student accompanied by a nonstudent spouse, N$2 million.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Amounts in excess of the indicative limits for payment for study abroad are approved if applicants provide documents in support of the request.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>Foreign workers are allowed to remit up to two-thirds of their earnings without prior BON Exchange Control approval. For amounts in excess of two-thirds of earnings, approval is required.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Contract workers may transfer two-thirds of their monthly salary. Larger amounts are allowed, provided the requested amount is a part of accumulated earnings.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No approval is required for travel expenses.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
<td>Limits must be in accordance with prescribed travel allowances.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>ADs may permit up to the equivalent of N$50,000 a transaction for permissible imports.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>ADs may allow transfers of demurrage and survey fees, payment for samples sent for analysis outside the CMA, and the transfer of license fees, with documentary evidence confirming the amount involved. Royalty payments may be permitted by an AD, if approved by the Ministry of Trade and Industry.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

| Repatriation requirements       | No.  | Namibians may retain income earned abroad from any source other than merchandise exports indefinitely. |
| Surrender requirements          | Yes. |                                                                                                                                 |
| Surrender to the central bank   | No.  |                                                                                                                                 |
| Surrender to authorized dealers | Yes. | Proceeds from invisible transactions must be surrendered within 30 days.                                                                 |

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Restrictions on use of funds Yes.

BON approval must be obtained to use such funds outside the CMA.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.

The investment limit for private residents abroad is the equivalent of N$6 million a year. Proceeds from the sale of quoted or unquoted CMA securities, real estate, and other equity investments by nonresidents are freely transferable.

Repatriation requirements No.

Proceeds from capital transactions may be retained abroad indefinitely.

Surrender requirements Yes.

Surrender to the central bank No.

Surrender to authorized dealers Yes.

Proceeds must be surrendered to ADs when transferred to Namibia. The proceeds must be received through a commercial bank and be converted within 30 days from the date of accrual.

Controls on capital and money market instruments Yes.

Securities issued by nonresidents may not exceed 65% of the total assets of insurance companies. Qualifying institutions (that is, insurance companies, pension funds, fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by Namibia Financial Institutions Supervisory Authority (NAMFISA) confirming that the investment is within the 35% limit.

On capital market securities Yes.

Inward transfers of capital from non-CMA countries for equity investment are freely permitted.

Purchase locally by nonresidents No.

Sale or issue locally by nonresidents No.

Purchase abroad by residents Yes.

These transactions are permitted up to the N$6 million yearly foreign investment limit for resident individuals. Namibian corporations may invest substantial amounts in SADC member countries, and dual listing of companies on both the NSX and other SADC stock exchanges is permitted. Securities issued by nonresidents may not exceed 65% of the total assets of insurance companies. Qualifying institutions (that is, insurance companies, pension funds, fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by NAMFISA confirming that the investment is within the 35% limit.

Sale or issue abroad by residents Yes.

These transactions require approval and must be serviced from abroad if the funds are used abroad and from local sources if the funds are transferred to Namibia. Dual listing of companies on both the NSX and other SADC stock exchanges is permitted.

Bonds or other debt securities Yes.

Purchase locally by nonresidents No.

Sale or issue locally by nonresidents No.

Purchase abroad by residents Yes.

Residents are allowed to invest in foreign instruments listed on the
NSX. They may also invest in securities up to the N$6 million yearly foreign investment limit for resident individuals. Securities issued by nonresidents may not exceed 65% of the total assets of insurance companies. Qualifying institutions (that is, insurance companies, pension funds, fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by NAMFISA confirming that the investment is within the 35% limit.

**Sale or issue abroad by residents** Yes. These transactions require approval and must be serviced from abroad if the funds are used abroad and from local sources if the funds are transferred to Namibia.

**On money market instruments** Yes. The controls governing shares or other securities of a participating nature apply.

**Purchase locally by nonresidents** No.

**Sale or issue locally by nonresidents** Yes. Exchange Control approval is required.

**Purchase abroad by residents** Yes. Residents may invest in foreign instruments listed on the NSX. They may also invest in instruments up to the N$6 million yearly foreign investment limit for resident individuals. Securities issued by nonresidents may not exceed 65% of the total assets of insurance companies. Qualifying institutions (that is, insurance companies, pension funds, fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by NAMFISA confirming that the investment is within the 35% limit.

**Sale or issue abroad by residents** Yes. These transactions require approval and must be serviced from abroad if the funds are used abroad and from local sources if the funds are transferred to Namibia.

**On collective investment securities** Yes.

**Purchase locally by nonresidents** No.

**Sale or issue locally by nonresidents** No.

**Purchase abroad by residents** Yes. These transactions are allowed within the N$6 million yearly foreign capital allowance limit.

**Sale or issue abroad by residents** Yes. There is a limit of N$6 million a calendar year.

**Controls on derivatives and other instruments** Yes. There are controls on these instruments. Residents require prior approval by the CB before committing themselves to such transactions with nonresidents.

**Purchase locally by nonresidents** Yes.

**Sale or issue locally by nonresidents** Yes.

**Purchase abroad by residents** Yes.

**Sale or issue abroad by residents** Yes.

**Controls on credit operations** Yes. Interest rates on foreign-currency-denominated loans must not exceed LIBOR plus 5%; those on local-currency-denominated loans must not exceed the prime overdraft rate plus 3%. ADs may allow the transfer of loans up to N$1 million an applicant a year. Residents require approval to extend larger loans to nonresidents.

**Commercial credits** Yes.

**By residents to nonresidents** Yes. These transactions are subject to BON approval.
<table>
<thead>
<tr>
<th>Section</th>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Credit operations outside the CMA are subject to BON approval, which is generally given for borrowing abroad with a maturity of at least six months by domestic entrepreneurs, except for speculative borrowing or consumer credit. ADs are generally permitted to raise funds abroad in their own name for Namibia’s foreign trade financing and for other approved purposes.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Only companies that are 75% or more foreign owned are subject to exchange controls.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Foreign loans to Namibian residents require approval, which is usually granted if the repayment and servicing do not disrupt the balance of payments and the interest rate is reasonable in terms of prevailing international rates.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
<td>Approval is required for guarantees with respect to financial loans but not for trade transactions.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>BON approval is required. There is also a limit of N$1 million.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td>Applications by residents to retain funds in, or transfer them to, countries outside the CMA for bona fide long-term investment in specific development projects or for the expansion of existing projects owned or controlled by residents are considered on their merits. There is no limit on such investments. Consideration is given to foreign borrowing to finance direct investment with recourse to or guarantee from Namibia, implying that a local corporation’s balance sheet may be used in negotiating such a facility. Approved foreign subsidiaries may expand activities abroad without approval, provided such expansion is financed by foreign borrowing or by profits earned by the foreign subsidiary. Namibians older than 18 years of age may invest abroad in any form or place in a domestic foreign exchange account up to the equivalent of N$6 million a year on presentation of a tax clearance certificate from the Namibia Inland Revenue. Income earned abroad and capital introduced into Namibia on or after July 1, 1997, by individual resident in Namibia may be transferred abroad, provided it was previously converted to Namibian dollars.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
<td>Inward transfers of capital from non-CMA countries for equity investment may be effected freely.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td>Real estate purchases are permitted up to the foreign investment limit of N$6 million a year. Other purchases are subject to BON Exchange Control approval.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Yes.</td>
<td>ADs may allow the transfer of loans up to N$1 million an applicant a year. Residents require approval to extend larger loans to nonresidents.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No</td>
</tr>
</tbody>
</table>

ADs are generally permitted to raise funds abroad in their own name for the financing of Namibia’s foreign trade and for other approved purposes.

Approval is required for lending not related to trade. Only companies that are 75% or more foreign owned are subject to exchange controls, and local financial assistance may be granted to nonresident-owned companies against a nonresident’s guarantee.

ADs may lend money locally in Namibian dollars. However, lending locally in foreign currency is not allowed.

These transactions are not allowed.

If these deposits are liabilities to the public arising from operations in Namibia, they are included in the calculation of the minimum liquid assets and reserve requirements.
<table>
<thead>
<tr>
<th>Control Type</th>
<th>Requirement</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td>The limit on credit facilities to any person or group of related persons is 30% of a banking institution’s capital funds. In addition to the above limit, credit facilities of more than 10% of capital funds may not exceed, in aggregate, 800% of the total capital funds of the banking institution in Namibia. These limits apply to all customers, regardless of their citizenship status.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
<td>If these deposits are liabilities to the public arising from operations in Namibia, they are included in the calculation of the minimum liquid assets and reserve requirements.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td>The regulations governing deposit accounts in foreign exchange apply.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td>Banking institutions must at all times maintain assets in Namibia of an aggregate value of at least 100% of their liabilities payable in Namibian dollars (excluding capital funds), minus any debit balances in rand, in the clearing account held with their associate banks in South Africa.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
<td>There is no distinction between residents and nonresidents. The net open position limit is 15% of a bank’s share capital and unimpaired reserves.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
<td>There is no distinction between residents and nonresidents. The net open position limit is 15% of a bank’s share capital and unimpaired reserves.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
<td>There is no distinction between residents and nonresidents. The net open position limit is 15% of a bank’s share capital and unimpaired reserves.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
<td>The maximum is 65% of the total assets of insurance companies.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td>Qualifying institutions (that is, insurance companies, pension funds, fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by NAMFISA confirming that the investment is within the 35% limit.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
<td>The minimum level of investment portfolio held locally is 45% of the total assets of the insurance companies.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
<td>The maximum is 65% of the total assets of pension funds.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio</td>
<td>Yes.</td>
<td>Qualifying institutions (that is, insurance companies, pension funds, fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by NAMFISA confirming that the investment is within the 35% limit.</td>
</tr>
</tbody>
</table>
### NAMIBIA

**held abroad**

Fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by NAMFISA confirming that the investment is within the 35% limit.

<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>Yes.</th>
<th>The minimum level of investment portfolio held locally is 45% of the total assets of the pension fund.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td>Qualifying institutions (that is, insurance companies, pension funds, fund managers) may invest up to 35% of total assets under management by fund managers and unit trust management companies in portfolios held abroad without BON approval on presentation of a letter issued by NAMFISA confirming that the investment is within the 35% limit.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
NAURU

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
April 12, 2016.

Article VIII
Yes. Date of acceptance, April 12, 2016.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
n.a.

In accordance with IMF Executive Board Decision No. 144-(52/51)
n.a.

Other security restrictions
n.a.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Nauru is the Australian dollar.

Other legal tender
n.a.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender
Yes. The exchange rate arrangement is an exchange arrangement with no separate legal tender. The legal framework for the use of the Australian dollar is the Currency Act of 1976, as amended.

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
NAURU

Free floating

Official exchange rate  No.

Monetary policy framework

Exchange rate anchor  Yes.

U.S. dollar

Euro

Composite

Other  Yes.  The Australian dollar is legal tender and circulated freely.

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax  n.a.
Exchange subsidy  n.a.
Foreign exchange market  n.a. There are currently no banks handling foreign exchange transactions in Nauru. The government does not buy or sell foreign exchange in Nauru.
Spot exchange market  n.a.
Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.
Interbank market  n.a. There are currently no banks handling foreign exchange transactions in Nauru.
Over the counter  n.a.
Brokerage  n.a.
Market making  n.a.
Forward exchange market  n.a.
Official cover of forward operations  n.a.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  No. Both outward and inward payments may be settled in Australian currency or in another currency. Transactions and payments are assumed to be in Australian dollars unless otherwise specified.
Controls on the use of domestic currency  No.
For current transactions and payments  No.
For capital transactions  No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations No.
Use of foreign exchange among residents No.
Payments arrangements n.a.
Bilateral payments arrangements n.a.
Operative n.a.
Inoperative n.a.
Regional arrangements n.a.
Clearing agreements n.a.
Barter agreements and open accounts n.a.
Administration of control No. There is no central monetary institution, and there is no legal framework for the control of foreign exchange transactions. There are currently no banks handling foreign exchange transactions in Nauru.
Payments arrears n.a.
Official n.a.
Private n.a.
Controls on trade in gold (coins and/or bullion) n.a.
On domestic ownership and/or trade n.a.
On external trade n.a.
Controls on exports and imports of banknotes Yes.
On exports Yes.
Domestic currency Yes. The export of more than $A 2,500 in cash requires a permit from the Nauru Revenue Office; however, transfers are otherwise unrestricted.
Foreign currency Yes. The export of more than $A 2,500 in cash requires a permit from the Nauru Revenue Office; however, transfers are otherwise unrestricted.
On imports No.
Domestic currency No. The import of more than $A 2,500 in cash requires disclosure to a customs officer.
Foreign currency No. The import of more than $A 2,500 in cash requires disclosure to a customs officer.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Resident Accounts
Foreign exchange accounts permitted n.a.
Held domestically n.a.
Approval required n.a.
Held abroad n.a.
<table>
<thead>
<tr>
<th>Approval required</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>n.a.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>n.a.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>Approval required</td>
<td>n.a.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>n.a.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>n.a.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>n.a.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>n.a.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>n.a.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>n.a.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>n.a.</td>
</tr>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes. The import of goods into Nauru requires an import license issued by the Nauru Customs Service.</td>
</tr>
<tr>
<td>Positive list</td>
<td>n.a.</td>
</tr>
<tr>
<td>Negative list</td>
<td>n.a.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>n.a.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>n.a.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes. Import licenses are issued to businesses that meet certain criteria including (1) registration in Nauru, (2) majority ownership by</td>
</tr>
</tbody>
</table>
Nauruans, and (3) 90% of employees are Nauruan citizens, unless cause is shown why others are employed.

Imports are subject to duties and tariffs.

Taxes collected through the exchange system
n.a.

State import monopoly
n.a.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
No. There are no repatriation or surrender requirements for export proceeds.

Surrender requirements
No. There are no repatriation or surrender requirements for export proceeds.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Financing requirements
n.a.

Documentation requirements
n.a.

Letters of credit
n.a.

Guarantees
n.a.

Domiciliation
n.a.

Preshipment inspection
n.a.

Other
n.a.

Export licenses
No. Exports are not subject to licensing requirements.

Without quotas
No.

With quotas
No.

Export taxes
n.a.

Collected through the exchange system
n.a.

Other export taxes
n.a.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
No. There are no restrictions on payments for or receipts from invisibles.

Trade-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Investment-related payments

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Prior approval  No. There are no restrictions on the making of payments due such as interest on loans and dividends and other income from investments.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Payments for travel  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Personal payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Foreign workers' wages  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Credit card use abroad  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Other payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  n.a. There are no restrictions on payments for or receipts from invisibles.
Surrender requirements  n.a.
Surrender to the central bank  n.a.
Surrender to authorized dealers  n.a.
Restrictions on use of funds  No. There are no restrictions on payments for or receipts from invisibles.
### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>n.a.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>n.a.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>n.a.</td>
</tr>
<tr>
<td>Transaction Type</td>
<td>Regime</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>n.a.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>n.a.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>n.a.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>n.a.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>n.a.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>n.a.</td>
</tr>
<tr>
<td>Loans</td>
<td>n.a.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>n.a.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Settlement of debts abroad by</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Registration and other fees can be rebated for corporations held entirely by Nauruan citizens. Foreign corporations, defined as those incorporated outside Nauru or with their head office or principal place of business outside of Nauru, must provide financial and other information to the Registrar and appoint an agent in Nauru.

There are no restrictions on the repatriation of profit or capital. There are no restrictions on the making of payments due such as interest on loans and dividends and other income from investments.

Only Nauruans are eligible to own land. Non-Nauruans may lease land, but only with the approval of the president. All transfers, sales, and leases of land in Nauru require the consent of the president.
immigrants

Transfer of assets n.a.

Transfer abroad by emigrants n.a.

Transfer into the country by immigrants n.a.

Transfer of gambling and prize earnings n.a.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions n.a.

Borrowing abroad n.a.

Maintenance of accounts abroad n.a.

Lending to nonresidents (financial or commercial credits) n.a.

Lending locally in foreign exchange n.a.

Purchase of locally issued securities denominated in foreign exchange n.a.

Differential treatment of deposit accounts in foreign exchange n.a.

 Reserve requirements n.a.

 Liquid asset requirements n.a.

 Interest rate controls n.a.

 Credit controls n.a.

Differential treatment of deposit accounts held by nonresidents n.a.

 Reserve requirements n.a.

 Liquid asset requirements n.a.

 Interest rate controls n.a.

 Credit controls n.a.

Investment regulations n.a.

 Abroad by banks n.a.

 In banks by nonresidents n.a.

 Open foreign exchange position limits n.a.

 On resident assets and liabilities n.a.

 On nonresident assets and liabilities n.a.

Provisions specific to institutional investors n.a.

Insurance companies n.a.
Limits (max.) on securities issued by nonresidents  n.a.
Limits (max.) on investment portfolio held abroad  n.a.
Limits (min.) on investment portfolio held locally  n.a.
Currency-matching regulations on assets/liabilities composition  n.a.
Pension funds  n.a.
Limits (max.) on securities issued by nonresidents  n.a.
Limits (max.) on investment portfolio held abroad  n.a.
Limits (min.) on investment portfolio held locally  n.a.
Currency-matching regulations on assets/liabilities composition  n.a.
Investment firms and collective investment funds  n.a.
Limits (max.) on securities issued by nonresidents  n.a.
Limits (max.) on investment portfolio held abroad  n.a.
Limits (min.) on investment portfolio held locally  n.a.
Currency-matching regulations on assets/liabilities composition  n.a.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
NEPAL

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 6, 1961.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

- **Restrictions and/or multiple currency practices**: Yes. The IMF staff report for the 2018 Article IV Consultation with Nepal states that as of January 24, 2019, the Industrial Enterprises Act places a 75% limit on the conversion and transfer to foreign currency of salaries of nonresidents from countries where convertible currency is in circulation. Since the limit applies to amounts that may be less than net salaries, it gives rise to an exchange restriction under Article VIII. (Country Report No. 19/60)

- **Exchange measures imposed for security reasons**: No. There are no exchange measures imposed for security reasons. Security-related exchange measures are taken indirectly through other laws that control such activities.

- **In accordance with IMF Executive Board Decision No. 144-(52/51)**: No.

- **Other security restrictions**: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

- **Currency**: Yes. The currency of Nepal is the Nepalese rupee.

- **Other legal tender**: No.

Exchange rate structure

- **Unitary**: Yes.

- **Dual**: No.

- **Multiple**: No.

Classification

- **No separate legal tender**: Yes. The exchange rate arrangement is a conventional peg vis-à-vis the Indian rupee. The Nepal Rastra Bank (NRB) is designated as the agency that may decide on changes in the exchange rate system.
The Nepalese rupee has been pegged to the Indian rupee at the rate of Nrs. 1.6 per Indian rupee since February 1993. The reference rate of the US dollar quoted by the NRB is based on the midrate of US dollar/Indian rupee (USD/INR) in the Indian foreign exchange market at the stipulated time. Buying and selling rates are quoted daily for certain other currencies, with quotes based on the buying and selling rates for the US dollar in markets abroad. The official exchange rate is fixed by the NRB. The NRB deals directly with the government and other public entities at the official exchange rate. The official exchange rate is used for accounting and valuation for NRB and government transactions.

The monetary policy framework is an exchange rate anchor vis-à-vis the Indian rupee.
The foreign exchange market in Nepal comprises the NRB, licensed banks and financial institutions, remittance companies, trekking tours and travel agents, money changers, exporters, importers, and hotels. Under Foreign Exchange (Regulation) Act, 2019 (1962), institutions must obtain licenses from the NRB to deal in foreign exchange. As of July 15, 2020, 27 Class A banks, 19 Class B financial institutions (BFIs), and 3,456 other institutions were licensed to deal in foreign exchange with the public. BFIs at the national level may engage in foreign exchange transactions with the NRB to maintain their foreign currency positions. Financial institutions with a paid-up capital of Nrs. 2,500 million are included in Class B national-level financial institutions. They may purchase and sell foreign exchange, maintain nostro accounts abroad, and make foreign currency payments and transfers, except restricted and capital transactions, on behalf of their clients. Commissions charged by ADs are regulated.

Market participants are allowed to pursue spot exchange rate transactions under prevailing NRB rules and regulations under the Foreign Exchange (Regulation) Act, 2019 (1962). Banks may freely determine their exchange rates for transactions with their clients for convertible foreign currencies, except Indian rupees. Twenty-seven Class A Banks and 19 B class development banks are licensed to carry out such transactions.

The NRB has an unlimited foreign exchange standing facility for banks and BFIs. The purchase and sale of US dollars between BFIs and the NRB take place through the NRB purchase and sale window,
open Monday through Friday. BFIs may purchase convertible currency banknotes against their accounts with the NRB if adequate funds are available. The NRB deals directly with the government and other public entities at the official exchange rate.

The NRB verifies underlying documentation when dealing with ADs.

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Interbank market**

Yes. There is no broker system or market-making agreement. BFIs are the participants in the interbank market. They may enter into interbank transactions in foreign currency, including Indian rupees, under mutually agreed terms and conditions. As of July 15, 2020, 27 banks and 19 B class development banks had foreign exchange licenses from the NRB Foreign Exchange Department. Market participants may determine their bid-ask spreads up to 60 paisa on the US dollar.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Forward exchange market**

Yes. Banks may contract forward exchange cover for current account transactions under mutually agreed terms and conditions with their clients. Proprietary forwards up to 30% of core capital (outstanding at any time) are permitted for banks. The NRB does not participate in forward transactions.

| Official cover of forward operations | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**

Yes. Convertibility between the Indian rupee and the Nepalese rupee is unrestricted in Nepal. Payments and transactions with Bhutan and India must be settled in Indian rupees, except when approval is granted by the NRB.

**Controls on the use of domestic currency**

Yes. Domestic currency may not be used for international current account transactions. Current transactions with ACU member countries other than India must take place through the ACU. Goods and services imported from India through global tender by organizations, the corporate sector, and projects may be settled in US dollars. Other imports and proceeds from exports to India must be settled in Indian rupees. Proceeds from exports to other countries must be received in convertible currency. Commercial banks may engage in renminbi transactions with Chinese tourists, Nepalese visitors to China, and Nepalese students studying in China. There are 163 items imported from India that may be settled in US dollars. Guardian parents and students may make payments in US dollars from their US dollar accounts to a university or college in India for tuition fees (Circular No. 555 of 2067/11/23). Commercial banks may make payments in US dollars for imports from India by international organizations maintaining accounts in foreign currency for their own use (Circular No. 580 of 2069/05/01).

**For current transactions and payments**

Yes. Domestic currency may not be used for international current account transactions.

**For capital transactions**

Yes. Domestic currency may not be used for the settlement of capital transactions.
### Transactions in capital and money market instruments
Yes. Domestic currency may not be used for the settlement of capital transactions.

### Transactions in derivatives and other instruments
Yes. Domestic currency may not be used for the settlement of capital transactions.

### Credit operations
Yes. Domestic currency may not be used for the settlement of capital transactions.

### Use of foreign exchange among residents
Yes. Residents (including registered entities) must be licensed by the NRB to use foreign exchange under the Foreign Exchange (Regulation) Act, 2019 (1962). Commercial banks may engage in interbank transactions in foreign currency, including Indian rupees. Resident individuals may purchase Indian rupees and sell them to the NRB or ADs.

### Payments arrangements
Yes.

**Bilateral payments arrangements**
- No.

**Operative**
- No.

**Inoperative**
- No.

**Regional arrangements**
Yes. Nepal is a member of the ACU.

### Clearing agreements
Yes. Nepal is a member of the ACU.

### Barter agreements and open accounts
No.

### Administration of control
Yes. Payments in convertible currency may be made freely, subject to the procedures prescribed by the NRB. All exchange transactions must be settled through ADs; however, nonbank ADs are allowed to sell foreign currency under the passport facilities to meet travel expenses. Otherwise, these nonbank ADs are licensed to accept foreign currency for their services.

### Payments arrears
No.

**Official**
- No.

**Private**
- No.

### Controls on trade in gold (coins and/or bullion)
Yes. Commercial banks are permitted to import gold with quantitative restrictions. Importers may import silver under OGLs without quantitative restrictions.

#### On domestic ownership and/or trade
- No.

#### On external trade
Yes. Imports of gold are allowed under prescribed limits. These limits do not affect facilities given to individuals under a hand-carry bylaw. Jewelry exporters are no longer permitted to import gold.

### Controls on exports and imports of banknotes
Yes.

**On exports**
- Yes.

- **Domestic currency**
  - Yes. Nepalese residents may carry with them Rs 5,000 while traveling to and from abroad.

- **Foreign currency**
  - Yes. Foreign banknotes, other than Indian banknotes, may not be taken out by residents without permission. Foreign currency equivalent to US$5,000 may be taken out by foreigners. Larger amounts must be declared to Customs Officers for verification and certification.

**On imports**
- Yes.

- **Domestic currency**
  - Yes. Importation of domestic currency is subject to controls.
### Resident Accounts

| Foreign currency | Yes. | Residents and nonresidents may bring in foreign banknotes freely but must declare amounts exceeding US$5,000. No limits apply to the amount of Indian rupees brought in by residents and Indian nationals; however, Indian rupees more than 100 in denominations are prohibited to exchange. It is prohibited to bring Indian rupees more than 100 in denominations into Nepal. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

| Foreign exchange accounts permitted | Yes. | Exporters may deposit up to 100% of export earnings in a foreign exchange account to cover trade-related expenses. Nepalese citizens who earn foreign exchange abroad (except in Bhutan and India) for more than three months and resident companies with a contract under a global tender and eligible to receive foreign exchange may also open foreign exchange accounts. Commercial banks may accept deposits in most freely usable currency and may freely determine the rate of interest on deposits. Banks may establish a minimum balance on time deposits. Foreign exchange earners (exporters and the tourism sector) may make payments from their foreign exchange accounts directly to foreign parties for promotional activities, such as booth reservations, registration fees, and service charges. Remittance agencies licensed by the NRB, employment agencies, and money changers may also open foreign exchange accounts. Remittance agencies may hold foreign exchange in their foreign exchange account for 15 days only. Guardian parents and students may make payments in US dollars from their US dollar accounts to a university or college in India for tuition fees (Circular No. 631, 2071/09/18). BFIs may open account for specific persons and institutions as prescribed by the NRB. Balance may be transferred on the basis of documents up to US$10,000 at a time, not exceeding US$20,000 a year for service payments, and US$500 cash payment by diplomats. |
| Approval required | No. | |
| Held domestically | Yes. | Approval is required to open these accounts. There are no restrictions on transfers and operation of accounts. |
| Approval required | Yes. | Approval is required to open these accounts. Commercial banks may open foreign exchange accounts abroad for facilitating e-commerce payments. |
| Accounts in domestic currency held abroad | No. | Residents are not allowed to open domestic currency accounts abroad. |
| Accounts in domestic currency convertible into foreign currency | No. | |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. | Diplomats and foreign nationals, except Indian nationals, are free to open foreign exchange accounts with Nepalese banks. Accounts may be maintained in all specified convertible currency, and balances in these accounts may be transferred abroad freely. Commercial banks may make payments in US dollars for imports from India by international organizations maintaining accounts in foreign currency for their own use. (Circular No. 580 of 2069/05/01). |
| Approval required | No. | |
### Domestic currency accounts
Yes. Foreign nationals on business visas or work permits may open accounts in domestic currency. Seventy five percent of salaries and 100% of provident fund and foreign currency taken in may be transferred.

### Convertible into foreign currency
Yes.

### Approval required
Yes. Approval from the NRB is required for repatriation.

### Blocked accounts
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports and Import Payments</td>
<td></td>
</tr>
<tr>
<td><strong>Domestic currency accounts</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Convertible into foreign currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>Yes. Approval from the NRB is required for repatriation.</td>
</tr>
<tr>
<td><strong>Blocked accounts</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**Foreign exchange budget**
No.

**Financing requirements for imports**
Yes. Commercial banks may make payments in US dollars for imports from India by international organizations with accounts in foreign currency for their own use for prescribed goods only.

**Minimum financing requirements**
No.

**Advance payment requirements**
No.

**Advance import deposits**
Yes. There are requirements of 2% for industrial materials and 10% for commercial goods in the customs account.

**Documentation requirements for release of foreign exchange for imports**
Yes.

**Domiciliation requirements**
Yes. Only a registered entity may open an LC to import goods. Documents required are the importer’s registration with the relevant authority, memorandum of association and articles of association, pro forma invoice/contract, updated tax clearance certificate, etc.

**Preshipment inspection**
No.

**Letters of credit**
Yes. Banks are required to obtain information regarding the creditworthiness (business credibility information) of suppliers before opening LCs in excess of the equivalent of US$50,000.

**Import licenses used as exchange licenses**
Yes. These are required only for certain items, such as poppy seeds and limited food items (Circular No. 580, 2069/05/01 No. 13).

**Other**
Yes. The maximum amount for payments by draft or wire transfer by importers is, effective July 28, 2020, US$35,000 pursuant to Circular No. 11/2077-78 (previously US$30,000 since November 6, 2018). Imports are also allowed on a documentary collection basis (documents-against-payment as well as acceptance) under the provision of International Chamber of Commerce Publication Uniform Rules for Collections (URC) No. 522, Circular No. 581.

**Import licenses and other nontariff measures**
Yes.

**Positive list**
Yes. Most imports are covered by OGLs.

**Negative list**
Yes. Imports of plastic scraps, bags, and sheets of less than 20 microns; beef; restricted azo dyes; lightbulbs with high carbon dioxide emissions; arms; ammunition; wireless transmitters; used machinery and equipment; wild animals and their parts; precious metals (except gold and silver); and jewelry require special permission from the government. Imports of live birds and their unprocessed meat products and eggs and other unprocessed bird-related items from all Asian countries—except Bangladesh, Bhutan, India, and Sri Lanka—are prohibited. Effective April 1, 2020, the NRB imposed a temporary ban on luxury goods imports, such as gold over 10 kg and...
vehicles worth over US$50,000.

Open general licenses  Yes. Positive list goods and permitted goods are allowed as per Circular No. 647.

Licenses with quotas  Yes. These are required only for certain items, such as poppy seeds.

Other nontariff measures  Yes. Quantitative restrictions are in effect for the importation of poppy seeds and gold.

Import taxes and/or tariffs  Yes. The tariff structure consists of seven tariff rates: 0%, 5%, 10%, 15%, 20%, 30%, and 80%, as per Financial Act 2073. Nepalese citizens returning from abroad may bring in up to 50 grams of gold ornaments, up to 500 grams of silver, and other ornaments with precious metal worth Nrs. 100,000; one set of professional hand tools; one watch, camera, video camera, mobile phone, and USB flash drive; and up to 7 kg of edible food products free of customs duty and sales tax. Citizens with official sources of foreign exchange earnings who have been abroad for six months or more are allowed additional imports for household consumption without official documentation.

Taxes collected through the exchange system  No.

State import monopoly  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  Yes. Proceeds from exports must be repatriated within 120 days of exportation. Exporters may accept deferred payments of export proceeds if they do not exceed the equivalent of US$1,000 or the NRB rate plus 2%, whichever is higher. NRB approval is required for amounts above the specified limit.

Surrender requirements  No. Exporters may retain their export receipts in their foreign exchange accounts with local banks.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Financing requirements  Yes. Commercial banks may grant advance export credit for up to 70% of the free-on-board (f.o.b.) value of exports to all individuals and institutions holding irrevocable LCs opened or endorsed by foreign banks and acceptable to Nepalese banks. Such credit may be provided for a maximum of three months; this period may be extended without penalty in special circumstances beyond the control of the exporter.

Documentation requirements  Yes.

Letters of credit  Yes. Exports to countries are allowed against irrevocable LCs, advance payment certificates, and cash against documents.

Guarantees  Yes. Banks are required to obtain information regarding the creditworthiness (business credibility information) in transactions involving LCs in excess of the equivalent of US$50,000 (Unified Circulars 2076 Circular No. 1/2076: 1:1:11, Circular No. 383 of March 25, 2007). For exports against the Cash against Document (CAD), exports exceeding US$500,000 or its equivalent require an NRB’s prior approval (Unified Circulars 2076 Circular No. 5/2076: 7, Circular No. 536 of August 10, 2010).

Domiciliation  Yes. Reexportation to India of non-Nepalese-origin goods and
reexportation to any destination of goods imported from India are prohibited.

Preshipment inspection No.

Other Yes. Banks are free to issue permits for exports not exceeding US $500,000 or its equivalent at a time on the basis of a 1% security deposit of the free-on-board (f.o.b.) value in cash or other acceptable securities.

Export licenses Yes.

Without quotas Yes. Exports of items having archeological or religious value, old coins, narcotics, wild animals and their parts, and explosive materials are prohibited.

With quotas No.

Export taxes Yes.

Collected through the exchange system No.

Other export taxes Yes. There are eight customs duty rates on exports. These apply to 109 specific items (27 headings and 109 sub-headings of HS codes). The rates range from NPR.5 to NPR.25, NPR40, NPR.50, NPR.5000 per kilogram, and NPR.600 and NPR.1200 per cubic meter. For exports of wood and articles of wood (7 headings; HS codes 44.01-44.07), the export custom duty rate is 200%. A service charge of Nrs. 500 is levied on all other exports. The tax rates are subject to change after the announcement of the annual budget in May every year.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes.

Trade-related payments Yes. BFIs may make trade-related payments. For imports of goods, there is no restriction on payment amounts.

Prior approval Yes. Payments for service imports are limited to US$10,000 an occasion. Larger amounts require NRB permission.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments Yes.

Prior approval Yes. Approval is required for foreign investors operating in Nepal to repatriate profits earned from their investments. Approval from the NRB is required for private sector loan payment (principal and interest).

Quantitative limits No.

Indicative limits/bona fide test No.

Payments for travel Yes.

Prior approval Yes. Businesses and industries not involved in exportation must obtain NRB approval if they need foreign exchange beyond the established limits.

Quantitative limits Yes. The maximum travel allowance for a visit is US$1,500 since November 6, 2018.
<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>Yes.</th>
<th>The NRB provides travel allowances in excess of the limits on the basis of justifiable reasons.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td>Commercial banks may make payments directly to an education institution and provide foreign exchange for the living expenses of students with supporting documentation and a no-objection letter from the Ministry of Education. Guardian parents and students may make payments in US dollars from their US dollar accounts to a university or college in India for tuition fees (Circular No. 555 of 2067/11/23). Effective April 1, 2020, Nepalese students may be provided with foreign exchange facilities for living expenses without the requirement of “No Objection Letter/Certificate” (“NOC”) from the Ministry of Education subject to terms and conditions.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>Approval of the Medical Board (government body) is required for transfers related to medical expenses.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Draft and telegraphic transfer for personal payments of up to US $10,000 or its equivalent are allowable to institutions with supporting documentation. NRB approval is required for larger amounts.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>Approval is required from the NRB at the request of the employer organization.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
<td>Foreign workers may remit up to 75% of their wages.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>A business visa or work permit is required.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
<td>Credit cards may be used abroad under specific guidelines and limits. BFs may issue the credit cards for foreigners having foreign currency accounts in Nepal and BFs may fix terms and conditions (Circular No. 625, 2071/05/04).</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
<td>The limit for credit card use abroad is US$15,000.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
<td>Foreign exchange earners (exporters and the tourism sector) are allowed to make payments from their foreign exchange accounts directly to a foreign party for promotional activities such as booth reservations, registration fees, and service charges. Commercial banks are permitted to make payments for business credit reports for their own purposes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>The maximum amount for miscellaneous payments to institutions that may be made on the basis of supporting documents is US $10,000. NRB approval is required if the amount exceeds the limit.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
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<td></td>
</tr>
</tbody>
</table>

**Proceeds from Invisible Transactions and Current Transfers**

| Repatriation requirements     | Yes. | Foreign exchange earnings from invisible transactions may be retained in a foreign exchange account. Other current transfers, such as workers’ remittances collected from abroad through authorized |
| Surrender requirements        | Yes. |                                                                                               |
Remittance companies, may also be retained in foreign exchange accounts up to 15 days.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>Yes. Remittance companies are required to surrender the foreign currency they brought into the country after 15 days.</td>
</tr>
<tr>
<td><strong>Restrictions on use of funds</strong></td>
<td>Yes. Earnings deposited in a foreign exchange account by entities and individuals may be used freely to meet their obligations on the basis of supporting documents.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**

Yes. Outward flow of capital is restricted. NRB may give approval, in some specific cases, on the basis of recommendation of the Government of Nepal (GON). Approval from NRB is required to repatriate the amount received by the sale of the share of foreign investment, profit, principal, and interest. (Foreign Investment Restriction Act 2021(1964 AD); Foreign Investment and Technology Transfer Act, 2019; and Public Notice: 2069-10-09 of NRB).

**Repatriation requirements**

Yes. The repatriation is allowed based on the balance sheet and prescribed documents with the recommendation of concerned regulator. There is no time frame for repatriation.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Controls on capital and money market instruments**

Yes.

- **On capital market securities**
  - Yes.
  - **Shares or other securities of a participating nature**
    - Yes. Equity participation and other forms of investment (technology transfer and lending) by foreign entities are regulated under the Foreign Investment and Technology Transfer Act of Nepal 2019.
  - **Purchase locally by nonresidents**
    - No.
  - **Sale or issue locally by nonresidents**
    - Yes. Approval from the government authority and the NRB is required.
  - **Purchase abroad by residents**
    - Yes. Residents may not purchase shares or other securities of a participating nature abroad.
  - **Sale or issue abroad by residents**
    - Yes. NRB approval is required.
  - **Bonds or other debt securities**
    - Yes. These transactions are regulated by the Securities Board of Nepal.
  - **Purchase locally by nonresidents**
    - Yes. Nonresidents may purchase shares or other securities of a participating nature in local currency unless specified otherwise. Nonresident Nepalese may purchase specific government bond and government securities. Other nonresidents cannot purchase government bond and securities.
  - **Sale or issue locally by nonresidents**
    - Yes. These transactions are prohibited.
  - **Purchase abroad by residents**
    - Yes. These transactions are prohibited.
  - **Sale or issue abroad by residents**
    - Yes. These transactions are prohibited.
  - **On money market instruments**
    - Yes.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Allowance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
<td>Nonresidents may invest in money market instruments, subject to approval from the relevant authority.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes</td>
<td>Nonresidents may invest in collective investment securities, subject to approval from the relevant authority.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
<td>Only banks may invest in these securities.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes</td>
<td>Only banks may invest and deal in these securities.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
<td>Only banks may invest in these securities.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes</td>
<td>Only banks may invest and deal in these securities.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>Yes</td>
<td>Commercial banks may provide forward contracts to institutions involved in foreign exchange transactions and enter into interest rate swap arrangements with foreign banks and other financial entities without NRB approval. Banks and some other financial institutions may enter into transactions in derivatives and other instruments, such as forward operations, swaps, options, and futures, and may invest their convertible foreign exchange in financial instruments of any maturity. However, these transactions are subject to guidelines approved by the board of the respective banks and financial institutions.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited for residents except banks.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>Yes</td>
<td>Specified borrowers may borrow from abroad in accordance with public notices and guidelines issued by the NRB under the Foreign Exchange (Regulation) Act, 2019 (1962).</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes</td>
<td>NRB approval is required if credit is provided with bailment and pledge in any form of domestic asset or security.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes</td>
<td>NRB approval is required if credit is provided.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes</td>
<td>These transactions are prohibited.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes</td>
<td>NRB approval is required.</td>
</tr>
<tr>
<td>** Guarantees, sureties, and financial backup facilities **</td>
<td>Yes</td>
<td>Approval is granted on a case-by-case basis.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No</td>
<td>Pursuant to NRB regulation, BFIs may issue guarantees for their nonresident clients.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes</td>
<td>Required documentation includes VAT information and proof of citizenship.</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes</td>
<td>Nepalese citizens, whether or not they reside in Nepal, may not make</td>
</tr>
</tbody>
</table>
any type of investment in foreign countries, except as specifically permitted by government notice. Citizens living abroad who invest funds earned abroad may keep those investments after returning to Nepal if they notify the NRB. Other exemptions include the purchase and sale of insurance policies abroad and investments abroad by banking and financial institutions incorporated in Nepal.

| **Inward direct investment** | Yes. | Investments require approval from the Department of Industry. Foreign investment is not permitted in cottage, small-scale, or defense-related industries. Foreign investors may hold 100% equity in large and medium industries. |
| **Controls on liquidation of direct investment** | Yes. | Controls are based on the provisions of the Companies Act. |
| **Controls on real estate transactions** | Yes. | Only residents may own real estate. |
| **Purchase abroad by residents** | Yes. | These transactions are prohibited. |
| **Purchase locally by nonresidents** | Yes. | These transactions are prohibited. |
| **Sale locally by nonresidents** | Yes. | These transactions are prohibited. |
| **Controls on personal capital transactions** | Yes. |
| **Loans** | Yes. | These transactions are controlled. |
| **By residents to nonresidents** | Yes. | These transactions are prohibited. |
| **To residents from nonresidents** | Yes. | A person may borrow US$500,000 at zero interest rate for minimum five years, and firms, companies, and institutions may borrow on the recommendation from their regulator. |
| **Gifts, endowments, inheritances, and legacies** | Yes. |
| **By residents to nonresidents** | Yes. | These transactions are prohibited. |
| **To residents from nonresidents** | Yes. | Permission from the relevant authority is required. |
| **Settlement of debts abroad by immigrants** | Yes. | These transactions are restricted. |
| **Transfer of assets** | Yes. |
| **Transfer abroad by emigrants** | Yes. | Emigrants cannot transfer assets out of Nepal. |
| **Transfer into the country by immigrants** | Yes. | Immigrants may transfer assets into Nepal. |

**Transfer of gambling and prize earnings** No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

| **Provisions specific to commercial banks and other credit institutions** | Yes. | Commercial banks may enter into interest rate swap arrangements with foreign banks and other financial entities without NRB approval. |
| **Borrowing abroad** | Yes. | BFIs may borrow from abroad up to 25% of core capital, with loan duration of 1–5 years at rate or fee of maximum 6-month LIBOR+, effective September 9, 2019, 4% (previously 3%) and no collateral. NRB approval is required. |
| **Maintenance of accounts abroad** | Yes. |
| **Lending to nonresidents (financial or commercial credits)** | Yes. | NRB approval is granted on a case-by-case basis. |
| **Lending locally in foreign exchange** | Yes. | Exporters, tourism-related businesses, and firms involved in energy generation or production are entitled to such credits. |
| **Purchase of locally issued securities denominated in foreign exchange** | Yes. | Only power generating and transmission company can issue debenture in foreign currency for specific project up to 60% of the project cost. |
| **Differential treatment of deposit accounts in foreign exchange** | Yes. | Differential treatment is based on the type of currency. Convertible currency deposit accounts may be opened only if the holder has foreign exchange earnings. |
| **Reserve requirements** | No. |  |
| **Liquid asset requirements** | No. |  |
| **Interest rate controls** | No. |  |
| **Credit controls** | Yes. | Controls apply to export credits. Pre- and post-shipment credits are available only to residents (specifically exporters of pashmina, readymade garments, carpets, and handicrafts who earn foreign exchange proceeds through exports) in convertible foreign currency at an interest rate of LIBOR+1.25%. |
| **Differential treatment of deposit accounts held by nonresidents** | No. |  |
| **Reserve requirements** | No. |  |
| **Liquid asset requirements** | No. |  |
| **Interest rate controls** | No. |  |
| **Credit controls** | No. |  |
| **Investment regulations** | Yes. |  |
| **Abroad by banks** | No. |  |
| **In banks by nonresidents** | Yes. | These transactions are governed by the licensing policy. |
| **Open foreign exchange position limits** | Yes. | There are limits on open foreign exchange positions. |
| **On resident assets and liabilities** | No. |  |
| **On nonresident assets and liabilities** | Yes. | Commercial banks are not allowed to have open foreign exchange positions on forwards. The net open position on total foreign assets and liabilities should not exceed 30% of core capital. |
| **Provisions specific to institutional investors** | Yes. |  |
| **Insurance companies** | Yes. | These transactions are regulated by the Insurance Board. Investment in foreign currency is not allowed. |
| **Limits (max.) on securities issued by nonresidents** | Yes. | Insurance companies are not allowed to invest in securities issued by nonresidents. |
| **Limits (max.) on investment portfolio held abroad** | Yes. | Insurance companies are not allowed to purchase shares or other securities abroad. |
| **Limits (min.) on investment portfolio held locally** | No. |  |
| **Currency-matching regulations on assets/liabilities composition** | n.a. |  |
| **Pension funds** | No. | There are no pension funds in Nepal. |
| **Limits (max.) on securities issued by nonresidents** | No. |  |
| **Limits (max.) on investment portfolio** | No. |  |
**Changes during 2019 and 2020**

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Documentation requirements for release of foreign exchange for imports</th>
<th>Other</th>
<th>07/28/2020</th>
<th>The maximum amount for payments by draft or wire transfer by importers is US$35,000 (previously US$30,000 since November 6, 2018).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Negative list</td>
<td>04/01/2020</td>
<td>The NRB imposed a temporary ban on luxury goods imports, such as gold over 10 kg and vehicles worth over US$50,000.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

| Controls on these transfers | Personal payments | 04/01/2020 | Nepalese students may be provided with foreign exchange facilities for living expenses without the requirement of “No Objection Letter/Certificate” (from the Ministry of Education subject to terms and conditions. |

**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | Borrowing abroad | 09/09/2019 | The maximum loan rate or fee was increased to 6-month LIBOR+4% from 6-month LIBOR+3%. |
THE NETHERLANDS
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
December 27, 1945.

Article VIII

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes. The Netherlands maintains certain restrictions in accordance with EU regulations and the relevant UN Security Council resolutions on the making of payments and transfers for international transactions (including obligations to freeze assets) with respect to the following: Afghanistan, Belarus, Burundi, Central African Republic, Democratic Republic of the Congo, Egypt, Eritrea, Guinea (Conakry), Guinea-Bissau, Haiti, Islamic Republic of Iran, Iraq, Democratic People’s Republic of Korea, Lebanon, Libya, Myanmar, Russia, Somalia, South Sudan, Sudan, Syria, groups associated with terrorism (foreign organizations associated with terrorism including Al-Qaida and ISIS (Da’esh)), Tunisia, Ukraine, Yemen, and Zimbabwe.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of the Netherlands is the euro.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg
The exchange rate arrangement of the euro area is free floating. The Netherlands participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:30 Central European Time to around 16:00 Central European Time. The reference rate against the euro is the average of the buying and selling rates.
<table>
<thead>
<tr>
<th><strong>Target measure</strong></th>
<th><strong>CPI</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core inflation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target horizon</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating target (policy rate)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Policy rate</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Target corridor band</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Open letter</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Parliamentary hearings</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of votes</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of minutes</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Publication of inflation forecasts</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Other monetary framework** Yes. To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term.

| **Exchange tax** | No. |
| **Exchange subsidy** | No. |

**Foreign exchange market** Yes. No exchange controls apply to either the spot exchange market or the forward exchange market. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.

| **Spot exchange market** | Yes. |
| **Operated by the central bank** | No. |
| **Foreign exchange standing facility** | No. |

Money transfer offices fall under the regulatory framework for payment service providers in the Financial Supervision Act (WFT). Under Section 2:3a of the WFT, no one domiciled in the Netherlands may conduct business as a payment service provider without an authorization from De Nederlandsche Bank (DNB, Dutch Central Bank). This prohibition does not apply to credit institutions authorized by the DNB. As of December 31, 2019, there were 37 payment service providers licensed by the DNB.
The foreign exchange market operates on the basis of a market-making agreement for large professional market participants, such as banks. Smaller participants usually use a broker. In theory, there are no limits on bid-ask spreads. Excessive spreads, however, would be deemed “off-market” and are, therefore, not allowed. Commissions must also be market based. Intervention, if any, must be coordinated within the Eurosystem and takes place directly via market makers at their quoted rates (best price). Banks licensed by the DNB may trade in the interbank foreign exchange market. As of December 31, 2019, 94 banks have a banking license.

The interbank market operates on the basis of a market-making agreement, under which participants commit to a maximum spread and a minimum amount to trade. To the extent that the necessary contracts are in place, banks may participate in the interbank foreign exchange market. There are no limits on the bid-ask spreads and commissions of market participants.

The CB may engage in foreign exchange swaps or foreign exchange forwards in the global market for investment purposes.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No.
Controls on the use of domestic currency No.
For current transactions and payments No.
For capital transactions No.
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents No.
Payments arrangements No.
Bilateral payments arrangements No.
Operative No.
Inoperative No.
Regional arrangements No.
Clearing agreements No.
Barter agreements and open accounts  No.
Administration of control  No.
Payments arrears  No.
Official  No.
Private  No.

Controls on trade in gold (coins and/or bullion)
On domestic ownership and/or trade  No.
On external trade  No.

Controls on exports and imports of banknotes  No.

In accordance with EC Regulation No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EC regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EC regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EC regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purpose of the EC regulation; the EC regulation only harmonizes the system for the EU’s external borders.

On exports  No.

Domestic currency  No.  Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.
Foreign currency  No.  Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

On imports  No.

Domestic currency  No.  Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.
Foreign currency  No.  Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

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### Resident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes. Balances may be transferred abroad freely.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes. Balances may be repatriated freely.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>Yes. In accordance with the relevant UNSC resolutions and/or EU regulations, accounts of specific individuals are blocked. See Section II.B.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
</tbody>
</table>
The EU requires import authorizations for steel products, which are subject to prior Union surveillance measures (Regulation (EU) No. 2016/670). Iceland, Liechtenstein, and Norway are exempted from the prior Union surveillance on steel on account of their membership of the EEA. The EU requires import authorization for textile products which are subject to surveillance measures (EU Regulation No. 2015/9361 and Council Regulation (EC) No. 3060/95).

Some quotas are managed by European Commission’s Directorate-General responsible for Agriculture and Rural Development through a system of import licenses. The EU requires import authorization for textile products which are subject to quantitative restrictions (EU Regulation No. 2015/9361 and Council Regulation (EC) No. 3060/95). On the basis of EU regulations, an import license has been required for textile products from the Democratic People’s Republic of Korea since 1993. The autonomous import quotas on textile from Belarus were scrapped in 2017 (Regulation (EU) No. 2017/354). The EU requires quota authorizations for certain wood products (spruce, pine), which are subject to tariff-rate quotas in accordance with the bilateral EU–Russia Wood agreement. The quota is set by Russia, but managed on the EU side. It stems from Russia’s WTO Accession Protocol (August 22, 2012).

Imports of most products covered by the CAP from non-EU countries are subject to EU regulations.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
Surrender requirements

Surrender to the central bank
Surrender to authorized dealers

Financing requirements

Documentation requirements
Letters of credit
Guarantees
Domiciliation

Preshipment inspection
Other licenses required for only a few commodities, most of which are of a strategic nature.

Export licenses
Without quotas Yes.
With quotas No.

Export taxes
Collected through the exchange system No.
Other export taxes No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
Trade-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

Investment-related payments
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

Payments for travel
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

Personal payments
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

Foreign workers’ wages
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

Credit card use abroad
No.
### Proceeds from Invisible Transactions and Current Transfers

- **Repatriation requirements**
  - No.
- **Surrender requirements**
  - No.
- **Surrender to the central bank**
  - No.
- **Surrender to authorized dealers**
  - No.

### Capital Transactions

- **Controls on capital transactions**
  - Yes.
- **Repatriation requirements**
  - No.
- **Surrender requirements**
  - No.
- **Surrender to the central bank**
  - No.
- **Surrender to authorized dealers**
  - No.
- **Controls on capital and money market instruments**
  - No.
  - **On capital market securities**
    - No.
    - **Shares or other securities of a participating nature**
      - No.
      - **Purchase locally by nonresidents**
        - No.
      - **Sale or issue locally by nonresidents**
        - No.
      - **Purchase abroad by residents**
        - No.
      - **Sale or issue abroad by residents**
        - No.
    - **Bonds or other debt securities**
      - No.
      - **Purchase locally by nonresidents**
        - No.
      - **Sale or issue locally by nonresidents**
        - No.
  - **Purchase abroad by residents**
    - No.
  - **Sale or issue abroad by residents**
    - No.

References to legal instruments and hyperlinks:

- This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).
<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to (1) investment in airlines established in the country that must be majority owned and effectively controlled by EU countries and/or nationals of EU countries, unless otherwise provided for through an international agreement to which the EU is a party.
signatory; (2) ownership of Netherlands flag vessels, unless the investment is made by shipping companies incorporated under Netherlands law, established in the Netherlands, and whose actual place of management is in the Netherlands; and (3) the extent that under EC Directive No. 85/611/EEC, a UCITS depository must have its registered office either in the same EU country as that of the company or be established in the EU country if its registered office is in another EU country.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | No. |
| **Purchase abroad by residents** | No. |
| **Purchase locally by nonresidents** | No. |
| **Sale locally by nonresidents** | No. |
| Controls on personal capital transactions | No. |
| **Loans** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Gifts, endowments, inheritances, and legacies** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Settlement of debts abroad by immigrants** | No. |
| **Transfer of assets** | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| **Transfer of gambling and prize earnings** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

<p>| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad | No. |
| Maintenance of accounts abroad | No. |
| Lending to nonresidents (financial or commercial credits) | No. |
| Lending locally in foreign exchange | No. |
| Purchase of locally issued securities denominated in foreign exchange | No. |
| Differential treatment of deposit accounts in foreign exchange | No. |</p>
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>No.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by</td>
<td>No.</td>
</tr>
</tbody>
</table>

The DNB applies Article 351 of the Capital Requirements Regulation (CRR—Regulation (EU) No. 575/2013). The CRR does not impose an explicit limit on open foreign exchange positions, but there is a prudential capital requirement of 8% of an institution’s own funds under Article 351 (if the sum of the overall net foreign exchange position and net gold position exceeds 2% of an institution’s total own funds).
nonresidents

Limits (max.) on investment portfolio held abroad
No.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020
No significant changes occurred in the exchange and trade system.
## NEW ZEALAND

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Status</th>
<th>Date of acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII</td>
<td>Yes.</td>
<td>August 5, 1982.</td>
</tr>
<tr>
<td>XIV</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions and/or multiple currency practices</td>
<td>No.</td>
<td>No restrictions as reported in the latest IMF staff report as of December 31, 2019.</td>
</tr>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
<td>Measures have been taken to prohibit dealing with or making available to any personal assets of the Taliban or of other designated individuals and organizations associated with terrorism, in accordance with the relevant UNSC resolutions.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
<td>Dealing with or making available to any personal assets of the former government of Iraq, except for transfers to the Development Fund for Iraq or as authorized by the minister of foreign affairs and trade, is prohibited. Dealing with or making available to any personal assets or funds belonging to Charles Taylor’s and his associates’ former regime in Liberia is also prohibited within New Zealand and by New Zealand citizens abroad.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>Yes.</td>
<td>The currency of New Zealand is the New Zealand dollar.</td>
</tr>
<tr>
<td>Other legal tender</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Exchange rate structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitary</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Dual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classification</td>
<td></td>
<td>No separate legal tender</td>
</tr>
<tr>
<td>Currency board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stabilized arrangement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crawling peg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The de jure exchange rate arrangement is free floating. The exchange rate is determined on the basis of supply and demand in the foreign exchange market. The Reserve Bank of New Zealand (RBNZ) may intervene if the exchange rate is exceptionally high or low, if that rate is not justified by economic fundamentals, and if there is a material prospect that the intervention will influence the exchange rate. Interventions may not be used as an attempt to influence the long-term trend of the exchange rate. The RBNZ publishes information on its foreign currency assets and liabilities, including its foreign currency intervention capacity (stock of reserves available for intervention) and foreign exchange swap position, on its website but does not publish data on its direct intervention. The de facto exchange rate arrangement is classified as floating.

The RBNZ publishes a reference exchange rate for statistical purposes, sourced from the New Zealand Financial Markets Association. The New Zealand Financial Markets Association publishes reference rates for the New Zealand dollar at 2:00 p.m. (also known as the WM/Reuters New Zealand dollar 2:00 p.m. fixes), based on internationally accepted best practice calculation methods.

Monetary policy is formulated at achieving and maintaining stability in the general level of prices over the medium term and supporting maximum sustainable employment.

Effective April 1, 2019, the minister of finance and governor of the RBNZ agreed a remit setting out the RBNZ’s new dual employment and price stability objectives. The remit sets out the objectives as follows: (1) keep future annual inflation between 1% and 3% over the medium term, with a focus on keeping future inflation near the 2 percent mid-point; and (2) support maximum sustainable
employment. The remit sets out the RBNZ’s operational objectives, consistent with the economic objectives contained in Section 8 of the RBNZ Act.

The remit replaced the previous Policy Targets Agreement (PTA) between the minister of finance and governor. Previously, the RBNZ Act required that price stability be defined in a specific and public contract, the PTA, negotiated between the minister of finance and the RBNZ governor.

While the first remit was agreed between the minister of finance and the governor – to support a smooth transition between frameworks – all future remits will be issued by the minister of finance. The remit will be reviewed every five years, and will be issued by the minister of finance following public, non-binding advice from the Reserve Bank.

Effective April 1, 2019, the MPC was established and a charter issued that would govern the decision making for the MPC. The MPC will formulate monetary policy through decisions like the level of the official cash rate. The first charter was an agreement between the minister of finance and the governor. All future charters will be agreements between the minister of finance and the Monetary Policy Committee. The Minister and MPC can agree to review the charter at any time, and it must be reviewed whenever the remit is reviewed (every five years). The MPC consists of between 5 and 7 members, 2 to 3 of which must be individuals external to the organization. The governor is Chair of the MPC.

The MPC Charter states that the MPC is to aim to reach consensus on decisions, but that when consensus cannot be reached the decision will be by vote (simple majority).

**Inflation target**
Yes.

**Target number**
Yes.

**Point target**
Yes.

**Target with tolerance band**
Yes. Effective April 1, 2019, the MPC’s operational objective is to keep future annual inflation between 1% and 3% over the medium term, with a focus on keeping future inflation near the 2% midpoint. Previously, the PTA defined price stability as keeping future consumer price index inflation outcomes between 1% and 3% on average over the medium term, with a focus on keeping future average inflation near the 2% target midpoint.

**Band/Range**

**Target measure**
Yes.

**CPI**
Yes. The target is defined in terms of the All Groups Consumers Price Index (CPI) published by Statistics New Zealand. This records the change in the price of a weighted “basket” of goods and services purchased by an “average” New Zealand household. The percentage change of this index is typically referred to as “CPI inflation.” The contents of the basket are defined by Statistics New Zealand, which periodically reviews and re-weights them, using data obtained from its annual Household Economic Survey.

**Core inflation**

**Target horizon**
Yes. Medium term.

**Operating target (policy rate)**
Yes.

**Policy rate**
Yes. The policy rate is the Official Cash Rate (OCR). The CB pays
interest on settlement account balances for daily interbank transactions, and charges interest on overnight borrowing, at rates related to the OCR.

Target corridor band  n.a.
Other  n.a.

Accountability  Yes.
Open letter  No.
Parliamentary hearings  Yes.  The RBNZ appears before the Select Committee, the Finance and Expenditure Committee, on the day following the release of each quarterly Monetary Policy Statement.
Other  No.

Transparency  Yes.
Publication of votes  Yes.  Effective April 1, 2019, the charter states that the MPC must aim to reach decisions by consensus. However, in the event consensus can’t be reached, a vote will be taken, and the record of this vote is published with the summary record of meeting. The votes will be unattributed.
Publication of minutes  Yes.  Effective April 1, 2019, a summary record of meeting must be published following each meeting of the MPC. The points this record must contain are outlined in the charter, and discussions are not attributed to individuals.
Publication of inflation forecasts  Yes.  The thinking behind the Reserve Bank’s setting of the OCR is published four times a year in an accountability document known as the Monetary Policy Statement.

Other monetary framework

Exchange tax  No.
Exchange subsidy  No.

Foreign exchange market  Yes.  ADs may freely determine their exchange rates and commissions in foreign exchange transactions with their clients.
Spot exchange market  Yes.  There is no foreign exchange licensing regime in New Zealand.

Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.

Interbank market  Yes.  The RBNZ licenses 15 locally incorporated and 12 overseas incorporated commercial banks for all banking operations; there are no specific licenses required for interbank foreign exchange operations. There are no limits on the bid-ask spreads and commissions of market participants. The RBNZ intervenes via market makers. As of December 31, 2018, there were four banks actively operating in the interbank market in New Zealand.

Over the counter  No.
Brokerage  No.
### Market making

Yes. The foreign exchange market operates based on a market-making agreement. Licenses are not issued or required for institutions to participate in the foreign exchange market. There are four domestic banks that are market makers in the New Zealand spot exchange market.

### Forward exchange market

Yes. The RBNZ uses foreign exchange swaps for liquidity management purposes. Transactions are handled with market participants directly or via brokers.

### Official cover of forward operations

No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>
| Imports and exports of physical currency and bearer-negotiable instruments  | No.    | (that is, bills of exchange, bearer bonds, checks, money orders, postal orders, promissory notes, traveler’s checks) by any
person that amount to $NZ 10,000 or more (or its equivalent in foreign currency) require customs documentation (Border Cash Report). This requirement is primarily used to combat money laundering and is not a mechanism to control the movement of currency or monetary instruments.

On exports

<table>
<thead>
<tr>
<th>Currency</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

On imports

<table>
<thead>
<tr>
<th>Currency</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Resident Accounts**

Foreign exchange accounts permitted

<table>
<thead>
<tr>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
</tr>
</tbody>
</table>

Held domestically

<table>
<thead>
<tr>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
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Approval required

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>No.</td>
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</table>

Held abroad

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Yes.</td>
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<tr>
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<tbody>
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<td>No.</td>
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Accounts in domestic currency held abroad

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Yes.</td>
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</table>

Accounts in domestic currency convertible into foreign currency

<table>
<thead>
<tr>
<th>Requirement</th>
</tr>
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<tbody>
<tr>
<td>Yes.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

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**Nonresident Accounts**

Foreign exchange accounts permitted

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Yes.</td>
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Domestic currency accounts

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<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Yes.</td>
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</table>

Convertible into foreign currency

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Blocked accounts

<table>
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<th>Requirement</th>
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<tbody>
<tr>
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**Imports and Import Payments**

Foreign exchange budget

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>No.</td>
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</table>

Financing requirements for imports

<table>
<thead>
<tr>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>
Minimum financing requirements | No.
---|---
Advance payment requirements | No.
Advance import deposits | No.
Documentation requirements for release of foreign exchange for imports | No.
Domiciliation requirements | No.
Preshipment inspection | No.
Letters of credit | No.
Import licenses used as exchange licenses | No.
Other | No.
Import licenses and other nontariff measures | Yes.
Positive list | No.
Negative list | Yes.
Open general licenses | No.
Licenses with quotas | No.
Other nontariff measures | No.
Import taxes and/or tariffs | Yes.

Import prohibitions and restrictions are maintained to (1) protect the safety and security of New Zealanders (for example, firearms, other weapons, dangerous dogs, controlled drugs); (2) protect the environment and animal and plant life (for example, biological products, hazardous substances); and (3) comply with international agreements (for example, ozone-depleting substances).

Tariffs apply mainly to imported manufactured products that compete with domestic production. Most primary products that compete with domestic production are admitted duty free. In 2009, all remaining tariff rates were reduced to either 10% or 5%. Import tariffs will remain at their current levels until at least June 2021. Tariffs on clothing, footwear, carpets, ambulances, and motor homes are set at 10%. There are multilateral, bilateral, and regional preferential tariffs. On December 30, 2018, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force among Australia, Canada, Japan, Mexico, New Zealand, and Singapore. Under reciprocal free trade agreements, tariffs on goods originating from the following countries or territories have either been removed or are being reduced for eventual elimination: Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong SAR, Japan, Korea, Malaysia, Mexico, Singapore, Taiwan Province of China, Thailand, and ASEAN member countries. The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) is in effect between Australia, Brunei Darussalam, Cambodia, Indonesia, Lao P.D.R., Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand, and Vietnam. Goods from least developed countries and Pacific island economies are duty free under nonreciprocal free trade arrangements. Eligible imports from the United Kingdom and developing economies are also given tariff preference. In August 2017, the government decided to keep import tariffs unchanged until at least July 31, 2021, except where they are being reduced through trade agreements. The Tariff (Concessions)
Amendment Order 2014 went into effect, introducing temporary tariff concessions on residential building materials to assist Canterbury earthquake rebuilding and Auckland housing demand. This tariff concession was reviewed in October 2018 and will remain in place. It is due for review in 2023. As a signatory to the WTO Information Technology Agreement (II), New Zealand eliminated effective July 1, 2019, the customs duties on Information Technology Agreement (II) goods. Effective March 28, 2020, the government temporarily removed tariffs on all medical and hygiene imports needed for the COVID-19 response.

Taxes collected through the exchange system No.
State import monopoly No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.
Surrender requirements No.

*Surrender to the central bank* No.
*Surrender to authorized dealers* No.

Financing requirements No.
Documentation requirements No.
Letters of credit No.
Guarantees No.
Domiciliation No.
Preshipment inspection No.
Other No.

Export licenses Yes. Export licenses have been introduced to protect New Zealand’s culture (for example, on protected New Zealand objects), human life or animal life (for example, on hazardous waste, live animals); or support the Sanitary and Phytosanitary Agreement (for example, on certain animal products) or marketing or quality requirements (for example, kiwifruit and horticulture). For conservation reasons, there are also restrictions on exports of various animals and plants. Certain items classified as strategic goods may be exported only if specific requirements have been met and an export permit has been issued.

With quotas Yes. New Zealand administers export licenses for some agricultural products (such as beef and dairy) to comply with tariff-quota regimes of some trading partners.

Export taxes No.
Collected through the exchange system No.
Other export taxes No.
### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payments for travel</th>
<th>Controls on these transfers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
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</table>

<table>
<thead>
<tr>
<th>Foreign workers' wages</th>
<th>Controls on these transfers</th>
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</thead>
<tbody>
<tr>
<td>Prior approval</td>
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<tr>
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<table>
<thead>
<tr>
<th>Credit card use abroad</th>
<th>Controls on these transfers</th>
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<tbody>
<tr>
<td>Prior approval</td>
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<table>
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<th>Other payments</th>
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References to legal instruments and hyperlinks

Proceeds from Invisible Transactions and Current Transfers

<table>
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<tr>
<th>Repatriation requirements</th>
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</tr>
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<tbody>
<tr>
<td>Surrender requirements</td>
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</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

Restrictions on use of funds

<table>
<thead>
<tr>
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</table>

References to legal instruments and hyperlinks

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Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
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</table>

Controls on capital and money market instruments

<table>
<thead>
<tr>
<th>On capital market securities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Only New Zealand nationals may acquire, without the consent of Her Majesty the Queen in right of New Zealand (the Crown), a relevant interest in 49.9% or more of the total voting shares of Chorus Limited or an interest in equity securities that confers 10% or more of the total voting rights in Air New Zealand Limited.

| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents         | No. |
| Sale or issue abroad by residents    | No. |
| Bonds or other debt securities       | No. |
| Purchase locally by nonresidents     | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents         | No. |
| Sale or issue abroad by residents    | No. |
| On money market instruments          | No. |
| Purchase locally by nonresidents     | No. |
| Sale or issue locally by nonresidents | No. |
Purchase abroad by residents
No.
Sale or issue abroad by residents
No.
On collective investment securities
No.
Purchase locally by nonresidents
No.
Sale or issue locally by nonresidents
No.
Purchase abroad by residents
No.
Sale or issue abroad by residents
No.
Controls on derivatives and other instruments
No.
Purchase locally by nonresidents
No.
Sale or issue locally by nonresidents
No.
Purchase abroad by residents
No.
Sale or issue abroad by residents
No.
Controls on credit operations
No.
Commercial credits
No.
By residents to nonresidents
No.
To residents from nonresidents
No.
Financial credits
No.
By residents to nonresidents
No.
To residents from nonresidents
No.
Guarantees, sureties, and financial backup facilities
No.
By residents to nonresidents
No.
To residents from nonresidents
No.
Controls on direct investment
Yes.
Outward direct investment
No.
Inward direct investment
Yes.
Consent is required under (1) Section 12 of the Overseas Investment Act 2005 for the acquisition by an overseas person or associate of an overseas person of (a) an interest in sensitive land and (b) rights or interests in securities of a person (A), if A owns or controls (directly or indirectly) an interest in sensitive land and as a result of the acquisition the overseas person or associate has a 25% or more ownership or controlling interest in A, or an increase in an existing 25% or more ownership or controlling interest in A, or A becomes an overseas person. Sensitive land investments must meet an “investor” test and generally benefit New Zealand or a group of New Zealanders. If the sensitive land is nonurban land of more than five hectares, the benefit must be substantial and identifiable. If it is farmland, its sale must be advertised in accordance with the Overseas Investment Regulations 2005, unless exempted. (2) Section 13 of the
Overseas Investment Act 2005 for (a) the acquisition by an overseas person or associate of an overseas person of rights and interests in the securities of a person (A), if as a result of the acquisition the overseas person or associate has a 25% or more ownership or controlling interest in A, or an increase in an existing 25% or more controlling interest in A, and the value of the securities or consideration or the value of the assets of A and its subsidiaries with an interest of 25% or more exceeds $NZ 100 million; (b) the establishment by an overseas person of a business in New Zealand, if the business operates more than 90 days a year (whether consecutively or in aggregate) and the total expected expenditure exceeds $NZ 100 million; and (c) the acquisition by an overseas person or associate of property (including goodwill and other intangible assets) in New Zealand used in conducting business, if the total value exceeds $NZ 100 million. “Significant business asset” investments must meet an investor test. (3) Section 57B of the Fisheries Act 1996 for the acquisition by an overseas person or associate of (a) an interest-in-fishing quota; or (b) rights or interests in securities of a person (A), if A owns (directly or indirectly) an interest-in-fishing quota and as a result of the acquisition the overseas person or associate has an ownership of 25% or more or a controlling interest in A or an increase in a 25% or more ownership or a controlling interest in A, or A becomes an overseas person. Fishing quota investments must meet an investor and a national interest test. Only New Zealanders may acquire, without the consent of the Crown, 49.9% or more of the shares of Chorus Limited or an interest in equity securities that confers 10% or more of the total voting rights in Air New Zealand Limited. Under the Overseas Investment Regulations 2005, minor increases in shareholding and certain securitization and underwriting arrangements are exempt from the above requirements.

A number of New Zealand’s free trade agreements, such as the Comprehensive and Progressive Trans Pacific Partnership and the New Zealand-Australia Closer Economic Relations Trade Agreement, establish higher monetary thresholds for screening of significant business assets for nongovernment investors.

On August 22, 2018, the Overseas Investment Amendment Act 2018 received Royal assent. As a result of these amendments, from October 22, 2018, “residential land” is a category of “sensitive land” in the Act. As such, overseas persons must generally obtain consent to acquire residential land. Consent may be granted in circumstances where the applicant is: committing to reside and become tax resident, in New Zealand (that is, spending at least 183 days of every year in New Zealand living in the residence for which consent to purchase was received); committing to increase the stock of residential housing on a piece of land (either by building a new, or expanding an existing, residential development or long-term accommodation facility); or to convert to a non-residential use (that is, establishing business operations on the site). Consistent with the Protocol on Investment to the New Zealand-Australia Closer Economic Relations Trade Agreement and the New Zealand-Singapore Closer Economic Partnership, Australian and Singaporean investors are not subject to screening of residential (but not otherwise sensitive) land. Consent may also be granted for overseas persons to acquire residential land subject to an exemption certificate; however, there are still restrictions on their use of the land under such circumstances – including a requirement that they cannot reside at the property.

The Overseas Investment Amendment Act 2018 also narrows the existing exemptions for profits à prendre. In particular, from October 22, 2018, consent is required for an overseas person to obtain an
interest in forestry-related profits à prendre of 1000 hectares or
greater a year and other regulated profits à prendre of five hectares or
more. At the same time as the range of land interests for which
consent is required to conduct forestry activities was expanded, the
pathways to obtain consent to acquire forestry assets (whether
freehold, leasehold, profits à prendre, or through a forest registration
right) were streamlined through the introduction of “the special
benefits test” for forestry. Under this test, investors may obtain
consent to acquire forestry assets if they satisfy the criteria specified
in the Overseas Investment Regulations 2018. Previously, a more
general test was in place which required investors to demonstrate that
their investment would be of benefit to New Zealand.

On June 2, 2020, the Overseas Investment (Urgent Measures)
Amendment Bill (1 of 2 bills) received Royal consent. It introduced a
national interest test, which always applies to transactions that
warrant greater scrutiny. As a response to the economic impacts of
COVID-19, the national interest test can also be applied to certain
transactions which are not ordinarily screened, and it is mandatory
for these transactions to be notified to the Overseas Investment
Office. This temporary Emergency Notification Regime will be
replaced by a permanent call-in power targeted to the types of
transactions which are more likely to pose risks to national security
and public order, and which empowers the government to review,
impose conditions on or block those transactions to manage risks to
national security or public order.

### Controls on liquidation of direct investment

- **No.**

### Controls on real estate transactions

- **Yes.**

### Purchase abroad by residents

- **No.**

### Purchase locally by nonresidents

- **Yes.**

Foreign investment in certain types of land must meet an investor
test and generally must benefit New Zealand or a group of New
Zealanders. If sensitive land is nonurban land of more than five
hectares, the benefit must be substantial and identifiable. Consent is
required for acquisitions of the following: nonurban land exceeding
five hectares; land adjoining the foreshore, lakebed, conservation
land and certain reserves, regional parks, national parks, and some
land significant to Māori As a result of these amendments, from
October 22, 2018, “residential land” is a category of “sensitive land”
in the Act. As such, overseas persons must generally obtain consent
to acquire residential land. Consent may be granted in circumstances
where the applicant is: committing to reside, and become tax
resident, in New Zealand (that is, spending at least 183 days of every
year in New Zealand living in the residence for which consent to
purchase was received); committing to increase the stock of
residential housing on a piece of land (either by building a new, or
expanding an existing, residential development or long-term
accommodation facility); or to convert to a non-residential use (that
is, establishing business operations on the site). Consistent with the
Protocol on Investment to the New Zealand-Australia Closer
Economic Relations Trade Agreement and the New Zealand-
Singapore Closer Economic Partnership, Australian and Singaporean
investors are not subject to screening of residential (but not otherwise
sensitive) land. Consent may also be granted for overseas persons to
acquire residential land subject to an exemption certificate; however,
there are still restrictions on their use of the land under such
circumstances – including a requirement that they cannot reside at
the property.

The Overseas Investment Amendment Act 2018 also narrows the
existing exemptions for profits à prendre. In particular, from October 22, 2018, consent is required for an overseas person to obtain an interest in forestry-related profits à prendre of 1000 hectares or greater a year and other regulated profits à prendre of five hectares or more. At the same time as the range of land interests for which consent is required to conduct forestry activities was expanded, the pathways to obtain consent to acquire forestry assets (whether freehold, leasehold, profits à prendre, or through a forest registration right) were streamlined through the introduction of “the special benefits test” for forestry. Under this test, investors may obtain consent to acquire forestry assets if they satisfy the criteria specified in the Overseas Investment Regulations 2018. Previously, a more general test was in place which required investors to demonstrate that their investment would be of benefit to New Zealand. Effective June 2, 2020, the Overseas Investment (Urgent Measures) Amendment Act 2020 removed screening requirements for Fundamentally New Zealand entities acquiring sensitive New Zealand assets.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

No.

Borrowing abroad

No.

Maintenance of accounts abroad

No.

Lending to nonresidents (financial or commercial credits)

No.

Lending locally in foreign exchange

No.

Purchase of locally issued securities denominated in foreign exchange

No.
### Differential treatment of deposit accounts in foreign exchange
- **Reserve requirements**: No.
- **Liquid asset requirements**: No.
- **Interest rate controls**: No.
- **Credit controls**: No.

### Differential treatment of deposit accounts held by nonresidents
- **Reserve requirements**: No.
- **Liquid asset requirements**: No.
- **Interest rate controls**: No.
- **Credit controls**: No.

### Investment regulations
- **Abroad by banks**: No.
- **In banks by nonresidents**: No.

### Open foreign exchange position limits
- **On resident assets and liabilities**: No.
- **On nonresident assets and liabilities**: No.

### Provisions specific to institutional investors
- **Yes.**

#### Insurance companies
- **Limits (max.) on securities issued by nonresidents**: No.
- **Limits (max.) on investment portfolio held abroad**: No.
- **Limits (min.) on investment portfolio held locally**: Yes.
- **Currency-matching regulations on assets/liabilities composition**: Yes.

#### Pension funds
- **Limits (max.) on securities issued by nonresidents**: No.
- **Limits (max.) on investment portfolio held abroad**: No.
- **Limits (min.) on investment portfolio held locally**: Yes.
- **Currency-matching regulations on assets/liabilities composition**: No.

The Overseas Investment Act 2005 governs superannuation scheme investments if the superannuation scheme’s trustee is an “overseas person” and the investment is in “sensitive land, significant business assets or fishing quota,” as defined in the law. Superannuation schemes (within the meaning of Section 6(1) of the Financial Markets Conduct Act 2013) that hold assets for the benefit of members are exempt from the law’s consent provisions if at least 75% of the members are New Zealanders or ordinarily reside in New Zealand.
The Overseas Investment Act of 2005 governs investments by investment firms and funds if the investment firm or fund is an “overseas person” and the investment is in “sensitive land or significant business assets,” as defined in the law. Portfolio investors may apply for an exemption that results in their interest in a target entity not contributing to that entity being deemed to be an overseas person. To qualify for this exemption the investment by the portfolio investor must generally be less than 10% and not grant control over the target entity.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Monetary policy framework**

**Inflation-targeting framework**

**Target setting body**

**Government and Central Bank**

04/01/2019

The Monetary Policy Committee (MPC) was established and a charter issued that would govern the decision making for the MPC. The MPC would comprise members internal and external to the Reserve Bank of New Zealand and the governor chairs the MPC. The MPC will formulate monetary policy through decisions like the level of the official cash rate. The first charter was an agreement between the minister of finance and the governor. All future charters will be agreements between the minister of finance and the MPC.

04/01/2019

The minister of finance and governor of the Reserve Bank agreed a remit setting out the Reserve Bank of New Zealand’s (RBNZ’s) new dual employment and price stability objectives. Under Section 8 of the RBNZ Act, the RBNZ, acting through the Monetary Policy Committee, is required to formulate monetary policy with the goals of maintaining a stable general level of prices over the medium term and supporting maximum sustainable employment. The remit sets out the objectives as follows: (1) keep future annual inflation between 1% and 3% over the medium term, with a focus on keeping future inflation near the 2% midpoint; and (2) support maximum sustainable employment. The remit replaces the previous Policy Targets Agreement (PTA) between the minister of finance and governor. Previously, the Reserve Bank Act required that price stability be defined in a specific and public contract, the PTA, negotiated between the minister of finance and the RBNZ governor.

**Inflation target**

**Target number**

**Target with tolerance band**

04/01/2019

The Monetary Policy Committee’s operational objective is to keep future annual inflation between 1% and 3% over the medium term, with a focus on keeping future inflation near the 2% midpoint.
Previously, the Policy Targets Agreement defined price stability as keeping future consumer price index inflation outcomes between 1% and 3% on average over the medium term, with a focus on keeping future average inflation near the 2% target midpoint.

**Transparency**

**Publication of votes**

04/01/2019  The charter governing the decision making for the Monetary Policy Committee (MPC) states that the MPC must aim to reach decisions by consensus. However, in the event consensus cannot be reached, a vote will be taken, and the record of this vote is published with the summary record of meeting. The votes will be unattributed.

**Publication of minutes**

04/01/2019  A summary record of meeting must be published following each meeting of the Monetary Policy Committee (MPC). The points this record must contain are outlined in the charter governing the decision making for the MPC, and discussions are not attributed to individuals.

**Imports and Import Payments**

**Import taxes and/or tariffs**

07/01/2019  As a signatory to the World Trade Organization Information Technology Agreement (ITA) (II), New Zealand eliminated the customs duties on ITA (II) goods.

03/28/2020  The government temporarily removed tariffs on all medical and hygiene imports needed for the COVID-19 response.

**Capital Transactions**

**Controls on capital transactions**

**Controls on direct investment**

06/02/2020  The Overseas Investment (Urgent Measures) Amendment Bill (1 of 2 bills) received Royal consent. It introduced a national interest test, which always applies to transactions that warrant greater scrutiny. As a response to the economic impacts of COVID-19, the national interest test can also be applied to certain transactions which are not ordinarily screened, and it is mandatory for these transactions to be notified to the Overseas Investment Office. This temporary Emergency Notification Regime will be replaced by a permanent call-in power targeted to the types of transactions which are more likely to pose risks to national security and public order, and which empowers the government to review, impose conditions on or block those transactions to manage risks to national security or public order.

**Controls on real estate transactions**

06/02/2020  The Overseas Investment (Urgent Measures) Amendment Act 2020 removed screening requirements for Fundamentally New Zealand entities acquiring sensitive New Zealand assets.
NICARAGUA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
March 14, 1946.

Article VIII
Yes. Date of acceptance: July 30, 1964.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Nicaragua is the Nicaraguan córdoba.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg
Yes. The de jure exchange rate arrangement is a crawling peg. The Central Bank of Nicaragua (BCN) publishes aggregated monthly data pertaining to BCN foreign exchange transactions with the banks and the government. Effective October 23, 2019, the BCN decided to reduce the crawling peg (Resolution No. CD-BCN-XLVII-3-19) from an annual devaluation of the córdoba against the US dollar from 5% to 3%.

Crawl-like arrangement

Pegged exchange rate within horizontal bands
The official exchange rate of the córdoba is determined and preannounced by the BCN. The official exchange rate is calculated daily using the formula \((1 + 0.03)^{1/365}\). The official exchange rate is used for BCN purchases of US dollars from the banks and the government and is used to calculate the exchange rate for BCN US dollar sales to these agents. The official exchange rate is used as a reference for the settlement of foreign exchange contracts payable in local currency, such as BCN bonds, and as an anchor for fixing market exchange rates.

The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar. Monetary operations are aimed at maintaining an adequate level of international reserves to support the crawling peg regime. Open market operations are the CB’s primary monetary policy tool and are conducted to absorb a target volume of liquidity consistent with the desired level of reserve accumulation. In addition, the BCN buys and sells foreign exchange in accordance with banking system demand.
**CPI**

*Core inflation*

**Target horizon**

**Operating target (policy rate)**

*Policy rate*

*Target corridor band*

**Other**

**Accountability**

*Open letter*

*Parliamentary hearings*

**Other**

**Transparency**

*Publication of votes*

*Publication of minutes*

*Publication of inflation forecasts*

**Other monetary framework**

**Exchange tax**

*No.* There is no tax, but the BCN applies a commission to the sale of foreign exchange: the official exchange rate plus a commission of 1%.

**Exchange subsidy**

*No.*

**Foreign exchange market**

*Yes.* In the foreign exchange market, the observed difference between the selling rate and the official rate is usually less than 1%, given the current exchange arrangement. Agents may freely determine their foreign exchange commissions with their clients. The Exchange Desk Module (Microsoft Management Console) continues to be operational. It is available to banks, financial institutions, and the government (through the Ministry of Finance and Public Credit) for online purchases and sales of foreign exchange (US dollars and euros) against córdobas. The Microsoft Management Console makes it possible to buy and sell US dollar against córdobas in real time, and to buy and sell euros against córdobas with a delay (but within the same business day) because they require BCN authorization.

**Spot exchange market**

*Yes.* Participants in the foreign exchange market are the BCN, the government, banks, financial institutions, exchange bureaus, individuals, and legal entities that usually buy and sell foreign exchange. As of December 31, 2019, there were 19 institutions registered with the BCN as participants in the foreign exchange market: 8 commercial banks, 1 state bank, 2 financial institutions, 1 exchange bureau, and 7 legal entities. Exchange bureaus are not regulated and, depending on their articles of agreement, may engage in all civil and merchant activities, but their main purpose is the purchase and sale of foreign exchange. At present, the exchange bureau manages foreign accounts.

**Operated by the central bank**

*Yes.*
Foreign exchange standing facility  Yes. The BCN exchanges US dollars and euros for córdobas at the official rate only for the government, banks, and financial corporations registered with the BCN. There are no restrictions on the amount, and the origin and destination of the foreign currency do not have to be declared. Transactions between the BCN and the government and financial institutions are effected directly.

Allocation No.

Auction No.

Fixing No.

Interbank market  Yes. Banks and financial institutions are allowed to trade among themselves at freely determined rates. As of December 31, 2019, 8 banks and 2 financial institutions participated in the interbank market. The BCN does not intervene in the interbank market. Article 60 of the BCN Financial Rules indicates that the interbank market operates independently of the BCN. The difference between the purchasing price and the selling price, and the commissions for market participants, are not subject to limits.

Over the counter  Yes. The interbank foreign exchange market operates over the counter and through repurchase operations in the Stock Market of Nicaragua.

Brokerage No.

Market making No.

Forward exchange market No.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No. There are no restrictions. However, financial institutions must report to the SIBOIF all individual transactions, including multiple or partial transactions, such as deposits, withdrawals, currency exchanges, securities trading, and other financial transactions, and other payments or transfers involving the exchange of currency in cash and exceeding US$10,000 or its equivalent in domestic currency. International loans may be settled in the currency of the lender or in any other currency set by the lender.

Controls on the use of domestic currency No.

For current transactions and payments No.

For capital transactions No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents No.

Payments arrangements Yes. Public sector external debt contracts with bilateral and multilateral creditors include a payments arrangement specifying payment modalities and currency. There are no payments arrangements for

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private sector transactions.

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Treaty on Payments and Securities Settlement Systems in Central America and the Dominican Republic remains in effect between the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. Under the Payments Treaty, the Payments System Interconnection between Central America and the Dominican Republic is also in effect. In January 2013, the Treaty Establishing the Single Regional Payments Clearing System (SUCRE, Sistema Unitario de Compensación Regional de Pagos) went into effect in Nicaragua. Payments may take place through this system for trade operations with the other treaty signatories (Bolivia, Cuba, Ecuador, Venezuela).

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange operations between private agents are not restricted. Banks, financial enterprises, exchange bureaus, individuals, and legal entities may freely buy and sell to the public US dollars or any other freely convertible foreign currency for any amount or purpose. However, banks, financial enterprises, and exchange bureaus are subject to prior registration with the BCN as participants in the foreign exchange market for statistical purposes.

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payments arrears</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Official</td>
<td>Yes.</td>
</tr>
<tr>
<td>Private</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Government and public sector arrears (most of which are attributable to the BCN) to bilateral creditors (non-Paris Club members) relate to debt subject to relief under the Heavily Indebted Poor Countries Initiative. Negotiations continue on one pending claim (for about US $26.5 million) with a creditor that did not participate in the external commercial debt buyback operation (about US$1.4 billion) launched in October 2007 and concluded in December 2008. This claim is also subject to relief under the Heavily Indebted Poor Countries Initiative.

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Ministry of Development, Industry, and Commerce (MIFIC) and the National Administration of Geological Resources coordinate, manage, and supervise the mining, production, and exportation of gold. Individuals and legal entities may trade gold coins only for numismatic purposes. A permit from the MIFIC is required to export gold. Exports equivalent to US$10,000 or more require a customs declaration. Outward transfers by financial institutions must comply with the regulations issued by the SIBOIF. Exports equivalent to US$10,000 or more require a customs declaration. Financial institutions may carry out export operations in compliance with provisions established by the Directorate General of
Customs.

On imports

Yes.

*Domestic currency*

Yes. Imports equivalent to US$10,000 or more require a customs declaration. Imports of domestic currency are carried out by the BCN.

*Foreign currency*

Yes. Imports equivalent to US$10,000 or more require a customs declaration. The BCN is the only entity authorized to import nonredeemable currencies.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes. Checking, savings, and term deposit accounts are available both in US dollars and in euros. There are no restrictions on transferring balances abroad, although a fee may be charged.

Approval required

No. The opening of foreign exchange accounts in the national financial system must comply with SIBOIF standards.

Held abroad

Yes. Foreign exchange accounts must comply with the standards for the prevention of laundering of money and other assets and commodities and the financing of terrorism and with other SIBOIF, BCN, and Financial Analysis Unit standards.

Approval required

No.

Accounts in domestic currency held abroad

No.

Accounts in domestic currency convertible into foreign currency

Yes. Most accounts denominated in córdobas are indexed to the US dollar, except for current account deposits. Conversion may be effected through foreign exchange operations with financial institutions and exchange bureaus at buying and selling market rates.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes. Only foreigners with approved immigration status (for example, diplomatic missions and international organizations) may open these accounts.

Approval required

No.

Domestic currency accounts

Yes. Only foreigners with approved immigration status may open these accounts.

Convertible into foreign currency

Yes. Conversion may be effected through foreign exchange operations with financial institutions and exchange bureaus at buying and selling market rates.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

No.
Minimum financing requirements  
No.

Advance payment requirements  
No.

Advance import deposits  
No.

**Documentation requirements for release of foreign exchange for imports**  
Yes.

Domiciliation requirements  
No.

Preshipment inspection  
No.

Letters of credit  
No. 

LC requirements are regulated in contracts between importers and nonresident suppliers. Some import payments are made through certified drafts, but almost all are made through LCs.

Import licenses used as exchange licenses  
No.

Other  
Yes. 

All importers must register with the unified taxpayers’ register. They may obtain foreign currency in the foreign exchange market (financial institutions and exchange bureaus) without restriction. All purchases and sales equivalent to US$10,000 or more require a declaration indicating the origin and destination of the funds.

**Import licenses and other nontariff measures**  
Yes.

Positive list  
No.

Negative list  
Yes. 

Certain categories of imports are banned.

Open general licenses  
No.

Licenses with quotas  
Yes. 

Import quotas under CAFTA, for the Dominican Republic, Panama, Taiwan Province of China, and WTO countries, and tariff quotas for supplies (yellow corn, chicken, corn syrup, milled rice, rice) are in effect.

Other nontariff measures  
Yes. 

Measures apply to certain imports, including those related to public health, national security, the environment, and national emergencies.

**Import taxes and/or tariffs**  
Yes. 

The import tariff regime is harmonized with that of the CACM. The maximum tariff rate, which applies to chicken legs and thighs, is 137%. There is a tariff elimination schedule under the Dominican Republic-CAFTA framework. A selective consumption tax is imposed on imports of sugar, alcoholic and nonalcoholic beverages, and tobacco cigarettes. Imports are subject to a VAT of 15%, with a few exceptions.

Taxes collected through the exchange system  
No.

State import monopoly  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements  
No.

Surrender requirements  
No.

Surrender to the central bank  
No.

Surrender to authorized dealers  
No.
<table>
<thead>
<tr>
<th>Financing requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Export licenses**

The Center for Export Procedures (CETREX) facilitates exports. A license is not generally required. Licenses are required for exports of wildlife and forestry products, including worked goods and taxidermy work; precious woods (excluding cedar and mahogany); shrimp and lobster; gold; live animals; automobiles; personal effects; scientific and commercial samples; traveling exhibits; and toluene. Controls also apply to sea cucumbers, giant pink and queen conchs, agrochemical and veterinary products, and ornamental fish.

**Export taxes**

Some products have export quotas with preferential tariff rates in destination countries: CAFTA (sugar, meat, peanuts, peanut butter, cheese, other dairy products, ice cream, milk, liquid, and thickened fresh cream to the United States); free trade agreement (FTA) with Taiwan Province of China (peanuts, raw and refined sugar); WTO (raw sugar, beef); CAFTA-Dominican Republic (chicken breast, beans, onions, shallots); FTA with Panama (beef, pork, instant coffee, tomato salsa, ketchup, onions, shallots); and quotas under the European Union-Central America Association Agreement.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

No.

**Trade-related payments**

No.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.

**Investment-related payments**

No.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

No.
NICARAGUA

Payments for travel No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Personal payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Foreign workers' wages No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Credit card use abroad No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Other payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.

Repatriation requirements No.
<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
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<tr>
<td><em>Purchase abroad by residents</em></td>
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<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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<tr>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Commercial credits</em></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
By residents to nonresidents No.

To residents from nonresidents Yes. Banks and financial institutions may borrow abroad, subject to compliance with regulations governing foreign indebtedness. Violation of these regulations is punishable by fines under the General Law on Banks, Nonbank Financial Institutions, and Financial Groups.

Financial credits

By residents to nonresidents No.

To residents from nonresidents Yes. Banks and financial institutions may borrow abroad, subject to compliance with regulations governing foreign indebtedness. Violation of these regulations is punishable by fines under the General Law on Banks, Nonbank Financial Institutions, and Financial Groups.

Guarantees, sureties, and financial backup facilities

By residents to nonresidents No.

To residents from nonresidents No.

Controls on direct investment

Outward direct investment No.

Inward direct investment Yes. Investments related to development of the country’s natural resources require approval from the government institutions responsible for administering such development (Ministry of the Environment and Natural Resources (MARENA), Ministry of Energy and Mines, and MIFIC). Other types of investments also require government approval to benefit from the investment law (National Commission of Free Zones (CNZF), Nicaraguan Institute of Tourism, other institutions). Under the Foreign Investment Law, investors must report their investments to the BCN, directly or through commercial banks. Foreign investment in the financial system is subject to SIBOIF procedures (General Law on Banks, Nonbank Financial Institutions, and Financial Groups).

Controls on liquidation of direct investment No.

Controls on real estate transactions No. There are no restrictions on the acquisition of real estate by residents and/or nonresidents, except in areas considered a public good or protected by law.

Purchase abroad by residents No.

Purchase locally by nonresidents No.

Sale locally by nonresidents No.

Controls on personal capital transactions Yes.

Loans

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents No.
To residents from nonresidents          No.

Settlement of debts abroad by immigrants No.

Transfer of assets                        Yes.

Transfer abroad by emigrants              Yes. These transactions are subject to MIFIC authorization.

Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings   No. There are no restrictions (the tax treatment defined in Chapter IV, Tax Harmonization Law, applies).

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad                         Yes. Institutions may borrow abroad, subject to compliance with regulations governing foreign indebtedness. Violation of these regulations is punishable by fines under the General Law on Banks, Nonbank Financial Institutions, and Financial Groups.

Maintenance of accounts abroad          Yes. Standards on investments and deposits held abroad are issued by the SIBOIF.

Lending to nonresidents (financial or commercial credits) No.

Lending locally in foreign exchange      Yes. Banks may extend loans in general and collect them in the same currency in which they were granted.

Purchase of locally issued securities denominated in foreign exchange Yes. These instruments may be issued by the BCN, the government, or any private corporation registered on the Stock Exchange of Nicaragua.

Differential treatment of deposit accounts in foreign exchange Yes. Reserve requirements are differentiated by national currency and foreign currency. Requirements must be fulfilled in the currency of the underlying deposits. The reserve requirements are 10% of deposits on a daily basis in both currencies and effective August 12, 2019, the BCN decided to reduce to 13% from 15% the reserve requirement of average deposits on a weekly basis for national currency and maintain 15% for foreign currency.

Liquid asset requirements                No.

Interest rate controls                   No.

Credit controls                          No.

Differential treatment of deposit accounts held by nonresidents No.

Reserve requirements                     No.

Liquid asset requirements                No.

Interest rate controls                   No.

Credit controls                          No.

Investment regulations                   Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>Yes.</td>
<td>There is a Deposit and Investment Limits Rule that specifies the type of external investments that banks can make.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>Yes.</td>
<td>The capital adequacy rule establishes a 50% risk weight for a net long position and 100% risk weight for a net short position (foreign exchange liabilities greater than assets in that foreign currency).</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
<td>The General Law on Insurance Companies, the amendment of the regulatory standards for the authorization of insurance intermediaries and the exercise of their intermediation activities, and the regulations on investment limits for insurance and reinsurance companies apply.</td>
</tr>
<tr>
<td><strong>Insurance companies</strong></td>
<td>Yes.</td>
<td>Insurance companies must invest their capital, capital reserves, and other reserves in assets of the following types: (1) securities issued or guaranteed by the government or the BCN; (2) time deposits or securities representing deposits issued by banks and financial institutions authorized by the SIBOIF; (3) bills of exchange guaranteed, endorsed, or issued by banks and financial institutions authorized by the SIBOIF; (4) bonds, notes, and debentures issued by Nicaraguan companies, whether public or private; (5) shares in Nicaraguan open corporations classified as first-class shares; (6) outstanding losses receivable not yet due, resulting from concessions made to reinsurers, as backup for the loss reserve and the risk capital reserve; and (7) urban real estate located in Nicaragua for which a commercial appraisal is carried out at least every two years in accordance with general rules and regulations issued by the SIBOIF.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
<td>Up to 20% of the basis for calculating investment adequacy.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
<td>There are prudential limits established by the SIBOIF.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes.</td>
<td>Restrictions are applicable only to the Nicaraguan Social Security Institute on the management of its investment portfolio, pursuant to its organic law and regulations. No private participation is allowed.</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>Yes.</td>
<td>The Nicaraguan Social Security Institute law and its regulations apply.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
<td>Article 95 of the Law on Capital Markets states that the SIBOIF must establish a general rule concerning the investment of funds.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>
Currency-matching regulations on assets/liabilities composition

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification

Crawling peg

10/23/2019

The Central Bank of Nicaragua decided to reduce the crawling peg from an annual devaluation of the córdoba against the US dollar from 5% to 3%.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

08/12/2019

The BCN decided to reduce to 13% from 15% the reserve requirement of average deposits on a weekly basis for national currency and maintain 15% for foreign currency.
NIGER
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
April 24, 1963.

Article VIII
Yes. Date of acceptance: June 1, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes.

A regional framework was created within the WAEMU to fight transnational financial crime. It comprises the Uniform Law on the Fight Against Money Laundering, based on Directive No. 07/2002/CM/UEMOA, and the Uniform Law on the Fight Against the Financing of Terrorism in WAEMU member countries, based on Directive No. 04/2007/CM/UEMOA. In Niger, the uniform law was passed under Reference No. 2016-33 of October 31, 2016, on the fight against money laundering and financing of terrorism is a fusion of the Law on the Fight against Money Laundering, based on Directive No. 07/2002/CM/UEMOA, and Uniform Law on the Fight Against the Financing of Terrorism in WAEMU Member Countries, based on the Directive No. 04/2007/CM/UEMOA. The overarching instrument facilitates the implementation of UNSC resolutions based on a list of people and entities prepared by the Committee. Directive No. 02/2015/CM/UEMOA of July 2, 2015, of the WAEMU Council of Ministries on the fight against money laundering and the financing of terrorism in WAEMU member countries is in effect.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

References to legal instruments and hyperlinks

Exchange Arrangement

Currency
Yes. The currency of Niger is the CFA franc (XOF).

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
The exchange rate arrangement of the WAEMU is a conventional peg. Niger participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The Monetary Cooperation Agreement between the WAEMU member countries and France was concluded December 4, 1973. It was maintained after the French franc was replaced by the euro by the Council of the European Union decision of November 23, 1998. The Monetary Cooperation Agreement is based on three pillars: (1) a common issuing institution, (2) fixed parity with the euro, and (3) a guarantee of unlimited convertibility. In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings to the operations account with the French Treasury in accordance with the Amendment to the Operations Account Convention signed by France and the BCEAO September 20, 2005.

The CFA franc is officially pegged to the euro, the anchor currency, at the fixed rate of CFAF 655.957 per euro. Exchange rates for other currencies are derived from the rates for the currency concerned in the Paris foreign exchange market vis-à-vis the euro. The official rate is used for accounting and valuation. The Conference of Heads of State and Government may decide to amend the Monetary Cooperation Agreement between the WAMU member countries and France.

The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized Consumer Price Index is the benchmark rate to measure inflation.
Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  Yes.  A 0.6% commission rate is charged by registered intermediaries on transfers outside the WAEMU on behalf of their customers. This commission reverts to the National Treasury as tax revenue.

Exchange subsidy  No.

Foreign exchange market  Yes.  Authorized intermediaries (banks and nonelectronic exchange dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which must be traded at the official fixed rate of CFAF 655.957 per euro. The commission on foreign exchange transactions may not exceed 2%.
The instructions No. 013-11-2015 on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU is in force. Nonelectronic foreign currency transactions can be conducted by authorized intermediary banks and individuals or companies specifically authorized by decision of the minister of finance, with the consent of the BCEAO. Authorized intermediaries must comply with the provisions in effect on the financial conditions for engaging in nonelectronic foreign exchange transactions that involve foreign currencies and must issue a transaction slip for all transactions with a client. Moreover, to provide satisfactory information to clients, they are required to (1) permanently post at their windows the rates actually charged for the different currencies and (2) post notification that a transaction slip must be issued for all foreign exchange transactions on presentation of the requestor’s identity document.

In their operations with customers, authorized banks and OTC dealers freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which is traded at the official fixed rate of CFAF 655.957 and may be subject to a maximum commission of 2.0%. As of December 31, 2019, there were 14 active banks and 4 bank-like financial institutions, which are also subject to the Banking Law. There were 78 licensed exchange entities in Niger, 45 of which are legal persons, including 52 exchange bureaus. Authorized foreign exchange agents may purchase foreign currency from the BCEAO, which exchanges foreign currencies for CFA francs based on the euro exchange rate on international markets. These transactions are subject to a commission charge of 0.5%. Furthermore, only banks are authorized to hold accounts abroad and to carry out payments and transfers in foreign currency on behalf of their clients. Authorized OTC entities may only conduct sales and purchases of means of payment denominated in foreign currency.

Operated by the central bank: Yes.

Foreign exchange standing facility: Yes.

The BCEAO exchanges foreign currency for CFA francs at the rates published on the international markets, with the exception of the euro, which is traded at the official fixed rate of CFAF 655.957 per euro. The nonelectronic currency exchange windows are open to owners of accounts on the BCEAO books and to the general public. A commission of 0.5% is charged on all transactions with the public (purchases and sales) and all withdrawals by banks and financial institutions (including euro withdrawals). However, commissions are not charged on cash foreign exchange transactions conducted by governments, officials of Member States of the WAMU on missions abroad, officials of the CB and their beneficiaries, and on payments made by banks and financial institutions.

Allocation: No.

Auction: No.

Fixing: No.

Interbank market: Yes.

Transactions in CFA francs between authorized intermediaries are allowed. As of December 31, 2019, 8 out of 12 banks participated in the domestic currency interbank market. There is no regulated foreign currency interbank market in the WAEMU.

Over the counter: Yes.

Brokerage: No.
## Arrangements for Payments and Receipts

### Prescription of currency requirements

Niger is linked to the French Treasury via the BCEAO through an operations account for settlements with France, Monaco, the Comoros, and the CEMAC member countries, mainly in euros. Settlements with countries outside the WAEMU are made in foreign currencies, while between WAEMU countries is settled in CFA francs.

### Controls on the use of domestic currency

The CFA franc may not be used as payment for current international transactions and capital transactions with countries outside the WAEMU.

**For current transactions and payments**

The CFA franc may not be used as payment for current international transactions with countries outside the WAEMU. However, the CFA franc is guaranteed unlimited convertibility through an open operating account with the French Treasury.

**For capital transactions**

The CFA franc may not be used for the settlement of international capital transactions with non-WAEMU countries. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

### Transactions in capital and money market instruments

The CFA franc may not be used for the settlement of transactions in capital and money market instruments with non-WAEMU countries. Foreign investment by residents of the WAEMU zone is subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members do not require authorization by the MOF.

### Transactions in derivatives and other instruments

Residents of WAEMU member countries may engage in the following operations on derivatives and other instruments with accredited banks established in the WAEMU or foreign banks: (1)
forward contract, foreign exchange swaps, and options. Operations on derivatives with foreign banks outside the WAEMU can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

Credit operations

Yes. Loans of any kind, CFA franc overdrafts, and, in general, any advances granted by authorized intermediaries to nonresidents of the WAEMU zone are subject to prior authorization by the Directorate of External Financial Relations of the MOF, after BCEAO approval.

Use of foreign exchange among residents

Yes. The CFA franc is the only legal tender, and residents of the WAEMU zone may not use foreign exchange for domestic transactions. Regulatory provisions require residents of the WAEMU zone to surrender to an intermediary bank all income or proceeds in foreign currency received abroad or paid by a nonresident.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

Yes. An operations account is maintained with the French Treasury that links national operations accounts for WAEMU member countries. All purchases and sales of foreign currencies and euros against CFA francs are ultimately settled through a debit or a credit to the operations account.

Clearing agreements

Yes. There is a multilateral clearing agreement between the WAEMU countries and the other ECOWAS member countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone) as part of the WAMA. All payments for current transactions between countries whose CBs are WAMA members may be made under the clearing agreement. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.

Barter agreements and open accounts

No.

Administration of control

Yes. The institutional reform of the WAMU and the BCEAO establishes the following new basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. All WAEMU residents are treated as residents of Niger for the purposes of preparing the external position of banks, domiciliation and repatriation of export revenue, issuance and sales of securities, gold imports and exports, investment and lending transactions, and physical exports of means of payment and securities by postal package or ordinary mail. However, for statistical purposes with regard to the balance of payments, all countries other than Niger are considered foreign countries. Moreover, all transfers with other countries must be made through registered intermediary banks, the postal service, or the BCEAO.

Payments arrears

No.

Official

No.

Private

No.

Controls on trade in gold (coins and/or bullion)

Yes.
On domestic ownership and/or trade  No.

On external trade  Yes.  Gold imports and exports require MOF authorization, except (1) imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.

Controls on exports and imports of banknotes  Yes.
On exports  Yes.

Domestic currency  Yes.  Travelers may freely export CFA franc banknotes from one WAEMU member country to another. Resident individuals (that is, from any WAEMU member country) and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving CFA franc banknotes issued by the BCEAO.

Foreign currency  Yes.  The reexportation of foreign banknotes by nonresident travelers is permitted up to the equivalent of CFA 500,000; the reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposit accounts in local banks. Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess the equivalent of CFA 1 million. They are allowed to carry up to the equivalent of CFA 2 million a person in banknotes not issued by the BCEAO. Larger amounts may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, or other means of payment. Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFA 2 million a person. The issuance of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

On imports  Yes.

Domestic currency  Yes.  Residents of the WAEMU zone and nonresidents of the WAEMU zone may freely import domestic currency (CFA franc – XOF) banknotes. However, individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from receiving banknotes in domestic currency (CFA franc – XOF). The redemption by the BCEAO of banknotes exported outside its area of issuance was suspended. Pursuant to this measure, registered intermediary banks are not authorized to receive shipments of CFA franc (XOF) banknotes from their correspondents located outside the WAEMU area.

Foreign currency  No.  Residents of the WAEMU zone and nonresidents of the WAEMU zone may freely import CFA area banknotes denominated in foreign currencies. Such means of payment in excess of the equivalent of CFA 1 million must be declared to customs. Nonresident travelers must declare to customs foreign currency exceeding the equivalent of CFA 1 million on entry and exit. Regulatory provisions require residents to surrender to an authorized intermediary bank all revenue or proceeds in foreign currency collected abroad or received from a nonresident.

References to legal instruments and This information can be found at the AREAER ONLINE database:
Resident Accounts

Foreign exchange accounts permitted: Yes.
Held domestically: Yes.
Approval required: Yes.

Foreign exchange accounts in currencies other than the euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such an account. These accounts are valid for a renewable term of up to one year. They cannot be credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

Held abroad: Yes.
Approval required: Yes.

Individuals who are residents of the WAEMU temporarily staying or traveling outside of WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF authorization by after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any balance be repatriated to a WAEMU member country within eight days.

Accounts in domestic currency held abroad: No.
Accounts in domestic currency convertible into foreign currency: No.

Nonresident Accounts

Foreign exchange accounts permitted: Yes.
Approval required: Yes.

Nonresident accounts denominated in euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

Domestic currency accounts: Yes.
Convertible into foreign currency: Yes.

Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Approval required  No.

Blocked accounts No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports Yes.

Minimum financing requirements No.

Advance payment requirements Yes. Advance payments for imports require authorization, and importers may not acquire foreign exchange until the date of the payment specified in the contract.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports Yes. Importers may purchase foreign exchange for import payments after establishing bank payment order accounts and submitting supporting documents, but no earlier than eight days before shipment if a documentary credit is opened or on the due date of payment if the products have already been imported.

Domiciliation requirements Yes. Import transactions from outside the CFA franc area exceeding CFAF 10 million must be made through an authorized bank.

Preshipment inspection Yes. Imports of goods exceeding CFAF 3 million f.o.b. require an inspection for quality and price.

Letters of credit No.

Import licenses used as exchange licenses No.

Other Yes. Exchange authorization, invoices, and export–import cards are required.

Import licenses and other nontariff measures

Positive list No.

Negative list Yes. Imports of narcotics and firearms are prohibited.

Open general licenses No.

Licenses with quotas No.

Other nontariff measures Yes. Quantitative restrictions may be applied on products for public health and security reasons.

Import taxes and/or tariffs Yes.

The WAEMU CET consists of four tariff brackets: 0%, 5%, 10%, and 20%. Imports from countries other than WAEMU area countries are also subject to a 1% statistical tax and a 0.8% community solidarity levy. Moreover, a cyclical import tax (taxe conjoncturelle à l’importation) and a degressive protection tax (taxe dégressive de protection) may at certain times be charged on some products. Neither of these two taxes had been applied as at end-2018. Imports from non-ECOWAS members are subject to a 0.5% community levy (CL/ECOWAS).

Taxes collected through the exchange system No. No taxes are collected through the exchange system at the BCEAO. However, a VAT of 19% applies to commissions charged by authorized intermediaries for purchases or sales of foreign currency.

State import monopoly Yes. The government, through the Société Nigérienne des Produits
Pétroliers, has a monopoly on hydrocarbon imports.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
Yes. Resident economic operators are required to collect and repatriate within one month of the payment due date the entire amount of sales of goods abroad in the country of origin with the bank with which the transaction is domiciled. The payment due date is specified in the trade agreement and normally falls within a period of 120 days after the goods are dispatched.

Surrender requirements
Yes.

Surrender to the central bank
Yes. Export proceeds must be surrendered by ADs to the BCEAO within 30 days of the payment due date, which may not exceed 120 days after shipment of the goods. To cover its current foreign exchange needs, the domiciling bank may hold up to 20% of its export proceeds as own foreign exchange resources. However, it must ensure that its total foreign exchange resources to cover its requirements do not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.

Surrender to authorized dealers
Yes. Proceeds must be surrendered to authorized banks within 30 days of the payment due date. Authorized intermediaries must then surrender the foreign exchange to the BCEAO by transfer through the issuing bank. Export revenue may be surrendered to intermediaries other than banks with which the transaction is domiciled if authorized by the BCEAO. Sales of foreign exchange by exporters to ADs other than the domiciling bank are permitted, provided they furnish the domiciling bank with the documents required for the domiciliation file to be closed.

Financing requirements
No.

Documentation requirements
Yes.

Letters of credit
No.

Guarantees
No.

Domiciliation
Yes. Export transactions of more than CFAF 10 million, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

Preshipment inspection
No.

Other
Yes. A customs declaration is required.

Export licenses
Yes.

Without quotas
Yes. Authorization is required for exports of gold.

With quotas
No.

Export taxes
Yes.

Collected through the exchange system
No.

Other export taxes
Yes. Taxes on exports and reexports are collected through customs. These include a statistical fee of 3% on exports and a special reexport tax of 10%, except for tobacco products, which are taxed at 5% for Nigeria-bound exports and 15% for exports to the rest of the world.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
<th>Yes.</th>
<th>Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 500,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td>Yes.</td>
<td>Payments and receipts made by foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.</td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
<td>Yes.</td>
<td>Payments and receipts made by foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
<td>Payments abroad relating to freight and insurance (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees are permitted in general, subject to the presentation of supporting documentation to the authorized intermediary.</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
<td>Yes.</td>
<td>Payments for depreciation of direct investments require MOF authorization, because this type of depreciation is not specifically mentioned in the regulations.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes.</td>
<td>Payments for depreciation of direct investments require MOF authorization, because this type of depreciation is not specifically mentioned in the regulations.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
<td>Outward transfers of interest payments and proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.</td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
<td>Yes.</td>
<td>Residents of the WAEMU zone traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a person a trip; larger amounts may be taken out in the form of traveler's checks, certified checks, or other means of payment and with supporting documentation for customary travel expenses.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
<td>Resident travelers must present a travel document and a valid passport or a national identity card to an authorized intermediary bank or exchange bureau before foreign exchange will be issued.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes.</td>
<td>Outward transfers of interest payments and proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
<td>Outward transfers of interest payments and proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.</td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
<td>Yes.</td>
<td>Approval is required for payment of family maintenance expenses abroad.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes.</td>
<td>Approval is required for payment of family maintenance expenses abroad.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
<td>All personal payments may be made through an authorized bank, subject to presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.</td>
</tr>
<tr>
<td><strong>Foreign workers' wages</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
### Proceeds from Invisible Transactions and Current Transfers

#### Repatriation requirements
Yes. Proceeds from invisible transactions with non-WAEMU countries must be repatriated. Residents of the WAEMU zone are required to surrender to an authorized intermediary all revenues and income in foreign currency collected abroad or received from a nonresident. Such operations must be conducted within no more than one month after the payment due date.

#### Surrender requirements
Yes.

#### Surrender to the central bank
Yes. Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

#### Surrender to authorized dealers
Yes. All proceeds from invisible transactions with non-WAEMU countries must be surrendered to an AD within one month of the payment due date. Resident travelers must surrender to an authorized intermediary, within eight days of their arrival in Niger, foreign banknotes and other means of payment denominated in foreign currency worth more than the equivalent of CFAF 500,000.

#### Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

#### Controls on capital transactions
Yes. Capital transactions between WAEMU countries are unrestricted. Outward capital transfers require MOF authorization, except (1)
amortization of debts and repayment of short-term loans to finance industrial and commercial operations, (2) payments required on foreign exchange derivatives transactions or raw material or commodity derivatives transactions, and (3) transfers of the proceeds of liquidated investments or the sale of foreign securities by nonresidents of the WAEMU zone. Capital receipts from non-WAEMU countries are generally permitted.

Repatriation requirements

Proceeds from the sale or liquidation of residents of the WAEMU zone’s investments abroad must be repatriated within one month through a registered intermediary, if the resident does not have a reinvestment authorization.

Surrender requirements

Yes.

Surrender to the central bank

Yes. Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

Surrender to authorized dealers

Yes. Reinvestment of the proceeds from liquidation operations is subject to authorization by the minister of finance. In the absence of such authorization, these proceeds should be repatriated and surrendered within one month through an authorized intermediary. The surrender requirement applies to proceeds from all capital transactions.

Controls on capital and money market instruments

Yes. RCPSFM authorization is required for the following operations: (1) issuance or marketing of securities and real assets of foreign entities, (2) solicitation of investment, and (3) publicity or advertising for investment abroad. Securities and mutual funds issued outside the WAEMU by a private or public entity that is not a resident of a member country may not be listed on a regional securities exchange. The provisions are identical to those pertaining to shares and other securities of a participating nature. Soliciting the public of the WAEMU by nonresident entities is subject to authorization by the BCEAO in its capacity as the authority responsible for regulating the external financial relations of WAEMU countries. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

On capital market securities

Yes. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Shares or other securities of a participating nature

Yes. Purchases in the country by nonresidents of the WAEMU zone are unrestricted. However, these purchases are subject to declaration to the MOF and the BCEAO for statistical purposes.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

Yes. The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to authorization from RCPSFM (Regional Council on Public Savings and Financial Markets), with the authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer.
between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation.

**Purchase abroad by residents**  Yes.  The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

**Sale or issue abroad by residents**  No.  Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of domestic establishments, foreign investors are required to make a prior declaration to the MOF. The sale of securities to liquidate an investment abroad must be declared to the MOF for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, except for those constituting a loan, provided all issues are declared to the Directorate of External Finance and the BCEAO for statistical purposes.

**Bonds or other debt securities**  Yes.  The regulations governing shares or other securities of a participating nature apply.

**Purchase locally by nonresidents**  No.  These purchases are subject to declaration to the MOF for statistical purposes. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.

**Sale or issue locally by nonresidents**  Yes.  The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation.

**Purchase abroad by residents**  Yes.  The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries is authorized by the RCPSFM. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

**Sale or issue abroad by residents**  No.  Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of resident entities, foreign investors are required to make a declaration to the MOF. The sale of securities for liquidation of an investment abroad must be declared to the MOF for statistical purposes. Issuance of securities constituting a loan by residents of the WAEMU zone to
nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.

<table>
<thead>
<tr>
<th><strong>On money market instruments</strong></th>
<th>Yes.</th>
<th>The regulations governing shares or other securities of a participating nature apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>These purchases are subject to declaration to the MOF for statistical purposes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>The issuance and sale of money market instruments by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with the authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of money market instruments resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of money market instrument transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation (Article 8, Rule No. 09/10/CM/UEMOA).</td>
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<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>The purchase of foreign money market instruments by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign money market instruments whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell local money market instruments abroad. The sale of money market instruments to liquidate an investment abroad is subject to declaration to the MEF for statistical purposes. Residents of the WAEMU zone may also issue money market instruments abroad, unless they constitute a loan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>On collective investment securities</strong></th>
<th>Yes.</th>
<th>The regulations governing shares or other securities of a participating nature apply.</th>
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<tr>
<td>Purchase locally by nonresidents</td>
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Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Sale or issue abroad by residents No. Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of domestic establishments, foreign investors are required to make a declaration to the MOF. The sale of securities for liquidation of an investment abroad must be declared to the MOF for statistical purposes. Issuance of securities constituting a loan by residents of the WAEMU zone to nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.

Controls on derivatives and other instruments Yes. Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Residents of the WAEMU zone may hedge risk using derivatives. They must be backed by the residents of the WAEMU zone’s imports or exports of raw materials and commodities. Residents of the WAEMU zone are not authorized to purchase raw materials or commodities on foreign markets for delivery within the framework of a derivatives transaction in raw materials or commodities.

Purchase locally by nonresidents No. The purchase of derivatives by nonresidents of the WAEMU zone on the domestic market is treated as a loan contracted by a resident with a nonresident. As such, it is permitted. The purchase must be executed through an authorized intermediary and must be reported to the MOF and the BCEAO for statistical purposes.

Sale or issue locally by nonresidents No. These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone are permitted to purchase foreign exchange derivatives from nonresidents of the WAEMU zone.

Purchase abroad by residents Yes. These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone call or put options on primary commodities or securities transactions. Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign credit institution.

Sale or issue abroad by residents Yes. Residents of the WAEMU zone are permitted to purchase foreign currency sell options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (that is, nonresident of WAEMU) credit institution.

Controls on credit operations Yes. Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the MOF.

Commercial credits Yes.

By residents to nonresidents Yes. The date on which payment falls due is specified in the contract and should in principle be no later than 120 days after the date of shipment.
There are no controls, and repayments of commercial credits are generally conducted without prior authorization, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date, to the licensed intermediary bank responsible for handling the repayment.

Financial credits

<table>
<thead>
<tr>
<th>By residents to nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

These credits require MOF approval. Outward transfers to service such facilities require an exchange authorization, subject to the approval of the MOF and substantiated by documentation.

Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>By residents to nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

The granting of guarantees and sureties is subject to MOF approval. Transfers abroad of funds to service these facilities require the issuance of an exchange authorization, subject to MOF approval, and the submission of supporting documents.

Controls on direct investment

| Yes. |

Direct investment implies control of a company or enterprise in excess of 10% of the capital of the company (such as shares listed on a stock exchange). All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of residents of the WAEMU and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MOF authorization.

Outward direct investment

| Yes. |

All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM.

Inward direct investment

| Yes. |

FDI, including by resident companies that are directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the MOF for statistical purposes. An investment is not considered a direct investment, unless it exceeds 10% of the capital of the company.

Controls on liquidation of direct investment

| No. |

The liquidation of investments abroad must be reported to the MOF and the CB for statistical purposes. Reinvestment of the proceeds of the liquidation is subject to MOF authorization. If reinvestment is not
authorized, the liquidation proceeds must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents of the WAEMU zone is unrestricted, but must be reported to the MOF and the CB for statistical purposes.

**Controls on real estate transactions**  Yes.

**Purchase abroad by residents**  Yes. These purchases require MOF authorization.

**Purchase locally by nonresidents**  No. Purchases for purposes other than direct investment in a business, branch, or company are allowed. They require a declaration to the MOF for statistical purposes.

**Sale locally by nonresidents**  No. Sales by nonresidents of the WAEMU zone to residents of the WAEMU zone require the submission of supporting documentation to the authorized intermediary that handles the settlement and must be declared to the MOF and the BCEAO for statistical purposes.

**Controls on personal capital transactions**  Yes. Personal capital transactions between residents of the WAEMU zone and nonresidents of the WAEMU zone must be made through the BCEAO, the postal administration, or an authorized intermediary bank, unless authorization is obtained from the MOF.

**Loans**  Yes. The regulations governing securities and investments apply.

**By residents to nonresidents**  Yes. These transactions require MOF authorization. The individuals concerned may not engage in such operations as a professional occupation without first being licensed and included on the list of approved financial institutions.

**To residents from nonresidents**  No. These transactions may be made freely but are subject to declaration to the MOF and the BCEAO for statistical purposes when disbursed and when repaid.

**Gifts, endowments, inheritances, and legacies**  Yes.

**By residents to nonresidents**  Yes. Inheritances and dowries are generally allowed. Gifts and endowments, however, are subject to MOF and BCEAO authorization. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.

**To residents from nonresidents**  No. These transactions do not require authorization but are subject to declaration to the minister of finance and the BCEAO for statistical purposes.

**Settlement of debts abroad by immigrants**  Yes. Immigrants with resident status must obtain MOF authorization to settle debts contracted abroad, while they were nonresidents of the WAEMU zone.

**Transfer of assets**  Yes.

**Transfer abroad by emigrants**  Yes. These transactions are subject to MOF authorization if the value exceeds CFAF 500,000 a person. There are no restrictions on transfers of amounts below this threshold.

**Transfer into the country by immigrants**  Yes. Foreign accounts (in foreign currency or CFA francs) of nonresidents of the WAEMU zone who become residents of the WAEMU zone must be closed. However, these residents of the WAEMU zone may maintain abroad bank accounts opened and financial assets acquired, while they were nonresidents of the WAEMU zone. New transfers to these accounts require MOF approval.

**Transfer of gambling and prize earnings**  Yes. These transfers are conducted free through authorized intermediaries, subject to the presentation of supporting documents and compliance with the relevant provisions on combating money laundering and financing of terrorism.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reason: The Uniform Law on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU by the Council of Ministers of the Union took effect September 28, 2012. Decision No. CM/UMOA/023/2012 sets the deadline (December 31, 2013) for including this law in the domestic legislation of the WAMU members. These procedures were included in Niger’s legislation by law on October 17, 2014, and adopted by the National Assembly on October 23, 2014.</td>
<td></td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Reason: Borrowing abroad is unrestricted. For statistical purposes, these transactions must be declared to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance.</td>
<td></td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reason: Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions for their account or the accounts of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements. In accordance with Regulation No. 09/2010/CM/UEMOA on the External Financial Relations of the WAEMU Member States, to cover their foreign currency requirements, banks are authorized to hold the following in banking institutions located in non-WAEMU countries: (1) demand deposits not exceeding the total amount on their books of import payments domiciled by clients, payable within a period of eight days, and (2) demand deposits not exceeding the balance of their open foreign accounts in foreign currencies other than euros and their open resident accounts in foreign currency. The total amount of these assets may not exceed 5% of the clients’ outstanding demand deposits. Assets in excess of foreign currency requirements must be surrendered to the BCEAO.</td>
<td></td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reason: Commercial lending is allowed. Financial credits are subject to MOF authorization following BCEAO approval.</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reason: No explicit regulations exist regarding these transactions, but MOF authorization is required with BCEAO approval.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reason: These purchases require MOF authorization if their issuance was not approved by the RCPFSM.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Reason: A reserve requirement of 3% applies to WAEMU banks. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes customer foreign currency deposits.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Reason: According to the prudential framework applicable to WAEMU banks and financial institutions that perform banking operations, the minimum standard liquid asset requirement is 75%.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reason: The wear rate in WAEMU member countries is set at 15% for banks and at 24% for decentralized financial systems.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reason: Loans of any kind, CFA franc overdrafts, and, in general, any advances granted to nonresidents of the WAEMU zone are subject to MOF authorization, after BCEAO approval. These claims are...</td>
<td></td>
</tr>
</tbody>
</table>
Differential treatment of deposit accounts held by nonresidents | Yes. | Banking regulations make no distinction among resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.

Reserve requirements | No. |

Liquid asset requirements | No. |

Interest rate controls | No. |

Credit controls | Yes. | Any overdraft or advance granted to a nonresident requires MOF authorization with BCEAO approval.

Investment regulations | Yes. | The regulations governing direct investment apply.

Abroad by banks | Yes. | All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM.

In banks by nonresidents | Yes. | These transactions may, depending on their volume, be subject to authorization by the minister of finance. The banking law stipulates that investment by any person in a bank that would have the effect of changing the minority and/or majority voting rights requires authorization by the minister of finance.

Open foreign exchange position limits | Yes. | No prudential ratios apply. Because of the surrender requirement, banks may not maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in non-WAEMU zone banks assets allocated to the execution of current customer operations, listed as follows: (1) demand deposits not exceeding the total amount on their books of import payments domiciled by clients, payable within a period of eight days, and (2) demand deposits not exceeding the balance of their open foreign accounts in foreign currencies other than euros and their open resident accounts in foreign currency.

On resident assets and liabilities | Yes. | No prudential ratios apply. Because of the surrender requirement, banks may not maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold deposits in banking institutions located in non-WAEMU countries as follows: (1) demand deposits not exceeding the total amount on their books of import payments domiciled by clients, payable within a period of eight days, and (2) demand deposits not exceeding the balance of their open foreign accounts in foreign currencies other than euros and their open resident accounts in foreign currency.

On nonresident assets and liabilities | Yes. | No prudential ratios apply. Because of the surrender requirement, banks may not maintain open foreign exchange positions. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold deposits in banking institutions located in non-WAEMU countries as follows: (1) demand deposits not exceeding the total amount on their books of import payments domiciled by clients, payable within a period of...
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<table>
<thead>
<tr>
<th>Provisions specific to institutional investors</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes.</td>
</tr>
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<td>Pension funds</td>
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<td>Investment firms and collective investment funds</td>
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The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.

The issuance, presentation, and floating of securities of any kind by foreign governments, local authorities, foreign companies, or international institutions are subject to authorization by the RCPSFM.

With the exception of foreign securities issued or sold with RCPSFM authorization in WAEMU member countries, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.

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This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
NIGERIA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership


Article VIII

Yes.

Article XIV

Yes.

Exchange Measures

The IMF staff report for the 2019 Article IV Consultation with Nigeria states that, as of March 13, 2019, Nigeria maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF’s Articles of Agreement: (1) an exchange restriction arising from the prohibition to access foreign exchange at the Nigerian foreign exchange markets for the payment of imports of 42 categories of items; (2) an exchange restriction arising from the rationing of foreign exchange in the Central Bank of Nigeria’s (CBN’s) IFEM and Secondary Market Intervention Sale (SMIS) windows, and its allocation based on the CBN’s determination of priority categories of transactions; and (3) an exchange restriction arising from existing limits on the amounts of foreign exchange available when traveling abroad (business travel allowance (BTA)/personal travel allowances (PTAs)), which cannot be exceeded even on verification of the bona fide nature of the transaction. In addition, Nigeria maintains the following MCPs subject to IMF approval under Article VIII, Section 3 of the IMF’s Articles of Agreement: (1) an MCP arising from the intervention practice of the CBN that results in the establishment of an official exchange rate for use in all official transactions, which in practice differs by more than 2% from the rate used by commercial banks in the CBN foreign exchange windows (SMIS, SME, IEFX, and Invisibles), and by money transfer operators; (2) an MCP arising from the large spread between the official exchange rate and the rates in the parallel market, caused by the CBN’s limitation on the availability of foreign exchange which channels current international transactions to such market; and (3) an MCP arising from the potential spread of more than 2% in the exchange rates at which the CBN sells foreign exchange to successful auction bidders in the SMIS window. (Country Report No. 19/92)

Exchange measures imposed for security reasons

No.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Nigeria is the Nigerian naira.

Other legal tender

No.
Exchange rate structure

Unitary

Dual

Multiple Yes. There is a multiple exchange rate structure as a result of MCPs as per Country Report No. 19/92, as follows: (1) MCP arising from the intervention practice of the CBN that results in the establishment of an official exchange rate for use in all official transactions, which in practice differs by more than 2% from the rate used by commercial banks (SMIS, SME, IEFX, and Invisibles), and by money transfer operators; (2) an MCP arising from the large spread between the official exchange rate and the rates in the parallel market, caused by the CBN’s limitation on the availability of foreign exchange which channels current international transactions to such market; and (3) an MCP arising from the potential spread of more than 2% in the exchange rates at which the CBN sells foreign exchange to successful auction bidders in the SMIS window.

The CBN made efforts to unify exchange rates in different foreign exchange market segments, and in August 2020, the exchange rates were as follows: (1) the exchange rate at the CBN’s official window (IFEM) was N 380/$ (used mainly for petroleum imports and in limited predetermined quantities for some banks); (2) the Investors & Exporters’ window (IFEX) exchange rate was around N 380–N 386/$; (3) the foreign exchange rate at which international money transfer operators’ (IMTOs’) transact was approximately N 380/$; (4) the approved rate for invisibles (PTA/BTA transactions) was around N 380/$, mainly derived from the I&E window rate; (5) the exchange rate through the SME window (where the CBN intervenes to ensure payment for eligible imports by small and medium enterprises with a limit of US$20,000 a customer a quarter) was around N 380/$, mainly derived from the I&E window rate; and (6) exchange rates on the SMIS wholesale and retail sales by the CBN were around N 380/–N 395/$. In August 2020, sales to the bureau de change (BDC) segment remained suspended because of the closure of the international border.

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement Yes. The de jure exchange rate arrangement is floating. The CBN explicitly aims to maintain an exchange rate principally driven by market forces, but intervenes to reduce volatility and to counteract speculative attacks on the national currency. The de facto exchange rate arrangement is classified as stabilized. The CBN publishes its intervention data, and this is also reported weekly by various news agents across the nation.

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Free floating

**Official exchange rate** Yes. The official exchange rate is determined by the market. The official exchange rate is the rate at which the interbank market closes. Interbank is the main market in which the banks trade among themselves. The official exchange rate is the rate used for monetization, tax and duty payments, other accounting purposes as well as in all official transactions.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target Yes. Monetary policy targets broad money (M3) via a policy interest rate corridor. The monetary policy rate (MPR) was set, effective May 28, 2020, at 12.5%. (Previously, effective March 26, 2019, it was reduced by the CBN from 14% to 13.5%.) The MPC set the asymmetric corridor for the CBN’s lending and deposit facilities at +200 basis points and −500 basis points and maintained the cash reserve requirements (CRR) and liquidity ratio (LR) to manage liquidity at 27.5% and 30.0%, respectively.

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

Target number

*Point target*

Target with tolerance band

*Band/Range*

Target measure

*CPI*

*Core inflation*
Target horizon

*Operating target (policy rate)*

Policy rate

Target corridor band

Other

*Accountability*

Open letter

Parliamentary hearings

Other

*Transparency*

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax**  No.

**Exchange subsidy**  No.

**Foreign exchange market**  Yes.  Foreign exchange purchased from the CBN and not used must be returned to the CBN within 72 hours. Unused foreign exchange acquired from sources other than the CBN is exempt from mandatory sale and may be used for interbank transactions. ADs are not allowed to have a bid-ask spread exceeding 50 kobo. The commission charged by the ADs is guided by the provisions of the Guide to Bank Charges, which is reviewed periodically by the CBN. According to the CBN Guide to Bank Charges (May 1, 2017), the commissions are (1) 1% of the value involved—flat (or as determined from time to time by the CBN) for purchases from the CBN, and (2) negotiable subject to a maximum spread of 50 kobo per US dollar for interbank purchases. The rate for spot purchases from customers is the interbank rate.

**Spot exchange market**  Yes.  The CBN established a single market structure through the autonomous/interbank market, that is, the interbank foreign exchange market with the CBN participating in the foreign exchange market through interventions directly in the interbank market or through “SMISs.” It is used by banks to transact among themselves for proceeds from export and personal transfers. This window is to provide liquidity to investors and exporters and was a bid to boost liquidity in the system and reduce the corridor between the official and BDC market.

IMTOs are only licensed to conduct international money transfers. Approved IMTOs are directed to sell foreign exchange sourced from remittances to their approved banks and CBN. The banks are expected to monetize 25% of the proceeds for their use to fund any eligible transaction, while the 75% is to be sold to and monetized by the CBN for sale to BDCs. IMTOs cannot sell foreign exchange to BDCs directly. Extant regulation provides that recipients of international money transfers be paid in Naira. The market
participants in the foreign exchange market are as follows: banks (commercial, merchant, and non-interest banks) and BDCs licensed by the CBN.

Exchange bureaus (BDC) may only deal in banknotes and coins, buying and selling traveler’s checks, and other business as approved by the CBN. They may not engage in foreign business or foreign correspondence relationships, or directly or indirectly in any form of outward or inward foreign currency transfers or credit card services. BDCs are not allowed to maintain accounts abroad.

As of December 31, 2019, there were 29 deposit money banks (DMBs), 34 primary mortgage banks (PMBs), 913 licensed microfinance banks (MFBs), and 5156 BDCs.

The Bank has commenced efforts to unify exchange in different foreign exchange market segments. Thus, in August 2020, exchange rates across the segments were as follows: (1) the exchange rate at the CBN’s official window (IFEM) was N 380/$ (used mainly for petroleum imports and in limited predetermined quantities for some banks); (2) the Investors & Exporters’ window (IFEX) exchange rate was around N 380/$–N 386/$; (3) in the foreign exchange rate at which IMTOs transact was approximately N 380/$; (4) the approved rate for invisibles (PTA/BTA transactions) was around N380/$, mainly derived from the I&E window rate; (5) the exchange rate through the SME window (where the CBN intervenes to ensure payment for eligible imports by small and medium enterprises with a limit of US$20,000 a customer a quarter) was around N 380/$, mainly derived from the I&E window rate; and (6) exchange rates on the SMIS wholesale and retail sales by the CBN were around N 380/$–N 395/$. In August 2020, sales to the BDC segment remains suspended because of the closure of the international border.

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**Operated by the central bank**

Yes.

The CBN sells foreign exchange to the IFEM. Other windows are SMIS, IFEX SME, and BDC.

In August 2020, foreign exchange sales by the CBN to BDCs remained suspended because of the closure of the international border.

**Foreign exchange standing facility**

No.

**Allocation**

Yes.

The CBN sells foreign exchange to the IFEM according to the availability and demand of foreign exchange and documented needs of customers of the IFEM participants. Funds not used by banks within 72 hours of the value date must be returned to the CBN for repurchase at the CBN buying rate. Windows through which the CBN also sells foreign exchange are IFEX, SME, and BDC.

**Auction**

Yes.

The CBN sells foreign exchange at the SMISs, both wholesale and retail.

SMISs are operated via the multiple price book building process using the FMDQ-Thomson Reuters foreign exchange auction system. There is no predetermined spread in SMIS. There is a limit of 1% of the total on offer to single customers on the SMIS retail. All sales to end users must be trade backed. Only foreign exchange primary dealers can participate in the auction.

**Fixing**

No.

**Interbank market**

Yes.

The interbank rate is determined among interbank players; the CBN discourages speculative bids, and the rate as of August 5, 2020, was N 381/$. ADs’ bid-ask spread may not exceed 50 kobo. The commission is subject to the limit specified in the Guide to Bank Charges. Funds purchased from the CBN but not used by banks within 72 hours of the value date are to be returned to the CBN for repurchase at the CBN buying rate. As of August 5, 2020, the
interbank had 29 institutions participating with licenses acquired from the CBN.

Over the counter  Yes.
Brokerage  No.
Market making  No.
Forward exchange market  Yes.  Forward exchange transactions in the interbank market are permitted among ADs and between dealers and their customers, subject to prudential limits and provided the transactions relate to trade in goods and services. The CBN engages in foreign exchange forward transactions with the aim of transforming and deepening the Nigerian financial markets. These transactions take place with ADs in the market for the benefit of foreign exchange users in the economy.

Official cover of forward operations  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.
Controls on the use of domestic currency  Yes.  Domestic currency may not be used to settle international current or capital transactions.

For current transactions and payments  Yes.  All international payments are subject to required and regulated documentation as specified in the foreign exchange manual. Domestic currency may not be used to settle international current or capital transactions.

For capital transactions  Yes.  Official funds may not be used for capital account transactions. Domestic currency may not be used to settle international current or capital transactions.

Transactions in capital and money market instruments  Yes.  Domestic currency may not be used to settle international current or capital transactions.
Transactions in derivatives and other instruments  Yes.  Domestic currency may not be used to settle international current or capital transactions.
Credit operations  Yes.  Domestic currency may not be used to settle international current or capital transactions.
Use of foreign exchange among residents  Yes.  The currency for all local transactions is the naira. Circular BSD/DIR/GEN/LAB/08/013 prohibits the general public from pricing or denoting the cost of any product or service in any foreign currency.

Payments arrangements  Yes.
Bilateral payments arrangements  Yes.
 Operative  Yes.  Arrangement with China to use yuan renminbi for trade settlements was concluded April 27, 2018.
 Inoperative  No.
Regional arrangements  No.
Clearing agreements  No.
Barter agreements and open accounts  No.
Administration of control  Yes.  The CBN formulates basic foreign exchange policy and issues directives as appropriate for the operation of the foreign exchange market. The CBN approves and revokes the appointment of ADs and
authorized buyers of foreign currency and supervises and monitors the operations of the interbank market and exchange bureaus. The CBN also licenses and regulates the exchange bureaus.

**Payments arrears**
- Official: No.
- Private: No.

**Controls on trade in gold (coins and/or bullion)**
- On domestic ownership and/or trade: Yes.
- On external trade: Yes. Residents other than the monetary authorities, producers of gold, and authorized industrial users must have special permission to hold or acquire gold in any form other than jewelry or coins, at home or abroad.

**Controls on exports and imports of banknotes**
- On exports: Yes.
  - **Domestic currency**: Yes. Any export of Nigerian currency notes and coins in excess of N100,000 is subject to declaration and prior approval of CBN.
  - **Foreign currency**: Yes. Exports by a person exceeding US$10,000 or its equivalent must be declared.
    - ADs may export foreign exchange banknotes and coins subject to the prior approval by the CBN.
- On imports: Yes.
  - **Domestic currency**: Yes. Any import of Nigerian currency notes and coins in excess of N100,000 is subject to declaration and prior approval of CBN.
  - **Foreign currency**: Yes. Imports by a person of amounts exceeding US$10,000 or its equivalent must be declared.
    - ADs may import foreign exchange banknotes and coins subject to the prior approval by the CBN.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**
- Held domestically: Yes. Foreign exchange accounts may be freely opened with ADs on a know-your-customer basis. Funds may be transferred to other bank foreign exchange accounts within and outside Nigeria.
- Approval required: No.
- Held abroad: Yes. Residents’ foreign exchange accounts abroad are allowed, except for public officials. Public officials are prohibited from holding such account abroad.
  - Approval required: No.
- Accounts in domestic currency held abroad: No.
- Accounts in domestic currency convertible into foreign currency: Yes. All payment by residents abroad should be subject to appropriate documentations.
Nonresident Accounts

Foreign exchange accounts permitted Yes. External accounts are maintained for diplomatic representatives of all countries and international organizations. These accounts may be credited with authorized payments by residents of Nigeria to residents of foreign countries, with payments from other external accounts, and with proceeds from sales of foreign currency. They may be debited for payments to residents of Nigeria, for payments to other external accounts, and for purchases of foreign currency.

Approval required No.

Domestic currency accounts Yes. Nonresidents accounts in Naira are allowed for overseas correspondence and examination bodies, foreign companies executing approved contracts in Nigeria and foreign professional bodies. In the case of others not listed, clarification and approval of the CBN is required. Funds derived from local sources may be deposited in nonresident accounts.

Convertible into foreign currency Yes. Nonresident accounts may be credited with proceeds from services rendered locally, and remittances may be effected subject to adequate documentation. Nonresident can convert the balances in the accounts to foreign currency for transfer abroad. Conversion of nonresidents’ balances remaining after completion of a contract or of the account holder’s business in Nigeria is permitted.

Approval required No.

Blocked accounts No.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports Yes.

Minimum financing requirements Yes. Foreign exchange may not be sold in the foreign exchange market for imports of goods on the negative list, which is issued by the FMF. Foreign exchange may not be acquired in the foreign exchange market for imports of goods on the list of items not valid for foreign exchange published by the CBN (CBN Circular TED/FEM/FPC/GN/01/010). Imports of goods on this list are not prohibited, provided the importer uses their own funds without recourse to the Nigerian foreign exchange markets.

Advance payment requirements Yes. Down payments on imports not exceeding 15% of f.o.b. value of transaction are allowed. Advance payments are allowed subject to presentation of performance bond by the supplier from reputable bank in his home country.

Advance import deposits Yes. Advance import deposits are treated like advance payments. Advance import deposits not exceeding 15% of f.o.b. value of transaction are allowed. Advance import deposits are allowed subject to presentation of performance bond by the supplier from reputable bank in his home country.

Documentation requirements for release of foreign exchange for imports Yes. Foreign exchange for imports may be released after submission of the required documents which include shipping and commercial documents.

Domiciliation requirements No.
| **Preshipment inspection** | Yes. | Imports are subject to destination inspection instead of pre-shipment inspection, regardless of their value. Certain categories of imports, including used vehicles, vaccines, and explosives, are not included in the destination inspection program. |
| **Letters of credit** | No. | Importers may use LCs or their preferred payment mode for import payments. It is not mandatory to use LCs. Under the destination inspection program, the combined certificate of value and origin, packing list, and bill of lading are the key payment documents. |
| **Import licenses used as exchange licenses** | No. | |
| **Other** | Yes. | The documents required for foreign exchange settlements for imports are: (1) bill of lading; (2) certificate of origin (formerly combined certificate of value and origin); (3) commercial invoice; (4) exit note (formerly exit gate); (5) form “M”; (6) packing list; (7) single goods declaration; and (8) product certificate. Transactions involving the use of bills for collection are permitted. Transactions executed by the private sector do not, however, carry any government guarantee or obligation. Remittances must be made through the official foreign exchange market or with autonomous funds, and the relevant shipping documents for the transactions must be handled by an AD. Single goods declaration is required for making payments and should be submitted not later than 90 days from the bill of lading date. |
| **Import licenses and other nontariff measures** | Yes. |
| **Positive list** | No. |
| **Negative list** | Yes. | Imports of the following items are prohibited: live or dead birds including frozen poultry, bird eggs, pork, beef, cassava, refined vegetable oil, cocoa butter, powder and cakes, spaghetti/noodles, fruit juice in retail packs, water including mineral and carbonated water containing added sugar or sweetening or flavored, ice snow, other nonalcoholic beverages (excluding energy and health drinks), beer and stout, bagged cement, medications, waste pharmaceuticals, soaps and detergents, mosquito repellent coils, sanitary wares of plastic, domestic articles and wares of plastic (excluding baby feeding bottles and flushing cisterns and waterless toilets), toothpicks, retreaded and used pneumatic tires but excluding used tires for retreading of size, corrugated paper and cardboard items excluding baby diapers, incontinence pads for adult use and exercise books, telephone recharge cards and vouchers, textile fabrics, carpet and rugs of all types, garments and other textiles, footwear, bags, and suitcases (excluding safety shoes), hollow glass bottles of a capacity exceeding 150 ml (0.15 liter) of all kinds used for packaging of beverages, used compressors, used air conditioners and used refrigerators, used motor vehicles more than 10 years old, furniture excluding baby walkers, laboratory cabinets, stadium chairs, and skeletal parts of furniture such as blanks, and ballpoint pens and parts, including refills. Effective January 30, 2020, a ban on the importation of Fertilizer and other variants has been introduced. |
| **Open general licenses** | No. |
| **Licenses with quotas** | Yes. | Products such as petroleum products and fish have import licenses with quota attached to it. According to Section 4 (1) of the Petroleum Act, no person must import, store, sell, or distribute any petroleum products in Nigeria without a license granted by the Minister. Fish Quota was introduced by Ministry of Agriculture in 2013. |
| **Other non tariff measures** | Yes. | Imports require an appropriate insurance certificate issued by a registered insurance company in Nigeria. List of items importation of which is not banned but is classified as not valid for foreign
exchange on the Nigerian foreign exchange market is also part of non-tariff measures.

In line with the 2008–2012 Tariff Book, in a second attempt to harmonize Nigeria’s tariff regime with the ECOWAS CET, there are five categories of customs duties: (1) category 0 (0%): necessities such as most educational materials; (2) category 1 (5%): primary raw materials; (3) category 2 (10%): intermediate products—for example, CKD refrigerators and televisions; (4) category 3 (20%): finished goods not produced locally and that do not require protection—for example, televisions, refrigerators, generators, etc.; and (5) category 4 (35%): finished goods that are manufactured locally and therefore require some protection in the interest of promoting local industries. Tariff protection is high for finished goods. In addition, the following import surcharges apply: a 5% port development surcharge, a 1% raw materials and development council surcharge, a 0.02% freight rate stabilization surcharge earmarked for the Nigeria Shippers’ Council, and an ECOWAS levy of 0.5%. Certain categories of imports are exempt from import taxes. Imports that were duty-free in the past are now subject to a duty of at least 2.5%. Imports of sugar confectionery are prohibited. Imports of sugar are subject to a 50% duty.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

- **Import taxes and/or tariffs**: Yes.

  In line with the 2008–2012 Tariff Book, in a second attempt to harmonize Nigeria’s tariff regime with the ECOWAS CET, there are five categories of customs duties: (1) category 0 (0%): necessities such as most educational materials; (2) category 1 (5%): primary raw materials; (3) category 2 (10%): intermediate products—for example, CKD refrigerators and televisions; (4) category 3 (20%): finished goods not produced locally and that do not require protection—for example, televisions, refrigerators, generators, etc.; and (5) category 4 (35%): finished goods that are manufactured locally and therefore require some protection in the interest of promoting local industries. Tariff protection is high for finished goods. In addition, the following import surcharges apply: a 5% port development surcharge, a 1% raw materials and development council surcharge, a 0.02% freight rate stabilization surcharge earmarked for the Nigeria Shippers’ Council, and an ECOWAS levy of 0.5%. Certain categories of imports are exempt from import taxes. Imports that were duty-free in the past are now subject to a duty of at least 2.5%. Imports of sugar confectionery are prohibited. Imports of sugar are subject to a 50% duty.

- **Repatriation requirements**: Yes. Export proceeds must be repatriated within 90 days of the date of shipment for oil exports and 180 days for non-oil exports.

- **Surrender requirements**: No.

- **Surrender to the central bank**: No. There is no surrender requirement to the CBN of export proceeds. Oil and oil service companies and government agencies may sell their foreign exchange in the interbank market (to ADs (banks)) or to the CBN whichever they prefer.

- **Surrender to authorized dealers**: No. There is no surrender requirement to banks of export proceeds. Non-oil exporters may sell their export proceeds to AD banks at interbank rates or use the funds to finance eligible transactions. Inflows for the domestic operations of oil companies are sold directly to banks. Oil and oil service companies and government agencies may sell their foreign exchange in the interbank market.

- **Financing requirements**: No.

- **Documentation requirements**: Yes. Payment for exports must be made with advance payments, LCs, or bills for collection.

- **Guarantees**: No.

- **Domiciliation**: No.

- **Preshipment inspection**: Yes. Exports are subject to pre-shipment inspection, regardless of their value, except personal effects; used motor vehicles; day-old chicks; human remains; vaccines; yeast; periodicals and magazines; noncommercial exports, such as gifts, trade samples, and printed business materials; machinery and equipment for repairs abroad; and supplies for diplomatic consular missions and international
organizations. Exporters must pay a service charge of 1% of the
f.o.b. value, which accrues to the Nigerian Export Supervision
Scheme (NESS).

Other Yes. Exports require the following documentation: (1) bill of lading; (2)
certificate of origin; (3) commercial invoice; (4) single goods
declaration; (5) the Nigerian export proceeds form; (6) a clean
certificate of inspection; and (7) packing list.

Export licenses Yes.

Without quotas Yes. Production of unrefined gold and petroleum products is subject to
licensing. The exportation of African antiques, works of art, and
objects used in African ceremonies is prohibited, except under
certain conditions. Exports of timber (rough and sawed), raw hides
and skins, scrap metal, unprocessed rubber latex and rubber lumps,
palm kernels, and yam tubers are prohibited. Production and exports
of petroleum are handled by the Nigerian National Petroleum
Corporation and marginal field operators.

With quotas No.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes. Applications for foreign exchange must be submitted to banks; such
payments are allowed, subject to documentation requirements. List
of eligible transactions and documentation requirements are
stipulated the CBN Foreign Exchange Manual of August 2018
(Revised).

Trade-related payments Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Such payments are allowed, subject to documentation requirements.

Investment-related payments Yes.

Prior approval No.

Quantitative limits Yes. Interest on bills for collection transactions is limited to 1% above
LIBOR for a maximum period of 180 days, calculated based on the
c.i.f. value on the final invoice.

Indicative limits/bona fide test Yes. Transfers of profits and dividends from capital investment are
permitted freely by ADs if the underlying transaction has been
permitted (provided they are in line with the provisions of extant
regulation), subject to completion of the official foreign exchange
form for invisible trade and other required documentation. ADs must
submit monthly reports to the CBN on capital transfers and
repatriation and remittance of profits and dividends via the Electronic
Financial Analysis and Surveillance System (eFASS).

Payments for travel Yes.

Prior approval No.
### Quantitative limits

| Yes. | The maximum amount for PTA is US$4,000 a quarter, while that for BTA is US$5,000 a quarter. The maximum amount for medical travel allowance is US$5,000 a transaction. Larger amounts are not allowed. Payment of medical fees must be remitted directly to the overseas hospital, while maintenance cost must be in favor of the patient. |

### Indicative limits/bona fide test

| Yes. | Subject to maximum quantitative limits as indicated above. ADs may sell foreign exchange for personal travel, subject to documentation requirements (that is, a completed official foreign exchange form for invisible trade, a valid passport, and evidence of travel). There are additional documentation requirements for travel for medical and business purposes. Payment of medical fees must be remitted directly to the overseas hospital while maintenance cost must be in favor of the patient. |

### Personal payments

| Yes. | Such payments are allowed, subject to documentation requirements. |

### Foreign workers' wages

| Yes. | Up to 100% of net salary after taxes may be transferred abroad, subject to documentation requirements. |

### Credit card use abroad

| Yes. | The limits on overseas usage (purchases and withdrawals) of naira-denominated credit cards are US$100 daily and/or cumulative maximum limit of US$3,000.00 monthly. Limits are binding. |

### Other payments

| Yes. | Up to 5% of consulting and legal fees for high-technology projects, for which local expertise is not available, may be remitted. |

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Proceeds from Invisible Transactions and Current Transfers

| Yes. | All proceeds must be received through banks and repatriated within 90 days of the date of shipment for oil exports and 180 days for non-oil exports. |

| No. | There is no surrender requirement to the CBN. Oil and oil service companies and government agencies may sell their foreign exchange in the interbank market or to the CBN. |
**Surrender to authorized dealers**  
No. There is no surrender requirement to the banks. Inflows for the domestic operations of oil companies must be sold directly to ADs. There is no deadline to surrender these proceeds.

**Restrictions on use of funds**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**  
Yes. Foreign Trade and Exchange Rate Circulars for 2006–2018 and CBN Foreign Exchange Manual of August 2018 (Revised) apply. The documentation requirements as listed in the foreign exchange manual apply to capital outflows and outward transfers.

**Repatriation requirements**  
No.

**Surrender requirements**  
No.

**Surrender to the central bank**  
No.

**Surrender to authorized dealers**  
No.

**Controls on capital and money market instruments**  
Yes. Applications for private capital transfers abroad are processed by banks, with documentation.

#### On capital market securities

**Shares or other securities of a participating nature**  
Yes.

**Purchase locally by nonresidents**  
No.

**Sale or issue locally by nonresidents**  
No. These transactions may be conducted through ADs, subject to documentation requirements.

**Purchase abroad by residents**  
Yes. Foreign exchange may not be acquired in the foreign exchange market for purchases of shares denominated in foreign currency (CBN Circular TED/FEM/FPC/GEN/01/010). Purchases of such securities are not prohibited, provided the purchaser uses their own funds without recourse to the Nigerian foreign exchange markets. In addition, prior CBN approval is required for equity investments abroad by banks for prudential purposes.

**Sale or issue abroad by residents**  
No. Residents may sell to nonresidents any security payable in naira without approval.

**Bonds or other debt securities**  
Yes. The debt management office regulates the purchase of selected Nigerian foreign debt instruments (mainly CBN promissory notes arising from past consolidation of unsecured trade credit arrears) at a discount and the disposition of the naira proceeds on the conversion of such debt.

**Purchase locally by nonresidents**  
No. No controls apply to purchases by nonresidents of debt instruments. There is no minimum holding period requirement for such bonds.

**Sale or issue locally by nonresidents**  
No.

**Purchase abroad by residents**  
Yes. Foreign exchange may not be acquired in the foreign exchange market for purchases of Eurobonds or foreign currency bonds (CBN Circular TED/FEM/FPC/GEN/01/010). Purchases of such securities are not prohibited, provided the purchaser uses their own funds without recourse to the Nigerian foreign exchange markets.

**Sale or issue abroad by residents**  
No.

#### On money market instruments

**Yes.**

**Purchase locally by nonresidents**  
No. Foreign nationals and entities may invest in Nigeria in money market instruments.
instruments such as commercial paper, negotiable certificates of
deposit, bankers’ acceptances, and treasury bills. The proceeds of
foreign investment in money market instruments must be sold in the
market for naira, for which the investor is issued a Certificate of
Capital Importation (CCI) as evidence of the investment to facilitate
repatriation of capital or profits.

| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |
| Foreign exchange may not be acquired in the foreign exchange
market for purchases of foreign currency bonds (including money
market instruments) (CBN Circular TED/FEM/FPC/GEN/01/010). Purchases of
such securities are not prohibited, provided the purchaser uses their own funds
without recourse to the Nigerian foreign exchange markets. Transfers to external
accounts are permitted. |
| Sale or issue abroad by residents | No. |
| On collective investment securities | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |
| Controls on derivatives and other
instruments | No. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |
| Controls on credit operations | Yes. |
| Commercial credits | Yes. |
| By residents to nonresidents | No. |
| FMF approval is not required for nonresident individuals or
companies (other than banks) registered in Nigeria that are controlled
directly or indirectly from outside Nigeria. Licensed banks in Nigeria
may grant loans and permit overdrafts for periods of up to 14 days
and may increase the amount of any advance or overdraft by the
amount of loan interest or bank charges payable thereon. Loans, bank
overdrafts, and other credit facilities may also be arranged to finance
Nigerian imports and exports. |
| To residents from nonresidents | Yes. |
| Financial credits | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Guarantees, sureties, and financial | No. |
backup facilities
By residents to nonresidents No.
To residents from nonresidents No.

Controls on direct investment No.

Outward direct investment No. For prudential purposes, banks are required to obtain CBN approval prior to the acquisition of equity interests in financial, commercial, or other banks (domestic or foreign). The type of banking license/authorization issued to the bank is also a determining factor. Only commercial banks with international authorization may obtain CBN approval to open/invest in foreign branches or subsidiaries.

Inward direct investment No. There are no ceilings for foreign capital participation in the equity capital of enterprises in various sectors of the economy. The Nigerian Investment Promotion Commission deals with all matters relating to registration and the prescription of applicable incentives for direct capital investment in priority areas. ADs must issue a CCI within 24 hours of receipt of the capital. Nonresident investors are required to register their investment with the Nigerian Investment Promotion Commission for statistical purposes.

Controls on liquidation of direct investment No. The Nigerian Investment Promotion Commission Act allows foreigners to repatriate their capital proceeds and all dividends 100% net of tax.

Controls on real estate transactions No.

Purchase abroad by residents No.

Purchase locally by nonresidents No.

Sale locally by nonresidents No.

Controls on personal capital transactions Yes.

Loans
By residents to nonresidents No.
To residents from nonresidents No. As evidence of the investment to facilitate repatriation of capital or profits, a CCI must be issued by ADs for loans taken out by residents.

Gifts, endowments, inheritances, and legacies
By residents to nonresidents Yes. Residents may make cash gifts not exceeding the equivalent of US $1,000 a year to charitable organizations and US$500 or its equivalent a year to individuals, subject to documentation requirements. Larger amounts require prior CBN approval.
To residents from nonresidents Yes. There are no restrictions on gifts, except that the value may not exceed US$1,000.

Settlement of debts abroad by immigrants No. Form A must be completed for statistical purpose only in case of settlement of immigrants’ debts abroad.

Transfer of assets
Transfer abroad by emigrants No.
Transfer into the country by immigrants No.

Transfer of gambling and prize earnings Yes. Gambling is prohibited.

References to legal instruments and This information can be found at the AREAER ONLINE database:

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### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Documentation is required as described in BSD/DIR/GEN/LAB/07/037 on Prudential Regulation for the Management of Foreign Exchange Risks of Banks. The aggregate foreign currency borrowing of a bank excluding intergroup and interbank (Nigerian banks) borrowing should not exceed 125% of its shareholders’ funds unimpaired by losses.</td>
<td></td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation is required.</td>
<td></td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>CBN regulations do not preclude banks from extending credit facilities to nonresident individuals or companies. Each bank is expected to carry out appropriate due diligence and ensure that such credits are in line with its risk management policy and practices. Lending to nonresidents, including overdraft facilities, are given the same treatment as lending to residents, as provided in the CBN Prudential Guidelines.</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>The aggregate foreign currency borrowing of a bank excluding intergroup and interbank (Nigerian banks) borrowing should not exceed 125% of its shareholders’ funds unimpaired by losses. The 125% limit supersedes the 200% specified in Section 6 of the 2001 Guidelines for Foreign Borrowing for On-Lending by Nigerian Banks.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange may not be acquired in the foreign exchange market for purchases of Eurobonds, foreign currency bonds, or foreign currency share purchases (CBN Circular TED/FEM/FPC/GEN/01/010). Purchases of such securities are not prohibited, provided the purchaser uses their own funds without recourse to the Nigerian foreign exchange markets.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Liquid asset requirements are not applied to foreign exchange deposits. Banks are expected to meet a minimum LR requirement (ratio of specified liquid assets to current liabilities), which is currently set at 30%. Foreign exchange deposits are not included in the computation of the LR. The liquidity requirements are specified in BSD/DO/CIR/GEN/VOL.02/044 of January 29, 2009.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>
Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Abroad by banks**

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment regulations</td>
<td>Yes</td>
</tr>
</tbody>
</table>

For prudential purposes, CBN approval is required for banks prior to the acquisition of equity interests in financial, commercial, or other banks (domestic or foreign). The type of banking license/authorization issued to the bank is also a determining factor. Only commercial banks with international authorization may obtain CBN approval to open/invest in foreign branches or subsidiaries.

**In banks by nonresidents**

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The inflow of funds is subject to the provisions of the Money-Laundering (Prohibition) Act and the CBN AML/CFT Regulations for Banks.

**On resident assets and liabilities**

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The exposure limit applies to DMBs only. There are two types of exposures: (1) a daily foreign exchange trading exposure limit for long positions in foreign currency of 0.5% and for short positions in foreign currency –10.0% of shareholder funds unimpaired by losses (CBN Circular TED/FEM/FPC/GEN/01/002) and (2) a net open position of foreign assets and liabilities of 10% of shareholder funds unimpaired by losses.

**On nonresident assets and liabilities**

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
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</table>

The exposure limit applies to DMBs only. There are two types of exposures: (1) a daily foreign exchange trading exposure limit for long positions in foreign currency of 0.5% and for short positions in foreign currency –10.0% of shareholder funds unimpaired by losses (CBN Circular TED/FEM/FPC/GEN/01/002) and (2) a net open position of foreign assets and liabilities of 10% of shareholder funds unimpaired by losses.

**Provisions specific to institutional investors**

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>No</td>
</tr>
</tbody>
</table>

**Limits (max.) on securities issued by nonresidents**

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No</td>
</tr>
</tbody>
</table>

Currency-matching regulations on assets/liabilities composition

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension funds</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Investment limits are decided by the category of instruments and credit rating, not the residence status of the issuer. All investments in securities (shares and bonds) of eligible entities (period lists provided by PenCom, the regulator) must be through public offerings approved by the Nigerian Securities and Exchange Commission (SEC), unless securities listed or quoted in an offshore securities exchange have prior approval by SEC.

Prior approval from the Commission is required.

Investment limits are decided by the category of instruments and credit rating, not the residence status of the issuer.

Subject to approval by the regulator (Nigeria SEC), investment scheme administered in a foreign jurisdiction is allowed.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Monetary aggregate target

03/26/2019  The monetary policy rate was reduced by the Central Bank of Nigeria from 14% to 13.5%.

05/28/2020  The monetary policy rate was reduced by the Central Bank of Nigeria from 13.5% to 12.5%.

Imports and Import Payments

Import licenses and other nontariff measures

Negative list

01/30/2020  A ban on the importation of Fertilizer and other variants has been introduced.
REPUBLIC OF NORTH MACEDONIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 14, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance:</td>
<td>June 19, 1998.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No.               |
| Exchange measures imposed for security reasons | Yes.              |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes.              |

In accordance with UNSC resolutions and Council of the EU regulations, the Republic of North Macedonia (RNM) maintains exchange restrictions with respect to certain officials of Belarus; Côte d’Ivoire; Egypt; Guinea; the Islamic Republic of Iran; Iraq; Libya, in view of the situation there; Syria; certain persons and entities in Tunisia; and Zimbabwe.

Other security restrictions | No.               |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
<th>The currency of the RNM is the North Macedonian denar.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Classification

| No separate legal tender |                                      |
| Currency board |                                      |
| Conventional peg |                                      |

Stabilized arrangement | Yes. | The de jure exchange rate arrangement is floating. Under the Law on Foreign Exchange Operations (Article 33), the denar exchange rate is freely determined on the basis of supply and demand in the foreign exchange market. This arrangement is still in place under the current legislation. However, the National Bank of the Republic of North Macedonia (NBRNM) participates in the foreign exchange market (Article 34), to achieve the goals determined with the monetary and the foreign exchange policies. The NBRNM is implementing the monetary arrangements. |

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strategy of targeting the nominal exchange rate against the euro, the intermediary objective of the monetary policy being the maintenance of the denar exchange rate stability. Thus, the NBRNM maintains a stable exchange rate within a narrow fluctuation band of bid-ask exchange rates determined by the Committee for Operational Monetary Policy.

Size and direction of the interventions are published on a regular quarterly basis, in the Quarterly Report of the NBRNM (Balance of Payments section, Financial Account subsection, in the part commenting on the developments of the foreign exchange reserves). The de facto exchange rate arrangement is classified as a stabilized arrangement.

Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate | Yes. | On the basis of the daily quotes of the market makers, the NBRNM determines the nominal denar exchange rate against the euro. This rate is determined at the end of each business day as the average of the daily bid-ask quotes for euros among the market makers in the interbank foreign exchange market. According to the Law on Foreign Exchange Operations, the official exchange rate is used for accounting and balance of payments statistics. The denar exchange rate is published daily on the NBRNM website.

Monetary policy framework

Exchange rate anchor | Yes.

U.S. dollar
Euro | Yes. | Beginning in October 1995, the NBRNM implemented a monetary policy strategy of targeting the denar exchange rate against the German mark until 2002 and thereafter against the euro. This monetary policy strategy stems from the importance of the exchange rate of the domestic currency for a small open economy as a transparent nominal anchor for credible monetary policy. Accordingly, the monetary policy framework is using an exchange rate anchor vis-à-vis the euro.

Composite
Other

Monetary aggregate target
Inflation-targeting framework

Target setting body
Government
Central Bank
Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes.  According to the Law on Foreign Exchange Operations, foreign exchange sales and purchases must take place in the foreign exchange market. The exchange market operates at two levels: wholesale (companies, commercial banks, NBRNM) and retail (foreign exchange bureaus, natural persons). The wholesale market is also divided into two segments: (1) transactions between clients and banks and (2) interbank market transactions. Banks freely set the
exchange rate in transactions with their clients, in accordance with supply and demand in the foreign exchange market.

Banks buy and sell foreign exchange on their own account and on behalf of third-party accounts.

Savings houses buy and sell foreign exchange only with a NBRNM license for foreign exchange operation. They may buy and sell foreign exchange on their own behalf only with banks licensed by the NBRNM to deal in the foreign exchange market. Other entities may purchase and sell foreign exchange on their own behalf only with entities (banks and foreign exchange bureaus) approved by the NBRNM. Foreign exchange bureaus have accounts with domestic banks and may engage in transactions, as legal entities, with those banks. Residents other than banks and foreign exchange bureaus may purchase foreign exchange for payments abroad and sell foreign exchange collected from abroad in the foreign exchange market.

Resident natural persons may purchase and sell foreign exchange in the market for other purposes as well. Residents other than natural persons may not purchase or sell foreign exchange through foreign exchange bureaus. As of June 30, 2020, 242 entities were licensed for foreign exchange operations (14 banks, 1 savings house, and 227 foreign exchange bureaus). The foreign exchange bureaus cannot deal directly with the NBRNM. They may purchase foreign currency cash and checks from foreign and domestic natural persons and sell foreign currency cash to domestic and foreign natural persons. Foreign exchange bureaus are not allowed to open and maintain accounts abroad. Their operations are limited to the purchase and sale of banknotes, where they may sell foreign currency cash to foreign natural persons in the same way as they sell it to domestic natural persons. Automated teller machines (ATMs) with a function for foreign exchange operations are available to banks.

The NBRNM participates in the foreign exchange market to maintain a stable exchange rate. The frequency of intervention depends on the conditions in the market. The NBRNM intervenes only through banks (market makers). The NBRNM intervenes through market makers on its own initiative or on that of the market makers. The NBRNM bid-ask quotes are published daily on the market makers’ segment of the electronic trading platform. When the NBRNM intervenes on its own initiative, it does so at the quotes of the market makers. When the NBRNM intervenes on the market makers’ initiative, the NBRNM bid-ask quotes are used.

In case there are larger imbalances between supply and demand in the foreign exchange market, the NBRNM may buy and sell foreign currency with all banks.

Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.
Interbank market  Yes.
Over the counter  Yes.

An electronic trading platform is used for quotes and interbank trading.
All 15 banks licensed to deal in the foreign exchange market participate in the interbank market. The bid-ask spread is limited to MKD 0.25 in the interbank market.

The foreign exchange market, both among banks and between banks and their clients, operates over the counter.
Six banks are market makers in the interbank market. The NBRNM introduced market makers to decrease its presence in the foreign exchange market and to enable banks to satisfy foreign exchange liquidity needs among themselves when demand and supply are in broad equilibrium. The Market Makers’ Agreement as amended in 2014 is in effect. Market makers have the exclusive right to trade with the NBRNM; they must also continuously quote bid-ask rates with a predefined spread. The maximum bid-ask spread on quotes with each other is MKD 0.05 per euro, and the minimum transaction between a market maker and the NBRNM in the foreign exchange market maker segment is €0.5 million. Market makers must quote a bid-ask spread of MKD 0.25 with other banks. No commission is charged on foreign exchange transactions apart from the bid-ask spread.

Outright forward and foreign exchange swap transactions are allowed in the foreign exchange market, but this segment of the market is in the early phase of development, with no regular transactions.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

The Macedonian Interbank Payment System offers cross-border payments in euros through Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) for domestic banks payments. Furthermore, correspondent banking arrangements of domestic banks with foreign banks are used for commercial payments, and correspondent arrangements of the NBRNM with foreign CBs or commercial banks are used for payments of government agencies and budget entities.

All settlements must be in denars, except (1) purchases and sales of foreign exchange by natural persons from authorized foreign exchange bureaus, (2) principal and interest earnings on resident based on foreign exchange deposit accounts, (3) denomination of contractual obligations among residents, and (4) granting and collection of credit from authorized banks to residents under conditions determined by the NBRNM.

TARGET2 payment system is used for payments in euro through the correspondent arrangement with Banca d’Italia.
The NBRNM controls foreign exchange operations of banks, savings institutions, foreign exchange bureaus, and entities providing fast money transfer services. The MOF (Foreign Exchange Inspectorate) controls foreign exchange and trade operations and credit operations of natural and legal persons for transactions not controlled by the NBRNM. The customs authorities control cross-border transfers of goods, banknotes, securities, and gold.

Only the NBRNM may export or import monetary gold. Exports and imports of other types of gold require the Ministry of Economy (MOE) approval. Other types of gold, such as investment gold, may be traded with certain restrictions. Residents may not invest and trade in investment gold abroad. Nonresidents may invest and trade in investment gold in the RNM in accordance with a special law.

Up to MKD 120,000 may be exported in the form of banknotes or checks by residents and nonresidents. Nonresidents may export larger amounts of domestic currency in cash only with proof of the purchase of denars from bank or withdrawal from a bank account. Domestic banks may export denars in cash sold to a foreign bank based on a written contract, without limitation.

Residents may export up to the equivalent of €2,000 without document or up to €10,000 with document from an exchange bureau or bank (exports exceeding €10,000 are prohibited for residents). Nonresidents may export up to €10,000 without document; larger amounts require a certificate from the customs authorities. The amount exported by nonresidents may not exceed the amount reported on entering North Macedonia.

Up to MKD 120,000 may be imported in the form of banknotes or checks by residents and nonresidents. Nonresidents may import larger amounts of domestic currency in cash only with proof of the purchase of denars from domestic or foreign banks or withdrawal from domestic or foreign bank accounts. Domestic banks may import denars in cash sold to a foreign bank based on a written contract, without limitation.

Residents and nonresidents may import up to the equivalent of €10,000 without document. Larger amounts of cash foreign currency require a “cash and checks declaration form,” in accordance with the Law on Foreign Exchange Operations and the Decision on the Terms and Amount of Cash Foreign Currency and Checks That May Be
Imported or Exported from North Macedonia. This form is provided on entrance or exit from North Macedonia, and a copy is given as a receipt for the imported cash foreign currency.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Residents, on proof of identity, may open foreign exchange accounts without restriction. Residents (legal entities) may open foreign exchange accounts on presentation of registration with the Central Registry (CR). Funds from these accounts may not be transferred abroad, but payments can be made abroad on the basis of appropriate documentation (invoice, contract, etc.) showing international payment liability. The bank identifies the resident natural person on the basis of a valid ID card or passport showing the permanent place of residence in the RNM. The bank identifies foreign natural persons temporarily residing in the RNM on the basis of a residential or working permit valid for at least six months. These provisions are prescribed in the NBRNM Decision on the manner of opening resident foreign currency accounts. Pursuant to amendments to Article 4 Paragraph 3 of the Law on Foreign Exchange Operations, residents which are authorized banks are allowed to hold foreign means of payment on foreign exchange account with the NBRNM for the purposes of conducting payment operations through foreign payment systems, such as the TARGET2, and the NBRNM may approve intraday credit and overnight credit facilities in foreign currency to authorized banks for the smooth performance of payment through such foreign payment systems (Official Gazette Issue 97/15). Pursuant to Article 4 Paragraph 2 of the Law on Foreign Exchange Operations, the domestic banks may keep foreign means of payment on foreign exchange accounts or foreign currency deposits with the banks in the RNM, authorized under the Banking Law.

Approval required

No.

Held abroad

Yes.

The following residents may freely open and maintain accounts abroad:

Diplomatic, consular, and other representative offices of North Macedonia abroad, financed by the budget of the RNM.

Natural persons with permanent residence in North Macedonia, who temporarily reside abroad for three months or more during their residence abroad.

Natural persons with permanent residence in North Macedonia, residing temporarily abroad for six months or more during their residence abroad.

Natural persons with permanent residence in North Macedonia, who temporarily reside abroad during their residence abroad, and have a valid work permit.

Natural persons with permanent residence in North Macedonia, who temporarily reside abroad as employees of a diplomatic representative office abroad and members of their immediate families, during their residence abroad, and have a valid permit to work in a diplomatic representative office abroad.

Foreign natural persons who temporarily reside in North Macedonia who have valid residence or work permit valid for a period of at least six months.

Natural persons with permanent residence in North Macedonia who in the foreign country acquired the right to personal retirement,
pension of a deceased spouse, welfare, child support, tuition for a child whose parent is deceased, and premium/indemnification of life insurance. The acquired right must be proved by appropriate documentation issued by a competent authority abroad.

Natural persons with permanent residence in North Macedonia, who at the same time have a valid foreign passport containing the address of the residence abroad.

Effective March 8, 2019, the following were also allowed to freely open and maintain accounts abroad without approval: (1) Residents who have sold real property abroad, for collection of claims based on the sale of the property. The acquisition of the property abroad must be confirmed by evidence of the registration in the Registry of the investments in real estate of residents abroad at the Central Registry of the RNM. The sale of the property must be evidenced with a sales agreement. The account in a foreign bank on this basis may be opened only in the country where the property, subject to the sales agreement, is acquired and may only be used for transfer of funds from abroad up to the amount of the sales agreement. (2) Residents who rent out real property abroad, for recovery of claims based on lease of the property. The acquisition of the property abroad must be confirmed by evidence of the registration in the registry of investments in real estate at the Central Registry of the RNM. Renting out the property under lease must be evidenced by a lease agreement. The account in a foreign bank on this basis may be opened only in the country where the property, subject to the lease agreement, is located and may only be used for transfer of funds from abroad up to the lease amount indicated in the lease agreement. (3) Residents who have acquired real property abroad, for payment of costs for the property abroad. The acquisition of the property abroad must be confirmed by evidence of the registration in the registry of investments in real estate at the Central Registry of the RNM. Costs for the property abroad must be evidenced by a relevant document that requires their payment. The account in a foreign bank on this basis may be opened only in the country where the property is located and may only be used for transfer of funds abroad up to the amount of the costs. (4) Residents who hold securities abroad, for collection of claims based on sale of securities abroad, dividends, interests or other proceeds based on securities. The sale of securities must be proved with a sales order or report from the sale of securities abroad, an agreement which regulates the relations with the authorized participant in the securities market or the authorized participant on a foreign stock exchange or organized securities market or other document which confirms the transaction. The claims based on dividends, interests or other proceeds based on securities must be proved with a notification or document for paid dividend, interest or other proceeds from securities, as well as a certificate from securities account issued by a relevant foreign depositary. The order for the inflow must clearly state the basis of the transaction (sale of securities, payment of dividend, interest or other proceeds). The account in a foreign bank on this basis may only be used for the transfer of funds from abroad up to the amount of the claims based on sale of securities abroad, dividends, interests or other proceeds based on securities.

Effective June 22, 2020, the following were also allowed to freely open and maintain accounts without approval: Residents who have an obligation to make a payment to a competent authority or legal entity abroad (notary fee, court fees, bank fees or enforcement costs). The obligation is substantiated by submitting a document in original or a notarized photocopy. Account in a foreign bank on this basis may only be used for transfer of funds from abroad up to the amount
of the obligation for payment. The resident may also transfer the balance of the account opened abroad to the RNM even after the expiration of the validity of the document on the basis of which the account was opened.

Accounts in countries that are part of the Single Euro Payments Area (SEPA) are considered to be in a single country.

Residents, legal entities and natural persons may freely open and hold user accounts in foreign electronic payment transaction services only for commercial purposes or for purchasing/selling goods and services electronically.

Pursuant to Article 23 Paragraph 1 of the Law on Foreign Exchange Operations, the banks may open and hold accounts abroad.

Approval required: Yes. NBRNM approval is required for a resident: who has concluded a contract for performing investment works abroad; who intends to open a representative office abroad as part of a company; who provides services in the international transport of goods and passengers; who provides services in the area of scholarly work; for collection of claims based on a court decision made by a competent court abroad or extrajudicial settlement concluded abroad; for collection of claims abroad based on Value-added tax returns on commercial transactions; for recovery of claims abroad based on goods delivered or services provided on the basis of won international bids.

Effective March 8, 2019, the following were allowed to freely open and maintain accounts abroad without approval: residents who have sold real property abroad, for recovery of claims based on the sale of the property; residents who rent out real property abroad, for recovery of claims based on lease of the property; residents who have acquired real property abroad, for payment of costs for the property abroad; residents who hold securities abroad, for recovery of claims based on sale of securities abroad, dividends, interests or other proceeds based on the securities.

Effective June 22, 2020, the following were also allowed to freely open and maintain accounts without approval: residents who have an obligation to make a payment to a competent authority or legal entity abroad (notary fee, court fees, bank fees, or enforcement costs).

Accounts in domestic currency held abroad: No.

Accounts in domestic currency convertible into foreign currency: Yes.

References to legal instruments and hyperlinks: Only resident natural persons are permitted to make such transactions. Legal entities are allowed to buy foreign currency only for the purpose of execution of payment order to nonresidents.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted: Yes.

Approval required: No.

Nonresidents may open foreign exchange accounts on proof of identity. Nonresidents, other than diplomatic representatives of foreign countries and representatives of international institutions, must obtain a certificate from the customs authorities for cash deposits larger than the equivalent of €10,000 a month. The certificate is not needed in these cases:

(1) during one month, up to the amount that, under the regulations, a written confirmation is not necessarily issued when entering North Macedonia;

(2) if the funds are actually unspent cash foreign currency previously withdrawn from their accounts, within three months from the withdrawal date;
The method and terms of opening and maintaining nonresident accounts are regulated in the NBRNM Council Decision, which prescribes the basis for the banks to be able to receive payments of cash in foreign currency and in denars.

### Domestic currency accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

Nonresidents may open denar accounts on proof of identity. Nonresident diplomatic representatives of foreign countries and representatives of international institutions may use these accounts without restriction. Other nonresidents may use these accounts only for payments received based on visas, revenue from air traffic operations, unspent cash in denars withdrawn from their accounts, and during one month, up to the amount for which, under the regulations, free entry of cash in denars is allowed when entering North Macedonia (120,000 denars).

### Imports and Import Payments

- **Foreign exchange budget**: No.
- **Financing requirements for imports**: No.
- **Minimum financing requirements**: No.
- **Advance payment requirements**: No.
- **Advance import deposits**: No.
- **Documentation requirements for release of foreign exchange for imports**: Yes.
- **Domiciliation requirements**: No.
- **Preshipment inspection**: No.
- **Letters of credit**: No.
- **Import licenses used as exchange licenses**: No.
- **Other**: Yes. Documents (for example, invoices, contracts, customs declarations, pro forma invoices, etc.) are required from natural and legal persons who are paying for current transactions to verify the purpose of their transactions with commercial banks.

### Import licenses and other nontariff measures

- **Positive list**: No.
- **Negative list**: Yes. Imports of certain goods, such as weapons and medicines, are subject to licensing requirements for security or public health reasons.
- **Open general licenses**: No.
- **Licenses with quotas**: No.
- **Other nontariff measures**: No.
**Import taxes and/or tariffs**

Yes. The average unweighted 2019 tariff rate for industrial products was 6.0% and for agricultural products 15.9%. The overall average unweighted tariff rate was 8.6%.

**Taxes collected through the exchange system**

No.

**State import monopoly**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements**

No.

**Surrender requirements**

No.

- **Surrender to the central bank**
  
  No.

- **Surrender to authorized dealers**
  
  No.

**Financing requirements**

No.

**Documentation requirements**

No.

- **Letters of credit**
  
  No.

- **Guarantees**
  
  No.

- **Domiciliation**
  
  No.

- **Preshipment inspection**
  
  No.

- **Other**
  
  No.

**Export licenses**

Yes. Generally, a license is not required for exports. However, in some exceptional cases, the export of certain goods requires a license from the appropriate authorities.

- **Without quotas**
  
  Yes.

- **With quotas**
  
  No.

**Export taxes**

No.

- **Collected through the exchange system**
  
  No.

- **Other export taxes**
  
  No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Yes. Certain documents (such as invoices and contracts) are required for all payments to verify the purpose of the transaction. Personal payments up to the equivalent of €2,500 a month are allowed without supporting documents. Individuals may transfer abroad using money transfer services up to €2,500 a month and may receive up to €5,000 a day.

**Trade-related payments**

Yes.

**Prior approval**

No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td><strong>Restrictions on use of funds</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Controls on capital transactions</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Repatriation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Shares or other securities of a participating nature</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Bonds or other debt securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

According to the Law on Foreign Exchange Operations, “securities” denote: (1) shares issued by joint-stock companies and limited partnerships with shares; (2) shares of investment funds operating in accordance with law; (3) bonds, money market instruments, derivative financial instruments, certificate of foreign securities; and (4) other financial instruments which the Securities and Exchange Commission (SEC) classifies as securities.

Nonresidents are allowed to purchase securities issued locally only through an authorized participant. All foreign investments registered with the CR are protected from nationalization. The transfer of profits and other proceeds is permitted freely after all tax obligations in North Macedonia are met.

Nonresidents may not invest in certain sectors (such as arms production, trade in narcotics, protection of historical and cultural heritage).

There are no other controls on the purchase of shares and securities locally by nonresidents.

Nonresidents may issue or sell locally shares or other securities of a participating nature with permission from the SEC.

Residents may access international financial markets, taking their own investment risk. The requirement for submission of reports to the NBRNM on all residents’ portfolio investments in securities abroad, as well as the modifications in these investments, including their sale, still stands. Direct investments are not restricted, but residents must report the investment and subsequent modifications to the CR within 60 days of the capital transaction—the legal basis for acquisition of a direct investment abroad.

Insurance companies and pension funds may purchase securities abroad in accordance with their appropriate laws. For insurance companies, a maximum of 20% of the total assets covering technical provisions may be invested in securities issued by nonresidents. Pension funds may invest in securities issued outside the RNM up to 50% of total investments, subject to sub-limits.

Permission from the SEC is required for residents to issue securities abroad.

Nonresidents may purchase debt securities issued locally without any...
restrictions on their duration. For statistical reporting, purchases of bonds in private placements must be reported on the same forms as credit transactions.

There is no minimum period prescribed for holding of bonds and debt securities.

Sale or issue locally by nonresidents

No. With the entrance into the second stage of the Stabilization and Association Agreement between the RNM and the EU, the issuance of foreign debt securities in the RNM with maturity over three years was allowed.

Purchase abroad by residents

Yes. Residents may access international financial markets, taking their own investment risk. The requirement for submission of reports to the NBRNM on all residents’ portfolio investments in securities abroad, as well as the modifications in these investments, including their sale, still stands. Direct investments are not restricted, but residents must report the investment and subsequent modifications to the CR within 60 days of the capital transaction—the legal basis for acquisition of a direct investment abroad.

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Sale or issue abroad by residents

Yes. Permission from the SEC is required for residents to issue securities abroad.

On money market instruments

Yes.

Purchase locally by nonresidents

No. Nonresidents are allowed to purchase securities issued locally. There are no other controls on the purchase of money market instruments locally by nonresidents.

Sale or issue locally by nonresidents

Yes. Nonresidents may issue or sell locally securities with permission from the SEC.

Purchase abroad by residents

Yes. Residents may access international financial markets, taking their own investment risk. The requirement for submission of reports to the NBRNM on all residents’ portfolio investments in securities abroad, as well as the modifications in these investments, including their sale, still stands. Direct investments are not restricted, but residents must report the investment and subsequent modifications to the CR within 60 days of the capital transaction—the legal basis for acquisition of a direct investment abroad.

Insurance companies and pension funds may purchase securities abroad in accordance with their appropriate laws. For insurance companies, a maximum of 20% of the total assets covering technical provisions may be invested in securities issued by nonresidents. Pension funds may invest in securities issued outside the RNM up to 50% of total investments, subject to sub-limits.

Sale or issue abroad by residents

Yes. Permission from the SEC is required for residents to issue securities abroad.

On collective investment securities

Yes.

Purchase locally by nonresidents

Yes. Nonresidents are allowed to purchase securities issued locally only through an authorized participant. There are no other controls on purchases of collective investment securities locally by nonresidents.

Sale or issue locally by nonresidents

Yes. Nonresidents may issue or sell shares in open-ended investment funds locally with SEC permission and only through registered subsidiary in the RNM, which is not a separate legal entity.

Purchase abroad by residents

Yes. Residents may access international financial markets, taking their own investment risk. The requirement for submission of reports to
the NBRNM on all residents’ portfolio investments in securities abroad, as well as the modifications in these investments, including their sale, still stands. Direct investments are not restricted, but residents must report the investment and subsequent modifications to the CR within 60 days of the capital transaction—the legal basis for acquisition of a direct investment abroad.

Insurance companies and pension funds may purchase securities abroad in accordance with their appropriate laws. For insurance companies, a maximum of 20% of the total assets covering technical provisions may be invested in securities issued by nonresidents. Pension funds may invest in securities issued outside the RNM up to 50% of total investments, subject to sub-limits.

| Sale or issue abroad by residents | Yes. | Permission from the SEC is required for residents to issue securities abroad. |
| Controls on derivatives and other instruments | Yes. | Both the standardized and non-standardized derivatives are considered as a security. |
| Purchase locally by nonresidents | Yes. | In the case of standardized derivatives (options), nonresidents are allowed to purchase derivatives issued locally through an authorized participant. |
| | | In the case of non-standardized derivatives, nonresidents may enter into such contracts only with banks, insurance companies, pension funds, and investment funds as well as the national deposit insurance fund, in accordance with appropriate laws. |
| Sale or issue locally by nonresidents | Yes. | Nonresidents may buy or sell derivatives locally with SEC permission. Non-standardized derivatives may be entered only with bank, insurance companies, pension funds, and investment funds as well as the national deposit insurance fund, in accordance with appropriate laws. |
| Purchase abroad by residents | Yes. | Residents may access international financial markets, taking their own investment risk. The requirement for submission of reports to the NBRNM on all residents’ portfolio investments in securities abroad, as well as the modifications in these investments, including their sale, still stands. Direct investments are not restricted, but residents must report the investment and subsequent modifications to the CR within 60 days of the capital transaction—the legal basis for acquisition of a direct investment abroad. Insurance companies and pension funds may purchase securities abroad in accordance with their appropriate laws. For insurance companies, a maximum of 20% of the total assets covering technical provisions may be invested in securities issued by nonresidents. Pension funds may invest in securities issued outside the RNM up to 50% of total investments, subject to sub-limits. |
| Sale or issue abroad by residents | Yes. | Residents may issue or sell derivatives abroad with permission from the SEC. |
| Controls on credit operations | No. | Credit transactions between residents and nonresidents are not restricted; however, concluded credit operations must be recorded with the NBRNM for statistical purposes. The NBRNM may not deny the recording of credit transactions. |
| Commercial credits | No. | By residents to nonresidents | No. |
| To residents from nonresidents | No. | Financial credits | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Guarantees, sureties, and financial backup facilities | No. |
| By residents to nonresidents | No. |

Guarantees and sureties issued by residents to nonresidents are not restricted. Guarantees issued in their own right (that is, not related to particular loan agreements between residents and nonresidents) must be reported to the NBRNM for statistical purposes. Residents must submit to the NBRNM a monthly summary of all guarantees issued, containing stock and flow data.

| To residents from nonresidents | No. |

Controls on direct investment

*Outward direct investment* No. Residents must register investments exceeding 10% of the equity capital of a company with the CR within 60 days.

*Inward direct investment* Yes. Nonresidents may invest in existing companies, establish their own firms, and establish joint ventures under the same conditions as domestic investors. Nonresidents may not invest in certain sectors (such as arms production, trade in narcotics, protection of historical and cultural heritage). Imports by joint-venture companies of raw materials, spare parts, and equipment not produced domestically are exempt from customs duty if the foreign share in the investment is at least 20%. All foreign investment registered with the CR is protected from nationalization. The transfer of profits and other proceeds is permitted freely after all tax obligations in the RNM are met.

| By residents to nonresidents | No. |

Controls on liquidation of direct investment No.

Controls on real estate transactions Yes.

*Purchase abroad by residents* No. Residents must report the investment and subsequent modifications to the CR within 60 days of the capital transaction—the legal basis for acquisition of a direct investment abroad.

*Purchase locally by nonresidents* Yes. Nonresidents may acquire real estate locally, pursuant to the provisions of a special law or an international agreement, under the condition of reciprocity. Acquisitions of real estate must be registered with the CR within 60 days.

*Sale locally by nonresidents* Yes. For those nonresidents who may buy real estate in the RNM, the sale of that real estate to residents should be registered with the CR, after fulfillment of RNM tax obligations.

Controls on personal capital transactions Yes.

*Loans* No. Individuals may freely receive and extend loans. Only loan transactions between unrelated persons must be recorded with the NBRNM for statistical purposes. The NBRNM may not deny the recording of credit transactions.

*By residents to nonresidents* No. Individuals may freely receive and extend loans. Only loan transactions between unrelated persons must be recorded with the NBRNM for statistical purposes. The NBRNM may not deny the recording of credit transactions.

*To residents from nonresidents* No. Individuals may freely receive and extend loans. Only loan transactions between unrelated persons must be recorded with the NBRNM for statistical purposes. The NBRNM may not deny the recording of credit transactions.

*Gifts, endowments, inheritances, and legacies* Yes. Documentary evidence (such as invoices or contracts) to verify the purpose of the transaction is required for payments exceeding the...
equivalent of €2,500. Individuals may receive grants in foreign currency without limit.

<table>
<thead>
<tr>
<th>Category</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
</tr>
<tr>
<td>Reference to legal instruments and hyperlinks</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions Specific to the Financial Sector</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to commercial banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>banks and other credit institutions</td>
<td></td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial</td>
<td>Yes.</td>
</tr>
<tr>
<td>credits)</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>denominated in foreign exchange</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>in foreign exchange</td>
<td></td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

- **Provisions specific to commercial banks and other credit institutions**: The NBRNM Credit Register contains a historical database for banks’ and savings houses’ credit exposure (consisting of claims on loans: regular, past due, nonperforming, interest, fees, investments, off-balance-sheet items, etc.) to residents and nonresidents. The database is updated by banks and savings houses monthly.

- **Borrowing abroad**: Yes.

- **Maintenance of accounts abroad**: Yes.

- **Lending to nonresidents (financial or commercial credits)**: The total exposure to one entity (including connected parties) may not exceed 25% of a bank’s own funds. If the entity is a qualified shareholder (owning more than 5% of the voting shares of a bank), the total exposure to that entity, including its affiliated parties, may not exceed 10% of the bank’s own funds. The bank’s exposure to its subsidiary including connected persons is limited to 10% of the bank’s own funds.

- **Lending locally in foreign exchange**: Commercial banks assess the credit risk, both for residents and nonresidents. They may lend in foreign currency to residents for payments abroad. If legal entities intend to use the loan proceeds domestically, the proceeds must be in denars. Credit exposure to one person, including connected parties, may not exceed 25% of a bank’s own funds. The NBRNM determines the conditions for extending loans in foreign exchange.

- **Purchase of locally issued securities denominated in foreign exchange**: Total credit exposure (loans, securities, etc.) to the issuer (and connected parties) may not exceed 25% of a bank’s own funds. If the entity is a qualified shareholder (owns more than 5% of the voting shares of a bank), the total exposure to that entity, including its affiliated parties, may not exceed 10% of the bank’s own funds. The bank’s exposure to a subsidiary including connected parties is limited to 10% of its own funds. A bank’s investment in shares of a nonfinancial institution may not exceed 15% of its own funds.

- **Differential treatment of deposit accounts in foreign exchange**: Yes.

- **Reserve requirements**: The reserve requirement (RR) ratio on foreign currency liabilities is 15%; for domestic currency liabilities with a foreign exchange clause, it is 50%; and for domestic currency liabilities, it is 8%. For banks’ short-term liabilities to nonresident financial companies with contractual maturity up to one year, the RR is 13%. In addition, the RR ratio of 0% is applied to following categories: (1) liabilities to natural persons in domestic currency with contractual maturity of over one year as well as to all liabilities to natural persons (in domestic currency with foreign exchange clause and in...
foreign currency), with contractual maturity of over two years; (2) liabilities based on repo transactions in domestic currency; (3) liabilities based on issued debt securities in domestic currency and original maturity of at least two years, in the amount of the nominal value; (4) liabilities to nonresidents – financial institutions in domestic currency, in domestic currency with foreign exchange clause and in foreign currency, with contractual maturity of over one year and liabilities to nonresidents in domestic currency, in domestic currency with foreign exchange clause and in foreign currency, with contractual maturity of over two years.

RR in domestic currency is fulfilled with funds on the accounts with the NBRNM, on average basis during the RR period.

For the RR in euro (EUR), 30% of the amount calculated by applying the RR rate on foreign currency liabilities is fulfilled in domestic currency. The rest of the amount of RR in euro is fulfilled on fix level, by placing funds on the NBRNM accounts abroad up to 95% of the RR on the first day of period, while 5% of RR in EUR is fulfilled with funds on bank foreign exchange accounts in the domestic payment system. The NBRNM charges remuneration on RR in euro at a rate equal to the interest rate on the ECB’s overnight deposit facility applicable as of the last day of the reserve maintenance period. If the average daily outstanding amount of bank’s funds allocated to the foreign exchange account in euro in the domestic payment system exceeds 5% of the calculated RR in euro for the entire reserve maintenance period, remuneration is charged on the excess allocated funds at a rate equal to the interest rate on the ECB’s overnight deposit facility applicable as of the last day of the reserve maintenance period less 0.15 percentage points.

**Liquid asset requirements**

No.

The following minimum liquidity requirements apply: (1) a liquidity ratio of up to 30 days equal to 1, as a ratio of assets and liabilities maturing in the following 30 days; and (2) a liquidity ratio of up to 180 days equal to 1, as a ratio of assets and liabilities maturing in the following 180 days.

**Interest rate controls**

No.

**Credit controls**

No.

**Differential treatment of deposit accounts held by nonresidents**

No.

**Reserve requirements**

No.

**Liquid asset requirements**

No.

**Interest rate controls**

No.

**Credit controls**

No.

**Investment regulations**

Yes.

**Abroad by banks**

Yes. Banks are required to obtain approval from the NBRNM and register these investments with the CR within 60 days. Authorized banks are allowed to invest in securities abroad on their own behalf and for their account freely if the securities are part of the bank’s trading portfolio, are measured on a mark-to-market basis, and the bank allocates capital for market risk according to the methodology for capital adequacy.

**In banks by nonresidents**

Yes. Initial or any subsequent investment in banks by nonresidents which is not portfolio investment requires registration with the CR within 60 days. Approval from the NBRNM is required when investments reach 5%, 10%, 20%, 33%, 50%, and 75% of total shares of the bank.
or shares with voting rights. (The same requirement applies to residents.)

<table>
<thead>
<tr>
<th>Provision</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The limit on the aggregate open foreign exchange position is 30% of banks’ own funds. Limits on positions in each currency must be determined internally by each bank.

Insurance companies, pension funds, and investment funds may purchase securities abroad in accordance with the laws governing their operations.

The assets covering technical provisions are subject to limits; a maximum of 20% of the total assets covering technical provisions may be invested in securities issued by nonresidents.

The assets covering technical provisions are subject to limits; a maximum of 20% of the total assets covering technical provisions may be invested in securities issued by nonresidents.

The following limits apply to the investment of the assets covering technical provisions: (1) cash and assets of business accounts of insurance companies (bank accounts), up to 3%; (2) deposits in banks licensed by the NBRNM, up to 60%; (3) securities issued by the RNM and NBRNM and bonds and other debt securities guaranteed by the RNM, up to 80%; (4) bonds and other debt securities issued or guaranteed by a local government of the RNM, up to 10%; (5) bonds and other debt securities traded on a regulated securities market in the RNM, up to 35%—investments in the same issuer may not exceed 5%; (6) bonds and other debt securities not traded on a regulated securities market whose issuer is a legal entity established in the RNM, up to 5%—investments in the same issuer may not exceed 1%; (7) shares traded on a regulated securities market in the RNM, up to 25%—investments in the same issuer may not exceed 5%; (8) shares not traded on a regulated securities market whose issuer is a legal entity established in the RNM, up to 5%—investments in the same issuer may not exceed 1%; and (9) shares and shares of investment funds registered in the RNM, up to 20%.

The following limits apply to the investment of capital: (1) Up to 60% may be invested in real estate, equity capital of other insurance companies, and financial institutions and other legal entities. (2) Up to 15% may be used for advance payments and loans approved by the insurance company under the general terms and conditions of insurance, based on presentation of the company’s policies for which premiums are paid on time. Individual investments of the insurance company in such loans may not exceed 1% of the value of its capital.

Assets covering technical provisions must be diversified to avoid overreliance on any one category of assets, market, or investment. The insurance company must adjust its investments in assets covering the technical provisions that are exposed to potential loss resulting from a change in interest rates, exchange rate fluctuations, credit risk, and other market risks to the liabilities under insurance contracts affected by those changes.

Pension funds’ investments are subject to the following limits: (1) no limit for single bonds issued and authorized by EU and OECD governments; (2) 5% of total investment in instruments issued by a single company authorized in an EU or OECD country; (3) 15% of
total investment in participation units or shares of investment funds issued by a single investment company authorized in an EU or OECD country; and (4) 5% of total investment in participation units or shares of a single investment fund managed by a company authorized in an EU or OECD country.

Mandatory pension funds may invest in (1) securities issued outside the RNM, up to 50% of total investments; (2) bonds, bills, and other securities issued or authorized by foreign governments or CBs of an EU or OECD country, up to 50% of total investments; (3) bonds, bills, and other fixed-income securities of private foreign companies or banks of an EU or OECD country, up to 30% of total investments; and (4) shares and securities traded on the primary stock exchange of an EU or OECD country and in participation units, shares, and other securities of mutual and investment funds based and authorized in an EU or OECD country that invest primarily in quoted equities in these countries, up to 30% of total investments. Voluntary pension funds may invest in (1) securities issued outside the RNM, up to 50% of total investments. Within this limit they may invest in (a) debt securities of municipalities, nongovernment foreign companies, or banks of EU and OECD members with an investment-grade-level rating from a reputable international rating agency; (b) shares issued by foreign companies or banks with an investment-grade-level rating by a reputable international rating agency and traded on the main stock exchanges of EU and OECD members; and (c) participation units, shares, and other securities issued by authorized open-end and closed-end investment funds established in EU and OECD members, up to 30% of total investments; and (2) bonds and other securities issued by foreign governments or CBs of EU and OECD members and debt securities issued by the ECB, EIB, and World Bank, up to 50% of total investments.

Pension funds’ investments may not exceed (1) 80% of total investments in bonds, bills, and other securities issued or guaranteed by the RNM or the NBRNM; (2) 30%, in the case of mandatory pension funds and 60%, in the case of voluntary pension funds, of total investments in interest-bearing bank deposits in banks licensed by the NBRNM; (3) 60% of total investments in certificates of deposit (CDs), bonds, and mortgage-backed securities issued or guaranteed by banks licensed by the NBRNM; (4) 40% of total investments in bonds and other securities issued by joint-stock companies (other than banks) in the RNM approved by the SEC and traded on organized and supervised RNM securities markets and in commercial notes issued by first-class joint-stock companies (other than banks) in the RNM; (5) 10% of total investment in bonds issued by municipalities in the RNM for mandatory pension funds and for voluntary pension funds; (6) 30% of total investments in shares issued with SEC approval by joint-stock companies in the RNM, other than closed-end investment funds, and traded on organized and supervised RNM securities markets; (7) 5% of total investments in participation units and shares of open-end and closed-end investment funds in the RNM authorized by the SEC under the Law on Investment Funds; and (8) for mandatory pension funds, 1.5% of total investment in participation units and shares of private investment funds in the RNM authorized by the SEC that invest in shares and participation units of micro, small, and medium RNM companies.

These are not applicable to defined contribution systems.
securities issued by nonresidents or residents or investment portfolios held abroad or domestically, but according to the types of financial instruments (transferable securities, money market instruments, deposits, shares or stocks of investment funds, term and optional contracts, and other financial derivative instruments, etc.) and in terms of a single issuer. Therefore, there are no specific limits on investment in securities issued by nonresidents or residents.

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Resident Accounts

Foreign exchange accounts permitted

<table>
<thead>
<tr>
<th>Held abroad</th>
<th>03/08/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following were allowed to freely open and maintain accounts abroad without approval: residents who have sold real property abroad, for recovery of claims based on the sale of the property; residents who rent out real property abroad, for recovery of claims based on lease of the property; residents who have acquired real property abroad, for payment of costs for the property abroad; residents who hold securities abroad, for recovery of claims based on sale of securities abroad, dividends, interests or other proceeds based on the securities.</td>
<td></td>
</tr>
<tr>
<td>06/22/2020</td>
<td></td>
</tr>
<tr>
<td>The following were allowed to freely open and maintain accounts without approval: residents who have an obligation to make a payment to a competent authority or legal entity abroad (for example, notary fee, court fees, bank fees, or enforcement costs).</td>
<td></td>
</tr>
</tbody>
</table>

Approval required

| 03/08/2019 | The following were allowed to freely open and maintain accounts abroad without approval: residents who have sold real property abroad, for recovery of claims based on the sale of the property; residents who rent out real property abroad, for recovery of claims based on lease of the property; residents who have acquired real property abroad, for payment of costs for the property abroad; residents who hold securities abroad, for recovery of claims based on sale of securities abroad, dividends, interests or other proceeds based on the securities. |
| 06/22/2020 | The following were allowed to freely open and maintain accounts without approval: residents who have an obligation to make a payment to a competent authority or legal entity abroad (for example, notary fee, court fees, bank fees, or enforcement costs). |
Status under IMF Articles of Agreement

Date of membership: December 27, 1945.

Article VIII: Yes. Date of acceptance: May 11, 1967.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): Yes.

In accordance with binding UNSC resolutions and with certain EU Council decisions and regulations, there are restrictions involving the freezing of funds and other financial assets and economic resources and a prohibition against making funds, financial assets, or economic resources available to specific persons and entities. These restrictions apply to certain individuals and entities under the following Norwegian regulation on sanctions and restrictive measures: Al-Qaida and ISIL (Da’esh); Taliban; Belarus, Burundi, the Central African Republic; the Democratic Republic of the Congo; Egypt; the Darfur region in Sudan; Republic of Guinea; Guinea-Bissau; the Islamic Republic of Iran; the former government of Iraq; the Democratic People’s Republic of Korea; Libya; Somalia (as amended); South Sudan; Syria; Tunisia; Ukraine/Russia; Yemen; Venezuela, Mali, Myanmar, Nicaragua and Zimbabwe.

Other security restrictions: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Norway is the Norwegian krone.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement
### Official exchange rate

| Yes. | The NB’s exchange rates are middle rates (that is, the midpoint between buying and selling rates in the interbank market at a given time). Rates are usually determined at 2:15 p.m. local time. On July 1, 2016, the NB changed the publication time of the daily exchange rate to around 4:00 p.m. local time. The change was made as a result of the change in publication time by the ECB of the euro foreign exchange reference rates. The exchange rates are intended to serve only as an indication and are not binding on the NB or other banks, but they are often used as a reference and for historical comparisons. |

### Monetary policy framework

<table>
<thead>
<tr>
<th>Exchange rate anchor</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
</tr>
<tr>
<td>Euro</td>
</tr>
<tr>
<td>Composite</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Monetary aggregate target</td>
</tr>
</tbody>
</table>
Inflation-targeting framework Yes.

**Target setting body** Yes.

**Government** Yes.

The objective of monetary policy has been laid down by the government and submitted to the Storting (Parliament). The responsibility for the conduct of monetary policy is delegated to the NB pursuant to the NB Act and appurtenant regulation. NB’s most important monetary policy instrument is the key policy rate, which is the interest rate on banks’ deposits up to a quota in the NB. NB’s Monetary Policy and Financial Stability Committee is responsible for NBs role as the executive and advisory monetary policy authority and for the use of policy instruments to attain the monetary policy objectives. The Committee is appointed by the King in Council and consists of the Governor, the two Deputy Governors, and two external members. The Committee functions as a unified group and the members are collectively responsible for the Bank’s decisions. NBs Monetary policy assessment has included voting records of monetary policy meetings since June 21, 2017.

**Central Bank**

**Monetary Policy Committee**

**Central Bank Board**

**Other**

**Government and Central Bank**

**Inflation target** Yes.

**Target number** Yes.

**Point target** Yes. The point target is set as the annual consumer price inflation of close to 2% over time. It was revised to 2% through Royal Decree, on March 2, 2018, pursuant to Section 2, third paragraph, of Act No. 28 of May 24, 1985, on Norges Bank and the Monetary System, etc. (NB Act).

**Target with tolerance band**

**Band/Range**

**Target measure** Yes. Monetary policy shall maintain monetary stability by keeping inflation low and stable. The operational target of monetary policy shall be annual consumer price inflation of close to 2% over time. Inflation targeting shall be forward-looking and flexible so that it can contribute to high and stable output and employment and to countering the buildup of financial imbalances.

**CPI** Yes. The operational target of monetary policy is annual consumer price inflation of close to 2% over time. The NB uses the consumer price index (CPI) defined and published by Statistics Norway.

**Core inflation**

**Target horizon** Yes. The NB sets the interest rate with a view the aim of stabilizing inflation around the target in the medium term. The horizon will depend on disturbances to which the economy is exposed and the effects on the outlook for inflation and the real economy. In its conduct of monetary policy, NB takes into account indicators of underlying consumer price inflation.

**Operating target (policy rate)** Yes.
<table>
<thead>
<tr>
<th>Policy rate</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NB’s most important monetary policy instrument is the key policy rate, which is the interest rate on banks’ deposits up to a quota in NB. This interest rate is also called the sight deposit rate.</td>
<td></td>
</tr>
<tr>
<td>Target corridor band</td>
<td>Yes.</td>
</tr>
<tr>
<td>The key policy rate is the midpoint in an interest rate corridor with a width of 200 basis points. The lower limit is equal to the reserve rate. Each bank with an account at the NB is assigned an individual quota for reserves (in nominal Norwegian krone (NOK) terms). Reserves within the quota are remunerated at the key policy rate. Reserves in excess of the quota are remunerated at the reserve rate, which is equal to the sight deposit rate minus 100 basis points. The upper limit in the interest rate corridor is equal to the D-loan rate, which is the interest rate on NB’s standing lending facility. The D-loan rate is equal to the sight deposit rate plus 100 basis points.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
<tr>
<td>Accountability</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open letter</td>
<td>n.a.</td>
</tr>
<tr>
<td>Parliamentary hearings</td>
<td>Yes.</td>
</tr>
<tr>
<td>The governor of the NB provides an assessment of the monetary policy in an open hearing each year before the Standing Committee on Finance and Economic Affairs in connection with the Storting deliberations on the Financial Markets Report.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
<tr>
<td>Transparency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Publication of votes</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Monetary policy assessment following the Monetary Policy and Financial Stability Committee’s meeting includes the committee’s voting record.</td>
<td></td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On May 3, 2017, NB’s Executive Board decided to publish the minutes of monetary policy meetings. The content of the minutes was included in the Executive Board’s assessment, which was published at the same time as the interest rate decision is announced. The decision was made effective from the monetary policy meeting on June 21, 2017. The Monetary Policy and Financial Stability Committee was established effective January 1, 2020. The content of the minutes is included in the Monetary Policy assessment in the Monetary Policy Report.</td>
<td></td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Monetary Policy Report with financial stability assessment is published four times a year, in connection with four of the monetary policy meetings. The Report presents the assessments on which the interest rate setting is based and includes projections of developments in the Norwegian economy.</td>
<td></td>
</tr>
<tr>
<td>Other monetary framework</td>
<td></td>
</tr>
<tr>
<td>Exchange tax</td>
<td>No.</td>
</tr>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial banks may freely set the exchange rate and commissions in transactions with their clients.</td>
<td></td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Norwegian banks (122), credit institutions (32), branches of credit institutions (59), finance and mortgage companies (30), payment institutions (15), and e-money institutions (6) may deal in foreign exchange with the public. 264 (10 payment institutions, for whom the activities are restricted) entities are licensed by Finanstilsynet, the financial supervisory authority of Norway. Norwegian law does not restrict such entities from opening and maintaining accounts abroad.</td>
<td></td>
</tr>
</tbody>
</table>
The NB does not engage in foreign exchange transactions with foreign exchange bureaus.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operated by the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interbank market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The interbank foreign exchange market consists of 10–15 banks licensed by Finanstilsynet. There are no limits on the bid-ask spreads and commissions of market participants.</td>
<td></td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>The interbank foreign exchange market consists of 10–15 banks and operates mostly on electronic trading platforms.</td>
<td></td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>The NB may use foreign exchange swaps to supply krone liquidity to Norwegian and foreign banks. Foreign exchange swaps may also be used to supply liquidity in foreign currency (generally US dollars) to Norwegian banks. Extraordinary liquidity supplied in foreign currency is reserved for very special situations and is based on an assessment of the stability of Norwegian financial markets and the Norwegian payment system. Maturities for foreign exchange swaps vary and depend on the liquidity situation in the banking system. The NB provided irregular foreign currency swaps between May 2008 and May 2009.</td>
<td></td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Norway participates in the Continuous Linked Settlement system. Norwegian banks participate in the EURO1, STEP1, and STEP2 pan-European clearing systems of the Euro Banking Association. Single Euro Payments Area (SEPA) payments to and from Norway may be carried out by Norwegian banks with offices in the EU or by Scandinavian banks operating in Norway.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
</tbody>
</table>
Operative No.

Inoperative No.

Regional arrangements Yes. Norway participates in the Continuous Linked Settlement system. Norwegian banks participate in the EURO1, STEP1, and STEP2 pan-European clearing systems of the Euro Banking Association.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control Yes. Regulated banks and finance companies and their branches may engage in foreign exchange services. Specialized foreign exchange dealers may also be authorized as finance companies. Licensed payment institutions and electronic money institutions may, under the Act on Financial Undertakings and Financial Groups, provide international payment services as well as foreign exchange services as a closely related ancillary service. This act and the appurtenant Regulations on Financial Institutions and Financial Groups (Financial Institutions Regulations) implement EU Payment Services Directive (EC) No. 2015/2366. The Foreign Exchange Register Act requires banks, branches, finance companies, electronic money institutions, and payment institutions to report foreign exchange transactions and payments to and from Norway to the foreign exchange register operated by the Directorate of Taxes.

Payments arrears No.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) No.

On domestic ownership and/or trade No.

On external trade No.

Controls on exports and imports of banknotes No.

On exports No.

Domestic currency No.

Foreign currency No.

On imports No.

Domestic currency No.

Foreign currency No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically

Yes. There are no limitations, and the balances in the accounts may be transferred abroad freely.

Approval required

No.

Held abroad

Yes. There are no limitations, and the balances in the accounts may be transferred to the home country freely.

Approval required

No.

Accounts in domestic currency held abroad

Yes.

Accounts in domestic currency convertible into foreign currency

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Foreign exchange accounts permitted

Yes.

Approval required

No.

Domestic currency accounts

Yes.

Convertible into foreign currency

Yes.

Approval required

No.

Blocked accounts

Yes. The following are subject to financial restrictions involving the blocking of accounts: (1) Afghanistan/Taliban; (2) Al-Qaida and ISIL; (3) Burma/Myanmar; (4) certain individuals in Burundi; (5) certain individuals and entities from the Darfur region in Sudan; (6) certain individuals in Egypt; (7) certain individuals from the Republic of Guinea; (8) certain individuals and entities from Guinea-Bissau; (9) (1) certain citizens of Belarus; (10) certain individuals associated with the former government of Iraq; (11) certain individuals and entities from the Islamic Republic of Iran; (12) Yemen; (13) (2) certain individuals and entities from the Democratic Republic of the Congo; (14) Lebanon; (15) certain individuals and entities from Libya; (16) Mali; (17) certain individuals and entities from the Democratic People’s Republic of Korea; (18) certain individuals in Russia; (19) certain individuals and entities from the Central African Republic; (20) Somalia; (21) certain individuals and entities from Syria; (22) South Sudan; (23) Tunisia; (24) Ukraine; (25) certain individuals and entities from Venezuela; and (26) certain individuals of Zimbabwe.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

No.

Minimum financing requirements

No.

Advance payment requirements

No.

Advance import deposits

No.

Documentation requirements for

No.
## Release of Foreign Exchange for Imports

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

*Imports of certain goods from the Islamic Republic of Iran, Iraq, the Democratic People’s Republic of Korea (as amended), Somalia (as amended), and Syria are prohibited. Other imports subject to regulation are listed and require licenses. Imports of certain goods and movement of assets and payments to and from Belarus, Burundi, the Central African Republic, the Democratic Republic of the Congo, Egypt, Guinea, Guinea-Bissau, Iran, Iraq, the Democratic People’s Republic of Korea, Lebanon, Libya, Somalia, Sudan (Darfur), South Sudan, Syria, Tunisia, Ukraine/Russia, Venezuela, Yemen, and Zimbabwe are controlled and under certain circumstances prohibited. Imports of goods and payments to and from listed entities and persons (including members of Al-Qaida, ISIL (Da'esh), and the Taliban) may also be prohibited.*

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No</td>
<td></td>
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</tbody>
</table>

## Other Nontariff Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certain measures imposed for environmental, health, sanitary, and phytosanitary reasons or to satisfy labeling requirements.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Import Taxes and/or Tariffs

*Under the EEA and other preferential agreements, most imports are not subject to tariffs. In general, tariffs applied to industrial goods are zero, except for some clothes and other textiles; tariffs applied to agricultural products are higher. All products from least developed countries may be imported free of duties and tariffs.*

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

*This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).*
Letters of credit: No.

Guarantees: No.

Domiciliation: No.

Preshipment inspection: No.

Other: No.

Export licenses:
- Without quotas: Yes. Exports of certain goods and movement of assets and payments to and from Belarus, Burundi, the Central African Republic, the Democratic Republic of the Congo, Egypt, Guinea, Guinea-Bissau, the Islamic Republic of Iran, Iraq, the Democratic People’s Republic of Korea, Lebanon, Libya, Myanmar, Russia, Sierra Leone, Somalia, Sudan (Darfur), South Sudan, Syria, Tunisia, Ukraine, Yemen, and Zimbabwe are controlled and sometimes prohibited. Exports of goods and payments to and from listed entities and persons (including members of Al-Qaida, ISIL (Da’esh), and the Taliban) may also be prohibited.
- With quotas: No.

Export taxes:
- Yes. Exports of fish and fish products are subject to a levy of 0.3%–1.05% of the f.o.b. value: of which 0.3% is allocated to the Norwegian Seafood Research Fund and the rest to generic marketing of seafood by the Norwegian Seafood Council.

Collected through the exchange system: No.

Other export taxes: Yes.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: No.

Trade-related payments: No.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: No.

Trade-related payments:
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: No.

Investment-related payments: No.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: No.

Payments for travel: No.

Prior approval: No.

Quantitative limits: No.

Indicative limits/bona fide test: No.
<table>
<thead>
<tr>
<th>Personal payments</th>
<th>No.</th>
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</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
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<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
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<tr>
<td>Credit card use abroad</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
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<td>Quantitative limits</td>
<td>No.</td>
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<td>Other payments</td>
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**References to legal instruments and hyperlinks**

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### Proceeds from Invisible Transactions and Current Transfers

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<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Restrictions on use of funds**

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Capital Transactions

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<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
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<td>Surrender requirements</td>
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<td>Surrender to the central bank</td>
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<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
### Controls on capital and money market instruments

**On capital market securities**

- Yes.
  - Shares or other securities of a participating nature
    - Yes. Controls apply to the purchase of shares or other securities of a participating nature that may be affected by laws on inward direct investment and establishment. This includes general nondiscriminatory provisions on ownership control in financial institutions based on EEA directives.
  - **Purchase locally by nonresidents**
    - Yes.
  - **Sale or issue locally by nonresidents**
    - No.
  - **Purchase abroad by residents**
    - No.
  - **Sale or issue abroad by residents**
    - No.

**On money market instruments**

- No.
  - **Purchase locally by nonresidents**
    - No.
  - **Sale or issue locally by nonresidents**
    - No.
  - **Purchase abroad by residents**
    - No.
  - **Sale or issue abroad by residents**
    - No.

**On collective investment securities**

- No.
  - **Purchase locally by nonresidents**
    - No.
  - **Sale or issue locally by nonresidents**
    - No.
  - **Purchase abroad by residents**
    - No.
  - **Sale or issue abroad by residents**
    - No.

### Controls on derivatives and other instruments

- Yes.
  - **Purchase locally by nonresidents**
    - No.
  - **Sale or issue locally by nonresidents**
    - No.
  - **Purchase abroad by residents**
    - Yes. Collective investment funds are subject to nondiscriminatory limitations on exposure to derivatives.
  - **Sale or issue abroad by residents**
    - No.

### Controls on credit operations

- No.
  - **Commercial credits**
    - No.
  - By residents to nonresidents
    - No.
  - To residents from nonresidents
    - No.
Financial credits

By residents to nonresidents
No.

To residents from nonresidents
No.

Guarantees, sureties, and financial backup facilities
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Controls on direct investment
Yes.

Outward direct investment
No.

Inward direct investment
Yes.

Controls apply to (1) establishment of branches of foreign financial undertakings; (2) establishment of branches of securities brokerage firms and collective investment fund management companies; (3) airlines, which may be granted an operating license only within the EEA, provided EEA member states and/or nationals of EEA member states own more than 50% of the enterprise and effectively control it, directly or indirectly, through one or more intermediate enterprises, except as indicated in an agreement with a third country in which the EU and Norway participate; (4) nonresident investment in the accounting sector exceeding 49% and in the legal sector; (5) ownership of Norwegian flag vessels, except (a) through a partnership or joint-stock company with at least 60% of the share capital owned by EEA nationals and (b) by registering the vessel in the Norwegian International Ship Register under the applicable conditions; and (6) investment in a registered fishing vessel bringing foreign ownership above 40%.

Controls on liquidation of direct investment
No.

Controls on real estate transactions
Yes.

Purchase abroad by residents
No.

Purchase locally by nonresidents
Yes.

Sale locally by nonresidents
No.

Controls on personal capital transactions
Yes.

Loans
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Gifts, endowments, inheritances, and legacies
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Settlement of debts abroad by immigrants
No.

Transfer of assets
No.

Transfer abroad by emigrants
No.
Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  Yes.  It is illegal for financial undertakings and payment service institutions to transfer payments to be used in gambling that is not legal according to Norwegian legislation. The same regulation applies to the transfer of prizes from such gambling.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Credit institutions and investment firms are subject to nondiscriminatory exposure regulations (Limits to large exposure, see art. 395 CRR as implemented into Norwegian law through FOR-2014-08-22-1097 § 2). In accordance with the Capital Requirements Regulation, CRR, net positions must be within 25% of eligible capital (Tier 1 + Tier 2, provided Tier 2 is equal to or less than one-third of Tier 1 capital, c.f. CRR Article 4(71)). For financial counterparties the limits are 25%, €150 million, or 100% depending on the reporting institution’s eligible capital.

| Lending locally in foreign exchange | No. |
| Purchase of locally issued securities denominated in foreign exchange | No. |
| Differential treatment of deposit accounts in foreign exchange Reserve requirements | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |

| Differential treatment of deposit accounts held by nonresidents Reserve requirements | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |
| Investment regulations | Yes. |

| Abroad by banks | No. |

Investments, domestic and foreign, must be in line with the requirement to organize and run a financial undertaking in a proper manner. (Act on Financial Undertakings and Financial Groups, Sections 13-10.)

| In banks by nonresidents | Yes. |

Nondiscriminatory rules on ownership control in financial institutions apply, based on EEA directives.

| Open foreign exchange position limits | Yes. |
On resident assets and liabilities Yes.

On nonresident assets and liabilities Yes.

Provisions specific to institutional investors

Insurance companies Yes. There are qualitative requirements regarding investment policies and risk management according to the prudent person principle.

Limits (max.) on securities issued by nonresidents No.

Limits (max.) on investment portfolio held abroad No.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition No.

Pension funds

Limits (max.) on securities issued by nonresidents No.

Limits (max.) on investment portfolio held abroad No.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition Yes.

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents Yes.

Limits (max.) on investment portfolio held abroad Yes.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition No. There are no currency-matching regulations on the composition of assets and liabilities for investment funds.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Inflation-targeting framework

Transparency

Publication of minutes 01/01/2020 The Monetary Policy and Financial Stability Committee was established.
OMAN
(Position as of July 31, 2020)

Status under IMF Articles of Agreement

Date of membership: December 23, 1971.

Article VIII: Yes. Date of acceptance: June 19, 1974.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.
Exchange measures imposed for security reasons: Yes.
In accordance with IMF Executive Board Decision No. 144-(52/51): No.
Other security restrictions: Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Oman is the Omani rial.
Other legal tender: No.

Exchange rate structure

Unitary: Yes.
Dual
Multiple

Classification

No separate legal tender
Currency board
Conventional peg: Yes.

Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating

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Free floating

**Official exchange rate**
Yes. The exchange rate of the rial is pegged to the US dollar at RO 1 per US$2.6008, with a buying rate of US$2.604167 and a selling rate of US$2.597403.

**Monetary policy framework**
Exchange rate anchor
Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

U.S. dollar
Yes.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

Other

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**

**CPI**

**Core inflation**

**Target horizon**

**Operating target (policy rate)**

Policy rate

Target corridor band

Other

**Accountability**
Open letter
Parliamentary hearings
Other

**Transparency**
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Foreign exchange market** Yes. Banks may freely set the commission on their currency conversion transactions with their clients.

**Spot exchange market** Yes. Eighteen commercial banks and 16 money exchange establishments are involved in currency conversion under the rial–US dollar fixed peg arrangement and participate in exchange market.

**Operated by the central bank** Yes. Commercial rates for other currencies are based on market rates in London.

**Foreign exchange standing facility** Yes. The Central Bank of Oman (CBO) sets the rates and stands ready to buy and sell foreign currency at the announced rates. The CBO deals only with the government and commercial banks.

**Allocation** No.

**Auction** No.

**Fixing** No.

**Interbank market** Yes. There are no restrictions on the bid-ask rates. All commercial banks may participate in the interbank market (that is, no restrictions are imposed; market participation is conditional on individual commercial banks’ foreign currency liquidity position). As mentioned before, 18 banks engage in the interbank market.

**Over the counter** Yes. The foreign exchange derivatives market is limited to trade-related activities in forward contracts.

**Brokerage** No.

**Market making** Yes. The interbank foreign exchange market operates under a market-making agreement.

**Forward exchange market** Yes. The foreign exchange derivatives market is limited to trade-related activities in forward contracts.

**Official cover of forward operations** Yes.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Prescription of currency requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
</tbody>
</table>
For current transactions and payments
No.

For capital transactions
No.

Transactions in capital and money market instruments
No.

Transactions in derivatives and other instruments
No.

Credit operations
No.

Use of foreign exchange among residents
No.

Payments arrangements
Yes.

Bilateral payments arrangements
No.

Operative
No.

Inoperative
No.

Regional arrangements
Yes.

Oman is a part of GCC RTGS.

Clearing agreements
No.

Barter agreements and open accounts
No.

Administration of control
Yes.

The CBO has exclusive authority over exchange control; there is no exchange control legislation.

Payments arrears
No.

Official
No.

Private
No.

Controls on trade in gold (coins and/or bullion)
No.

On domestic ownership and/or trade
No.

On external trade
No.

Controls on exports and imports of banknotes
No.

On exports
No.

Domestic currency
No.

Foreign currency
No.

On imports
No.

Domestic currency
No.

Foreign currency
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted
Yes.

Both residents and nonresidents can hold foreign currency accounts.

Held domestically
Yes.

Residents could hold such accounts domestically.
Approval required  
Held abroad  
Approval required  
Accounts in domestic currency held abroad  
Approval required  
Accounts in domestic currency convertible into foreign currency  
References to legal instruments and hyperlinks

Residents can hold foreign currency account abroad.
Residents may hold domestic currency abroad without restriction.
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted  
Approval required  
Domestic currency accounts  
Approval required  
Blocked accounts  
References to legal instruments and hyperlinks

No distinction is made between accounts held by residents and those held by nonresidents. Balances may be transferred abroad freely.
Nonresidents can hold domestic currency accounts.
Balances are freely convertible into foreign currency and transferable abroad.
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget  
Financing requirements for imports  
Minimum financing requirements  
Advance payment requirements  
Advance import deposits  
Documentation requirements for release of foreign exchange for imports  
Domiciliation requirements  
Preshipment inspection  
Letters of credit  
Import licenses used as exchange licenses  
Other  
Import licenses and other nontariff measures  
Positive list  
Negative list

No.
No.
No.
No.
No.
No.
No.
No.
No.
No.
Yes.
No.
Yes.

Licenses are required for some imports. Importers must be listed in the commercial register.
Companies operating in Oman and trading in manufactured oil products are prohibited from importing specified products as long as domestic production is deemed adequate to satisfy local demand.
Open general licenses | No.
Licenses with quotas | No.
Other nontariff measures | Yes. Importer needs to provide approval from authority in charge (for restricted goods only), that is, some agriculture goods have to be approved by Ministry of Agriculture and Fisheries.

**Import taxes and/or tariffs** | Yes. In accordance with the GCC Customs Union, a maximum CET of 5% is applied on most dutiable goods. Effective June 15, 2019, Oman imposed its 'sin tax' on carbonated drinks, tobacco, energy drinks, and pork and pork products. Effective July 1, 2020, for alcoholic drinks the sin tax was revised to 100% from 50%. Duty is not levied on imports from GCC countries or on government imports as long as country of origin certificates are presented.

Taxes collected through the exchange system | No. No taxes collected other than mentioned in VII.E.
State import monopoly | No.
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements** | No.
Surrender requirements | No.

*Surrender to the central bank* | No.
*Surrender to authorized dealers* | No.

**Financing requirements** | No.

**Documentation requirements** | Yes.
Letters of credit | No.
Guarantees | No.
Domiciliation | No.
Preshipment inspection | No.

Other | Yes. The exporter needs to provide the following documents: (1) A copy from the export invoice. (2) Packing list. (3) Approval from related authority in charge (for restricted goods). For instance, exporter needs an approval to export some goods that are temporally prohibited for exports.

**Export licenses** | No.
Without quotas | No.
With quotas | No.

**Export taxes** | No.
Collected through the exchange system | No.
Other export taxes | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
**Payments for Invisible Transactions and Current Transfers**

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<tr>
<td>Payments for travel</td>
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<td>Prior approval</td>
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<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
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<td></td>
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<tr>
<td>Credit card use abroad</td>
<td>No.</td>
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<td></td>
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</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<tr>
<td>Other payments</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
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<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<td></td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

Restrictions on use of funds

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

References to legal instruments and hyperlinks

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Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on capital and money market instruments

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

On capital market securities

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

Shares or other securities of a participating nature

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Sale or issue locally by nonresidents

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Purchase abroad by residents

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Sale or issue abroad by residents

<table>
<thead>
<tr>
<th>No.</th>
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</thead>
</table>

Bonds or other debt securities

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Purchase locally by nonresidents

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Sale or issue locally by nonresidents

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Purchase abroad by residents

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Sale or issue abroad by residents

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

On money market instruments

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Purchase locally by nonresidents

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

Foreign ownership of shares of Omani companies is generally limited to 70%, but it may be increased to 100% by government. For prudential purposes, all locally incorporated banks must be public joint-stock companies and must comply with the regulation on shareholding limits (that is, up to 15% for an individual and related parties, up to 25% for an incorporated body, and up to 35% for a joint-stock company or a holding company and its related parties). These prudential limits apply equally to resident and nonresident investors that invest in locally incorporated banks.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
</tbody>
</table>

Effective January 1, 2020, under the new Foreign Capital Investment Law (FCIL) there are no requirements to have Omani ownership (previously, under the old law at least 30% Omani ownership was required). The foreign investor shall not start operating the entity without having the investment permit from the assigned governmental entity. Updated. Ministry of Commerce & Industry maintains a blacklist of certain activities where foreign investment is prohibited.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>The Royal Decree no. 12/2006 allowed resident or non-resident non-Omanis to purchase and hold properties in Integrated Tourism Complexes (ITC). Meanwhile, Royal Decree no. 29/2018 prohibits non-Omanis from purchasing and holding properties in ITCs that are located in Dhofar governorate except Salalah, Musandam governorate, Al Buraimi governorate, Al Dhahirah governorate, and Al Wusta governorate. In addition, non-Omanis are not allowed to purchase and hold properties in Wilayats (Provinces) of Liwa, Shinas and Masirah. Furthermore, there are no transactions with non-Omanis in strategic Mountains that designated by the government, are places near Royal Palaces and Military bases, and Traditional Villages. Other than the above restrictions, nationals of GCC countries can freely purchase properties in Oman, while nationals of non-GCC countries can buy property only in the designated ITCs. Expatriates who have stayed in Oman for at least two years are allowed to own flats and offices in Muscat according to a ministerial resolution (2020/357). The contract can last for up to 50 years, and then be subsequently renewed, such that the total term of this period, after its extension, lasts for a maximum of 99 years.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>According to the Royal Decree 29/2018, non-Omanis shall dispose their holding of real estate assets in embargo locations within two years from the announcement of the Royal Decree (of November 11, 2018). Because of COVID-19, this two-year period was extended by a year until October 31, 2021. There are no restrictions on sale of freehold properties by non-residents in ITCs.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No</td>
</tr>
<tr>
<td>Loans</td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No</td>
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<tr>
<td>Transfer abroad by emigrants</td>
<td>No</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

Provisions Specific to the Financial Sector

| Provisions specific to commercial banks and other credit institutions | Yes | The Guidelines on Credit Exposure to Nonresidents and Placement of Bank Funds Abroad establish prudential limits and guidelines on |
local banks’ credit and foreign exchange exposure to single borrowers and related parties and on overall exposure. Circular No. BM 1120 establishes prudential requirements and sets limits on foreign exchange exposure and exposure to nonresidents in these guidelines.


<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
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<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Banking Law 2000 sets the following prudential restrictions on bank investments abroad: (1) Bonds, notes, debentures, and other payment obligations of companies domiciled outside Oman may not exceed 25% of the 10% ceiling (of the amount of the net worth of the licensed bank) applicable to all such instruments in general, regardless of the place of domiciliation. (2) Publicly marketed securities issued or guaranteed by foreign governments and their agencies that mature within 90 days of acquisition must be payable in a currency freely convertible at the time of acquisition. (3) Shares
and securities of corporations domiciled and organized outside Oman that are not authorized for investment under the provisions of Article 65(b) of Banking Law 2000, provided such investment if made in related companies or other licensed banks is approved by the Board of Governors, may not exceed 25% of the 20% ceiling (of the net worth of the licensed bank) applicable to all such shares and securities in general, regardless of the place of domiciliation.

**In banks by nonresidents**  
Yes. For prudential purposes, all locally incorporated banks in Oman must be in the form of public joint-stock companies and must comply with the regulation on shareholding limits (that is, up to 15% for an individual and related parties, up to 25% for an incorporated body, and up to 35% for a joint-stock company or a holding company and its related parties). These prudential limits apply equally to resident and nonresident investors that invest in locally incorporated banks.

**Open foreign exchange position limits**  
Yes. A limit of 40% of banks’ Tier 1 capital applies. To limit maturity mismatches, the cumulative gaps in domestic and foreign currency may not exceed:
- 15% of cumulative liabilities (outflows) in each of the first two time bands (up to one month and 1–3 months),
- 20% of cumulative liabilities (outflows) in 3–6-month time band,
- and 25% of cumulative liabilities (outflows) in 6–9-month and 9–12-month time bands.

**On resident assets and liabilities**  
Yes.

**On nonresident assets and liabilities**  
Yes.

**Provisions specific to institutional investors**  
Yes.

**Insurance companies**  
Yes. There is a 25% limit on foreign investments of insurance companies’ out of total investment.

**Limits (max.) on securities issued by nonresidents**  
Yes. There is a 25% limit on foreign investments of insurance companies’ out of total investment.

**Limits (max.) on investment portfolio held abroad**  
Yes. There is a 25% limit on foreign investments of insurance companies’ out of total investment.

**Limits (min.) on investment portfolio held locally**  
Yes. Minimum of 75% of total investment should be held locally.

**Currency-matching regulations on assets/liabilities composition**  
No. No such laws and regulation issued

**Pension funds**  
Yes.

**Limits (max.) on securities issued by nonresidents**  
Yes. There is a 50% limit on overall investments denominated in foreign currency, with sublimit by country.

**Limits (max.) on investment portfolio held abroad**  
Yes. There is a 50% limit on overall investments denominated in foreign currency, with sublimit by country.

**Limits (min.) on investment portfolio held locally**  
Yes. Short-term investments in deposits and T-bills or certificates of deposits (CDs) may not exceed 20% of total investments. Investments in locally issued bonds may not be less than 30% of total investments and not exceed 80%.

**Currency-matching regulations on assets/liabilities composition**  
n.a.

**Investment firms and collective investment funds**  
Yes.

**Limits (max.) on securities issued by nonresidents**  
No.

**Limits (max.) on investment portfolio held abroad**  
No.

**Limits (min.) on investment portfolio held locally**  
Yes. (1) The fund may not hold more than 10% of the outstanding securities of any issuer.
(2) The fund’s investments in any securities issued by any single issuer may not exceed 10% of the net asset value of the fund. This provision may not apply to index funds.
(3) The investment fund may not borrow more than 10% of its net asset value.

Changes during 2019 and 2020

Imports and Import Payments

Import taxes and/or tariffs

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/15/19</td>
<td>Oman imposed its “sin tax” on carbonated drinks, tobacco, energy drinks, and pork and pork products.</td>
</tr>
<tr>
<td>07/01/20</td>
<td>For alcoholic drinks, the sin tax was revised to 100% from 50%.</td>
</tr>
</tbody>
</table>

Capital Transactions

Controls on direct investment

Inward direct investment

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/20</td>
<td>Under the new Foreign Capital Investment Law (FCIL) there are no requirements to have Omani ownership (previously, under the old law at least 30% Omani ownership was required). The foreign investor shall not start operating the entity without having the investment permit from the assigned governmental entity. updated. Ministry of Commerce &amp; Industry maintains a blacklist of certain activities where foreign investment is prohibited.</td>
</tr>
</tbody>
</table>

Provisions Specific to the Financial Sector

Lending to nonresidents (financial or commercial credits)

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/01/20</td>
<td>The limit of banks’ credit exposure to nonresidents and placements of banks’ fund abroad was revised from 75% to 50% of local net worth (vide CBO circular letter BSD/CB/2020/03 of May 21, 2020).</td>
</tr>
</tbody>
</table>
PAKISTAN

(Status as of July 31, 2020)

**Status under IMF Articles of Agreement**

**Date of membership**
July 11, 1950.

**Article VIII**
Yes.
Date of acceptance: July 1, 1994.

**Article XIV**

**Exchange Measures**

Yes. The IMF staff report for the Request for an Extended Arrangement under the Extended Fund Facility with Pakistan states that, as of June 28, 2019, import restrictions and an MCP, which are subject to approval under Article VIII of the IMF’s Articles of Agreement, were introduced to support the balance of payments at a time of heightened volatility. Specifically, Pakistan maintains (1) a requirement to fully pre-fund LCs, imposed in early 2017; and (2) an exchange restriction on advance payment for imports against LCs, imposed in July 2018. (Country Report No. 19/212)

**Restrictions and/or multiple currency practices**
Yes.

**Exchange measures imposed for security reasons**
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exchange Arrangement**

Yes. The currency of Pakistan is the Pakistani rupee.

**Currency**
Yes.

No. Other legal tender

**Exchange rate structure**

Yes.

Unitary

Dual

Multiple

**Classification**

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
The de jure exchange rate arrangement is floating. Exchange rate is determined by the market forces, that is, demand and supply of foreign exchange. The State Bank of Pakistan (SBP) does not explicitly or implicitly commit to an exchange rate target or path. The SBP intervenes in the market to curb speculative pressures for ensuring smooth functioning of the markets. In June 2019 the SBP issued a circular to Banks explaining that (i) the SBP moves to a flexible market-determined exchange rate with a focus on price stability; (ii) interventions are limited to safeguarding financial stability and preventing disorderly market conditions (DMC); and (iii) banks are free to quote and trade at any exchange rate. The de facto exchange rate arrangement is classified as other managed. The SBP does not publish data related to market intervention.

Floating
Free floating

Official exchange rate No.

Monetary policy framework
Exchange rate anchor
U.S. dollar
Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank
Inflation target
Target number
Point target
Target with tolerance band
Band/Range
The SBP’s monetary policy framework is characterized by an emphasis on anchoring inflation expectations to the medium-term inflation target range announced by the government using short-term interest rates. It can be termed as a regime in transition toward flexible inflation targeting (FIT).

Under this approach, an independent MPC examines various indicators from the real, external, financial, and fiscal sectors, along with their model-based forecasts and stakeholder surveys, to assess the inflation outlook as well as the state of the output gap. On the basis of this information, the MPC decides on the policy rate that would be appropriate to manage inflation expectations, while promoting growth and safeguarding financial stability. Furthermore, the government has shifted from announcing an annual inflation target to a medium-term target range since 2019, which currently is 5–7%.

This modernized framework also requires an enhanced communication policy. Hence, in line with best practices for monetary policy communication, SBP now publishes minutes of the MPC meeting and the voting pattern, holds regular press conferences and review sessions with research houses after MPC meetings, engages in public debates on the economy, and is also making its presence felt over the social media.

A fully functioning MPC since January 2016, the announcement of a medium-term inflation target, the adoption of a flexible market-determined exchange rate regime, and enhanced communication represent critical steps toward formally adopting a flexible inflation-targeting framework for monetary policy. In addition, statutory steps
involved in the formal adoption of such a framework are also under consideration by the government.

Since 2009, the SBP has adopted an interest rate corridor (IRC) framework for monetary policy transmission. In May 2015, the SBP introduced a policy target rate. In March 2020, SBP introduced further changes in the IRC framework to reflect best international practices, that is, making the IRC symmetric with uniform upper and lower bands around the policy target rate. Since June 25, 2020, the policy target rate is set at 7.00%, SBP’s reverse repo rate (that is, ceiling rate) at 8.00%, and SBP’s repo rate (that is, floor rate) at 6.00%. This uniformity is expected to allow for better transmission of policy rate to market interest rates.

Exchange tax
No.

Exchange subsidy
No.

Foreign exchange market
Yes.

Banks may determine their own rates of exchange, both for ready and forward transactions for the public, subject to the condition that the margin between the buying and selling rates should not exceed 50 paisa per US dollar or its equivalent in other currencies. There are no SBP restrictions on bid-ask spreads of interbank transactions.

For Exchange Companies (ECs) and Exchange Companies of ‘B’ category (ECBs), the spread between the buying and selling rates of US dollar, pound sterling, euro, Saudi Arabian riyal, and U.A.E. dirham may not exceed 1% of their buying rate. For all other foreign currencies, the ECs/ECBs need to ensure to maintain a competitive spread.

Spot exchange market
Yes.

The SBP issues licenses to banks to operate as ADs, in foreign exchange. As of December 31, 2019, the number of ADs was 29. The SBP also issues licenses to ECs to deal in foreign currency notes, coins, postal notes, money orders, bank drafts, traveler’s checks, and remittance transfers and licenses to ECBs under the prescribed criteria. ECBs may purchase and sell foreign currency notes and coins only. ECs/ECBs deal with individuals only.

Hotels with a three-star rating or higher may also buy foreign currency from their customers. As of December 31, 2019, 27 full-fledged ECs, 25 ECBs, and 29 (restricted authorized) hotels were operational. ECs may make outward remittances in accordance with the regulations. Importers, exporters, and businesses may shop around for the best rates without recourse to the SBP. Individuals may purchase foreign exchange from or sell it to ECs/ECBs at freely negotiated rates in accordance with the regulations. Banks are limited to a spread of 50 paisa in all foreign currency quotes to customers. For ECs/ECBs, the spread between the buying and selling rates of US dollar, pound sterling, euro, Saudi Arabian riyal, and U.A.E. dirham may not exceed 1% of their buying rate. For all other foreign currencies, the ECs/ECBs need to ensure to maintain a competitive spread (Foreign Exchange Circular No. 06 of May 12, 2015).

ECs/ECBs may not make trade-related remittances on behalf of their customers. To focus ECs on their primary function of promoting home remittances, ECs may make outward remittances on behalf of bona fide customers for permissible transactions for up to 75% of the home remittances they handled in the preceding month. ECs must report remittances in the prescribed format by the fifth day of every month (FE Circular No. 04 of 2008). Some government foreign exchange transactions (for example, debt-service payments) are conducted directly by the SBP, at interbank market rates.

Operated by the central bank
No.
### Foreign exchange standing facility
No.

### Allocation
No.

### Auction
No.

### Fixing
No.

### Interbank market
Yes.

ADs may determine their own rates of exchange, both for spot and forward transactions. There are no SBP restrictions on bid-ask spreads of interbank transactions. SBP intervention is conducted at market-determined prices. As of December 31, 2019, there were 33 banks, 11 microfinance banks (MFBs), 9 Development finance institutions (DFIs), 27 ECs, and 25 ECBs.

### Over the counter
Yes.

### Brokerage
Yes.

Interbank brokers also operate in the foreign exchange market. All interbank brokers are accredited by the Financial Markets Association of Pakistan.

### Market making
Yes.

The Reuters Dealing System is commonly used for market making.

### Forward exchange market
Yes.

The maximum term of forward cover by banks for trade transactions is 12 months, although this may be rolled over; these facilities are also available for funds transferred from abroad for portfolio investment. Forward cover against exports on a contract basis is permitted. Forward booking for imports is allowed, provided the minimum tenor is one month and the tenor matches the maturity of the underlying LC. Importers may also cover their non-rupee exposure through foreign exchange options. ADs may extend forward cover for exports and foreign private loans. The SBP oversees and regulates the foreign exchange derivatives market in accordance with the SBP circular on derivatives issued in November 2004. The CB participates in the forward foreign exchange market.

### Official cover of forward operations
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

#### Prescription of currency requirements
Yes.

Settlements of current and capital account transactions with other countries are allowed in fully convertible currencies as determined by the contracting parties.

#### Controls on the use of domestic currency
Yes.

#### For current transactions and payments
Yes.

Export Form (Form E) must be certified by the AD in a convertible foreign currency. Domestic currency cannot be used to settle payments for current international transactions (exports) in Pakistan.

#### For capital transactions
Yes.

Residents are not allowed to borrow from abroad, in local currency without the special permission of the State Bank.

#### Transactions in capital and money market instruments
Yes.

Banks that are authorized derivatives dealers may take positions in financial derivatives transactions, including foreign currency options, forward rate agreements, and interest rate swaps, according to the Financial Derivatives Business Regulations (FDBR); for all other structured derivatives, SBP approval is required. Currently, single stock futures contracts (deliverable and cash settled) stock/sectoral

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index futures contracts and index options are available for trading on Pakistan Stock Exchange (PSX) regulated by the Securities and Exchange Commission of Pakistan (SECP). Commodity futures contracts were also introduced from the platform of the Pakistan Mercantile Exchange Limited (PMEX). Currently, the PMEX trades in gold, silver, rice, palm oil, crude oil, sugar, wheat, international cotton, and three-month Karachi interbank offered rate futures contracts.

Special convertible rupee accounts (SCRAs) are specifically maintained for investment in derivatives, and investors can freely use SCRAs for derivatives transactions.

Credit operations Yes. Except nonresident Pakistanis, nonresidents are not allowed to borrow or lend in local currency without the special permission of the State Bank.

Use of foreign exchange among residents Yes. All obligations among residents are settled in rupees. Local foreign exchange account holders may freely transfer funds to other foreign exchange account holders. The Local US Dollar Instruments Collection and Settlement System handles such settlements.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Pakistan is a member of the ACU.

Clearing agreements Yes. Payments to, and receipts from, member countries of the ACU for current transactions are settled every two months under ACU mechanism.

Barter agreements and open accounts No.

Administration of control Yes. The SBP authorizes banks and a number of other financial institutions to deal in foreign currencies and to sell or purchase foreign exchange within limits prescribed by the SBP as bona fide. The SBP licenses ECs to deal in foreign currency notes, coins, postal notes, money orders, bank drafts, traveler’s checks, and transfers. The SBP also licenses ECBs, which may only purchase and sell foreign currency notes and coins. Hotels with a three-star rating or higher may buy foreign exchange from their customers and sell it to banks.

Payments arrears No.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) No. Local trade in gold bullion is unrestricted.

On domestic ownership and/or trade No.

On external trade No.

Exportation and importation of gold jewelry are governed by the Trade Development Authority of Pakistan (TDAP) under instructions by the Ministry of Commerce.

Controls on exports and imports of banknotes Yes.

On exports Yes.

Domestic currency Yes. An individual may take out up to PRs 3,000 to India and PRs 10,000
Foreign currency Yes. Any person is allowed to take out of Pakistan US dollars or its equivalent in other foreign currencies, subject to the following limits a person a visit and a person a year, respectively: (1) 1,000 and 6,000 for individuals up to 5 years old; (2) 5,000 and 30,000 for individuals between 5 and 18 years old; (3) 10,000 and 60,000 for individuals above 18 years old.

Nongovernmental organizations (NGOs) and other UN (welfare) organizations working in Afghanistan may take to Afghanistan more than PRs 10,000. Exports of foreign currency by banks are not restricted. ECs may export foreign currencies other than US dollars following the prescribed procedures and declaration at SBP-Customs Joint Booths at Jinnah International Airport, Karachi, Allama Iqbal International Airport, Lahore, Benazir Bhutto International Airport, Islamabad, and Bacha Khan International Airport, Peshawar. ECs must ensure to receive the proceeds in equivalent US dollars against exported currencies in their foreign currency accounts maintained with banks in Pakistan within three working days or import cash in US dollars against export of permissible foreign currencies.

On imports Yes.

Domestic currency Yes. Any person may bring into Pakistan up to Rs 3,000 from India and Rs 10,000 from other countries.

The regulations are applicable to both residents and nonresidents; however, there is no prescribed declaration for the same.

Foreign currency No. Any person may bring into Pakistan from any country any foreign currency notes or banknotes without limit. However, declaration has to be submitted to Customs authorities at arrival if the amount is exceeding US$10,000.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes. Banks may offer foreign exchange accounts to residents. Holders of frozen (old) foreign exchange accounts may purchase special US dollar bonds of the Government of Pakistan (GOP) against outstanding balances or convert the foreign currency to rupees at the prevailing exchange rate.

Held domestically Yes. Foreign currency accounts may be credited with remittances received from abroad, traveler’s checks issued outside Pakistan (whether in the name of account holder or in the name of any other person), and foreign exchange generated by encashment of securities issued by the GOP. A foreign currency account of a citizen of Pakistan resident in Pakistan may also be credited with cash foreign currency, but only if the account holder is a filer as defined in the Income Tax Ordinance of 2001.

However, a foreign currency account cannot be credited with (a) any foreign exchange borrowed under any general or specific permission given by SBP, unless otherwise permitted; (b) any proceeds from goods exported from Pakistan; (c) proceeds of securities issued or sold to nonresidents; (d) any payment received for services rendered in or from Pakistan; (e) earnings or profits of the overseas offices or branches of Pakistani firms and companies including banks, or investment of resident Pakistanis abroad; and (f) any foreign exchange purchased from an AD in Pakistan for any purpose. Foreign exchange accounts of resident corporations and legal entities may not be credited with foreign currency purchased from the open market.
These accounts may be permanently retained, and operations and remittances from foreign exchange accounts are not restricted. ADs may keep or invest their deposits abroad or in Pakistan. ADs that lend these funds to borrowers in Pakistan for trade-related activities must observe SBP prudential regulations. ADs may decide the rate of return they offer to depositors. ADs may open foreign currency accounts and extend trade loans under the FE-25 program in US dollars, pounds sterling, euros, Japanese yen, Canadian dollars, U.A.E. dirhams, Saudi Arabian riyals, Chinese renminbi, Swiss francs, and Turkish liras.

**Approval required**  
No.

**Held abroad**  
Yes.  
ECs are not allowed to maintain nostro accounts abroad. ECs’ remittance transactions must be routed through their foreign currency accounts at banks in Pakistan.

**Approval required**  
Yes.

**Accounts in domestic currency held abroad**  
No.

**Accounts in domestic currency convertible into foreign currency**  
Yes.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

The following may open foreign exchange account with ADs, without prior approval of the State Bank, (a) Pakistan Nationals residing in or outside Pakistan, including those having a dual nationality. (b) All foreign nationals, whether residing abroad or in Pakistan. (c) Joint Account in the names of residents and nonresidents. (d) All diplomatic missions accredited to Pakistan and their Diplomatic Officers. (e) All International Organizations in Pakistan. (f) Firms and companies established/incorporated and functioning in Pakistan (g) Charitable Trusts, Foundations, etc. (h) Branches of foreign firms and companies in Pakistan. (i) Nonresident Exchange Companies, even if owned by a bank or financial institution. (j) All foreign firms/corporations, other than banks and financial institutions owned by Banks, incorporated and operating abroad, provided these are owned by persons who are otherwise eligible. (k) Exchange Companies licensed by SBP. However, the facility is not available to airlines and shipping companies operating in/through Pakistan or collecting passage and freight in Pakistan and the investment banks, leasing companies, and modaraba companies, including those which have been granted licenses to deal in foreign exchange.

Outward remittances may be made from foreign currency accounts, unless restricted for some specific purpose. However, personal foreign currency accounts of any nature should not be used for commercial and business purposes.

ADs are free to decide the rate of return they offer to depositors. Deposit holders wishing to make payments in Pakistan in rupees must first convert the foreign exchange drawn from their accounts to rupees. If Pakistan nationals holding such accounts return to Pakistan, they may retain the accounts permanently. Funds mobilized under the foreign exchange account program need not be surrendered to the SBP, nor does the SBP provide forward cover for such accounts.
The accounts of individuals, firms, or companies residing abroad are designated nonresident accounts. Different rules apply to the nonresident rupee accounts of individuals, firms, and companies, on one hand, and to the nonresident rupee accounts of banks, on the other hand.

Banks may open and maintain, effective July 16, 2019, two categories of nonresident rupee accounts for individuals and entities without prior approval of the State Bank.

1. Nonresident Rupee Account-Repatriable (NRAR):
Debits and credits of such accounts are subject to applicable regulations. An automated teller machine (ATM)/debit card to the account holder and supplementary ATM/debit cards in the name of family members of the account holder resident in Pakistan may be issued. These cards may be used for transactions in and outside Pakistan.

2. Nonresident Rupee Account-Non-repatriable (NRAN):
All legitimate debit and credit transactions in these accounts as those permissible for resident Pakistani rupee (PKR) accounts are allowed. However, the funds available in these accounts may not be used abroad through ATM/debit cards or other delivery channels.

Previously, banks could open nonresident accounts for nonbank nonresidents without SBP approval if the accounts were opened with funds received from abroad through banking channels or with rupee funds accepted for remittance abroad. Debits and credits to nonresident accounts for specified purposes could be made by authorized banks without approval.

Foreign shipping companies and airlines with offices or agents in Pakistan can open and operate interest-bearing rupee accounts, provided the interest is used only to meet local expenses. Banks could issue bank cards as well as supplementary bank cards to individual nonresident rupee account holders. Withdrawals were allowed only in Pakistan.

Domestic currency accounts are convertible to foreign currency when opened as convertible rupee accounts with funds received from abroad or credited with funds otherwise accepted for remittance abroad.

A blocked account refers to an account opened as a blocked account at any branch or office in Pakistan of a bank authorized in this behalf by the State Bank or an account blocked by the order of the State Bank.

Holders of frozen (old) foreign exchange accounts are permitted to purchase US dollar bonds of the GOP against outstanding balances in their foreign exchange accounts.

The State Bank may not approve certain remittances in settlement of liabilities to a particular person resident outside Pakistan. Payments in discharge of such liabilities to such person may be allowed to be made to a blocked account, subject to such terms and conditions as may be specified by the State Bank.

The State Bank may issue special instructions regarding operations on blocked accounts. In the absence of any such special instructions, no payments into or withdrawal from blocked accounts may be made, unless prior approval of the State Bank has been obtained.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
**Imports and Import Payments**

<table>
<thead>
<tr>
<th><strong>Foreign exchange budget</strong></th>
<th>No.</th>
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<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Minimum financing requirements</strong></td>
<td>No.</td>
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<tr>
<td><strong>Advance payment requirements</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>Advance import deposits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
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<td>Requirement</td>
<td>Requirement Details</td>
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<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
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<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
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<td>Letters of credit</td>
<td>No.</td>
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<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
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<tr>
<td>Other</td>
<td>No.</td>
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<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
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<tr>
<td>Positive list</td>
<td>No.</td>
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<tr>
<td>Negative list</td>
<td>Yes.</td>
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<tr>
<td>Open general licenses</td>
<td>No.</td>
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<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Customs’ system called Web based One Customs (WeBOC). Now, the importers must fill the Electronic I-Form electronically before initiating an import transaction.

There is a requirement of preshipment inspection from preshipment agencies notified via Appendices D, H, and O of the IPO for import of secondhand machinery, specialized machinery, equipment, ambulances, ground handling equipment, etc., and certain goods which could affect public health and the environment.

LC is one of the modes and not the only mode for import payments, importers may use other modes of payments such as open account, contract, or advance payments.

Import licenses are not required.

Generally, there is no positive list for trade. However, for imports from India through land route—that is, Wagah Border, there is a positive list of 138 items under various Harmonized System (HS) codes. However, effective September 8, 2019, trade with India has been suspended.

A total of 45 items under various HS codes are on the negative list, which is compiled on the basis of products banned for religious and health reasons and products banned as a result of Pakistan’s commitment to international agreements. There are also 1,209 items which are on the negative list for imports from India.

The importation of ozone-depleting substances (N. 18, Part-I, Appendix-B of IPO 2016 of April 18, 2016) is subject to policy and quota allocations of the Ministry of Climate Change. There is also a quantitative restriction in case of chemicals notified via S. Nos. 19–38 of Appendix-B of the IPO.

Imports from Israel and of goods of Israeli origin are prohibited. There are 75 items on the restricted list that are importable by specific consumers under conditions prescribed in Part-I, Appendix-B of the IPO. There are 35 items for which procedural requirements are prescribed in Part-II, Appendix-B of the IPO considering the health and safety issues. Around 103 items notified in the IPO have to meet minimum standards at the import stage.

Pursuant to Finance Act 2019, effective July 1, 2019, the rates of tax to be collected by the Collector of Customs under Section 148 are as follows: (1) 1% of the import value as increased by customs duty, sales tax, and federal excise duty for (a) industrial enterprise importing remeltable steel (Pakistan Customs Tariff (PCT) Heading 72.04) and directly reduced iron for its own use; (b) persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet’s decision No. ECC-155/12/2004 of December 9, 2004; (c) persons importing urea; (d) manufacturers covered under Notification Statutory Regulatory Order (SRO) No. 1125(I)/2011; (e) persons importing gold; (f) persons importing cotton; and (g) persons importing liquefied natural gas (LNG). (2) 2% of the import value as increased by customs duty, sales tax, and federal excise duty for persons importing pulses. (3) 3% of the import value as increased by customs duty, sales tax, and federal excise duty for commercial importers covered under Notification...
SRO No. 1125(I)/2011 of December 31, 2011, and importing items covered under SRO No. 1125(I)/2011 of December 31, 2011. (4) 4% for persons importing coal. (5) 4% for persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan. (6) 4.5% for ship breakers on import of ships. (7) 5.5% for industrial enterprises not covered under S. Nos. 1–6. (8) 5.5% for companies not covered under S. Nos. 1–7. (9) 6% for persons not covered under S. Nos. 1–8. (10) 1.75% of the import value as increased by customs duty, sales tax, and federal excise duty for industrial enterprise importing plastic raw material falling under PCT Heading 39.01–39.12 for its own use. (11) 4.5% of the import value as increased by customs duty, sales tax, and federal excise duty for commercial importer, importing plastic raw material falling under PCT Heading 39.01–39.12.

The rate of tax on import of mobile phones by any person is as follows based on the cost and freight (c.f.r.) value of mobile phone in US dollars: (1) Rs 70 for those up to US$30; (2) Rs 730 for those exceeding US$30 and up to US$100; (3) Rs 930 for those exceeding US$100 and up to US$200; (4) Rs 970 for those exceeding US$200 and up to US$350; (5) Rs 3,000 for those exceeding US$350 and up to US$500; (6) Rs 5,200 for those exceeding US$500. The provisions of Section 148 do not apply to mobile phones brought in personal baggage under the Baggage Rules 2006 (under Clause (60E) of Part IV of the Second Schedule to the Income Tax Ordinance 2001).

These tax rates are increased by 100% for persons whose names do not appear in the active taxpayers’ list under Rule 1 of the Tenth Schedule to the Income Tax Ordinance 2001. Previously, the tax rates for non-filers varied with the type of import and for many categories they were less than 100% greater than the rates for filers.

Effective March 20, 2020, the tax withheld on import of medical and testing equipment for COVID-19 outbreak was exempted. No advance tax on imports of tillage and seedbed preparation equipment, seeding or planting equipment, irrigation, drainage, and agrochemical application equipment, harvesting, threshing, and storage equipment, postharvest handling and processing, and miscellaneous machinery, as specified in Clause (91) (Annex-1) of Part-IV of the Second Schedule to the Income Tax Ordinance 2001, is levied under Section 148.


Withholding tax under Section 148 on import of hybrid cars is collected at the following reduced rates: 100% for cars with engine capacity of up to 1200 cc, 50% for 1201–1800 cc, and 25% for 1801–2500 cc.

Effective July 1, 2019, the tax withheld on import from a commercial importer is a minimum tax. The policy for income and tax changed from a “final tax regime” to a “minimum tax regime” to improve the realization of the tax potential and reduce domestic and international transfer pricing for tax purposes. Previously, the final tax regime was applicable to commercial importers, traders of goods, contractors, brokerage and commission, etc. Persons involved in certain
transactions were not required to pay tax on actual profit, maintain books of accounts, or undergo audit. Instead, the tax deducted or collected on these transactions was treated as final tax.

**Taxes collected through the exchange system**
No.

**State import monopoly**
No. The Trading Corporation of Pakistan imports basic commodities, that is, wheat, sugar, and urea, to meet the demand and supply gap as and when directed by the federal government.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Exports and Export Proceeds

### Repatriation requirements
Yes. Proceeds must be repatriated through an AD by the due date or within six months of the date of shipment, whichever is earlier, except for hand-knotted carpets for which the repatriation time is 270 days from the date of shipment. Exporters may retain export proceeds, including advance payments in foreign currency, with an AD for three working days and sell them to ADs, who keep the retained proceeds in special exporters’ accounts.

### Surrender requirements
Yes.

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
Yes. Exporters are required to sell export proceeds in the interbank market within three working days. Exporters may retain between 2% and 15% of the free-on-board (f.o.b.) value in their net foreign exchange accounts to effect foreign payments for such expenses as advertising, purchases of designs and patterns, market studies, and bona fide export claims and to cover export proceeds, without SBP approval. For software and service sector exports, this limit is 35%. Exporters reporting an increase of more than 10% in export earnings may keep 50% of the additionally earned amount in foreign exchange accounts.

### Financing requirements
Yes. Foreign currency financing is available for a maximum of 180 days. All foreign exchange loans against intended exports may be settled only through export proceeds or remittances from abroad. However, to facilitate exporters, SBP has modified the above policy covering all aspects of foreign currency financing requirements from issuance of loans till their final settlements. Further, ADs have been delegated powers to settle outstanding export loans up to US$50,000 (or equivalent in other foreign currencies) themselves through interbank market.

### Documentation requirements
Yes. The documents required are a firm order, invoices, goods declaration, transport document of goods (B/L, airway bill (AWB)), and Form E. The goods declaration is filed by the exporter during the clearance of goods at ports/airports, etc. The Form E requirement does not apply to exports of textbooks for schools and colleges for Pakistani students and other institutions operating under embassies abroad. This exemption also applies to literary, religious, educational, and general books if the value of individual shipments does not exceed US$10,000 or its equivalent.

**Letters of credit**
No.

**Guarantees**
No.

**Domiciliation**
No.

**Preshipment inspection**
Yes. As per S. No. 7, Schedule II of the Export Policy Order 2016, the export of rice is subject to the conditions and procedures specified by the Ministry of Commerce. At the moment, no specific procedure has
been specified by the Ministry of Commerce. Whereas, as per S. No. 17, Schedule II of the Export Policy Order 2016, the export of surgical instruments is subject to certificate/test report to be issued by the Sialkot Material Testing Laboratory. The Department of Plant Protection regulates the transborder management of consignments of plant and plant material under the Pakistan Plant Quarantine Act, 1976, and Rules, 1967, and International Standards for Phytosanitary Measures developed under the International Plant Protection Convention through its plant quarantine outposts established at all exit/entry points, the department issues phytosanitary certificates. Imports and exports of animal products are regulated through the Pakistan Animal and Quarantine Department (Import and Export of Animals and Animal Products) Ordinance, 1979 (Ordinance No. XLIX of 1979). The Marine Fisheries Department enforces Pakistan Fish Inspection and Quality Control Act, 1997, and issues certificates of quality for fish and fish products for exportation.

Other

Export licenses No.

Without quotas No.

With quotas No.

Export taxes Yes.

Collected through the exchange system Yes. An export development surcharge at 0.25% of export value is deducted under Section 11 of Finance Act 2019 by commercial banks from the foreign exchange proceeds realized on exports.

Other export taxes Yes. Taxes apply as follows: (1) foreign exchange proceeds on exports of goods, 1%; (2) foreign exchange proceeds on account of an indent commission or agent commission, 5%; (3) foreign exchange proceeds on inland back-to-back LCs or related arrangements, 1%; (4) exports of goods by an industrial enterprise in an EPZ, 1%; and (5) deduction by a direct exporter on payment to an indirect exporter, 1%. The following are exempt from export taxes: (1) exports of computer software, information technology (IT) services, and IT-enabled services, extended until effective July 1, 2019, June 30, 2025 (provided 80% of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels); (2) exporters who are also manufacturers and registered for sales tax as exporters/manufacturers and are engaged in the manufacture of carpet, leather, and related articles; surgical goods; sporting goods; and textiles and related goods—are exempt from tax on their monthly electric bills; and (3) exporters of cooking oil and/or vegetable ghee to Afghanistan, if tax under Section 148 on imports of edible oil has already been paid.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes. ADs may issue foreign-currency-denominated traveler’s checks for any purpose, provided they are paid for with an equivalent amount of foreign currency. ECs may also transfer funds abroad on behalf of individuals, subject to related rules and regulations.

Trade-related payments Yes. Pursuant to Finance Act 2019, effective July 1, 2019, the tax rate on brokerage or commission fee is 10% of the amount of the payment in the case of advertising agents; 8% of the amount of the payment in
the case of life insurance agents where commission received is less than Rs. 0.5 million an annum; and 12% of the amount of payment in all other cases. These tax rates are increased by 100% if the person’s name is not appearing in the active taxpayers’ list. Previously, for non-filers the tax rates were as follows: on brokerage or commission fee – 15% of the amount of the payment in the case of advertising agents, 16% of the amount of the payment in the case of life insurance agents where commission received was less than Rs. 0.5 million an annum, and 15% of the amount of payment in all other cases. Exemptions under Part IV of the Second Schedule to the Income Tax Ordinance of 2001 apply to (1) special-purpose vehicles for securitization (Clause 38); (2) venture capital companies (Clause 38A); (3) payments to the International Finance Corporation under the International Finance Corporation Act of 1956 (XXVII of 1956, Clause 67); (4) payments to the Asian Development Bank under the Asian Development Bank Ordinance of 1971 (IX of 1971, Clause 69); and (5) payments to the ECO Trade and Development Bank (Clause 72).

<table>
<thead>
<tr>
<th>Prior approval</th>
<th>No.</th>
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<tbody>
<tr>
<td>Quantitative limits</td>
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<tr>
<td>Indicative limits/bona fide test</td>
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<tr>
<td>Investment-related payments</td>
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<td>Prior approval</td>
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<td>Indicative limits/bona fide test</td>
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<tr>
<td>Payments for travel</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Pakistan nationals resident in Pakistan are entitled to Private Travel Exchange Quota (PTEQ) of US$50 a day a person, subject to a maximum of US$2,100 a calendar year for countries other than Bangladesh and Afghanistan. This quota may be drawn from ADs in accordance with instructions contained in subsequent sub-paragraphs in lump sum or in instalments over a period of one calendar year. Children below the age of 2 years are entitled to 10% of the PTEQ mentioned above, while children over 2 years of age but below 12 years of age are entitled to draw 50% of the PTEQ.

ADs may remit foreign exchange on behalf of the Hajj Group Organizers (HGOs) to vendors/service providers in Saudi Arabia under certain conditions. Total remittances a pilgrim into account of HGO/direct payments to vendors in Saudi Arabia must not exceed
80% of the Hajj Package being offered to the individual pilgrim. In case aggregate remittance against all services by an HGO on any given day exceeds US$100,000, the concerned HGO will approach the Exchange Policy Department, SBP, along with related details through the concerned AD for prior approval. To facilitate the HGOs to make arrangements of Maktab, housing, catering, transportation, guides, etc., in Saudi Arabia, the ADs have been allowed to make advance remittances on behalf of HGOs up to 30% of the individual Hajj Package through interbank market. ADs can make remittances on behalf of the Umrah Organizers directly to vendors/service providers in Saudi Arabia on account of booking of hotels, transport, and other associated purpose(s), if any.

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

ECs are authorized to effect outward remittances only on personal account of individuals, that is, personal financial transactions and not those related to an individual’s trade or business requirements.

<table>
<thead>
<tr>
<th>Prior approval</th>
<th>Yes.</th>
</tr>
</thead>
</table>

ADs may remit in foreign exchange up to US$50,000 a transaction on behalf of resident Pakistanis for medical treatment. ADs may also remit to educational institutions abroad on behalf of Pakistani students up to US$70,000 a student a calendar year. For amounts in excess of these limits, ADs may submit the requests to the SBP with supporting documentation.

<table>
<thead>
<tr>
<th>Quantitative limits</th>
<th>Yes.</th>
</tr>
</thead>
</table>

ADs may remit in foreign exchange up to US$50,000 a transaction on behalf of resident Pakistanis for medical treatment. ADs may also remit to educational institutions abroad on behalf of Pakistani students up to US$70,000 a student a calendar year. For amounts in excess of these limits, ADs may submit the requests to the SBP with supporting documentation. ECs may make outward remittance transactions on account of personal financial transactions up to US$50,000 (or equivalent in other currencies) without SBP approval.

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>Yes.</th>
</tr>
</thead>
</table>

ADs may remit foreign exchange on behalf of the HGOs to vendors/service providers in Saudi Arabia under certain conditions. In case aggregate remittance against all services by an HGO on any given day exceeds US$100,000, the concerned HGO will approach the Exchange Policy Department, SBP, along with related details through the concerned AD for prior approval.

<table>
<thead>
<tr>
<th>Foreign workers' wages</th>
<th>No.</th>
</tr>
</thead>
</table>
### Foreign workers' wages

- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: No.

### Credit card use abroad

- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: No.

### Other payments

- Prior approval: Yes.
- ADs may remit lease payments by airlines incorporated in Pakistan up to the guaranteed hours; payments for time over the guaranteed hours require SBP approval.
- SBP approval is required for ECs to make outward remittances or sale of foreign currency to customers of more than US$50,000 or its equivalent.
- Quantitative limits: Yes.
- ADs may release foreign exchange up to a maximum of US$100,000 an invoice with respect to payments for IT services on behalf of companies incorporated in Pakistan and branches of foreign companies that operate in Pakistan ADs may release foreign Exchange up to US$10,000 against acquisition of any kind of services from abroad by resident companies. For remittance above this threshold, underlying agreement is required to be registered with Foreign Exchange Operations Department (FEOD), SBP Banking Services Commission (BSC).
- Indicative limits/bona fide test: No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

- Repatriation requirements: Yes.
- The proceeds from invisible earnings have to be repatriated to Pakistan; however, there is no deadline for it.
- Surrender requirements: Yes.
- Surrender to the central bank: No.
- Surrender to authorized dealers: Yes.
- Proceeds of foreign exchange earnings must be sold to an AD. It is permissible for exporters to retain the export proceeds, including advance payments in foreign currency, with an AD in Pakistan for three working days and to sell them within this period to any AD.
- Restrictions on use of funds: No.

### Capital Transactions

- Controls on capital transactions: Yes.
- Repatriation requirements: Yes.
- Profits, dividends, capital gains, and disinvestment proceeds from the sale of equity investments abroad must be repatriated to Pakistan.
- Surrender requirements: Yes.
<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriated foreign currency must be sold to ADs immediately.</td>
<td></td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Banks may open SCRA for nonresidents to acquire quoted or listed</td>
<td></td>
</tr>
<tr>
<td>securities with remittances from abroad. Dividends, capital gains,</td>
<td></td>
</tr>
<tr>
<td>and disinvestment proceeds may be credited to these accounts for</td>
<td></td>
</tr>
<tr>
<td>remittance abroad without SBP approval. Nonresidents may also</td>
<td></td>
</tr>
<tr>
<td>invest in shares of local companies allocated to them in a public</td>
<td></td>
</tr>
<tr>
<td>offering. Such shares are listed at local bourses. A company may</td>
<td></td>
</tr>
<tr>
<td>allocate up to 20% of a public offering to overseas Pakistanis as</td>
<td></td>
</tr>
<tr>
<td>per Regulation 5.4.2 of Chapter 5 of Rule Book of Pakistan Stock</td>
<td></td>
</tr>
<tr>
<td>Exchange Limited.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval by SBP is required for residents investing in equity</td>
<td></td>
</tr>
<tr>
<td>issued by nonresidents.</td>
<td></td>
</tr>
<tr>
<td>Nonresidents may solicit subscriptions for shares and debentures in</td>
<td></td>
</tr>
<tr>
<td>Pakistan, subject to Section 446 of the Companies Act 2017.</td>
<td></td>
</tr>
<tr>
<td>Securities of a foreign company may be offered for sale to public</td>
<td></td>
</tr>
<tr>
<td>by way of the prospectus but with the prior approval of SECP (Section</td>
<td></td>
</tr>
<tr>
<td>446 of the Companies Act 2017). Such companies are subject to</td>
<td></td>
</tr>
<tr>
<td>compliance with part XII (companies established outside Pakistan of</td>
<td></td>
</tr>
<tr>
<td>the Companies Act 2017).</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>SBP approval is required. Locally established mutual funds are</td>
<td></td>
</tr>
<tr>
<td>allowed to invest abroad for the purposes of diversifying their</td>
<td></td>
</tr>
<tr>
<td>asset classes or portfolios up to 30% of the aggregate funds</td>
<td></td>
</tr>
<tr>
<td>mobilized (including foreign currency funds) in permissible</td>
<td></td>
</tr>
<tr>
<td>categories, subject to a cap of US$15 million or its equivalent at</td>
<td></td>
</tr>
<tr>
<td>any given time. Approval of the SBP and the SECP is required (FE</td>
<td></td>
</tr>
<tr>
<td>Circular No. 11 of August 12, 2005). Substantial shareholders or</td>
<td></td>
</tr>
<tr>
<td>officers of companies having shareholding in a foreign company or</td>
<td></td>
</tr>
<tr>
<td>corporate body must report to the company their shareholding in</td>
<td></td>
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<tr>
<td>specified manner. Companies must report to the Commission the</td>
<td></td>
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<tr>
<td>information received during the year, through the annual return.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may sell or issue securities abroad with SECP approval</td>
<td></td>
</tr>
<tr>
<td>under Section 95 of Securities Act 2015. The proceeds of these</td>
<td></td>
</tr>
<tr>
<td>issues must be repatriated to Pakistan as indicated in the SBP Foreign</td>
<td></td>
</tr>
<tr>
<td>Exchange Manual and foreign exchange circulars issued by the SBP</td>
<td></td>
</tr>
<tr>
<td>from time to time. These proceeds may be used to purchase plant</td>
<td></td>
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<tr>
<td>equipment and machinery from abroad. Funds may be transferred to</td>
<td></td>
</tr>
<tr>
<td>service these securities.</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Nonresidents are allowed to trade in registered corporate debt</td>
<td></td>
</tr>
<tr>
<td>instruments and bonds listed on the stock exchange, federal</td>
<td></td>
</tr>
<tr>
<td>investment bonds, Pakistan investment bonds, and market treasury</td>
<td></td>
</tr>
<tr>
<td>bills through SCRA maintained with designated banks. Foreign</td>
<td></td>
</tr>
<tr>
<td>bank branches in Pakistan and foreign-controlled investment banks</td>
<td></td>
</tr>
<tr>
<td>may invest in registered, listed corporate debt instruments in the</td>
<td></td>
</tr>
<tr>
<td>primary and secondary markets as prescribed by the SBP from time to</td>
<td></td>
</tr>
<tr>
<td>time. There is no minimum holding period requirement for bonds or</td>
<td></td>
</tr>
<tr>
<td>debt securities.</td>
<td></td>
</tr>
<tr>
<td>Effective January 31, 2019, the Government of Pakistan launched</td>
<td></td>
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</tbody>
</table>
US-dollar-denominated Pakistan Banao Certificates mainly for overseas Pakistanis. Investment in these certificates may only be made by eligible investors against remittance from abroad through the banking channel, from investor’s own account maintained abroad.

**Sale or issue locally by nonresidents**  Yes. Prior approval of SBP will be required. Nonresidents may solicit subscriptions in Pakistan with SECP approval, under Section 446 of the Companies Act 2017.

**Purchase abroad by residents**  Yes. SBP approval is required for investment abroad by residents. Locally established mutual funds are allowed to invest abroad for the purposes of diversifying their asset classes or portfolios up to 30% of the aggregate funds mobilized (including foreign currency funds) in permissible categories, subject to a cap of US$15 million or its equivalent at any given time. Approval of the SBP and the SECP is required (FE Circular No. 11 of August 12, 2005).

**Sale or issue abroad by residents**  Yes. Prior approval of SBP is required for issuance of debt securities abroad. Residents may sell or issue securities with SECP approval, under Section 95 of Securities Act 2015. The proceeds must be remitted through an AD as indicated in Foreign Exchange Manual.

**On money market instruments**  Yes.

**Purchase locally by nonresidents**  No. No controls apply to the purchase of certificates of investment, Pakistan investment bonds, market treasury bills, or term finance certificates by nonresidents.

**Sale or issue locally by nonresidents**  Yes. Prior approval of SBP will be required.

**Purchase abroad by residents**  Yes. Prior approval of SBP will be required.

**Sale or issue abroad by residents**  Yes. Residents may sell or issue money market instruments after obtaining approval from the SECP. Subject to the approval of the SBP, the proceeds associated with these issues must be repatriated to Pakistan as indicated in the SBP Foreign Exchange Manual and foreign exchange circulars issued by the SBP. These proceeds may be used to purchase plant equipment or machinery from abroad. Funds may be transferred to service these securities issues.

**On collective investment securities**  Yes.

**Purchase locally by nonresidents**  Yes. Nonresidents can invest in unit of collective investment schemes, subject to prior approval requirement.

**Sale or issue locally by nonresidents**  Yes. Prior approval of SBP will be required. Nonresidents may solicit subscriptions in Pakistan with SECP approval.

**Purchase abroad by residents**  Yes. Prior approval of SBP will be required.

**Sale or issue abroad by residents**  Yes. Prior approval of SBP will be required. Residents may sell or issue securities with SECP approval, under Section 95 of Securities Act 2015. The proceeds must be remitted through an AD as indicated in Foreign Exchange Manual.

**Controls on derivatives and other instruments**  Yes. Banks that are authorized derivatives dealers may engage in financial derivatives transactions, including foreign currency options, forward rate agreements, and interest rate swaps, as provided for in the Financial Derivatives Business Regulations; for all other structured derivatives, the SBP’s approval is required. Currently, single stock futures contracts (deliverable and cash settled) stock/sectoral index futures contracts are available for trading on PSX which is regulated by the SECP. A regulatory framework for index options was introduced at PSX. Commodity futures contracts were introduced from the PMEX platform. Currently, PMEX trades in gold, silver, platinum, palladium, copper, cotton, corn, wheat, soybean, indices, currency contracts, natural gas, Brent and crude oil, rice, palm oil,
sugar, red chili, and three-month Karachi interbank offered rate futures contracts.

**Purchase locally by nonresidents** Yes. Nonresidents may purchase derivatives instruments listed on the PSX and the PMEX through SCRAs with designated banks. Capital gains and proceeds may be credited to these accounts for remittance abroad without SBP approval. No restrictions apply to derivatives trading at PSX. However, Schedule IV of Chapter 12 of National Clearing Company of Pakistan Limited (NCCPL) Regulations 2015 sets position limits applicable to all investors for risk management purposes as per international best practices.

**Sale or issue locally by nonresidents** Yes. Nonresidents are treated the same way as residents. They are allowed to sell derivatives instruments listed on PSX and PMEX through SCRAs maintained with a designated bank. However, other than these listed derivatives instruments, residents will require prior approval from SBP for purchasing any derivative instrument from nonresidents.

**Purchase abroad by residents** Yes. Only authorized derivatives dealers are permitted to enter into derivatives transactions abroad to cover their positions for permissible categories without SBP approval.

**Sale or issue abroad by residents** Yes. Residents may issue/sell such securities with SBP and/or SECP approval.

**Controls on credit operations** Yes.

**Commercial credits**

- **By residents to nonresidents** Yes. Credits of up to six months are permitted with respect to exported goods. Pursuant to Section 199 of the Companies Act 2017, credits to associated resident or nonresident companies, including banking companies, require the approval of members in a general meeting. Regulation No. 5(7) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 specifies that a company may not extend to an associated company or associated undertaking any loan or advance as running finance, revolving line of credit, or any other similar facility for a period beyond one year. Members may approve renewal of such loans or advances, pursuant to Section 199 of the Act.

- **To residents from nonresidents** No.

**Financial credits**

- **By residents to nonresidents** Yes. These credits are not allowed. However, ADs may extend rupee overdrafts to foreign nationals locally up to the extent of their requirements.

- **To residents from nonresidents** Yes. Foreign currency loans could only be raised from abroad within the defined maximum spread over relevant benchmark and tenor of the loan.
backup facilities

By residents to nonresidents

Yes. Prior approval of SBP is required for issuance of guarantee by residents in favor of nonresidents, except guarantees related to performance/bid bond and offshore foreign currency loans. Guarantees, securities, and financial backup facilities issued by companies to nonresident directors of companies are subject to compliance with Section 182 of the Companies Act 2017, which prescribes that guarantees, loans, and securities to directors (residents or nonresident) be granted after the approval of SECP and for the given purpose only.

To residents from nonresidents

Yes. In case a Pakistani bank issues guarantee on behalf of nonresident in favor of resident, prior approval from Foreign Exchange Operations Department (FEOD), SBP Banking Services Commission (BSC) will be required. These transactions are subject to compliance with other credit controls.

Controls on direct investment

Yes.

Outward direct investment

Yes. Direct investment abroad requires approval under foreign exchange laws. Pakistanis as well as residents, including firms and companies, may make equity-based investments, other than portfolio investments, in companies abroad (for example, joint ventures); however, proceeds from such investments must be repatriated. Investments in associated foreign companies/enterprises are subject to compliance with Section 199 of the Companies Act 2017, which requires prior approval of members in a general meeting. Regulation No. 5(7) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 specifies that a company may not extend to an associated company or associated undertaking any loan or advance as running finance, revolving line of credit, or any other similar facility for a period beyond one year. Members may approve renewal of such loans or advances, pursuant to Section 199 of the Act. Substantial shareholders or officers of companies having shareholding in a foreign company or corporate body must report to the company their shareholding in specified manner. Companies must report to the Commission the information received during the year, through the annual return.

Inward direct investment

Yes. Approval is not required for investment in the manufacturing, agriculture, infrastructure, social, and services sectors, except the banking sector. There is no minimum foreign equity investment requirement in any sector except banking. There is no upper limit on the share of foreign equity, except in specific sectors, including airlines, banking, agriculture, and media. Investment in arms and ammunition, security, printing, currency and minting, high explosives, and radioactive substances requires approval. New investment in the production of alcoholic beverages is prohibited. The disinvestment proceeds emerging from outward FDI are required to be repatriated to Pakistan through normal banking channels. There are no controls on the disinvestment proceeds due to be repatriated in terms of the inward FDI and it is allowed to be freely remitted from Pakistan.

Controls on liquidation of direct investment

No. The disinvestment proceeds emerging from outward FDI are required to be repatriated to Pakistan through normal banking channels. There are no controls on the disinvestment proceeds due to be repatriated in terms of the inward FDI and it is allowed to be freely remitted from Pakistan.

Controls on real estate transactions

Yes. Residents are not permitted to purchase real estate abroad.

Purchase abroad by residents

Yes.

Purchase locally by nonresidents

No.

Sale locally by nonresidents

No.
| Section                                                                 | Regulation/Permission
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Family remittances and other remittances by nonresidents to residents less than the equivalent of US$10,000 are exempt from the filing requirement, but must be declared to an AD.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may not lend to nonresidents abroad.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Individuals are not allowed to raise loans from abroad.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval of SBP is required.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval of SBP is required.</td>
<td></td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval of SBP is required.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>Yes.</td>
</tr>
<tr>
<td>Remittance is not allowed.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td>Provisions Specific to the Financial Sector</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Banks are required to maintain domestically not less than 80% of their assets against time and demand liabilities. Foreign-controlled investment banks are permitted to borrow locally for their working capital requirements up to 100% of their paid-up capital, reserves, etc., subject to nonbank financial institution rules. Aggregate liabilities, excluding contingent liabilities and security deposits, of a non-deposit-taking nonbank finance company (NBFC) may not exceed ten times of its equity. Contingent liabilities of a NBFC may not exceed the following maximum limits based on credit rating: 2 times of equity for AA− and above; 1.5 times of equity for A− to A+; and 0.5 times of equity for BBB+.</td>
<td></td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Banks are allowed to raise foreign currency loans from international financial institutions only for liquidity management. The following requirements apply: (1) Banks are allowed to raise loans up to 100% of unimpaired capital. (2) Banks may deploy the loan proceeds locally in the interbank market including financing of trade transactions. (3) Banks may raise these loans on Benchmark rate + 350 bps. (4) The tenor of loan may be from one month to one year.</td>
<td></td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>ADs have general permission to grant loan to individual nonresident Pakistanis in local currency, subject to the observance of certain rules</td>
<td></td>
</tr>
</tbody>
</table>
and regulations. Except that, nonresidents are not allowed to borrow in local currency without the special permission of the State Bank. Further, ADs are not allowed to grant any loans or provide overdraft facility in foreign currencies in or outside Pakistan, whether secured or unsecured, except FE-25 loans without prior approval of the State Bank.

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The cash reserve requirement (CRR) for all conventional banks is a fortnightly average of 5% (subject to a daily minimum of 3%) on total demand liabilities and time deposits with a tenor of less than one year. Time liabilities (excluding time deposits with a tenor of less than one year) are exempt from the CRR. DFIs must maintain a CRR of 1% of their total time and demand liabilities during the reserve maintenance period. The reserve maintenance period for banks and DFIs is two weeks, starting on a Friday and ending on a Thursday. Liabilities subject to the statutory reserve requirement as of close of business on Friday (the first day of the reserve maintenance period) are taken into account for determination of the required CRR. MFBs must keep a CRR equivalent to 5% of deposits (including demand deposits and time deposits with a tenor of less than one year). Foreign currency deposits raised under FE Circular No. 25 of 1998 are subject to the CRR and a special cash reserve requirement (SCRR). The CRR on foreign currency deposits of commercial banks is 5%. Effective April 20, 2020, the SCRR is 10% (previously, it was 15%). The CRR on foreign currency deposits of Islamic banks is 5%; the SCRR is 6%. There is no system of averaging period being adopted for the reserve requirement on foreign currency deposits.

Foreign currency deposits raised under FE Circular No. 25 of 1998 are subject to the CRR and a special cash reserve requirement (SCRR). The CRR on foreign currency deposits of commercial banks is 5%. Effective April 20, 2020, the SCRR is 10% (previously, it was 15%). The CRR on foreign currency deposits of Islamic banks is 5%; the SCRR is 6%. There is no system of averaging period being adopted for the reserve requirement on foreign currency deposits.

The reserve maintenance week starts from Friday and ends the following Thursday. For this reserve maintenance period, all the relevant ratios are required to be maintained on daily basis, based on foreign currency balances as of previous Friday (that is, with lag of one week).

Deposit-taking NBFCs must keep 15% of their customer deposits (excluding deposits of financial institutions) in government securities or instruments or investments prescribed by the Commission. Such investments or instruments must be valued at cost or market value whichever is lower and any shortfall in the value of such investments or instruments must be immediately made up. Provided these instruments or investments are for the benefit of the depositors only, such instruments must be kept unencumbered and disclosed separately in the financial statements of the NBFC. This condition also applies to a deposit-taking NBFC whose permission to raise deposits has been suspended or cancelled until all deposits have been repaid.

The SLR for all banks is 19% of total demand liabilities and time deposits with tenors of less than one year. Time liabilities (excluding time deposits with a tenor of less than one year) are not subject to the SLR. SLR for Islamic banks/Islamic banking branches is 14%. The DFIs must keep 15% of their total time and demand liabilities as
SLR. MFBs must keep an SLR equivalent to 10% of total demand liabilities and time liabilities with a tenor of less than one year.

<table>
<thead>
<tr>
<th>Control Type</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Banks accepting foreign currency deposits may not invest these funds in foreign-currency- or local-currency-denominated instruments below investment grade. They may not invest or place such deposits in fund management plans of other banks, DFIs, or NBFCs in Pakistan or abroad. The investing bank may not place in a single institution an amount exceeding 25% of the total investable funds, available with the investing bank, under the FE-25 Deposit Scheme. Banks must comply with all other relevant prudential regulations.

Investment by nonresidents is allowed in banks. However, 5% or more shareholding is subject to SBP approval.

The foreign exchange exposure limit (FEEL) is applicable on overall basis, irrespective of resident or nonresident status of assets and liabilities.

The FEEL is applicable on overall basis, irrespective of resident or nonresident status of assets and liabilities. Effective July 22, 2020, the aggregate FEEL for each bank is 25% (increased from 20%) of its audited paid-up capital (free of losses) based on their share in foreign exchange market volumes. The maximum cap on FEEL is PRs 5.0 billion (increased from PRs 3.5 billion). However, the SBP reserves the right to assign reduced FEEL to any AD keeping in view of its behavior in the foreign exchange market.

The FEEL is applicable on overall basis, irrespective of resident or nonresident status of assets and liabilities. Effective July 22, 2020, the aggregate FEEL for each bank is 25% (increased from 20%) of its audited paid-up capital (free of losses) based on its share in foreign exchange market volumes. The maximum cap on FEEL is PRs 5.0 billion (increased from PRs 3.5 billion). However, the SBP reserves the right to assign reduced FEEL to any AD keeping in view of its behavior in the foreign exchange market.

The SBP, in consultation with SECP, allowed local insurance companies to issue US-dollar-denominated insurance policies on a notional basis to meet the condition of foreign lenders for foreign currency loans. Issuers must obtain a recommendation letter from the SECP for each issuance proposal as prescribed in the SECP Circular of December 11, 2017. However, premium and claims are required to be paid in PKR only.

Nonresidents’ issuance of securities in the local market requires SECP approval. Resident insurance companies may purchase...
securities issued by nonresidents, if these securities have been approved by the SECP, on their own behalf with no restrictions. However, these investments may or may not be admissible for determining the solvency of an insurance company, depending on whether the company in question has exceeded the limits under Section 32 of Insurance Ordinance 2000 read with Rule No. 12 of the Insurance Rules 2017.

Investment for the purpose as per Section 32(6) of the Insurance Ordinance 2000 includes all forms of shares, debentures, bonds, deposits, and other securities and derivatives instruments, and includes immovable property whether or not occupied by the insurer.

| Limits (max.) on investment portfolio held abroad | Yes. | Resident insurance companies may invest abroad on their own behalf with no restrictions. However, these investments may or may not be admissible for determining the solvency of an insurance company, depending on whether the company in question has exceeded the limits under Section 32 of Insurance Ordinance 2000 read with Rule No. 12 of the Insurance Rules 2017. |
| Limits (min.) on investment portfolio held locally | Yes. | Under Section 35 read with Rule No. 16 of the Insurance Rules 2017, 30% of the shareholder or statutory fund of a life insurer other than the portion with investment-linked policies alone must be invested in government securities. An additional 10% must be invested in a combination of government securities and other approved securities. Approved securities are defined in Section 2(iii) of the Insurance Ordinance as government securities and other securities based on the revenues of the federal government or of a provincial government, guaranteed fully as regards principal and profit or return (however called or designated) by the federal government or a provincial government, and debentures and other securities issued under the authority of an act of the federal legislature or any provincial legislature by or on behalf of the trustees of the port of Karachi; securities issued under the authority of any act of parliament or of a provincial assembly; and securities specified as approved for the purpose of this ordinance by the federal government by notification in the official gazette. Insurers are also required to keep minimum deposits with the SBP under Section 29 of Insurance Ordinance 2000, which must be higher of 10 million rupees or 10% of the insurers paid-up capital, provided the Commission may, subject to achievement of levels of solvency as required by this ordinance, abolish the requirement for deposits specified by this section by reducing the required minimum amount to zero. |
| Currency-matching regulations on assets/liabilities composition | Yes. | If a life insurer is engaged in life insurance business in a currency other than the local currency where its liabilities—including policy holder liabilities—are, then all assets pertaining to those policies must be in that currency for the purpose of determining solvency as stated under Section 35(5) of the Insurance Ordinance of 2000 read with Rule No. 14 of the Insurance Rules 2017. Section 14(6) of the Insurance Ordinance of 2000 requires a separate statutory fund for policies issued outside Pakistan. Section 32(4) of the Insurance Ordinance of 2000 allows shares of a company incorporated outside Pakistan to be included for the purpose of determining the solvency of an insurance company, depending on whether the company has exceeded the limits under Section 32 of the Insurance Ordinance of 2000 read with Rule No. 12 of the Insurance Rules 2017. Accounting of such transactions falls under International Accounting Standard (IAS) 21. |
| Pension funds | Yes. | Only locally incorporated life insurance companies and asset management companies (AMCs) are allowed to offer pension funds. Pension funds may invest in local equity, debt, money markets, and... |
commodity future contracts traded on the PMEX. Other investments, including overseas investment, are subject to SECP approval.

Pension funds may invest in local equity, debt, money markets, and commodity future contracts traded on the PMEX. Other investments, including overseas investment, are subject to SECP approval.

The investment policy issued for pension funds sets various sector and security limits. Rule 24 of Voluntary Pension System Rules specified by the Commission indicates the relevant limits.

In terms of Circular No. 36 of 2009, at least ninety percent (90%) of Net Assets of an Equity Sub-fund must remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis, and at least twenty-five percent (25%) of Net Assets of the Debt Sub-fund must be invested in debt securities issued by federal government and up to 25% may be deposited with banks having not less than “AAplus” rating with stable outlook, so that both these investments must make up a minimum fifty percent (50%) of Net Assets of a Debt Sub-fund. Further, details regarding limits are as prescribed through Circulars mentioned in the next column.

For purposes of diversifying their asset classes or portfolios, locally established mutual funds are allowed to invest abroad up to 30% of aggregate funds (including foreign currency funds) in permissible categories, subject to a cap of US$15 million or its equivalent at any given time. Approval of the SBP and the SECP is required.

The SBP approves investment abroad and imposes limits on investment amounts. For purposes of diversifying their asset classes or portfolios, locally established mutual funds are allowed to invest abroad up to 30% of aggregate net assets of a fund (including foreign currency funds) in permissible categories, subject to a cap of US$15 million or its equivalent at any given time. Approval of the SBP and the SECP is required.

Collective investment schemes (CIS) are not allowed to invest more than 10% of their total net assets in a single entity; 25% in securities of a single sector, as classified by the stock exchange; and 35% in a single group, with a 10% limit for listed group companies of the asset management company (AMC) managing the fund. However, separate exposure limits have been defined for certain types of collective investment schemes. Regulation 55 of NBFC Regulations 2008 stipulates specific exposure limits for different types of funds.

In terms of Circular No. 7 of 2009; it is mandatory for an Equity Scheme to maintain an exposure of 70% of its net assets in listed equity securities during the year based on quarterly average investment calculated on daily basis. Further, for a Balance Scheme, it is mandatory to keep at least 30% of net assets invested in listed equity securities, for an Index Tracker Scheme, it is necessary to remain fully invested in accordance with the stated index, or at least 85% of its net assets in securities covered in the index or its subset during the year based on monthly average investment calculated on daily basis, for Income Scheme, at least 25% of the net assets must be invested in cash and near cash instruments, and for Aggressive
Income Scheme, at least 10% must be invested in cash/or near cash instruments. Further, subsequent circulars on Categorization of Collective Investment Schemes (CIS) prescribes further investment limits and controls for different categories of CIS including Equity Scheme, Income Scheme, Money Market Scheme, and others.

Currency-matching regulations on assets/liabilities composition No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Nonresident Accounts

Domestic currency accounts 07/16/2019 Banks may open and maintain two categories of nonresident rupee accounts for individuals and entities without prior approval of the State Bank.

(1) Nonresident Rupee Account-Repatriable: Debits and credits of such accounts are subject to applicable regulations. An automated teller machine (ATM)/debit card to the account holder and supplementary ATM/debit cards in the name of family members of the account holder resident in Pakistan may be issued. These cards may be used for transactions in and outside Pakistan.

(2) Nonresident Rupee Account-Non-repatriable: All legitimate debit and credit transactions in these accounts as those permissible for resident PKR accounts are allowed. However, the funds available in these accounts may not be used abroad through ATM/debit cards or other delivery channels.

Imports and Import Payments

Financing requirements for imports

Advance payment requirements 01/01/2019 ADs were allowed to make advance payment up to US$10,000 or equivalent an invoice without the requirement of LC or bank guarantee from the supplier for the import of raw materials and spare parts by importers and exporters for their own use only.

11/12/2019 ADs were allowed to effect advance payment up to US$10,000, or equivalent thereof, an invoice on behalf of manufacturing concerns for import of raw materials and spare parts for their own use only.

12/12/2019 ADs were allowed to effect import advance payment against irrevocable LC, up to 50% of the value of LC, for import of plant, machinery, spare parts, and raw material on behalf of manufacturing concerns for their own use only.

01/28/2020 ADs were allowed to effect:
(a) advance payment up to US$10,000, or equivalent thereof, an invoice on behalf of manufacturing/industrial concerns and commercial importers for import of raw material, spare parts, and machinery for ultimate use by the manufacturing/industrial concerns.
(b) import advance payment against irrevocable LC, up to 100% of the value of LC, for import of plant, machinery, spare parts, and raw material on behalf of manufacturing concerns for their own use only.

03/19/2020 ADs were allowed to effect advance payment up to US$25,000, or equivalent in other currencies, an invoice on behalf of manufacturing and industrial concerns and commercial importers for import of raw material, spare parts, and machinery, for ultimate use by manufacturing and industrial concerns.

03/24/2020 ADs may make advance payment up to 100% of the value of imports, on behalf of federal and provincial government departments and
organizations, public and private sector hospitals or their approved agents, charitable organizations, and commercial importers for the import of medical equipment, medicines, and ancillary items for the medical treatment of COVID-19 epidemic. Advance payment can be made on the basis of LC/standby LC, registered contract, proforma invoice, etc., using any incoterm as per the ICC’s latest publication, without any mandatory requirement of advance payment guarantee/performance bond. However, the importer may require advance payment guarantee/performance bond to secure the advance payment.

Import licenses and other nontariff measures
Positive list
09/08/2019
Trade with India was suspended. Previously, imports of 138 items on the positive list were permitted.

Import taxes and/or tariffs
07/01/2019
Pursuant to Finance Act 2019, the rates of tax to be collected by the Collector of Customs under Section 148 are as follows: (1) 1% of the import value as increased by customs duty, sales tax, and federal excise duty for (a) industrial enterprise importing remeltable steel (Pakistan Customs Tariff (PCT) Heading 72.04) and directly reduced iron for its own use; (b) persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet’s decision No. ECC-155/12/2004 of December 9, 2004; (c) persons importing urea; (d) manufacturers covered under Notification SRO No. 1125(I)/2011; (e) persons importing gold; (f) persons importing cotton; and (g) persons importing liquefied natural gas. (2) 2% of the import value as increased by customs duty, sales tax, and federal excise duty for persons importing pulses. (3) 3% of the import value as increased by customs duty, sales tax, and federal excise duty for commercial importers covered under Notification SRO No. 1125(I)/2011 of December 31, 2011, and importing items covered under SRO No. 1125(I)/2011 of December 31, 2011. (4) 4% for persons importing coal. (5) 4% for persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan. (6) 4.5% for ship breakers on import of ships. (7) 5.5% for industrial enterprises not covered under S. Nos. 1–6. (8) 5.5% for companies not covered under S. Nos. 1–7. (9) 6% for persons not covered under S. Nos. 1–8. (10) 1.75% of the import value as increased by customs duty, sales tax, and federal excise duty for industrial enterprise importing plastic raw material falling under PCT Heading 39.01–39.12 for its own use. (11) 4.5% of the import value as increased by customs duty, sales tax, and federal excise duty for commercial importer, importing plastic raw material falling under PCT Heading 39.01–39.12.

The rate of tax on import of mobile phones by any person is as follows based on the cost and freight (c.f.r.) value of mobile phone in US dollars: (1) Rs 70 for those up to US$30; (2) Rs 730 for those exceeding US$30 and up to US$100; (3) Rs 930 for those exceeding US$100 and up to US$200; (4) Rs 970 for those exceeding US$200 and up to US$350; (5) Rs 3,000 for those exceeding US$350 and up to US$500; (6) Rs 5,200 for those exceeding US$500. The provisions of Section 148 do not apply to mobile phones brought in personal baggage under the Baggage Rules 2006 (under Clause (60E) of Part IV of the Second Schedule to the Income Tax Ordinance 2001). These tax rates are increased by 100% for persons whose names do not appear in the active taxpayers’ list under Rule 1 of the Tenth Schedule to the Income Tax Ordinance 2001. Previously, the tax rates for non-filers varied with the type of import and for many categories they were less than 100% greater than the rates for filers.
The tax withheld on import from a commercial importer is a minimum tax. The policy for income and tax changed from a “final tax regime” to a “minimum tax regime” to improve the realization of the tax potential and reduce domestic and international transfer pricing for tax purposes. Previously, the final tax regime was applicable to commercial importers, traders of goods, contractors, brokerage and commission, etc. Persons involved in certain transactions were not required to pay tax on actual profit, maintain books of accounts, or undergo audit. Instead, the tax deducted or collected on these transactions was treated as final tax.

The tax withheld on import of medical and testing equipment for COVID-19 outbreak was exempted.

Exports and Export Proceeds

The exemption from export taxes of exports of computer software, information technology (IT) services, and IT-enabled services was extended until June 30, 2025 (provided 80% of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels).

Payments for Invisible Transactions and Current Transfers

Pursuant to Finance Act 2019, the tax rate on brokerage or commission fee is 10% of the amount of the payment in the case of advertising agents; 8% of the amount of the payment in the case of life insurance agents where commission received is less than Rs. 0.5 million an annum; and 12% of the amount of payment in all other cases. These tax rates are increased by 100% if the person’s name is not appearing in the active taxpayers’ list. Previously, for non-filers the tax rates were as follows: on brokerage or commission fee – 15% of the amount of the payment in the case of advertising agents, 16% of the amount of the payment in the case of life insurance agents where commission received was less than Rs. 0.5 million an annum, and 15% of the amount of payment in all other cases.

The Government of Pakistan launched US-dollar-denominated Pakistan Banao Certificates mainly for overseas Pakistanis. Investment in these certificates may only be made by eligible investors against remittance from abroad through the banking channel, from investor’s own account maintained abroad.

The special cash reserve requirement is decreased to 10% from 15%.
<table>
<thead>
<tr>
<th>Open foreign exchange position limits</th>
<th>07/22/2020</th>
<th>The aggregate foreign exchange exposure limit for each bank is 25% (increased from 20%) of its audited paid-up capital (free of losses) based on their share in foreign exchange market volumes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>07/22/2020</td>
<td>The maximum cap on foreign exchange exposure limit is PRs 5.0 billion (increased from PRs 3.5 billion).</td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>07/22/2020</td>
<td>The aggregate foreign exchange exposure limit for each bank is 25% (increased from 20%) of its audited paid-up capital (free of losses) based on its share in foreign exchange market volumes.</td>
</tr>
<tr>
<td></td>
<td>07/22/2020</td>
<td>The maximum cap on foreign exchange exposure limit is PRs 5.0 billion (increased from PRs 3.5 billion).</td>
</tr>
</tbody>
</table>
PALAU
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 16, 1997.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Article VIII

- Date of acceptance: December 16, 1997.

Article XIV

Exchange Measures

- No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Restrictions and/or multiple currency practices
- No.

Exchange measures imposed for security reasons
- No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
- No.

Other security restrictions
- No.

References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
- Yes. The currency of Palau is the US dollar.

Other legal tender
- No.

Exchange rate structure

- Unitary Yes.
- Dual
- Multiple

Classification

- No separate legal tender Yes. The exchange rate arrangement is an exchange arrangement with no separate legal tender. The currency of Palau is the US dollar, which circulates freely.

Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement
- Floating
Free floating

**Official exchange rate**  No.

**Monetary policy framework**

Exchange rate anchor  Yes.

**U.S. dollar**  Yes.  The US dollar is the legal tender and circulates freely in Palau.

**Euro**

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

**Other**

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**

**CPI**

**Core inflation**

**Target horizon**

**Operating target (policy rate)**

**Policy rate**

**Target corridor band**

**Other**

**Accountability**

Open letter
Parliamentary hearings
Other

*Transparency*
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

**Exchange tax**
Yes. Remittance outflows by foreign workers working in Palau are subject to a 4% tax.

**Exchange subsidy**
No.

**Foreign exchange market**
No.

Spot exchange market
No.

*Operated by the central bank*
No.

Foreign exchange standing facility
No.

Allocation
No.

Auction
No.

Fixing
No.

*Interbank market*
No.

Over the counter
No.

Brokerage
No.

Market making
No.

Forward exchange market
No.

*Official cover of forward operations*
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**
No.
There are no limitations on the use of domestic currency in international payments for current or capital transactions.

Controls on the use of domestic currency
No.

*For current transactions and payments*
No.

*For capital transactions*
No.

Transactions in capital and money market instruments
No.

Transactions in derivatives and other instruments
No.

Credit operations
No.
<table>
<thead>
<tr>
<th><strong>Use of foreign exchange among residents</strong></th>
<th>No.</th>
<th>Foreign exchange may be used freely among residents.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
<td>Palau is in the process of negotiating its participation in PACER and PICTA. Palau has signed on to PACER; however, it has not ratified it. There is another subsidiary arrangement called PACER Plus which Palau has yet to sign or ratify. As for PICTA, Palau has signed on to Trade in Services (TIS) but has not yet ratified it, while it is yet to sign Trade in Goods (TIG). Palau does support the regional efforts and introductions of PACER and PICTA for Pacific island economies to develop their private sector’s ability to trade and enter new markets but is limited in its participation because of its MFN clause under Palau–US COFA (Compact of Free Association). At the moment, Palau continues to receive funding assistance from Pacific Islands Forum Secretariat (PIFS), Australia and New Zealand, to improve institutions, facilities and for the National Government to implement PACER and PICTA when Palau does eventually sign and ratify said agreements.</td>
</tr>
<tr>
<td><strong>Clearing agreements</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Barter agreements and open accounts</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Official</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On domestic ownership and/or trade</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On external trade</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>No.</td>
<td>No restrictions apply to exports or imports of banknotes; however, transactions that exceed the equivalent of US$10,000 and appear suspicious must be reported under the provisions of the Money Laundering Act.</td>
</tr>
<tr>
<td><strong>On exports</strong></td>
<td>No.</td>
<td>No restrictions apply to exports or imports of banknotes; however, transactions that exceed the equivalent of US$10,000 and appear suspicious must be reported under the provisions of the Money Laundering Act.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On imports</strong></td>
<td>No.</td>
<td>No restrictions apply to exports or imports of banknotes; however, transactions that exceed the equivalent of US$10,000 and appear suspicious must be reported under the provisions of the Money Laundering Act.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
### Foreign currency

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>No.</th>
</tr>
</thead>
</table>

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### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
</tbody>
</table>

There are no limitations on residents’ accounts with domestic banks. However, in practice, domestic banks do not offer foreign exchange accounts.

| Accounts in domestic currency held abroad | Yes. |
| Accounts in domestic currency convertible into foreign currency | Yes. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required                  | No.  |
| Domestic currency accounts         | Yes. |
| Convertible into foreign currency  | Yes. |
| Approval required                  | No.  |
| Blocked accounts                   | No.  |

No restrictions, balances can be transferred abroad freely.

| References to legal instruments and hyperlinks | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<p>| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange | No. |</p>
<table>
<thead>
<tr>
<th>licenses</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Import licenses and other nontariff measures | Yes. | Import licenses are issued by the Bureau of Revenue & Taxation Office. |
| Positive list | No. |
| Negative list | Yes. | The importation of controlled substances, guns, ammunition, non-quarantined fruits, live plants, and animals is restricted. |
| Open general licenses | No. |
| Licenses with quotas | No. |
| Other nontariff measures | No. |

| Import taxes and/or tariffs | Yes. | The tariff on general imports is 3%; government, personal, medical, and food imports are exempt. The tariff on cigarettes is US$2 for 20 cigarettes, and the ad valorem tax on tobacco products is 150%. Cosmetics and toiletries are subject to a tariff of 25%; carbonated soft drinks, US$0.10 for 12 ounces; beer, US$0.03 an ounce; liquor, US$0.30 an ounce; wine, US$0.20 an ounce; wine coolers, US$0.05 an ounce; liquid fuel, US$0.05 a gallon; and vehicles, 5% ad valorem plus US$250. An ad valorem tax of 25% applies to bottled water. |
| Taxes collected through the exchange system | No. |
| State import monopoly | No. |

| References to legal instruments and hyperlinks | Yes. | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exports and Export Proceeds**

| Repatriation requirements | No. |
| Surrender requirements | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| Financing requirements | No. |
| Documentation requirements | No. |
| Letters of credit | No. |
| Guarantees | No. |
| Domiciliation | No. |
| Preshipment inspection | No. |
| Other | No. |

| Export licenses | Yes. | Export licenses are issued by the Bureau of Revenue & Taxation Office. Fish, recycling bottles, scrap metals, woods, and any other legal goods exported abroad require export licenses. |
| Without quotas | Yes. |
| With quotas | No. |
## Export taxes

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>Collection Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export taxes</td>
<td>Yes.</td>
<td>The export tax on fish is US$0.35 a kilogram.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
<td>The export tax on fish is US$0.35 a kilogram.</td>
</tr>
</tbody>
</table>

## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Category</th>
<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative limits/bona fide test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td>Remittance outflows by foreign workers working in Palau are subject to a 4% tax.</td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>

## References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
No.

On capital market securities
No.

Shares or other securities of a participating nature
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

Bonds or other debt securities
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On money market instruments
No.

Purchase locally by nonresidents
No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Under the Palau National Code, all foreign investment must be approved by the Foreign Investment Board. Foreign nationals, except those who invest jointly with a Palau national, may not invest in certain categories. The 2011 Foreign Investment Regulations detail the restricted and semi-restricted sectors. The following businesses are reserved solely for Palauan citizens: (1) wholesale or retail sale of goods; (2) all land transportation including bus services, taxi services, and car rentals; (3) tour guides, fishing guides, diving guides, and any other form of water transportation services; (4) travel and tour agencies; and (5) commercial fishing for other than highly migratory species. While these businesses are officially closed to foreign investment, there is a prevalent use of partnership companies.
in several categories, in which the foreign investor owns less than 50%. The retail sector, as well as travel- and tour-related businesses, currently has numerous foreign investors via such partnership companies. In semi-restricted sectors (pursuant to regulations from 2010), businesses can include foreign ownership as long as a Palauan citizen also has an ownership interest. There are no minimum or maximum requirements for percentage ownership for the foreign investor as long as the monetary and/or Palauan-employment minimums for all foreign investments are met. These semi-restricted businesses are: (1) handicraft and gift shops; (2) bakeries; (3) bar services; (4) operations/selling products being produced by wholly Palauan-owned manufacturing enterprise; (5) equipment rentals for both land and water within the Republic, including equipment for purpose of tourism; and (6) any such other businesses, as the Foreign Investment Board may determine. Sectors not listed as either closed or semi-restricted are presumed to be open for foreign investment. The Foreign Investment Board may, however, amend the semi-restricted sector list for “any such other businesses as the Board may determine.”

According to the constitution, only Palau nationals and corporations wholly owned by Palau nationals may acquire title to land or waters in Palau.

### Controls on liquidation of direct investment
- **No.**

### Controls on real estate transactions
- **Yes.**

### Purchase abroad by residents
- **No.**

### Purchase locally by nonresidents
- **Yes.**

### Sale locally by nonresidents
- **No.**

### Controls on personal capital transactions
- **No.**

#### Loans
- **By residents to nonresidents**
  - **No.**
- **To residents from nonresidents**
  - **No.**

#### Gifts, endowments, inheritances, and legacies
- **By residents to nonresidents**
  - **No.**
- **To residents from nonresidents**
  - **No.**

#### Settlement of debts abroad by immigrants
- **No.**

#### Transfer of assets
- **No.**

#### Transfer abroad by emigrants
- **No.**

#### Transfer into the country by immigrants
- **No.**

#### Transfer of gambling and prize earnings
- **No.**

### References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

#### Provisions specific to commercial banks and other credit institutions
- **No.**

Specific provisions apply only to the National Development Bank of Palau, a government-owned bank that is not involved in commercial
Banking.

Borrowing abroad No.
Maintenance of accounts abroad No.
Lending to nonresidents (financial or commercial credits) No.
Lending locally in foreign exchange No.
Purchase of locally issued securities denominated in foreign exchange No.
Differential treatment of deposit accounts in foreign exchange No.
  Reserve requirements No.
  Liquid asset requirements No.
  Interest rate controls No.
  Credit controls No.
Differential treatment of deposit accounts held by nonresidents No.
  Reserve requirements No.
  Liquid asset requirements No.
  Interest rate controls No.
  Credit controls No.
Investment regulations No.
  Abroad by banks No.
  In banks by nonresidents No.
Open foreign exchange position limits No.
  On resident assets and liabilities No.
  On nonresident assets and liabilities No.
Provisions specific to institutional investors Yes.
  Insurance companies No.
    Limits (max.) on securities issued by nonresidents No.
    Limits (max.) on investment portfolio held abroad No.
    Limits (min.) on investment portfolio held locally No.
    Currency-matching regulations on assets/liabilities composition No.
Pension funds Yes. Limits are imposed on the Civil Service Pension Plan for risk-management purposes – “The assets of the Fund may be invested in stocks, bonds, negotiable instruments, real properties, or such other financial instruments or other assets as the Agent may determine, provided all the assets must be invested with the highest standard of
care to ensure the preservation of the principal of the Fund. Investment in speculative ventures of any kind or nature is expressly prohibited.”

| Limits (max.) on securities issued by nonresidents | No. | No restrictions. |
| Limits (max.) on investment portfolio held abroad | No. | No restrictions. |
| Limits (min.) on investment portfolio held locally | No. | No restrictions. |
| Currency-matching regulations on assets/liabilities composition | No. | |
| Investment firms and collective investment funds | No. | There are no investment firms licensed to operate in Palau. However, the Bank of Hawaii provides investment services to the Compact of Free Association Trust Fund, under the regulations contained therein. Such activity is not prohibited. |

| Limits (max.) on securities issued by nonresidents | No. | |
| Limits (max.) on investment portfolio held abroad | No. | |
| Limits (min.) on investment portfolio held locally | No. | |
| Currency-matching regulations on assets/liabilities composition | No. | |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
PANAMA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
March 14, 1946.

Article VIII
Yes. Date of acceptance: November 26, 1946.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Panama is the Panamanian balboa. It is the unit of account and is limited to coins.

Other legal tender
Yes. The US dollar is legal tender and circulates freely in Panama.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender
Yes. The exchange rate arrangement is an arrangement with no separate legal tender. The balboa is pegged to the US dollar at par.

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
**Free floating**

**Official exchange rate**  
No.

**Monetary policy framework**

<table>
<thead>
<tr>
<th>Exchange rate anchor</th>
<th>Yes.</th>
<th>The US dollar is legal tender and circulates freely in Panama, as does the Panamanian balboa, which is a unit of account limited to coins and pegged to the US dollar at par.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. dollar</strong></td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

**Euro**

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

**Other**

Government and Central Bank

**Inflation target**

Target number

*Point target*

*Target with tolerance band*

**Band/Range**

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

**Other**

**Accountability**
In Panama, foreign exchange flows are unrestricted. There are no restrictions on operations. The number of authorized foreign exchange bureaus is unavailable; however, they only buy and sell banknotes.

All institutions may participate freely in the foreign exchange market. No limits are set on the bid-ask spread or on commissions for market participants. There are 55 banks with a general banking license may operate on the interbank market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**
No.

**Controls on the use of domestic currency**
No.

**For current transactions and payments**
No.

**For capital transactions**
No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market</td>
<td>No.</td>
</tr>
<tr>
<td>Instrument</td>
<td></td>
</tr>
<tr>
<td>Transactions in derivatives and other</td>
<td>No.</td>
</tr>
<tr>
<td>instruments</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or</td>
<td>Yes.</td>
</tr>
<tr>
<td>bullion)</td>
<td></td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports and exports of gold by residents other than the monetary authorities in any form, other than jewelry carried as personal effects by travelers, require a license. Exports of unworked gold produced in Panama are subject to an export duty of 1% ad valorem, and exports of gold coins (other than US coins, which are exempt) are subject to a duty of 0.5%.

The Federal Reserve Bank (FRB) verifies payment amounts, deposits, status of banknotes, and inventory and makes arrangements with shippers handling international cash with regard to the date of delivery to the shipper and the date on which the currency is deposited with the FRB. A SWIFT message is sent by the FRB International Department confirming the date, amount, and denominations to deliver (in US dollars only), and the shipper provides proof of delivery to the FRB once the shipment is delivered. The FRB then credits the account with the amount of the deposit.

The following controls apply: (1) FRB approval by three administrative officers and the executive security manager is required. (2) The International Department carries out monthly reconciliation and whenever there is a transaction. (3) No more than B 60 million may be exported, and the number and weight of bags are restricted. The following prohibitions apply: (1) Transactions will not be carried out unless there is a SWIFT message with the FRB. (2) Deposits that do not comply with the FRB’s operational circulars are returned to the bank. (3) Transshipment by shipping companies is not permitted. (4) Contracts must be on door-to-door terms (from the
FRB to the National Reserve, and vice versa). (5) Deposits from the FRB must be received during normal business hours. (6) No action may be taken unless security is present. (7) Nothing may be dispatched to banks or branches unless the order is in writing (originals in the case of banks and emailed spreadsheets in the case of branches). (8) Payment will not be made unless the documents match the agreements with banks and branches. (9) Only the National Reserve may authorize repacking of a bag and must later receive an audit memorandum from the shipper.

The following controls apply: (1) FRB approval by three administrative officers and the executive security manager is required. (2) The International Department carries out monthly reconciliation and whenever there is a transaction. (3) No more than B 60 million may be exported, and the number and weight of bags are restricted. The following prohibitions apply: (1) Transactions will not be carried out unless there is a SWIFT message with the FRB. (2) Deposits that do not comply with the FRB’s operational circulars are returned to the bank. (3) Transshipment by shipping companies is not permitted. (4) Contracts must be on door-to-door terms (from the FRB to the National Reserve, and vice versa). (5) Deposits from the FRB must be received during normal business hours. (6) No action may be taken unless security is present. (7) Nothing may be dispatched to banks or branches unless the order is in writing (originals in the case of banks and emailed spreadsheets in the case of branches). (8) Payment will not be made unless the documents match the agreements with banks and branches. (9) Only the National Reserve may authorize repacking of a bag and must later receive an audit memorandum from the shipper.

On imports

Yes.

The FRB verifies the payment amounts, deposits, status of banknotes, and inventory and makes arrangements with shippers handling international cash, with regard to the date of delivery to the shipper and the date on which the currency is deposited with the FRB. The International Department sends a SWIFT message confirming the date and amount and denominations to deliver (in US dollars only). Import operations are authorized by the executive manager for operations and the manager of the National Reserve Area. The shipper sends a message on receipt of the packages of various denominations delivered by the FRB, and the FRB debits the designated account (with the amount of the deposit) managed by the International Department.

Domestic currency

Yes.

Foreign currency

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Approval required

No.

Held abroad

Yes.

Approval required

No.

Accounts in domestic currency held abroad

Yes.
### Accounts in domestic currency convertible into foreign currency
- Yes.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Import licenses and other nontariff measures
No import licenses are required in Panama. A contingent mechanism was negotiated under a WTO agreement to facilitate the exchange of phytosanitary permits for rice products, pork, poultry, and tomato paste and puree, allowing imports of these products at preferential tariff rates.

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Tariff rates are calculated on an ad valorem basis and assessed on the
c.i.f. value of imports. Trade reform has resulted in simplified tariff bands of 0%, 3%, 5%, 10%, and 15%. Exceptions to the maximum tariff of 15% are automobiles (17%) and sugar (50% on imports exceeding a historical average price range). Also excluded are other products (mainly foodstuffs) whose tariffs are the maximum (and declining) levels negotiated with the WTO, including dairy products (50%–155%); rice (90%); onions (90%); beef (40%); pork (70%–90%); boneless and whole hams (83%); some poultry (300%); cabbages, carrots, celery, and lettuce (32.5%); cooking oils (20%–30%); margarine (15%); salt (87%); ketchup (70%); and tomato paste and puree (87%). Imports into the Colón Free Zone and the newly established EPZs are exempt from duty. There is a free trade agreement in effect between Panama and the United States. It aims to (1) reduce tariffs on 88% of US imports to 0%, (2) phase out the remaining tariffs over the course of 10 years, (3) increase agricultural import quotas, (4) simplify and harmonize sanitary requirements, and (5) clarify market access for public procurement (including by Panama Canal authorities).

Taxes collected through the exchange system

State import monopoly

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Financing requirements

Documentation requirements

Letters of credit

Guarantees

Domiciliation

Preshipment inspection

Other

Export licenses Yes. There are phytosanitary export licenses required to export certain goods from Panama (such as grain and fresh fruit and vegetables). Exports of certain drugs, firearms, and ammunition are prohibited or restricted. In addition, exports of certain plants and animals in danger of extinction in accordance with CITES are prohibited. Wood requires an export permit issued by the National Environment Authority (ANAM), in accordance with Executive Decree No. 57 of 5 June 2002 governing wood exports; non-ferrous scrap requires a special license granted by the Directorate-General of Customs (DGA) (Executive Decree No. 32 of 8 February 1991). Any product (including raw materials and machinery) may be imported into the Colón Free Zone and stored, modified, processed, assembled,
repackaged, and reexported without being subject to customs procedures.

Without quotas Yes.
With quotas No.

Export taxes Yes.
Collected through the exchange system No.
Other export taxes Yes.

Exports of some marine species, flammable products, and weapons are subject to a permit or compliance with special formalities. For reasons of sustainability and to boost national value added, exports of wood in slabs and blocks or simply planed are prohibited. Panama does not apply any export taxes except on products manufactured from native woods. Domestic taxes are not imposed on exports.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
No.
Trade-related payments
No.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Investment-related payments
No.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Payments for travel
No.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Personal payments
No.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Foreign workers' wages
No.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Credit card use abroad  No.

Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.

Other payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  No.
Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.

Controls on capital and money market instruments  No.

On capital market securities  No.
Shares or other securities of a participating nature  No.
Purchase locally by nonresidents  No.
Sale or issue locally by nonresidents  No.
Purchase abroad by residents  No.
Sale or issue abroad by residents  No.
Bonds or other debt securities  No.
Purchase locally by nonresidents  No.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct</td>
<td>No.</td>
</tr>
<tr>
<td>Transaction Type</td>
<td>Provision Status</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provision Description</th>
<th>Provision Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Lending to nonresidents (financial or commercial credits)</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase of locally issued securities denominated in foreign exchange</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
Differential treatment of deposit accounts held by nonresidents

No.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

No.

Abroad by banks

No.

In banks by nonresidents

No.

Open foreign exchange position limits

No.

On resident assets and liabilities

No.

On nonresident assets and liabilities

No.

Provisions specific to institutional investors

No.

Insurance companies

No.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

Pension funds

No.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

Investment firms and collective investment funds

No.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
PAPUA NEW GUINEA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>October 9, 1975.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>December 4, 1975.</td>
</tr>
</tbody>
</table>

Exchange Measures

The IMF staff report for the 2018 Article IV Consultation with Papua New Guinea states that, as of November 9, 2018, Papua New Guinea maintained the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF’s Articles of Agreement arising from the following: (1) the requirement to obtain a tax clearance certificate evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions and (2) the rationing of foreign exchange and its allocation by the Bank of Papua New Guinea (BPNG) to certain priority items, which results in undue delays and arrears in current international payments. Papua New Guinea also maintains the following MCPs subject to IMF approval under Article VIII, Section 3: (1) an MCP arising from the spread of more than 2% between the rates set by the BPNG for its foreign exchange allocations to authorized foreign exchange dealers (AFEDs) and the rates used by AFEDs in transactions with their clients and (2) an MCP arising from the potential spread deviation of more than 2% between the rates set by the BPNG for its foreign exchange transactions with the government and embassies and the rates used by AFEDs in transactions with their clients. (Country Report No. 18/352)

Exchange Arrangement

The currency of Papua New Guinea is the Papua New Guinea kina.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There is a multiple exchange rate structure as a result of MCPs arising (1) from the spread of more than 2% between the rates set by the BPNG for its foreign exchange allocations to AFEDs and the rates used by AFEDs in transactions with their clients and (2) from

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
the potential spread deviation of more than 2% between the rates set by the BPNG for its foreign exchange transactions with the government and embassies and the rates used by AFEDs in transactions with their clients.

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement

The de jure exchange rate arrangement is floating. The exchange rate of the kina is determined in the interbank market, in which ADs participate. The BPNG intervenes in the foreign exchange market to smooth extreme fluctuations. On June 4, 2014, the BPNG introduced an exchange rate trading margin with a kina buying rate within 75 basis points (bps) above the interbank midrate and a kina selling rate within 75 bps below the midrate. Since August 2017, the exchange rate has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the exchange rate arrangement is classified as a crawl-like arrangement. The BPNG publishes the intervention data in its annual report and semi-annual monetary policy statement.

- Pegged exchange rate within horizontal bands
- Other managed arrangement
- Floating
- Free floating

**Official exchange rate**

The official exchange rate is the interbank market midrate which is determined by the interaction between demand for foreign currency (offer) and supply of foreign currency (bid) by the ADs, including the BPNG. The live price at the close of trading becomes the official rate. The BPNG publishes official exchange rates based on the closing interbank U.S. dollar–kina rate for use by government departments and institutions as well as the ADs. There is small margin on trades done for U.S. dollar–kina rate for use by government departments and institutions as well as the ADs. The official exchange rates for other currencies are determined by crossing other currencies with Kina/US$ official rate, and applying the trading margin as specified in the operational guidelines agreed to with the commercial banks.

**Monetary policy framework**

- Exchange rate anchor
  - *U.S. dollar*
  - *Euro*
  - *Composite*
  - *Other*

Monetary policy is conducted within the reserve money framework.
The BPNG announces the policy rate—the kina facility rate—monthly and use open market operations to implement monetary policy. It also uses direct instruments from time to time, including cash reserve requirement, to assist in the conduct of monetary policy (liquidity management). Low inflation is a key operational objective, although there is no immediate target or numerical target.

Under the Central Banking Act 2000, the objective of price stability is for the Bank to strive for low-interest rates, low inflation, and stable exchange rate. The formulation of monetary policy is broadly guided by analysis of the main factors that affect price stability and an understanding of their economic consequences. The BPNG sets annual growth projections, in line with its monetary policy stance, on monetary aggregates in its semiannual monetary policy statements, released in March 31 and September 30. The BPNG does not pursue inflation targeting.

Inflation-targeting framework

**Target setting body**
- Government
- Central Bank
  - Monetary Policy Committee
  - Central Bank Board
- Other
- Government and Central Bank

**Inflation target**
- Target number
  - Point target
  - Target with tolerance band
- Band/Range
- Target measure
  - CPI
  - Core inflation
- Target horizon

**Operating target (policy rate)**
- Policy rate
- Target corridor band
- Other

**Accountability**
- Open letter
Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** No.

**Exchange subsidy** No.

**Foreign exchange market** Yes. The BPNG is the exchange control authority. ADs deal in foreign exchange in house with exporters and importers and buy and sell excess foreign exchange in the interbank market. The BPNG may buy or sell foreign exchange in the interbank market, if necessary, to smooth out exchange rate volatility.

**Spot exchange market** Yes. ADs, which consist of four commercial banks and two nonbank financial institutions, provide foreign exchange service to customers, including spot transactions. Authorized Dealers publish buying and selling rates for customers, and may determine their own commissions with their clients. They may trade in kina against U.S. dollars, but within a trading margin of 75 basis points above or below the official reference rate determined in the interbank market. To enhance competition in the foreign exchange market, nine currency exchange bureaus are licensed by the BPNG to deal in physical notes and coins and cash traveler’s checks. The BPNG clearance must be obtained before additional products are offered to customers. Currency exchange bureaus may not maintain foreign currency accounts for their customers. Currency exchange bureaus are allowed to freely set their purchase and sale exchange rates. There are no limits set by BPNG. The bureaus set their own rates and commissions because they need to cover for associated costs such as transportation, insurance, security and storage.

**Operated by the central bank** Yes.

**Foreign exchange standing facility** No.

**Allocation** Yes. The BPNG intervenes in the foreign exchange market to sell or buy foreign exchange to smooth the kina exchange rate fluctuations. To buy foreign exchange from ADs, BPNG offers a matching competitive price to the one quoted for sale in the interbank market. To sell foreign exchange, BPNG offers foreign exchange to ADs at an offer price based on the price quoted in the interbank market.

**Auction** No.

**Fixing** No.

**Interbank market** Yes. Four commercial banks and two nonbank financial institutions participate in the interbank market. There are no limits on the bid and offer spreads. The BPNG may buy or sell foreign exchange in the interbank market, if necessary, to smooth out exchange rate volatility. The BPNG executes deals at the rates quoted by the ADs. If there is only a bid and no offer or vice versa, the BPNG as a market participant, may place a counterbid or offer.
Over the counter

Yes. Customers may engage in over-the-counter (OTC) transactions with licensed ADs. Customers include individuals, businesses, and other organizations.

Brokerage

Yes. The BPNG acts as a broker for ADs under the current arrangement. There are no brokerage fees charged.

Market making

Yes. ADs continuously make a market for their major customers.

Forward exchange market

Yes. Exporters and importers may engage in forward cover transactions with the four commercial banks at market-determined rates. Each commercial bank is subject to a prudential limit on its uncovered forward position. Currently, commercial banks may not bring a forward cover order to the interbank market. They may deal with forward orders in house with their own resources (foreign currency) but may not use BPNG intervention (which is for spot orders only) to fund forward orders. The BPNG may participate in the forward market with commercial banks but not directly with their clients.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes. Contractual commitments to persons residing outside Papua New Guinea and expressed in foreign currency may be paid in the same foreign currency. Export proceeds may be received in any foreign currency.

Controls on the use of domestic currency

Yes. Since March 2015, all outward remittances (telegraphic transfers and drafts) must be in foreign currency and done through an Authorized Foreign Exchange Dealer.

For current transactions and payments

Yes. Since March 2015, all outward remittances (telegraphic transfers and drafts) must be in foreign currency and done through an Authorized Foreign Exchange Dealer.

For capital transactions

Yes. Since March 2015, all outward remittances (telegraphic transfers and drafts) must be in foreign currency and done through an Authorized Foreign Exchange Dealer.

Transactions in capital and money market instruments

Yes. Since March 2015, all outward remittances (telegraphic transfers and drafts) must be in foreign currency and done through an Authorized Foreign Exchange Dealer.

Transactions in derivatives and other instruments

Yes. Since March 2015, all outward remittances (telegraphic transfers and drafts) for derivatives and other instruments must be in foreign currency and done through an Authorized Foreign Exchange Dealer.

Credit operations

Yes. Since March 2015, all outward remittances (telegraphic transfers and drafts) must be in foreign currency and done through an Authorized Foreign Exchange Dealer.

Use of foreign exchange among residents

Yes. An agreement by a resident that creates an obligation in favor of another resident in a foreign currency (domestic transaction) requires a prior BPNG approval. All domestic transactions involving two resident parties must be settled in kina; if one of the two parties has foreign currency, it must be converted to kina for the settlement.

Payments arrangements

Yes.

Bilateral payments arrangements

Yes.

Operative

Yes. There is a bilateral payments agreement with Fiji, which is operational.

Inoperative

No.

Regional arrangements

Yes. Papua New Guinea participates in the Economic Partnership
Agreement (EPA) with the European Union and African Caribbean and the Pacific (ACP) Countries and is a signatory to South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), Pacific Island Countries Trade Agreement (PICTA, Melanesian Spearhead Group Trade Agreement (MSGTA); Asia-Pacific Economic Cooperation (APEC); and the World Trade Organization (WTO). The bilateral, regional, sub-regional, and multilateral trade agreements in which Papua New Guinea participates are consistent with WTO agreements and provisions. These agreements also contain provisions regarding intellectual property rights.

Clearing agreements No.

Barter agreements and open accounts No.

**Administration of control** Yes. The overall policy is determined by the government with advice from the BPNG. The BPNG has delegated considerable power to ADs to deal with foreign exchange transactions. All current and capital account transactions, government transactions, and current and capital account contracts (agreements) are exempt from obtaining a prior authorization of the BPNG. However, the capital and current account transactions and contracts are subject to the BPNG’s reporting requirement and tax clearance certificate (TCC) requirement of the Internal Revenue Commission (IRC)

Payments arrears No.

Official No.

Private No.

**Controls on trade in gold (coins and/or bullion)** Yes. Exportation or importation of gold is regulated.

On domestic ownership and/or trade No. Residents may trade gold freely within Papua New Guinea.

On external trade Yes. The exportation or importation of gold requires a license from the BPNG.

**Controls on exports and imports of banknotes** Yes.

On exports Yes. Removal or export of more than K20,000 in kina banknotes and coins by residents and nonresidents requires a prior BPNG approval. It is also required for exports for numismatic purposes. For the purpose of AML/CFT, entities or individuals are obliged to report currency, monetary instruments and precious metals, and precious stones, the individual value or combined value of which is K20,000.00 or more in value to the Financial Analysis and Supervision Unit (FASU).

**Foreign currency** Yes. Removal or export of foreign currency banknotes and coins in excess of K20,000.00 by Residents and nonresidents requires a prior approval of the BPNG. For the purpose of AML/CFT, entities or individuals are obliged to report currency, monetary instruments and precious metals, and precious stones, the individual value or combined value of which is K20,000.00 or more in value to the FASU.

On imports No.

**Domestic currency** No. For the purpose of AML/CFT, entities or individuals are obliged to report currency, monetary instruments and precious metals, and precious stones, the individual value or combined value of which is
Foreign currency

For the purpose of AML/CFT, entities or individuals are obliged to report currency, monetary instruments and precious metals, and precious stones, the individual value or combined value of which is K20,000.00 or more in value to the FASU.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Approval required

Yes.

Held abroad

Yes.

There are two categories of FCAs. First, is those accounts covered under the project development agreements which usually involve movement of large and lumpy foreign exchange, which may cause significant kina exchange rate volatility if these flows are allowed to enter the domestic foreign exchange market. Second category is, those FCAs which are not covered by project development agreements, but are required to receive foreign currency income and to settle contractual obligation to non-residents abroad.

With a prior BPNG approval, residents may open FCAs of both categories outside Papua New Guinea. Account holders must submit a Monthly Foreign Currency Account Report to the BPNG.

Approval required

Yes.

These accounts may be held abroad, but a prior BPNG approval is required. Accounts of authorized dealers that are not nostro or vostro accounts require a prior approval of the BPNG.

Accounts in domestic currency held abroad

No.

From March 5, 2015, residents cannot maintain domestic currency accounts held abroad.

Accounts in domestic currency convertible into foreign currency

Yes.

From March 5, 2015, BPNG approval is required to convert kina accounts held with ADs into FCAs.

Funds in domestic accounts denominated in kina can be converted into foreign currency and repatriated abroad without approval, except for removal of Kina in excess of K20,000.00 in physical notes and coins

Nonresident Accounts

Foreign exchange accounts permitted

Yes.

ADs may open nonresident foreign currency accounts in accordance with BPNG guidelines. The Dealers must report nonresident foreign currency account balances to the BPNG. ADs can transfer funds abroad from balances of domestic accounts.

Approval required

No.

Domestic currency accounts

Yes.

From March 5, 2015, Non-Resident expatriates domiciled or living in PNG under foreign embassy and consulate arrangements or multilateral arrangements, including such institutions, can operate kina accounts.

ADs may hold such accounts in PNG under correspondent banking arrangements for non-residents.

All other Non-Residents cannot open and operate kina accounts. All Kina deposited into Vostro accounts of foreign banks have to be from conversion of foreign currency into Kina through an AFED.
### PNG

<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes</td>
<td>Conversion to foreign currency is permitted.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database:</td>
</tr>
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<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Imports and Import Payments</strong></td>
<td></td>
<td></td>
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<tr>
<td>Foreign exchange budget</td>
<td>No</td>
<td></td>
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<tr>
<td>Financing requirements for imports</td>
<td>Yes</td>
<td>From April 2017, all new trade finance loans provided by ADs must</td>
</tr>
<tr>
<td></td>
<td></td>
<td>be approved by the BPNG.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No</td>
<td>For imports that have not arrived in PNG, a Customs Entry Declaration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Form 15 (Form 15) must be submitted to an AD, within 60 days from</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the date of making the import payment in advance.</td>
</tr>
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<td></td>
<td></td>
<td>For imports that have arrived in PNG, it is a requirement that Form</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15 is submitted at the time of making the payment.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>imports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes</td>
<td>A prior approval of the BPNG is required for ADs to issue letters of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>credit (LCs) in favor of Non-Residents as guarantees. The BPNG’s</td>
</tr>
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<td></td>
<td></td>
<td>approval is not required when such credits are from nonresidents in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>favor of residents.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes</td>
<td>ADs may process and remit import payments abroad. Payments must</td>
</tr>
<tr>
<td></td>
<td></td>
<td>be supported with summary commercial invoices, customs forms, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>duly completed balance of payments (BOP) reporting forms. Payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>exceeding K10,000.00 must be reported to BPNG on BOP reporting form</td>
</tr>
<tr>
<td></td>
<td></td>
<td>for imports, by an AD.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For import payments between K5,000.00 and K10,000.00, must be</td>
</tr>
<tr>
<td></td>
<td></td>
<td>reported to BPNG on an aggregate BOP reporting form for imports, by</td>
</tr>
<tr>
<td></td>
<td></td>
<td>an AD.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For import payments below K5,000.00, ADs may process import</td>
</tr>
<tr>
<td></td>
<td></td>
<td>payments without submitting their reports to the BPNG. An AD is</td>
</tr>
<tr>
<td></td>
<td></td>
<td>obliged to provide details of these transactions upon request.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The BPNG issued some of the foreign exchange reports in 2017 to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>get more visibility into the other trades that are done by ADs that</td>
</tr>
<tr>
<td></td>
<td></td>
<td>fall outside the threshold of K3.0 million. This is to facilitate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the capture of all transactions and currency of trade reported to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the CB. The BPNG is now monitoring all SWIFT transactions through a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SWIFT enhancement, namely the “Swift Scope”. which has been in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>operation since early 2017.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All other documentation required to verify the orders remains,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>including the TCC issued by the IRC as specified in BPNG’s foreign</td>
</tr>
<tr>
<td></td>
<td></td>
<td>exchange operational guidelines.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Negative list | No.  
---|---  
Open general licenses | No.  
Licenses with quotas | No.  
Other nontariff measures | Yes. The purpose of these measures is to restrict or prohibit the importation of certain goods to protect health, security, bio-security, and morals.  
Import taxes and/or tariffs | Yes. There are four major ad valorem tariff rates (0%, 15%, 25%, and 40%) and some additional specific tariff rates, including 70% on sugar and 20% on mackerel. To assist local industries, the following measures apply: (1) The tariff on canned dark tuna is 20%. (2) The tariff on canned baked beans is 25%.  
Taxes collected through the exchange system | No.  
State import monopoly | Yes. A state import monopoly applies to the importation of military equipment.  
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.  

### Exports and Export Proceeds

| Repatriation requirements | Yes. From March 5, 2015, all exporters not covered by a project agreement must repatriate all export proceeds and convert them into Kina or deposit into onshore FCAs. The repatriation must be done within three months from the Shipment Date of export. Any offset against offshore liabilities is not permitted. For an exporter with an approved offshore FCA, any surplus funds in the account after meeting offshore liabilities must be repatriated to PNG within three months from the Shipment Date of export and converted into kina or deposited into a domestic FCA. Those exporters covered under a project agreement are required to repatriate any surplus funds after meeting their 3 months forward commitments to offshore suppliers of goods and services. The surplus funds can be converted to Kina or held in domestic FCAs. |
| Surrender requirements | Yes. |
| Surrender to the central bank | No. |
| Surrender to authorized dealers | Yes. Exporters with approved foreign currency accounts abroad can repatriate export proceeds to their onshore foreign currency accounts, in which case there is no surrender of foreign exchange to ADs. Exporters that do not operate approved foreign currency accounts onshore will repatriate funds from abroad and at the same time surrender them to ADs after conversion to kina. Exporters that do not operate any approved foreign currency accounts must repatriate and convert all export proceeds to kina. |
| Financing requirements | Yes. From April 2017, ADs cannot provide trade finance loans in any currency except with a prior authorization of the BPNG. |
| Documentation requirements | Yes. |
| Letters of credit | No. |
| Guarantees | No. |
| Domiciliation | No. |
| Preshipment inspection | No. |
Other customs documentation must be submitted to an AD after each shipment. ADs may process export receipts without submitting them to the BPNG. A Balance of Payment form must be completed for export proceeds exceeding K10,000 or its equivalent.

Export licenses

Yes. For gold exports, a license from the BPNG is required.

Without quotas

License are required for exports of logs, pearls, fishery, and marine products, wood chips, sandalwood, rattan, coffee, cocoa, and copra. Log export licenses are issued based on minimum export price guidelines.

With quotas

No.

Export taxes

Yes.

Collected through the exchange system

No.

Other export taxes

Yes. Export taxes apply to logs, mineral ores and concentrates (except gold, silver, and copper), sandalwood, and crocodile skins. There is a flat 28.5% export tax on logs.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Current account transactions are exempted from exchange controls and may be made without limit, except for removal or export of banknotes and coins for travel abroad, which require the prior approval. Remittances to a tax haven require a TCC from the IRC. Remittances to other countries in excess of K500,000 requires a TCC from IRC, where applicable. The BPNG’s reporting requirements must be met for current account transactions.

Trade-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. A bona fide test is applied, in the form of a documentation requirement. Contractual Documents such as loan agreements, lease agreements and consultancy agreements and commercial invoices must be presented to an AD for payments abroad.

Investment-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Service payments on foreign debt may be made through an AD. A bona fide test is applied. For dividends, a signed copy of company directors’ declaration to pay dividends must be provided, together with a completed balance of payments reporting form (BOP Form). For interest payments, commercial invoices, a copy of signed and executed loan agreement, and completed BOP Forms must be provided. Dividends and interest may be remitted through an AD, subject to the provision of a TCC from IRC for payments in excess of K500,000 (or the foreign currency equivalent) and submission of the relevant BOP Forms.
Payments for travel  Yes.
Prior approval  Yes.  Removal or export of more than K20,000 in kina banknotes and coins by residents and nonresidents for travel abroad requires a prior BPNG approval. It is also required for exports for numismatic purposes.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.

Personal payments  Yes.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.  A bona fide test is applied, in the form of documentation requirement. Identity and travel itinerary must be presented, together with a completed BOP Form where required.

Foreign workers' wages  Yes.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.  A bona fide test is applied, in the form of documentation requirement. Relevant supporting documents, the TCC from IRC, together with a completed BOP Form, may be required for a remittance abroad.

Credit card use abroad  No.  Credit cards or other similar cards may be used for payment of travel and travel-related expenses.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.

Other payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.  No controls apply to invisible receipts and transfers, but BPNG reporting requirements apply.
Surrender requirements  No.  Proceeds may be converted to domestic currency on receipt or maintained in an approved domestic or offshore FCA.
Surrender to the central bank  No.
Surrender to authorized dealers  No.
### Restrictions on use of funds
- No.

### References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Capital Transactions

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on capital transactions</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Category</td>
<td>Status</td>
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<tr>
<td>----------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Approval of the BPNG is not required for transactions in derivatives and other similar instruments to acquire or deal in assets located within or outside Papua New Guinea, provided there is an underlying written agreement.

Approval of the BPNG is not required for credit operations, provided there is an underlying written agreement. Residents of PNG cannot conduct credit operations with non-residents in Kina.

A prior approval of the BPNG may be required for guarantees issued in favor of non-residents for activities or transactions that do not benefit the residents of Papua New Guinea.
To residents from nonresidents  No.

Settlement of debts abroad by immigrants  No.

Transfer of assets  No.

Transfer abroad by emigrants  No.

Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts that are not nostro or vostro accounts require a prior approval of the BPNG.</td>
<td></td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Bank lending to companies controlled by nonresidents has been liberalized.</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>These transactions and contracts must be approved by the BPNG, and settlement must be in kina.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Securities denominated in foreign currency may not be issued locally, unless approved by BPNG. Settlement must be made in Kina.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency exposure limits are 15% of capital for all currencies combined and 10% of capital for a single currency.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency exposure limits are 15% of capital for all currencies combined and 10% of capital for a single currency.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency exposure limits are 15% of capital for all currencies combined and 10% of capital for a single currency.</td>
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</tr>
</tbody>
</table>
combined and 10% of capital for a single currency. In general, institutional investors are required to meet prudential requirements.

Life insurance companies must formulate an investment objective and strategy. The BPNG only supervises life insurance companies and brokers; general insurers are regulated by the Office of the Insurance Commissioner. Life Insurance Prudential Standard No. 7/2008 and Life Insurance Companies Investments prescribe investment objectives and strategies for life insurance companies and insurance brokers.

There are no limits on local investments; however, life insurance companies must ensure that their investments are in line with their objectives and investment strategy. Investment concentration risk is limited to 2% of total assets and all investment must be made at arm’s length.

There are four licensed pension (superannuation) funds in Papua New Guinea. Among the top two, Nambawan Super was originally for public (civil) sector employees but is now open to employees of private businesses and Nasfund was for private sector employees but is now open to the public sector.

Pension funds must have an investment objective and strategy. Pension funds must maintain a balanced portfolio.

The investment framework provides that offshore investments are limited to a maximum of 35% of the total value of the assets of the Authorized Superannuation Fund (ASF) at any time. Where an ASF wishes to exceed the maximum of 35%, the Trustee Board must request prior approval in writing from the BPNG.

There are no limits on local investments, but the exposure (concentration) risk to a single entity or a group is set at no more than 5% of total assets. An investment must be made in line with the investment objectives and strategy of the fund.

All ASFs must develop, document, and maintain a Currency Risk Management Policy in consultation with its Investment Manager, and include the policy in the Investment Framework.

No significant changes occurred in the exchange and trade system.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
PARAGUAY

(Position as of August 31, 2020)

Status under IMF Articles of Agreement

Date of membership
December 28, 1945.

Article VIII
Yes. Date of acceptance: August 23, 1994.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Paraguay is the guarani.

Other legal tender
No.

Exchange rate structure
Unitary
Yes.

Dual

Multiple

Classification
No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement
Yes. The exchange rate arrangement is classified as floating. The exchange rate is determined by supply and demand. The objective of the Central Bank of Paraguay (BCP) under Article 3 of Law No. 489/95 is to preserve and safeguard the stability of the currency and promote the efficiency, integrity, and stability of the financial system. Article 47 states the following: “Within the framework of the national government’s economic policy and laws, the BCP shall administer the legal provisions and their regulations that set the exchange rate regime, as well as the control measures over current
foreign collections and payments and capital movements that are only adopted by the Powers of the State in circumstances of exceptional national emergency.

Foreign exchange operations shall be carried out on the free foreign exchange market which, for the purposes of this Law, is made up of entities authorized to operate in the foreign exchange market. Anyone may engage in foreign exchange operations. The exchange rate shall be that freely agreed on by the parties involved, in accordance with supply and demand.”

Article 50 establishes the following: “The free foreign exchange market shall operate with foreign currency and other documents, checks, drafts, or foreign exchange transfer securities derived from the export and import of goods, services, and capital movements, except in cases of specific prohibitions established by the Law or by provisions founded by the Executive Branch.

The BCP shall operate in the foreign exchange market to ensure its normal, competitive, and balanced operation and to respect the fundamental trends in the supply and demand of foreign currency. Foreign currency trading by the BCP shall aim to mitigate the effects of seasonal fluctuations in supply and demand and offset erratic capital flows and speculative movements that could disrupt the market or the exchange rate.”

The BCP, in its capacity as a financial agent of the government (Article 71 of its Organic Charter – Law No. 489), buys US dollars from the government, received by the latter in the form of royalties and compensation paid by bi-national hydroelectric entities, in exchange for guaraníes. These dollars purchased from the public sector are returned to the market via sales to the financial system according to BCP announcements.

In 2019, the BCP’s purchases with the financial system were US$1,295.40 million, while net purchases with the public sector were US$1,163.84 million. The highest level of foreign currency sales to the financial sector corresponds to the CB’s effort to moderate abrupt exchange rate volatility. A significant gap was observed between the supply of and the demand for dollars in the domestic market during the second quarter of 2019. The US–China trade war, the high international interest rates in that quarter, and the economic slowdown in neighboring countries, such as Argentina and Brazil, broadened the gap in the local market.

From May 2019 to July 2019, the exchange rate appreciated against the US dollar and then followed a depreciating trend within a 2% band since July 2019, with one realignment in October 2019. Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) to other managed from crawl-like, effective May 10, 2019, and (2) from other managed to crawl-like, effective July 18, 2019.

Every week, the BCP publishes daily data on exchange operations (with the public sector and with the financial sector) for the previous month on its institutional website, available at: www.bcp.gov.py/compras-y-ventas-de-divisas-del-bcp-i666. Additionally, operations are also published according to classification, either compensatory or complementary, available at the following link: www.bcp.gov.py/ventas-compensatorias-y-complementarias-i667.
Floating
Free floating

**Official exchange rate**  Yes.

Resolution No. 7, Minute No. 86 of December 19, 2019, “Regulation on Open Market Operations and Standing Facilities and Regulation on Exchange Operations, Annex II,” states the following in Article 14(e), Publication of the Fluctuating and Benchmark Exchange Rate: “The Board of Directors shall determine the method for calculating the benchmark exchange rate for the day. The latter rate shall be noted in the minutes of the Monetary Committee meeting, which shall, in this case, require the Board of Directors to participate.”

Effective August 3, 2020, the BCP determined that the benchmark exchange rate for the US dollar against the guarani will be equal to the weighted average of interbank operations carried out in the spot market. This benchmark exchange rate is published daily on the BCP website at 1:00 p.m. Operations used as a basis for calculating the benchmark exchange rate are registered by financial institutions on a platform called “Datatec.” The exchange rates calculated in this manner are published on the BCP website every 30 minutes from 8:30 a.m. to 1:00 p.m. The cumulative exchange rate at the final 30-minute cutoff is the benchmark exchange rate.

Prior to the above date, the benchmark exchange rate was the average buying and selling nominal exchange rate from financial entities’ transactions with nonfinancial customers in the spot market, beginning at US$50,000.

The benchmark exchange rate is used to close public sector operations with the BCP and to settle the maturity of foreign exchange forward contracts.

**Monetary policy framework**

Exchange rate anchor

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

Monetary aggregate target

Inflation-targeting framework  Yes. The BCP adopted an inflation-targeting framework according to Resolution No. 22, Minute No. 31 of May 2011.

*Target setting body*  Yes.

- **Government**
- **Central Bank**  Yes.

*Monetary Policy Committee*  Yes. Effective December 19, 2019, the Monetary Operations Executive Committee (Comité Ejecutivo de Operaciones Monetarias – CEOMA) became the Monetary Policy Committee (Comité de Política Monetaria – CPM), in accordance with Resolution No. 8, Minute No. 86 of December 19, 2019.
The aim of the CPM within the framework of inflation targets is to establish the monetary policy rate and the guidelines, mechanisms, and instruments for monetary policy implementation to maintain price stability.

The CPM is responsible for:
(a) Analyzing and assessing information, submissions, and documents presented during the meeting and used as a basis for making monetary policy decisions.
(b) Determining the monetary policy rate value.
(c) Establishing the interest rates of standing deposit facilities and liquidity facilities and the financial conditions for the early cancellation and early redemption of monetary regulation instruments.
(d) Providing information to the Markets Committee (Comité de Mercados – CM) on the general guidelines (guidelines, mechanisms, and instruments) for implementing the monetary policy to align the interbank rate with the monetary policy rate.
(e) Providing information to the CM on the general guidelines for implementing the exchange rate policy.

Decisions: Decisions to be adopted by the CPM shall be based on the following:
(a) Technical criteria to be presented by Economic Studies.
(b) Analysis of prevailing economic conditions by Committee members, with the latter being able to have their dissenting opinions reflected in the minutes, if they so wish.
(c) The final decision shall be adopted by simple majority of the voting members, based on the first and second points of this paragraph. In the event of a tie, the CPM Chair shall decide with a double vote. The decisions taken by the CPM members must be recorded in the minutes.

The CB’s CPM shall be made up of the chairman and four incumbent full members of the Board, who shall have the right to speak and vote. The CPM shall be chaired by the incumbent president of the BCP.

CPM participants:
The following members shall, in the performance of their duties, be permanent participants of the CPM with the right to speak but not vote:
(a) Chief Economist;
(b) Director of the External Sector Statistics Department;
(c) Director of the Real Sector Statistics Department;
(d) Director of the Macroeconomic Statistics Department;
(e) Director of the Macroeconomic Research and Analysis Department;
(f) Director of the Macroeconomic Modelling Department;
(g) Superintendent of Banks;
(h) Deputy General Manager of Financial Operations;
(i) Market Manager;
(j) Director of the Open Market Department.

Central Bank Board

Other

Government and Central Bank

Inflation target Yes. Board Resolution by which the Inflation Targets scheme is officially implemented.

Target number Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No/NA</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Point target</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Target with tolerance band</strong></td>
<td>Yes</td>
<td>The inflation target for 2020 and beyond is 4%. Tolerance band of +/-2%.</td>
</tr>
<tr>
<td><strong>Band/Range</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Target measure</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>CPI</strong></td>
<td>Yes</td>
<td>Total inflation is used as the indicator. The Lowe formula (modified Laspeyres) is used to calculate the index.</td>
</tr>
<tr>
<td><strong>Core inflation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Target horizon</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Operating target (policy rate)</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Policy rate</strong></td>
<td>Yes</td>
<td>The BCP’s operational monetary policy objective is the Interbank Loan Interest Rate (TIB). The TIB should fluctuate around the same level as the TPM. Since July 2019, the monetary policy rate has been 4.50%.</td>
</tr>
<tr>
<td><strong>Target corridor band</strong></td>
<td>Yes</td>
<td>The cap of the corridor band is the Standing Liquidity Facility (Facilidad Permanente de Liquidez – FPL), and the floor is the Standing Deposit Facility (Facilidad Permanente de Depósito – FPD). Until March 14, 2020, the corridor was structured as follows: FPL = TPM + 50 bps; FPD = TPM – 25 bps. Since March 16, 2020, the corridor has been structured as follows: FPL = TPM + 25 bps; FPD = TPM – 25 bps.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Open letter</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Parliamentary hearings</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>Yes</td>
<td>The BCP submits a quarterly report to the national Congress.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><strong>Publication of votes</strong></td>
<td>Yes</td>
<td>Votes are confidential in nature. However, once the recommendations have been made, they are disclosed to the general public through a press release published on its website on the same day of the meeting. The schedule of CPM monthly meetings is also published on its website.</td>
</tr>
<tr>
<td><strong>Publication of minutes</strong></td>
<td>Yes</td>
<td>The minutes are confidential. However, once the recommendations have been made, they are disclosed to the general public through a press release published on its website on the same day of the meeting. The schedule of CPM monthly meetings is also published on its website.</td>
</tr>
<tr>
<td><strong>Publication of inflation forecasts</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Other monetary framework</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Exchange tax</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Exchange subsidy</strong></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange market</strong></td>
<td>Yes</td>
<td>Commercial banks may freely set exchange rates and commissions in transactions with their clients.</td>
</tr>
<tr>
<td>Section</td>
<td>Yes/No</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>As of December 31, 2019, there were 17 banks, 9 financial institutions, and 29 exchange houses licensed by the BCP to operate in the foreign exchange market. There is no parallel market. Under Article 5 of Law No. 2794/05, exchange houses require BCP authorization to operate in the foreign exchange market and may not engage in foreign exchange transactions with the BCP. That same law prohibits exchange houses from maintaining accounts abroad or making foreign currency payments and transfers on behalf of their customers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>The BCP conducts its operations with the sole aim of managing its balance sheet (programmed sales) and occasionally to prevent market volatility. Scheduled sales of US dollars to the financial system offset the US dollars purchased from the government (MOF).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Allocation</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Auction</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange operations (whether programmed sales or supplementary operations) generally take place through competitive auctions, awarded at multiple prices, for both purchases and sales of US dollars. Participants registered in the Registry of Participants in Exchange Operations may participate in BCP exchange operations (purchase/sale of foreign currency). The Open Market Department will record, at the request and on the prior approval of the BCP Board of Directors, banking institutions that can participate in exchange operations (purchase and/or sale of foreign currency) with the BCP. If it is found that the financial institution has not complied with the operating rules of the BCP, the operation will be canceled and the authorities will be informed of the situation at the close of daily operations. Effective December 19, 2019, a financial institution that fails to settle the operation because of either insufficient funds or another operational deficiency by the established settlement date will be unable to operate with the Office of the Market Manager for a period of ten business days. This period was changed from 30 calendar days (in effect until December 18, 2019) to ten business days.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixing</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>The interbank market is understood to mean transactions carried out between banks only. There were 17 banks participating in the interbank market as of December 2019. These banks do not need to be licensed to participate in the interbank market because all banks licensed by the BCP automatically form part of the interbank market. There are no limits on the bid-ask spread and commissions of market participants.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>The interbank market operates over the counter on DATATEC, an electronic platform supplied by a private firm. There are also OTC operations between institutions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brokerage</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Market making</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Forward exchange market

Commercial banks and finance companies may conduct forward transactions for trade operations on terms freely negotiated with customers. Financial institutions may conduct forward transactions with residents and nonresidents.

Net long or short positions on forward transactions with residents have an applicable limit. Such positions may not exceed the smaller of:
(1) two times the average volume of banking operations of banks in the last three months or
(2) 80% of the effective net worth in the previous month converted to US dollars.

In the case of forward transactions with nonresidents, it is considered that (modified from Resolution No. 11, Minute No. 34 of May 31, 2018):
(1) The current purchase volume of forward transactions carried out in US dollars with nonresidents may not exceed 3% of the effective net worth in the previous month converted to US dollars.
(2) The sales volume of forward transactions carried out in US dollars with nonresidents may not exceed 3% of the effective net worth in the previous month converted to US dollars.

Forward transactions that do not involve the guaraní are exempt from that limit (Resolution No. 15, Minute No. 67 of October 18, 2018).

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes.

Controls on the use of domestic currency

Yes.

For current transactions and payments

Yes. Purchases of goods and services made by taxpayers of the Tax on Income from Commercial, Industrial or Service Activities (IRACIS); of the Tax on Income from Agricultural Activities (IRAGRO); of the Tax on Income of Small Taxpayers (IRPC); and of the Tax on Income from Personal Service (IRP), which are equal to or greater than G 50,000,000, or its equivalent in foreign currency, whether these are carried out individually or if the monthly operations between the same parties total said sum, provided they are paid in full or in part in cash, must be communicated to the Undersecretary of State for Taxation of the MOF, within the period, in the manner and under the conditions provided for therein.

For capital transactions

Yes.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

Yes. Forward transactions carried out in US dollars with nonresidents, which involve the guaraní, may not exceed 3% of the effective net worth in the previous month converted to US dollars.

Credit operations

No.

Use of foreign exchange among residents

No.

Payments arrangements

Yes.

Bilateral payments arrangements

Yes.
**Operative**

Yes. Since October 26, 2015, the BCP and the Central Bank of Uruguay have had an agreement on the payments system (SML). An agreement on a local currency payment system between the Republic of Paraguay and Brazil was signed in April 2016 and will enter into force on signature of the related Regulation.

The operational implementation of the SML with Uruguay was on December 20, 2017, and on July 7, 2018, with Brazil. In October 2019, the Republic of Paraguay and Argentina entered into an agreement on the local currency payments system (SML) that will enter into force on signature of the related Regulation, which is close to being signed.

**Inoperative**

No.

<table>
<thead>
<tr>
<th>Regional arrangements</th>
<th>Yes.</th>
<th>Paraguay is a member of the LAIA.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
<td>Paraguay is a member of the LAIA.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

**Administration of control**

No. Under Law No. 489/95 (Organic Law of the BCP), the BCP may operate on the foreign exchange market to smooth rate fluctuations, but it may not prevent or delay payments to or from Paraguay (Article 50).

**Payments arrears**

No.

- **Official**
  - No.

- **Private**
  - No.

**Controls on trade in gold (coins and/or bullion)**

No. Under Law No. 861/96, Article 58, amended by Law No. 5787, banks are subject to limits with respect to their effective net worth. Banks may hold up to 20% in precious metals (ingots or coins) and precious stones, but no more than 5% in silver.

**On domestic ownership and/or trade**

No.

**On external trade**

No.

**Controls on exports and imports of banknotes**

No. In accordance with the provisions of the International Convention for the Suppression of the Financing of Terrorism and Other Illicit Acts and BCP provisions on the transportation and physical remittance of banknotes, banks and exchange houses that remit foreign exchange abroad must, on the day following the transaction, notify the Superintendency of Banks and the office of the BCP Economic Crime Department, for statistical purposes, of the type of currency, the amount, and the geographic destination. The remitting entity must ensure that the currency is transported securely within Paraguay and must insure the instruments transported until they reach their destination. All capital flows legitimately covered by the legal framework in effect are guaranteed, but there are administrative and security controls under Law No. 2381/04.

**On exports**

- **Domestic currency**
  - No.

- **Foreign currency**
  - No.

**On imports**

- **Domestic currency**
  - No. Imports of banknotes are not restricted, provided they comply with
the existing legal framework (Law No. 2381/04), except for imports of banknotes for issuance, over which the BCP has exclusive legal authority (Law No. 489/95).

| Foreign currency | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Resident Accounts

| Foreign exchange accounts permitted | Yes. |
| Held domestically | Yes. |
| Approval required | No. |
| Held abroad | Yes. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |

### Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
Domiciliation requirements No.
Preshipment inspection No.
Letters of credit No.
Import licenses used as exchange licenses No.
Other No.
**Import licenses and other nontariff measures** Yes.
Positive list Yes. The following items such as apparel, fuels, and steel products are mentioned in the positive list.
Negative list Yes. The following items such as tripolyphosphates, used clothing, and used cars more than ten years old are mentioned in the negative list.
Open general licenses No.
Licenses with quotas No.
Other nontariff measures No.
**Import taxes and/or tariffs** Yes. As a member of MERCOSUR, Paraguay applies its CET composed of 24 rates ranging up to 30%. Under the agreed transitional implementation of the CET, Paraguay maintains a number of waivers of the CET for computer equipment, telecommunications equipment, processed foods, textiles, clothing, and shoes. Paraguay benefits from a waiver of the increase in MERCOSUR’s CET from 20% to 35% for shoes and clothing and from 18% to 26% for textiles.
Taxes collected through the exchange system No.
**State import monopoly** Yes. A large share of military equipment and supplies is imported by state agencies, as are diesel fuel and banknotes for issuance. Internet services continue to be partially liberalized.
**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements No.
Surrender requirements No.
  *Surrender to the central bank* No.
  *Surrender to authorized dealers* No.
Financing requirements No.
Documentation requirements No.
Letters of credit No.
Guarantees No.
Domiciliation No.
Preshipment inspection No.
Other No.
Export licenses
Yes.
Without quotas
Yes. Some export licenses are required for environmental reasons (for example, for some species of animals and trees in danger of extinction); however, these do not affect exchange inflows.
With quotas
No.
Export taxes
No.
Collected through the exchange system
No.
Other export taxes
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers
Controls on these transfers
Yes.
Trade-related payments
Yes.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Investment-related payments
Yes.
Prior approval
Yes. For prudential regulatory purposes, Law No. 861/96, Article 30, states that credit institutions, whether domestic or foreign, may distribute their annual profits with authorization from the Annual General Meeting of Shareholders or their parent company and subject to the opinion of the Superintendency of Banks, provided the said opinion is issued within 120 days of the close of the fiscal year. If this deadline expires and the Superintendency has issued no opinion, the profits may be distributed.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Payments for travel
Yes.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Personal payments
Yes.
Prior approval
No.
Quantitative limits
No.
Indicative limits/bona fide test
No.
Foreign workers' wages
Yes.
Prior approval
No.
Quantitative limits

Indicative limits/bona fide test

Credit card use abroad

Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

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purchase of shares in foreign banks or other institutions that operate in financial intermediation or in the stock market, or are auxiliaries of one or the other, for the purpose of achieving international scope for their activities. For this purpose, it must seek, on a case-by-case basis, authorization from the BCP, provided: (1) external institutions have external audits satisfactory to the Superintendency of Banks of Paraguay and (2) national financial institutions undertake to submit financial statements, with those of external institutions, that allow the conclusion that capital contributions in individual companies are free of debts or credits of any nature.

| Purchase locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |
| Sale or issue locally by nonresidents | No. |
| Sale or issue abroad by residents | No. |

Bonds or other debt securities | Yes. |

On money market instruments | Yes. |

Purchase locally by nonresidents | Yes. |

There are no restrictions on Treasury bonds.

Sale or issue locally by nonresidents | No. |

Purchase abroad by residents | No. |

Sale or issue abroad by residents | No. |

On collective investment securities | No. |

Purchase locally by nonresidents | No. |

Sale or issue locally by nonresidents | No. |

Purchase abroad by residents | No. |

Sale or issue abroad by residents | No. |

Controls on derivatives and other instruments | Yes. |

Purchase locally by nonresidents | Yes. |

Nonresident agents may conduct forward foreign exchange operations. Forward transactions carried out in US dollars with nonresidents may not exceed 3% of the effective net worth in the previous month converted to US dollars.

forward transactions that do not involve the guarani are exempt from that limit. Resolution No. 15, Minute No. 67 of October 18, 2018.

Sale or issue locally by nonresidents | Yes. |

Nonresident agents may conduct forward foreign exchange selling
operations.
Forward transactions carried out in US dollars with nonresidents may not exceed 3% of the effective net worth in the previous month converted to US dollars.
Forward transactions that do not involve the guaraní are exempt from that limit. Resolution No. 15, Minute No. 67 of October 18, 2018.

<table>
<thead>
<tr>
<th>Type of Transaction</th>
<th>Permitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Credits extended and deposits made by a bank in Paraguay to a foreign bank or financial institution, along with that institution’s endorsements, sureties, and other guarantees, may not exceed 20% of the bank’s effective net worth. This ceiling may be increased to 50% for Tier 1 banks and 70% if the excess in each of the preceding cases is represented by issued LCs. For these purposes, LCs payable under the LAIA Reciprocal Payments and Credit Agreement are not taken into account. Section b.2 of Resolution No. 3 Minute No. 25 of May 4, 2017 (Regulating Law No. 5787 amending Law No. 861).
Banks’ credits, contingent credits, and financial leasing operations to individuals and corporations abroad, with certain exceptions, may not exceed 5% of effective net worth. This ceiling may be increased to 20% with a sufficient guarantee that it can back the transaction in an amount equal at least to the excess over the aforementioned ceiling.

Controls apply in cases when the limits established in Law No. 861/96 (General Law on Banks, Finance Companies, and Other Financial Institutions) are exceeded by banks, finance companies, and other credit institutions.

These transactions are permitted, except that foreigners may not purchase land within 50 kilometers of the border, as provided under Law No. 2532/05, Establishing the Border Security Zone of the Republic of Paraguay.
| **Sale locally by nonresidents** | No. |
| **Controls on personal capital transactions** | No. |
| **Loans** | No. |
| **By residents to nonresidents** | No. |
| **To residents from nonresidents** | No. |
| **Gifts, endowments, inheritances, and legacies** | No. |
| **By residents to nonresidents** | No. |
| **To residents from nonresidents** | No. |
| **Settlement of debts abroad by immigrants** | No. |
| **Transfer of assets** | No. |
| **Transfer abroad by emigrants** | No. |
| **Transfer into the country by immigrants** | No. |
| **Transfer of gambling and prize earnings** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Provisions Specific to the Financial Sector**

| **Provisions specific to commercial banks and other credit institutions** | Yes. |
| **Borrowing abroad** | No. |
| **Maintenance of accounts abroad** | Yes. |
| **Lending to nonresidents (financial or commercial credits)** | Yes. |

Pursuant to Law No. 861/96, banks and finance companies may conduct credit operations with domestic and foreign banks and finance companies, and make deposits with each other. Pursuant to Law No. 489/95 (Article 56), supervised institutions that contract credit operations abroad must report them to the BCP, with the exception of ordinary banking operations.

Credits extended and deposits made by a bank in Paraguay to a foreign bank or financial institution, along with that institution’s endorsements, sureties, and other guarantees, may not exceed 20% of the bank’s effective net worth. This ceiling may be increased to 50% for Tier 1 banks and 70% if the excess in each of the preceding cases is represented by issued LCs. For these purposes, LCs payable under the LAIA Reciprocal Payments and Credit Agreement are not taken into account. Section b.2 of Resolution No. 3, Minute No. 25 of May 4, 2017 (Regulating Law No. 5787 amending Law No. 861).

Credits extended and deposits made by a bank in Paraguay to a foreign bank or financial institution, along with that institution’s endorsements, sureties, and other guarantees, may not exceed 20% of the bank’s effective net worth. This ceiling may be increased to 50% for Tier 1 banks and 70% if the excess in each of the preceding cases is represented by issued LCs. For these purposes, LCs payable under the LAIA Reciprocal Payments and Credit Agreement are not taken into account. Section b.2 of Resolution No. 3 Minute No. 25 of May 4, 2017 (Regulating Law No. 5787 amending Law No. 861).

Banks’ credits, contingent credits, and financial leasing operations to individuals and corporations resident abroad, with certain exceptions, may not exceed 5% of effective net worth. This ceiling may be increased to 20% with a sufficient guarantee that it can back the
transaction in an amount equal at least to the excess over the aforementioned ceiling. Section b.4 of Resolution No. 3, Minute No. 25 of May 4, 2017 (Regulating Law No. 5787 amending Law No. 861).

Lending locally in foreign exchange Yes. These transactions must comply with the bank’s net position limit.

Purchase of locally issued securities denominated in foreign exchange Yes. These transactions must comply with the bank’s net position limit.

Differential treatment of deposit accounts in foreign exchange Yes.

Reserve requirements Yes. The following reserve requirements apply to deposits in foreign currency:

1. 24% for terms of up to 360 days (including sight deposits);
2. 16.5% for terms of 361 days to 540 days;
3. 0% for terms above 541 days.

Liquid asset requirements No. A (non-compulsory) guide for managing liquidity (liquid assets/short-term deposits) is in effect.

Interest rate controls Yes. Interest rates applicable to credit card transactions may not exceed three times the average deposit rate in effect on the market. There is also a rate defined as constituting usury, which must not be exceeded. It is constructed on the average of consumer rates charged by banks and finance companies, respectively.

Credit controls No. As an overall control measure, up to four times the effective net worth for loans, contingent credits, and financial leasing operations with terms greater than 24 months, excluding quotas, amortization, or coverage shorter than this term.

Differential treatment of deposit accounts held by nonresidents No.

Reserve requirements No.

Liquid asset requirements No.

Interest rate controls No.

Credit controls No.

Investment regulations Yes. Banks may invest up to 20% of their effective net worth in shares of financial institutions abroad, with the prior authorization of the BCP, in addition to the other considerations set out in Law No. 861/96. Article 40 Number 17 authorizes the purchase of shares in foreign banks or other institutions that operate in financial intermediation or in the stock market, or are auxiliaries of one or the other, for the purpose of achieving international scope for their activities.

Abroad by banks Yes.

In banks by nonresidents No. As an anti-money-laundering control and prudential oversight measure, entities supervised by the Superintendency of Banks may not sell, assign, or transfer their shares to individuals or legal entities domiciled in countries deemed to be tax havens.

Open foreign exchange position limits Yes. Effective May 13, 2019, the following ratio categories were established for the foreign currency position. Resolution No. 2, Minute No. 34 of May 13, 2019, on effective net worth:

1. Category A: liability position of 10% to asset position of 15% (previously 20%).
2. Category B: asset position of 40% to asset position of 50%.
3. Category C: asset position of 90% to asset position of 100%.

Resolution No. 3, Minute 34 of May 13, 2019, also amends the daily
The daily net operating foreign exchange position is defined as the (negative or positive) difference in the net aggregate foreign currency position from one day to the next, which may not exceed US$5 million, for both long and short positions.

A financial institution that exceeds the limit must deposit in its account with the BCP, within 24 hours of the BCP notice to the financial institution, an amount equal to the excess over the established limit. This amount will remain unavailable in the US dollar account that the financial institution holds with the BCP for 15 business days.

Net long or short positions on forward transactions with residents have an applicable limit. Such positions may not exceed the smaller of:

1. Two times the average volume of banking operations of banks in the last three months or
2. 80% of the effective net worth in the previous month converted to US dollars.

In the case of forward transactions with nonresidents, it is considered (modified from Resolution No. 11, Minute No. 34 of May 31, 2018):

1. The current purchase volume of forward transactions carried out in US dollars with nonresidents may not exceed 3% of the effective net worth in the previous month converted to US dollars.
2. The sales volume of current forward transactions carried out in US dollars with nonresidents may not exceed 3% of the effective worth in the previous month converted to US dollars.

Forward transactions that do not involve the guaraní are exempt from that limit (Resolution No. 15, Minute No. 67 of October 18, 2018).

<table>
<thead>
<tr>
<th>On resident assets and liabilities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
and/or the instruments issued and the profitability identified or anticipated. Without such authorization, the securities issued by nonresidents are not part of the investible funds stipulated by the Superintendency of Insurance. They are therefore deducted from net equity to obtain the technical equity.

There are no minimum limits, but maximum limits exist for the investments allowed, both by type of Assets and by Issuer, as established in Articles 6 to 9 of Resolution SS.SG. No. 132/2015.

Foreign currency assets and liabilities must be based on the end-of-month exchange rate.

Because there is no pension regulator, there are no general regulations on portfolio allocations. However, there are eight special pension funds (cajas), each created under a specific law (which outlines rules for administration, contributions, benefits, investments, accounting, and supervision). These laws do not set any investment limits. There are also ten private social insurance funds, the operations of which are not regulated.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

#### Classification

- **Crawl-like arrangement**
  - 07/18/2019
  - From May 2019 to July 2019, the exchange rate appreciated against the US dollar and then followed a depreciating trend within a 2% band since July 2019, with one realignment in October 2019. Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) to other managed from crawl-like effective May 10, 2019, and (2) from other managed to crawl-like; effective July 18, 2019.

- **Other managed arrangement**
  - 05/10/2019
  - The de facto exchange rate arrangement was reclassified to other managed from crawl-like.

- **Official exchange rate**
  - 08/03/2020
  - The Central Bank of Paraguay (BCP) determined that the benchmark exchange rate for the US dollar against the guarani will be equal to the weighted average of interbank operations carried out in the spot market. This benchmark exchange rate is published daily on the BCP website at 1:00 p.m.

Operations used as a basis for calculating the benchmark exchange
rate are registered by financial institutions on a platform called “Datatec.” The exchange rates calculated in this manner are published on the BCP website every 30 minutes from 8:30 a.m. to 1:00 p.m. The cumulative exchange rate at the final 30-minute cutoff is the benchmark exchange rate.

Prior to the above date, the benchmark exchange rate was the average buying and selling nominal exchange rate from financial entities’ transactions with nonfinancial customers in the spot market, beginning at US$50,000.

Monetary policy framework
Inflation-targeting framework

Target setting body
Central Bank

Monetary Policy Committee

Foreign exchange market
Spot exchange market

Operated by the central bank

Auction

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Open foreign exchange position limits

The Monetary Operations Executive Committee (Comité Ejecutivo de Operaciones Monetarias) became the Monetary Policy Committee (Comité de Política Monetaria), in accordance with Resolution No. 8, Minute No. 86 of December 19, 2019.

A financial institution that fails to settle the operation because of either insufficient funds or another operational deficiency by the established settlement date will be unable to operate with the Office of the Market Manager for a period of ten business days. This period was changed from 30 calendar days to ten business days.

The following ratio categories were established for the foreign currency position, Resolution No. 2, Minute No. 34 of May 13, 2019, on effective net worth:

1. Category A: liability position of 10% to asset position of 15% (previously 20%).
2. Category B: asset position of 40% to asset position of 50%.
3. Category C: asset position of 90% to asset position of 100%.

Resolution No. 3, Minute 34 of May 13, 2019, also amends the daily net operating foreign exchange position from US$3 million to US$5 million.
**PERU**  
*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 31, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>February 15, 1961.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
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</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

In accordance with the relevant UNSC resolutions, restrictions have been imposed on financial transactions and accounts belonging to individuals and organizations associated with terrorism.

This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

- **Unitary**: Yes.
- **Dual**
- **Multiple**

#### Classification

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement
- **Floating**: Yes.  

The de jure and de facto exchange rate arrangements are floating. The exchange rate is determined by supply and demand. The BCRP
intervenes in the foreign exchange market to limit volatility without altering the exchange rate trend. BCRP interventions can also be conducted through dollar-indexed bonds and foreign exchange swaps. The BCRP publishes daily information about its intervention operations (prices and amounts) on its website with a one-day lag.

**Free floating**

**Official exchange rate**

No.

The legal framework of the floating exchange rate system is established by Executive Decree No. 268-91-EF (March 26, 1991), which states that the exchange rate for foreign currency operations is determined in the foreign exchange market by the free interaction of supply and demand. Consequently, there is no official exchange rate. For private contracts involving transactions with foreign currency, Article 1237 of the Civil Code establishes that the exchange rate for valuation in domestic currency of obligations denominated in foreign currency is the ask exchange rate at the due or payment date of the contract. The Economic Studies Department of the Superintendence of Banks, Insurance Companies, and Pension Funds (SBS), within its role of promoting the transparent flow of information in the financial system (Article 32 of SBS Resolution No. 4027-2011), proposes the methodology for recording the exchange rate and interest rates (both freely determined). To contribute to the provision of information and for statistical purposes, the SBS publishes the daily exchange rate on its website. The daily exchange rate is registered as the bid and ask prices for banking operations recorded on DATATEC.

**Monetary policy framework**

**Exchange rate anchor**

*U.S. dollar*

*Euro*

*Composite*

*Other*

**Monetary aggregate target**

**Inflation-targeting framework**

Yes.

**Target setting body**

Yes.

*Government*

*Central Bank*

Yes.

*Monetary Policy Committee*

**Central Bank Board**

Yes.

According to the Constitution of Peru, the BCRP is a public autonomous entity whose role is to preserve monetary stability. The BCRP is responsible for regulating the money supply and credit in the financial system, for managing the country’s international reserves, and for reporting on the nation’s finances. The CB’s inflation target is aimed at anchoring inflation expectations at a similar level to the inflation rate observed in developed economies and reflects the BCRP’s permanent commitment with monetary stability. Decisions are taken by majority vote. In case of a tie, the vote of the governor of the BCRP is the decisive vote.
Government and Central Bank

**Inflation target**
Yes.

**Target number**
Yes.

**Point target**

**Target with tolerance band**

**Band/Range**
Yes. The BCRP has a continuous inflation target range between 1% and 3%.

**Target measure**
Yes. CPI

**CPI**
Yes. Inflation is defined as the year-on-year (y-o-y) percentage change in the consumer price index. Headline inflation is the consumer price index inflation, and this is the reference for the inflation-targeting regime accountability.

**Core inflation**

**Target horizon**
No. The inflation target range must be met on a continuous basis.

**Operating target (policy rate)**
Yes.

**Policy rate**
Yes. The overnight interbank interest rate is the operating target of monetary policy, currently 0.25% (since April 2020). Certificates of deposit (CDs) issued in local currency by the BCRP are the main monetary instrument for open-market operations. The BCRP also issues CDs indexed to the policy rate, and charges a commission on transfers of these CDs to resident and nonresident institutions, except between resident financial institutions. The commission is currently 4%. Time deposits in the BCRP are also used as a sterilization instrument. In addition, CDs indexed to the exchange rate and denominated in local currency continue to be used as a monetary regulatory instrument to mop up liquidity in the financial system. They are also used by private banks as part of their exchange position. The BCRP issues CDs redeemable in US dollars, which facilitate its intervention in the spot foreign exchange market. Similarly, the BCRP participates in foreign exchange swap auctions with financial institutions.

**Target corridor band**
n.a.

**Other**
n.a.

**Accountability**
n.a.

**Open letter**
n.a.

**Parliamentary hearings**
n.a.

**Other**
n.a.

**Transparency**
Yes.

**Publication of votes**
No.

**Publication of minutes**
No.

**Publication of inflation forecasts**
Yes. The BCRP quarterly publishes the Inflation Report where the inflation forecasts among other macroeconomic variable forecasts are presented.
Other monetary framework

Exchange tax No.
Exchange subsidy No.

Foreign exchange market Yes. Commercial banks may freely set their exchange rates and foreign exchange commissions in transactions with their clients.

Spot exchange market Yes. All lending institutions (including banks and microfinance institutions) are licensed to deal in foreign exchange with the public. The SBS is the official institution in charge of granting licenses to exchange bureaus and moneychangers. Currently, there are 806 exchange bureaus and 1,023 foreign exchange moneychangers. Exchange bureaus and moneychangers are not allowed to make transactions directly with the CB and their operations are limited to purchase and sale of banknotes.

Operated by the central bank No.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.

Interbank market Yes. The foreign exchange market in Peru operates on two platforms: (1) DATATEC and (2) Reuters. All banks are licensed to participate in the interbank foreign exchange market. There were 15 commercial banks as of December 31, 2019. Licenses are granted by the SBS. There are no limits on bid-ask spreads. However, all banks are subject to a daily ceiling according to the risk policy of the banking institution. The BCRP intervenes in the market via DATATEC at its quoted rates or by proposing its own prices. The BCRP may launch auctions of CDs indexed to the exchange rate. Auctions are not conducted on a regular basis. Auction participants who default on their obligations may be temporarily barred from participation. All lending institutions (including banks and microfinance entities) are eligible to participate. Auction results are published on the BCRP’s website and DATATEC, Reuters, and Bloomberg terminals. Transactions in the foreign exchange market by private pension funds (Administradoras Privadas de Fondos de Pensiones) may not exceed a daily limit of 0.75% of the value of the fund and of 1.75% for the preceding five days (SBS Resolution No. 561-2013).

Over the counter Yes. Dealing takes place through Reuters, which allows direct negotiation between two counterparties.

Brokerage Yes.
Market making Yes. Participants bid and ask anonymously (based on a market-making agreement) through DATATEC.
Forward exchange market Yes. The BCRP does not participate in the forward foreign exchange market. The BCRP participates in foreign exchange swap auctions with financial institutions.

Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts
Prescription of currency requirements  No.
Controls on the use of domestic currency  No.

For current transactions and payments  No.
For capital transactions  No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations  No.
Use of foreign exchange among residents  No.

Payments arrangements  Yes.
Bilateral payments arrangements  Yes.
Operative  Yes.
Inoperative  No.
Regional arrangements  Yes.
Clearing agreements  Yes.
Barter agreements and open accounts  No.

Administration of control  No.

Payments arrears  No.
Official  No.
Private  No.

Controls on trade in gold (coins and/or bullion)  No.
On domestic ownership and/or trade  No.
On external trade  No.

Controls on exports and imports of banknotes  No.
On exports  No.
Domestic currency  No.
Foreign currency  No.
On imports  No.
Domestic currency  No.
Foreign currency  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

There is a bilateral payments arrangement between the BCRP and Bank Negara Malaysia (Malaysian Central Bank).

Payments between Peru and the other LAIA countries may be made through quarterly multilateral clearing based on the balances of bilateral reciprocal lines of credit granted by the CBs.

There are no restrictions on exchange transactions, including holding, using, buying, and selling foreign exchange.
Resident Accounts

Foreign exchange accounts permitted
Yes. There are no restrictions on exchange transactions, including holding, using, buying, and selling foreign exchange.
Held domestically
Yes. These accounts are permitted and balances may be transferred abroad freely.
Approval required
No.
Held abroad
Yes. These accounts are permitted and balances may be transferred to the home country freely.
Approval required
No.
Accounts in domestic currency held abroad
Yes.
Accounts in domestic currency convertible into foreign currency
Yes.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes.
Approval required
No.
Domestic currency accounts
Yes.
Convertible into foreign currency
Yes.
Approval required
No.
Blocked accounts
No.
References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.
Financing requirements for imports
No.
Minimum financing requirements
No.
Advance payment requirements
No.
Advance import deposits
No.
Documentation requirements for release of foreign exchange for imports
No.
Domiciliation requirements
No.
Preshipment inspection
No.
Letters of credit
No.
Import licenses used as exchange licenses
No.
Other
No.
Import licenses and other nontariff
Yes.
Imports may be prohibited for social, health, or security reasons.

The tariff structure consists of three levels: 0%, 6%, and 11%. The customs tariff schedule is based on the Fifth Amendment to the Harmonized Commodity Description and Coding System developed by the World Customs Organization. Peru has trade agreements with Australia, Canada, Chile, China, Costa Rica, Cuba, Japan, Honduras, Korea, Mexico, Panama, Singapore, Thailand, the EU, Venezuela, and the United States, as well as with four trading blocs (the Andean Community, the EFTA, the Pacific Alliance, and MERCOSUR). Agreements with Brazil, Guatemala, United Kingdom, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership are scheduled to go into effect shortly. Agreements with the Trade in Services Agreement (TiSA), Doha, El Salvador, India, and Turkey are still in the negotiation phase. Peru is a member of the WTO and the Asia-Pacific Economic Cooperation Forum.

Effective February 11, 2020, the Trade Agreement with Australia (which was signed on February 12, 2018) came into force. The Trade Agreement with the United Kingdom was signed on May 15, 2019. The bilateral trade relationship between Peru and the United Kingdom continues to be governed by the Trade Agreement with the European Union, while the agreement signed between the European Union and the United Kingdom to formalize the latter's departure from the European block (Exit Agreement) foresees a transition period (until December 31, 2020).

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Financing requirements
No.

Documentation requirements
No.

Letters of credit
No.

Guarantees
No.

Domiciliation
No.
Preshipment inspection  No.
Other  No.

**Export licenses**  No.
Without quotas  No.
With quotas  No.

**Export taxes**  No.
Collected through the exchange system  No.
Other export taxes  No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**  No.
Trade-related payments  No.

**Prior approval**  No.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  No.

Investment-related payments  No.

**Prior approval**  No.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  No.

Payments for travel  No.

**Prior approval**  No.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  No.

Personal payments  No.

**Prior approval**  No.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  No.

Foreign workers' wages  No.

**Prior approval**  No.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  No.
Credit card use abroad

Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

References to legal instruments and hyperlinks

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

Bonds or other debt securities

Purchase locally by nonresidents

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Restrictions</th>
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<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
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<tr>
<td>Purchase locally by nonresidents</td>
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</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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<tr>
<td>Purchase abroad by residents</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
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<tr>
<td>Purchase locally by nonresidents</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
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</tr>
<tr>
<td>Purchase abroad by residents</td>
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<tr>
<td>Sale or issue abroad by residents</td>
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</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
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<tr>
<td>Purchase locally by nonresidents</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
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</tr>
<tr>
<td>Purchase abroad by residents</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
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<tr>
<td>Controls on credit operations</td>
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</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Investment</td>
<td>No.</td>
</tr>
<tr>
<td>--------------------</td>
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</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

These accounts are permitted, but capital income from investment abroad is subject to income tax.

Lending by resident financial institutions to nonresident financial institutions, individuals, and enterprises is subject to the same prudential limits that apply to lending to residents.

For financial stability purposes, deposit accounts in domestic and foreign currency are treated differently: Effective March 31, 2020, reserve requirement rates (RRR) applicable to domestic currency accounts are as follows: (1) The reserve requirement rate in domestic currency is 4% (previously, 5%). The minimum requirement of funds deposited in current accounts at the CB is 0.75% (previously, 1%). (2) A special reserve requirement of 35% is applied to obligations in domestic currency.
that are indexed to foreign exchange variations.
Reserve rate requirements applicable to foreign currency accounts are as follows: (1) There is a minimum reserve requirement rate of 9%, but for macroprudential purposes, the BCRP requires additional reserves, which are determined based on a marginal reserve rate and a cap on the average reserve rate, both currently at 35%.
(3) Foreign-exchange-indexed obligations are subject to a special reserve requirement rate of 9%. (4) An additional reserve requirement is established if bank’s average daily balance of total loans (excluding the average balance of credits for foreign trade and the average balance of loans granted as of January 1, 2015, for a term greater than 3 years that exceed an amount of US$10 million) exceeds the greater amount between:
(a) 80% of the balance of credits in foreign currency reached as of September 30, 2013 (excluding the balance of credits for foreign trade).
(b) The total balance of credits in foreign currency of December 2017 (excluding the average balance of credits for foreign trade and the average balance of loans granted as of January 1, 2015, for a term greater than 3 years that exceed an amount of US$10 million) plus 40% of the accumulated flow with respect to December 2017 of the average credit in national currency, excluding from that flow the corresponding to mortgage, consumer, and foreign trade credit. For the conversion to dollars of this flow, the 2017 end-of-period accounting exchange rate, published by the SBS, will be used.
(c) 1.04 times the total balance of credits in foreign currency of December 2018 (excluding the average balance of credits for foreign trade and the average balance of loans granted as of January 1, 2015, at a term greater than 3 years that exceed an amount of US$10 million). This additional reserve will be applied to total bank’s liabilities.
Also, an additional reserve is established for banks whose average daily balance of the total automobile credits and mortgage in dollar that exceeds 40% of the balance reached as of February 28, 2013, or 6% of their last effective equity published by the SBS, whichever results greater, they will be subject to an additional reserve equivalent to 15% of the percentage deviation from the limit. The limits on average daily balance of total automobile credits and mortgage in dollars were reduced to 50% (from 60%) of the balance reached as of February 28, 2013, or 9% (from 12%) of the last effective equity on February 22, 2019 (effective March 1, 2019, Circular No. 005, 2019). Effective January 1, 2020, the limits on average daily balance of total automobile credits and mortgage in dollars were further reduced to 40% (from 50%) of the balance reached as of February 28, 2013, or 6% (from 9%) of the last effective equity published (Circular No. 31, 2019).

Effective March 30, 2020, the Central Bank of Peru decided: a) to reduce the reserve requirement rate with average maturities equal to or less than 2 years with foreign financial entities, subject to the special regime to 9%; and b) temporarily suspend for the remainder of the year 2020 the additional reserve requirement based on the evolution of credit in foreign currency.
Coverage of legal reserve requirements includes liabilities of foreign branches. The general reserve rate requirement applies to the following operations: (1) foreign-exchange-indexed obligations; (2) obligations with nonresident institutions with maturities of two years or more that exceed certain limits and operations; and (3) obligations derived from credit with nonresident institutions. A type of repo
operation is used to inject soles; this operation allows the BCRP to provide soles to financial institutions in exchange for an equivalent amount of foreign currency reserve funds, which is deducted from their dollar reserve requirements up to an amount equal to 20% of their obligations subject to foreign currency reserve requirements (an expansionary operation). Another new type of repo operation was implemented to support the conversion to national currency of loans granted by financial institutions in foreign currency. Under the terms of the operation, the CB sells foreign currency to the financial institution on the spot date to finance this conversion (a currency substitution operation). Synthetic forwards are also included in the calculation used for limits on foreign exchange derivatives.

**Liquid asset requirements**

Yes.

As a prudential measure, a liquid asset requirement as a percentage of short-term liabilities (20% in foreign currency and 8% in domestic currency) is applied. These ratios increase to 25% and 10%, respectively, if concentration (measured as the percentage of liabilities with the largest 20 depositors) is higher than 25%. A short-term LCR was in place at 90% until December 2018. As established by SBS, it was increased to 100% effective January 1, 2019 (SBS Resolution No. 6694-2015). Effective March 16, 2020, the SBS (Oficio Multiple No. 11148-2020) indicated that the limits of liquidity coverage ratios in national currency (RCL-MN) and in foreign currency (RCL-ME) will not be applied temporarily, until further notice.

**Interest rate controls**

No.

**Credit controls**

No.

**Differential treatment of deposit accounts held by nonresidents**

Yes.

**Reserve requirements**

Yes.

Effective March 30, 2020, obligations in foreign currency with nonresident institutions with maturities of two years or less including foreign trade credit lines are subject to a special reserve requirement rate of 9% (previously, 50%). For Foreign loans used to finance foreign trade operations with maturities shorter than or equal to two years up to the equivalent of 40% of effective equity, the reserve requirement rate is also 9%.

**Liquid asset requirements**

No.

**Interest rate controls**

No.

**Credit controls**

No.

**Investment regulations**

No.

**Abroad by banks**

No.

**In banks by nonresidents**

No.

**Open foreign exchange position limits**

Yes.

**On resident assets and liabilities**

Yes.

In absolute value, the net foreign exchange swaps and derivatives’ long and short positions cannot exceed the maximum of (1) S/ 750 million and (2) 40% of banks’ effective equity. These limits are in place since May 2, 2019 (SBS Resolution No. 1884-2019). Previously, since August 26, 2015 (SBS Resolution No. 4861-2015), the limits were asymmetric: In absolute value, the net foreign exchange swaps and derivatives’ long position could not exceed the maximum of (1) S/. 300 million and (2) 20% of banks’ effective equity, and the net foreign exchange swaps and derivatives’ short
position could not exceed the maximum of (1) S/. 600 million and (2) 40% of banks’ effective equity. A prudential limit of 50% of net worth applies to the long foreign exchange position of financial institutions, and a limit of 10% of net worth applies to the short foreign exchange position. Effective March 16, 2020, the BRCP decided to expand the amounts of the weekly limits and the balance from which an additional reserve requirement is applied to agreed operations of sale of foreign currency in exchange for national currency to through forwards and swaps. The weekly limit of operations from which the additional reserve requirement is applied went from $ 575 million to $ 675 million.

Regarding the balances for the legal reserve application, the one that is higher will be considered between 135% of effective equity as of December 31, 2014, 135% of the daily average value of foreign exchange derivatives in December 2014 or US$ 1,170 million.

<table>
<thead>
<tr>
<th>On nonresident assets and liabilities</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
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</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Transactions in the foreign exchange market by private pension funds (Administradoras Privadas de Fondos de Pensiones) may not exceed a daily limit of 0.75% of the value of the fund and of 1.75% for the preceding five days (SBS Resolution No. 561-2013).

The operational limit on private pension funds’ investment in foreign securities issued by governments and financial and nonfinancial institutions abroad, since September 1, 2018, has been 50% of their portfolio. Previously, as of August 1, 2018, it was increased to 49.5% from 49%.

Investment in sovereign and CB instruments is capped at 30% each. Total portfolio investment in sovereign and CB instruments may not exceed 40%.

Article 178 of the General Law on the Financial System and Insurance System and the Superintendence of Banks and Insurance Companies establishes that companies in the financial system must ensure sufficient, but not necessarily exact, matching of the maturities of their lending and borrowing operations and their deposit-taking and investments.
Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents No.
Limits (max.) on investment portfolio held abroad No.
Limits (min.) on investment portfolio held locally No.
Currency-matching regulations on assets/liabilities composition No.

References to legal instruments and hyperlinks
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Changes during 2019 and 2020

Imports and Import Payments

Import taxes and/or tariffs
02/11/2020 The Trade Agreement with Australia (which was signed on February 12, 2018) came into force.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Differential treatment of deposit accounts in foreign exchange

Reserve requirements
03/01/2019 The limits on average daily balance of total automobile credits and mortgage in dollars were reduced to 50% (from 60%) of the balance reached as of February 28, 2013, or 9% (from 12%) of the last effective equity on February 22, 2019.
01/01/2020 The limits on average daily balance of total automobile credits and mortgage in dollars were reduced to 40% (from 50%) of the balance reached as of February 28, 2013, or 6% (from 9%) of the last effective equity published (Circular No. 031-2019).
03/30/2020 The Central Bank of Peru decided: a) to reduce the reserve requirement rate with average maturities equal to or less than 2 years with foreign financial entities, subject to the special regime to 9%; and b) temporarily suspend for the remainder of the year 2020 the additional reserve requirement based on the evolution of credit in foreign currency.

03/31/2020 Reserve requirement rates (RRR) applicable to domestic currency accounts are as follows: (1) The reserve requirement rate in domestic currency is 4% (previously, 5%). The minimum requirement of funds deposited in current accounts at the CB is 0.75% (previously, 1%). Short-term liquidity coverage ratio was increased to 100%.

Liquid asset requirements
01/01/2019 The SBS (Oficio Multiple No. 11148-2020) indicated that the limits of liquidity coverage ratios in national currency (RCL-MN) and in foreign currency (RCL-ME) will not be applied temporarily, until further notice.
03/16/2020 The SBS (Oficio Multiple No. 11148-2020) indicated that the limits of liquidity coverage ratios in national currency (RCL-MN) and in foreign currency (RCL-ME) will not be applied temporarily, until further notice.

Differential treatment of deposit accounts held by nonresidents
Reserve requirements
03/30/2020 Obligations in foreign currency with nonresident institutions with maturities of two years or less including foreign trade credit lines are subject to a special reserve requirement rate of 9% (previously, 50%). For Foreign loans used to finance foreign trade operations with maturities shorter than or equal to two years up to the equivalent of 40% of effective equity, the reserve requirement rate is also 9%.
On resident assets and liabilities 05/02/2019

In absolute value, the net foreign exchange swaps and derivatives’ long and short positions cannot exceed the maximum of (1) S/ 750 million and (2) 40% of banks’ effective equity.

03/16/2020

The Central Reserve Bank of Peru decided to expand the amounts of the weekly limits and the balance from which an additional reserve requirement is applied to agreed operations of sale of foreign currency in exchange for national currency to through forwards and swaps. The weekly limit of operations from which the additional reserve requirement is applied went from $ 575 million to $ 675 million.
PHILIPPINES

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

Date of membership
December 27, 1945.

Article VIII
Yes.
Date of acceptance: September 8, 1995.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes.

Philippine AMLC Resolution Nos. TF-01 (series of 2012), TF-02 (series of 2012), and TF-03 (series of 2014) pursuant to Republic Act No. 10168 (Terrorism Financing Prevention and Suppression Act of 2012) and its Implementing Rules and Regulations are in effect. CL 2009-058 UNSC Resolution No. 1874 imposed sanctions on the Democratic People’s Republic of Korea; CL 2010-084 UNSC Resolution No. 1929 imposed additional sanctions on the Islamic Republic of Iran; CL 2009-048 AMLC Resolution No. 65 of June 22, 2009, and CL 2010-016 AMLC Resolution No. 13 of February 17, 2010, revised the list of persons subject to asset freeze, travel ban, and arms embargo.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes.
The currency of the Philippines is the Philippine peso (PHP).

Other legal tender
No.

Exchange rate structure
Unitary
Yes.

Dual

Multiple

Classification
No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg
The de jure exchange rate arrangement is free floating. The Bangko Sentral ng Pilipinas (BSP) adheres to a market-determined exchange rate policy with some scope for occasional action solely to prevent potentially disruptive sharp fluctuations that may have an adverse impact on the inflation outlook. The importation season, which lasted around July to September, and the inflows because of seasonal remittances in the 4th quarter were taken into consideration in estimating the possible intervention amount. However, the BSP does not target or support a given level of exchange rate; it allows the value of the peso to be determined by the demand for and supply of foreign currencies. The BSP may participate in the US dollar–peso market directly with market participants or via market makers and does not disclose intervention data. For 2019, the peso appreciated by 3.85% at 50.635 on December 27, 2019, from its closing rate of 52.58/US$1 in December 2018. The de facto exchange rate arrangement is classified as floating.

The BSP publishes reference rates daily based on the Bankers Association of the Philippines (BAP)-weighted US dollar (USD)/PHP average rate, with Bloomberg as its calculating agent, and on the Reuters Eikon system foreign exchange previous day’s New York closing price for other currencies. These are used to determine the value of foreign currency vis-à-vis the US dollar, euro, and peso.

The Philippines adopted inflation targeting in January 2002. The Development Budget Coordination Committee (DBCC), in consultation with the BSP, sets a fixed inflation target over a multi-
Inflation target

The BSP has employed fixed multi-year inflation targets in replacement of the previous variable annual inflation target since July 2010. The National Government’s (NG’s) inflation target has a tolerance interval of ±1 percentage point (pp) around the target. It is measured in terms of the average year-on-year (y-o-y) change in the CPI over the calendar year. 2011: 4.0% ± 1 pp (3.0%–5.0%); 2012–2014: 4.0% ± 1 pp (3.0%–5.0%); 2015–2016: 3.0% ± 1 pp (2.0%–4.0%); 2017–2018: 3.0% ± 1 pp (2.0%–4.0%). February 26, 2019, in line with the inflation-targeting framework, the DBCC, through its Resolution No. 2019-01, decided to maintain the current inflation target at 3.0% with a tolerance band of ±1 pp for 2019–2020 and to set the inflation target at 3.0% ± 1.0 pp for 2021–2022. These decisions were announced to the public, with effect February 8, 2019. The DBCC, during its meeting in May 2020, decided to keep the current inflation target at 3.0% ± 1.0 pp for 2020–2022.

Band/Range

Target measure

The primary objective of the BSP monetary policy is “to promote price stability conducive to a balanced and sustainable growth of the economy and employment.” The government’s inflation target is defined in terms of the average year-on-year (y-o-y) change in the CPI over the calendar year and is set two years ahead in consultation with the BSP.

Core inflation

Target horizon

The BSP adopts a two-year policy horizon (current and one year ahead) in setting the medium-term inflation targets.

Operating target (policy rate)

The BSP’s primary monetary policy instrument is its overnight reverse repurchase rate.

Policy rate

The overnight lending facility (OLF) and the overnight deposit facility (ODF) rates form the upper and lower bounds of the corridor, which are set at 50 basis points (bps) around the overnight reverse repurchase rate.

Other

Accountability

Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open letter</td>
<td>Yes</td>
<td>To ensure accountability in cases where the BSP fails to achieve the inflation target, the BSP Governor issues an Open Letter to the President outlining the reasons why actual inflation did not fall within the target, along with the steps that would be taken to bring the inflation toward the target. The Open Letter contains explanation clauses, a predefined set of acceptable circumstances under which the BSP failed to achieve its inflation target. Open Letters to the President were issued January 16, 2004, January 18, 2005, January 25, 2006, January 19, 2007, January 14, 2008, January 26, 2009, January 28, 2016, and January 20, 2017, and January 25, 2019.</td>
</tr>
<tr>
<td>Parliamentary hearings</td>
<td>Yes</td>
<td>Detailed report on economic developments is submitted to the President and Congress, on a quarterly and annual basis. These reports are released to the public as the BSP’s Report on Economic and Financial Developments and Annual Report.</td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Publication of votes</td>
<td>No</td>
<td>The decisions of the Monetary Board (MB) concerning monetary policy are determined by consensus. No attribution of votes to individual Board members is made to emphasize the collegial and consensus-based nature of the decision-making process.</td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>Yes</td>
<td>As part of its efforts to promote greater transparency and accountability under the inflation-targeting framework, the BSP publishes the highlights of each MB meeting on the monetary policy stance, with a lag of four weeks. The highlights of each MB meeting contain the MB’s monetary policy decision as well as key considerations in the formulation of the said monetary policy stance, including the inflation outlook, output, and domestic liquidity and credit conditions. The schedule of MB meeting highlights publication is posted on the BSP website (Schedule of Monetary Policy Meetings, Inflation Report Press Conference, and Publication of MB Highlights).</td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes</td>
<td>The BSP discloses updated baseline inflation forecasts after each MB meeting on the monetary policy stance (which is held eight times a year). In addition, the BSP also publishes in greater detail the inflation outlook using a fan chart in its quarterly Inflation Report. The fan chart depicts the probability of different inflation outcomes based on the central projection (corresponding to the baseline forecast of the BSP) and the risks surrounding the inflation outlook.</td>
</tr>
<tr>
<td>Other monetary framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange tax</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Exchange subsidy</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes</td>
<td>Commercial banks may freely set their exchange rates and margins in transactions with their clients.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes</td>
<td>Universal and commercial banks (U/KBs) licensed by the BSP to operate in the Philippines may engage in spot foreign exchange transactions in pesos and US dollars and in other third-currency transactions. Member banks of the BAP may trade in the peso–US dollar spot market via the Bloomberg trading platform. As of December 31, 2019, there were 45 BAP member banks, of which 38 have trades on the Bloomberg terminal. Residents may purchase foreign exchange from foreign exchange dealers (FXDs) and money changers (MCs) for outward investment in any amount. The BSP Financial Market Operations Sub-Sector does not deal with MCs. Thrift banks (TBs), rural banks, and</td>
</tr>
</tbody>
</table>
cooperative banks may buy and sell foreign exchange under the pertinent foreign exchange rules and regulations.

Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.

Interbank market  Yes.

Interbank trading is conducted among BAP member banks and between these banks and the BSP. As of December 31, 2019, there were 45 BAP member banks, of which 38 have trades on the Bloomberg terminal. Member banks may also deal through brokers. Only banks authorized for foreign exchange operations by the BSP and members of the BAP may engage in peso–US dollar trading with the BSP and among themselves. Trading among banks takes place on the Bloomberg trading platform. The USD/PHP trading takes place from 9:00 a.m. to noon and from 2:00 p.m. to 4:00 p.m. daily. The system allows participants to share information electronically and conduct business. A party requesting quotes enters the dealing code of the quoting party, the value date, and the volume of the transaction. The quoting party enters the exchange rate. Only the BSP has access to the database showing full details of individual trades on any day. Banks may view only statistics such as the day’s open, high, low, close, average, volume, and bank quotes. Banks may also view their own completed transactions. There are no limits on the bid-ask spreads or commissions of market participants. The BSP may participate in the domestic interbank foreign exchange market directly and/or via market makers.

Over the counter  Yes.
Commercial banks may deal over the counter after the close of official trading at 4:00 p.m. These transactions, along with transactions involving institutions that are not members of the BAP, are not included in the BAP statistics for the day.

Brokerage  Yes.
Commercial banks may deal via brokers but must enter such transactions through the electronic platform provided by Bloomberg. At present, there are four foreign exchange brokers: Tullett Prebon (Philippines), Inc., GFI Group Philippines Inc., Tradition Financial Services Philippines, Inc., and Amstel Philippines Inc.

Market making  Yes.

Forward exchange market  Yes.
Universal banks, commercial banks, and other banks with limited user authority may engage in foreign exchange forwards with counterparties and customers if the latter are hedging market risks or covering funding requirements. TBs with existing authority to issue foreign LCs and pay, accept, and negotiate import and export drafts and bills of exchange are allowed to apply for Type 2 derivatives authority to operate as a dealer, broker, and end-user of deliverable foreign exchange forwards, subject to certain conditions. Forward transactions involving the sale of foreign exchange to nonresidents without full delivery of principal no longer require BSP approval. The BSP participates in the swap market for its monetary and exchange rate operations. Data on currency swaps settled in local and foreign currencies and non-deliverable forwards (NDFs) settled in domestic currency are reported monthly in Sections II and IV, respectively, of the Data Template on International Reserves and Foreign Currency Liquidity, which is posted on the BSP website.
Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Payments for exports may be made in the following currencies: Australian dollars, Bahrain dinars, Kuwaiti dinars, Brunei dollars, Canadian dollars, Chinese yuan, Euros, Hong Kong dollars, Indonesian rupiah, Korean won, Pound sterling, Saudi Arabian riyals, Singapore dollars, Swiss francs, Thai baht, U.A.E. dirhams, US dollars, Japanese yen, and any other currency declared convertible with the BSP.

Controls on the use of domestic currency Yes. The use of domestic currency for international payments and receipts is not allowed, except for imports from and exports to ASEAN countries.

For current transactions and payments Yes. The use of domestic currency for international payments and receipts is not allowed, except for exports to ASEAN countries (provided the BSP is not asked to intervene in the clearing of any balances from this payment scheme and gold sales to the BSP which are considered constructive exports).

For capital transactions Yes.

Transactions in capital and money market instruments Yes. Transactions in capital and money market instruments are subject to the PHP 50,000 limit on cross-border transfer of local currency under domestic laws and regulations.

Transactions in derivatives and other instruments Yes. Effective March 8, 2019, customers may hedge their market risks arising from foreign exchange obligations through foreign exchange forwards (deliverable and non-deliverable) and foreign exchange swaps with Authorized Agent Banks (AABs), provided the underlying transaction is eligible for servicing using foreign exchange resources of AABs or AAB-forex corps. All NDF contracts by banks with residents must be settled in Philippine pesos.

Credit operations Yes. Banks may extend peso financing to nonresidents to fund the following: Without prior BSP approval – specific cases allowed under the Manual of Regulations for Banks (MORB); or Subject to prior BSP approval – for use in projects/programs/purposes that are: (a) not covered by item (1) above; and (b) legitimate and not contrary to laws, regulations, public order, public health, public safety, or public policy.

Offshore issuances by nonresidents of peso-denominated bonds/notes and similar debt instruments (whether to be settled in foreign or local currency) must be registered with the BSP to be eligible for servicing using foreign exchange resources of AABs/AAB-forex corps, where the transaction will involve: (1) inward remittance of foreign exchange to the Philippines by the nonresident issuer/investor; or (2) participation of a resident enterprise or any of its offshore offices, branches, subsidiaries, and affiliates as issuer, guarantor, or beneficiary under the transaction. The transaction must comply with the rules on cross-border transfer of Philippine currency as well as pertinent rules and regulations of the government agencies/entities.

Use of foreign exchange among residents Yes. There are no restrictions on the use of foreign exchange among residents, provided the sale of foreign exchange by AAB/AAB-forex corps is supported by documentation. Residents may also purchase any amount of foreign exchange from FXDs and MCs, subject to the following documentary requirements:
(1) application to sell/purchase foreign currency; and (2) supporting documents for purchase of foreign exchange if the amount exceeds US$10,000 for non-trade current account purposes or for all other purposes, regardless of the amount involved. FXDs/MCs must only be allowed to sell foreign currencies in an amount not exceeding US$10,000 or its equivalent a transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP Financial Supervision Sector (FSS) if justified by the business model of the MC/FXD. FXDs’/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparties must only be made via check payment or direct credit to deposit accounts.

Effective March 8, 2019, the prior BSP approval requirement to purchase foreign exchange exceeding the US$60 million limit for outward investments was lifted. Foreign exchange purchases exceeding in amounts of up to US$60 million or its equivalent in other foreign currency an investor a year, or a fund a year are only subject to a notification to the BSP at least 15 banking days after determination that total foreign exchange requirements will exceed the US$60 million threshold and present to the foreign exchange selling institution a copy of the notice duly received/acknowledged by the BSP.

### Payments arrangements

- **Yes.**

### Bilateral payments arrangements

- **No.**

### Operative

- **No.**

### Inoperative

- **No.**

### Regional arrangements

- **Yes.**

### Clearing agreements

- **No.**

### Barter agreements and open accounts

- **No.**

### Administration of control

- **Yes.**

The Philippines is a member of ASEAN.

### Payments arrears

- **No.**

#### Official

- **No.**

#### Private

- **No.**

### Controls on trade in gold (coins and/or bullion)

- **Yes.**

#### On domestic ownership and/or trade

- **Yes.**

Gold may be freely bought and sold, except gold produced by small-scale miners, including panned gold, which must be sold to the BSP.

#### On external trade

- **Yes.**

The importation of gold in any form is allowed without any restriction, except (1) coin blanks essentially of gold, which require prior BSP clearance; and (2) articles made in whole or in part of gold, silver, or other precious metals or alloys whose stamp, brand, or mark does not indicate their actual fineness of quality which is a prohibited import. The exportation of gold in any form is likewise allowed, except (1) gold from small-scale mining, including panned gold, which must be sold to the BSP; and (2) articles made in whole or in part of gold, silver, or other precious metals or alloys whose stamp, brand, or mark does not indicate their actual fineness of
Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>On exports</th>
<th>Yes.</th>
</tr>
</thead>
</table>

**Domestic currency**

Yes. The maximum amount of domestic currency that can be exported without prior BSP written authorization is up to PHP 50,000. For amounts exceeding PHP 50,000, resident and nonresident travelers must obtain prior written authorization from the BSP.

**Foreign currency**

No. For AML purposes, travelers are required to complete a foreign currency and other foreign-exchange-denominated bearer monetary instruments declaration form and submit it to the Bureau of Customs for cross-border transportation of amounts exceeding US$10,000 or its equivalent. Information must be provided on the source and purpose of the transportation of the currency or monetary instrument, among others.

On imports

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>Yes.</th>
</tr>
</thead>
</table>

The maximum amount of domestic currency that can be imported without prior BSP authorization is up to PHP 50,000. For amounts exceeding PHP 50,000, resident and nonresident travelers must obtain prior written authorization from the BSP.

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
</table>

For AML purposes, travelers are required to complete a foreign currency and other foreign-exchange-denominated bearer monetary instruments declaration form and submit it to the Bureau of Customs for cross-border transportation of amounts exceeding US$10,000 or its equivalent. Information must be provided on the source and purpose of the transportation of the currency or monetary instrument, among others.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

Foreign exchange accounts permitted

| Yes. |

Held domestically

| Yes. |

Foreign exchange accounts held domestically are permitted and may be funded with own foreign exchange or foreign exchange remitted from abroad. Effective March 8, 2019, these accounts may be funded with foreign exchange purchased from AABs and/or AAB-forex corps, subject to submission of applicable documentation.

Approval required

No.

Held abroad

| Yes. |

Foreign exchange accounts held abroad are permitted, but may not be funded with foreign exchange purchased from AABs and/or AAB-forex corps. Balances may be freely transferred in the Philippines, subject to rules on cross-border transfer of foreign currency cited in Item IV.F.2.b hereof.

Approval required

No.

Accounts in domestic currency held abroad

No.

Accounts in domestic currency convertible into foreign currency

Yes.

These accounts are subject to the rules on foreign exchange transactions under the Manual of Regulations on Foreign Exchange Transactions (MORFXT).

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
<td>An offshore banking unit (OBU) may freely engage in all normal banking transactions with nonresidents and/or with other OBUs, involving any currency other than the Philippine peso. There are no restrictions on the withdrawal by the depositor of his deposit or on the transfer of the same abroad, except those arising from the contract between the depositor and the bank. Any person, natural or juridical, may deposit foreign currencies with Philippine banks authorized to operate a foreign currency deposit unit (FCDU) or expanded FCDU. There is no restriction on the withdrawal by the depositor of his foreign currency deposit or on the transferability of the same abroad, except those arising from the contract between the depositor and the bank. The foreign exchange account may be funded by own foreign exchange or foreign exchange remitted from abroad.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
<td>These accounts are allowed if they are funded as follows and documented: (1) inward remittances of convertible foreign exchange; (2) peso income of nonresidents from, or peso sales proceeds of, properties in the Philippines that may be owned by nonresidents under existing laws; (3) onshore peso receipts of nonresidents from residents for services rendered by the former to the latter, for which the resident was entitled to buy foreign exchange from AABs and AAB-forex corps for remittance to the nonresident service provider; (4) peso receipts of expatriates working in the Philippines with contracts of less than one year representing salary/allowance/other benefits; (5) onshore peso funds of (a) foreign students enrolled for at least one semester in the Philippines and (b) nonresident Filipinos; and (6) peso proceeds from domestic sales by nonresident issuers of Philippine Stock Exchange (PSE)-listed equity securities. Effective March 8, 2019, peso funding from cash collateral used for investments under Securities Borrowing and Lending or similar arrangements was added to the list of allowable funding of domestic peso accounts.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
<td>This is permitted for peso deposit accounts funded by eligible funds and subject to compliance with Section 3.2 of the Foreign Exchange Manual.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>Yes.</td>
<td>Banks are prohibited from dealing with nonresidents who are designated and covered by freeze orders under relevant Anti-Money-Laundering Council (AMLC) resolutions.</td>
</tr>
</tbody>
</table>

The Anti-Terrorism Council (ATC) may designate an individual, groups of persons, organization, or association, whether domestic or foreign, on a finding of probability that the individual, groups of persons, organization, or association commit, or attempt to commit, or conspire in the commission of the acts defined and penalized under Sections 4, 5, 6, 7, 8, 9, 10, 11, and 12 of Republic Act No. 11479. The assets of the designated individual, groups of persons, organization, or association above mentioned shall be subject to the authority of the AMLC to freeze, pursuant to Section 11 of Republic Act No. 10168.

Any person who, not being an accomplice under Section 6 or accessory under Section 7 of Republic Act No. 10168 in relation to any property or fund: (1) deals directly or indirectly, in any way and
by any means, with any property or fund that he knows or has reasonable ground to believe is owned or controlled by a designated person, organization, association, or group of persons, including funds derived or generated from property or funds owned or controlled, directly or indirectly, by a designated person, organization, association, or group of persons; or (2) makes available any property or funds, or financial services or other related services to a designated and/or identified person, organization, association, or group of persons, shall suffer the penalty of reclusion temporal in its maximum period to reclusion perpetua and a fine of not less than five hundred thousand pesos (PHP 500,000) not more than one million pesos (PHP 1,000,000).

If the offender is a corporation, association, partnership, or any juridical person, the penalty must be imposed on the responsible officers, as the case may be, who participated in, or allowed by their gross negligence, the commission of the crime or who should have knowingly permitted or failed to prevent its commission. If the offender is a juridical person, the court may suspend or revoke its license. If the offender is an alien, the alien shall, in addition to the penalties herein prescribed, be deported without further proceedings after serving the penalties herein prescribed.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No. The statement is: This is allowed with documentation.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>Yes. Or in foreign exchange purchased from AABs/AAB-forex corps for advance payment of imports must either be: (1) remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident importer’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies) for settlement of import obligation: Provided, if the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and (2) the depository bank must also be the foreign exchange remitting AAB. Previously, foreign exchange purchased from AABs and/or AAB-forex corps for advance payment of imports had to be directly remitted to the nonresident beneficiary on the date of purchase.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes. Or in foreign exchange purchased from AABs and/or AAB-forex corps and BSP-registered FXDs and MCs for payments of imports are allowed, subject only to documentation. AABs and AAB-forex corps may sell foreign exchange to residents for payment of importations, subject to submission of the following to the foreign exchange selling institution: (1) for sale not exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, submission of a duly accomplished Application to Purchase (ATP) foreign exchange form;</td>
</tr>
</tbody>
</table>
(2) for sale exceeding US$500,000 (for individuals) and
US$1,000,000 (for corporates/other entities) or its equivalent in other
foreign currency a client a day, submission of a duly accomplished
ATP form and documents listed under existing rules; and (3) for sale
of foreign exchange (regardless of the amount) to settle net payables
under intercompany netting arrangement (pen Account) among
nonbank-related parties, submission of a duly accomplished ATP
form and documents listed under existing rules.
Foreign exchange purchased from AABs/AAB-forex corps for
payment of importations must either be: (1) remitted directly to the
intended nonresident beneficiary’s account (including
payment/treasury centers/hubs of a group of companies) on the date
of purchase; or (2) credited to the resident importer’s FCDU (with
the same or another AAB) for eventual remittance by the depository
AAB to the intended nonresident beneficiary (including
payment/treasury centers/hubs of a group of companies) for
settlement of import obligation: Provided, if the depository bank is
different from the foreign exchange selling institution: (1) the foreign
exchange selling institution must directly transfer the foreign
exchange purchases to the depository bank of the purchaser; and (2)
the depository bank must also be the foreign exchange remitting
AAB.

<table>
<thead>
<tr>
<th>Domiciliation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and</td>
<td></td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database:
Exports and Export Proceeds

**Repatriation requirements**  No.

**Surrender requirements**  No.

**Surrender to the central bank**  No.

**Surrender to authorized dealers**  No.

**Financing requirements**  No.

**Documentation requirements**  Yes. Exports must be covered by an export declaration, which may be obtained from the Bureau of Customs, Philippine Exporters Confederation, Inc. (Philexport), One Stop Export Documentation Center, or Export Development Council.

**Letters of credit**  No.

**Guarantees**  No.

**Domiciliation**  No.

**Preshipment inspection**  Yes. For selected items, preshipment inspection is conducted by specialized government agencies.

**Other**  No.

**Export licenses**  Yes.

**Without quotas**  Yes. A few export items are regulated for reasons of health, security, national interest, or environmental protection; such exports require a clearance certificate or permit from the appropriate government regulatory agency or office.

**With quotas**  No.

**Export taxes**  No.

**Collected through the exchange system**  No.

**Other export taxes**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**  Yes.

**Trade-related payments**  Yes.

**Prior approval**  No.

**Quantitative limits**  No.

**Indicative limits/bona fide test**  Yes. AAB/AAB-forex corps may sell foreign exchange to residents to cover payments to nonresident beneficiaries for non-trade current account purposes (excluding foreign/foreign currency loans and investments), subject to the submission of the following to the foreign exchange selling institution: (1) for sale not exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a
client a day, a duly accomplished ATP form; (2) for sale exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form and supporting documents required under existing rules.

Foreign exchange purchased from AABs/AAB-forex corps must either be:

remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident purchaser’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies) for the declared purpose: Provided, if the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and the depository bank must also be the foreign exchange remitting AAB. BSP-registered FXDs and MCs may sell foreign exchange for payment of non-trade current account purposes, subject to documentation requirement regardless of amounts. From February 14, 2017, FXDs/MCs have been allowed to sell foreign exchange currencies in an amount not exceeding US$10,000 or its equivalent a transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

Investment-related payments Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Remittance of profits, dividends, and earnings related to BSP-registered foreign investments may be fully effected using foreign exchange purchased from AABs and/or AAB-forex corps. BSP-registered FXDs and MCs may sell foreign exchange for payment of non-trade current account purposes, subject to documentation requirement regardless of amounts. From February 14, 2017, FXDs/MCs are only allowed to sell foreign exchange in an amount not exceeding US$10,000 or its equivalent a transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

Payments for travel Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. AAB/AAB-forex corps may sell foreign exchange to residents to cover payments to nonresident beneficiaries for non-trade current account purposes (excluding foreign/foreign currency loans and
investments) subject to the submission of the following to the foreign exchange selling institution:
(1) for sale not exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP foreign exchange form; (2) for sale exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form and supporting documents required under existing rules.

Foreign exchange purchased from AABs/AAB-forex corps must either be:
remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident purchaser’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies) for the declared purpose: Provided, if the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and the depository bank must also be the foreign exchange remitting AAB. BSP-registered FXDs and MCs may sell foreign exchange for payment of non-trade current account purposes, subject to documentation requirement regardless of amounts.

From February 14, 2017, FXDs/MCs are only allowed to sell foreign exchange in an amount not exceeding US$10,000 or its equivalent transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

<table>
<thead>
<tr>
<th>Personal payments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

AAB/AAB-forex corps may sell foreign exchange to residents to cover payments to nonresident beneficiaries for non-trade current account purposes (excluding foreign/foreign currency loans and investments), subject to the submission of the following to the foreign exchange selling institution:
(1) for sale not exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form; (2) for sale exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form and supporting documents required under existing rules.

Foreign exchange purchased from AABs/AAB-forex corps must either be:
remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident purchaser’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies)
for the declared purpose: Provided, if the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and the depository bank must also be the foreign exchange remitting AAB. Starting February 14, 2017, FXDs/MCs are only allowed to sell foreign exchange in an amount not exceeding US$10,000 or its equivalent transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

Foreign workers' wages  Yes.  All foreign nationals seeking employment in the Philippines must obtain employment permit from the Department of Labor and Employment. However, the following categories of foreign nationals are exempted from securing an employment permit: (1) All members of the diplomatic service and foreign government officials accredited by and with reciprocity arrangement with the Philippine government. (2) Officers and staff of international organizations of which the Philippine government is a member and their legitimate spouses desiring to work in the Philippines. (3) All foreign nationals granted exemption by law. (4) Owners and representatives of foreign principals whose companies are accredited by the Philippine Overseas Employment Administration (POEA), who come to the Philippines for a limited period and solely for the purpose of interviewing Filipino applicants for employment abroad. (5) Foreign nationals who come to the Philippines to teach, present, and/or conduct research studies in universities and colleges as visiting, exchange, or adjunct professors under formal agreements between the universities or colleges in the Philippines and foreign universities or colleges; or between the Philippine government and foreign government, provided the exemption is on a reciprocal basis. (6) Permanent resident foreign nationals and probationary or temporary resident visa holders under Section 13 of the Philippine Immigration Act of 1940. Nonresidents are allowed to open/maintain peso deposit accounts with AABs funded by peso receipts of expatriates working in the Philippines with contracts less than one year. Foreign exchange may be purchased from AABs/AAB-forex corps for salary/bonus/dividends/other benefits of foreign nationals, subject to submission of the applicable documents depending on the amount involved.

Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.  AAB/AAB-forex corps may sell foreign exchange to residents to cover payments to nonresident beneficiaries for non-trade current account purposes (excluding foreign/foreign currency loans and investments), subject to the submission of the following to the foreign exchange selling institution: (1) for sale not exceeding US $500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form; and (2) for sale exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form and supporting documents required under existing rules. Foreign exchange purchased from AABs/AAB-forex
corps must either be: (1) remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident purchaser’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies) for the declared purpose. Provided, if the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and (2) the depository bank must also be the foreign exchange remitting AAB. Starting February 14, 2017, FXDs/MCs must only be allowed to sell foreign exchange currencies in an amount not exceeding US$10,000 or its equivalent transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/ FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

Credit card use abroad
Yes.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes.

AAB/AAB-forex corps may sell foreign exchange to residents to cover payments to nonresident beneficiaries for non-trade current account purposes (excluding foreign/foreign currency loans and investments), subject to the submission of the following to the foreign exchange selling institution: (1) for sale not exceeding US $500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form; (2) for sale exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form and supporting documents required under existing rules. Foreign exchange purchased from AABs/AAB-forex corps must either be: (1) remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident purchaser’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies) for the declared purpose. If the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and (2) the depository bank must also be the foreign exchange remitting AAB. Residents are allowed to purchase foreign exchange (regardless of the amount) from AAB/AAB-forex corps to cover credit card obligation to another resident, subject to submission to the foreign exchange selling AAB/AAB-forex corps of a duly accomplished ATP form and supported by documents listed under existing rules. BSP-registered FXDs and MCs may sell foreign exchange for non-trade current account purposes up to US$10,000 or its equivalent without supporting documents. Larger amounts require supporting documents. From February 14, 2017, FXDs/MCs must only be allowed to sell foreign exchange currencies in an amount not
exceeding US$10,000 or its equivalent transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

AAB/AAB-forex corps may sell foreign exchange to residents to cover payments to nonresident beneficiaries for non-trade current account purposes (excluding foreign/foreign currency loans and investments), subject to the submission of the following to the foreign exchange selling institution: (1) for sale not exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form; (2) for sale exceeding US$500,000 (for individuals) and US$1,000,000 (for corporates/other entities) or its equivalent in other foreign currency a client a day, a duly accomplished ATP form and supporting documents required under existing rules. Foreign exchange purchased from AABs/AAB-forex corps must either be: (1) remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident purchaser’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies) for the declared purpose. If the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and (2) the depository bank must also be the foreign exchange remitting AAB. Residents are allowed to purchase foreign exchange (regardless of the amount) from AAB/AAB-forex corps to cover credit card obligation to another resident, subject to submission to the foreign exchange selling AAB/AAB-forex corps of a duly accomplished ATP form and supported by documents listed under existing rules. From February 14, 2017, FXDs/MCs must only be allowed to sell foreign exchange currencies in an amount not exceeding US$10,000 or its equivalent transaction, and not exceeding US$50,000 or its equivalent a month a customer.

Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes.
equivalent in other foreign currency a client a day, a duly accomplished ATP form and supporting documents required under existing rules. Foreign exchange purchased from AABs/AAB-forex corps must either be: (1) remitted directly to the intended nonresident beneficiary’s account (including payment/treasury centers/hubs of a group of companies) on the date of purchase; or (2) credited to the resident purchaser’s FCDU (with the same or another AAB) for eventual remittance by the depository AAB to the intended nonresident beneficiary (including payment/treasury centers/hubs of a group of companies) for the declared purpose: Provided, if the depository bank is different from the foreign exchange selling institution: (1) the foreign exchange selling institution must directly transfer the foreign exchange purchases to the depository bank of the purchaser; and (2) the depository bank must also be the foreign exchange remitting AAB. From February 14, 2017, FXDs/MCs must only be allowed to sell foreign exchange in an amount not exceeding US$10,000 or its equivalent transaction, and not exceeding US$50,000 or its equivalent a month a customer. Exemption or higher limits may be granted by the appropriate department of the BSP-FSS if justified by the business model of the MC/FXD. FXD/MCs’ pay-outs of more than PHP 500,000 or its foreign currency equivalent in any single transaction with customers or counterparty must only be made via check payment or direct credit to deposit accounts.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Surrender requirements</td>
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</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

| Restrictions on use of funds | No. |

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Foreign loans and investments registered with the BSP may be serviced using foreign exchange purchased from AABs, AAB-forex corps, and BSP-registered FXDs and MCs, subject to documentary requirements. Effective March 8, 2019, additional short-term private sector loans cited in Section 24.3 of the Foreign Exchange Manual are no longer required to be registered with the BSP to allow access to the foreign exchange resources of the banking sector, provided these are duly reported to the BSP by the borrower/creditor.

<table>
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<tr>
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<td>No.</td>
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<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Securities sold by banks or Nonbank Financial Institutions (NBFIs) without recourse or subject of quasi-banking activities are delivered
to the purchaser’s/lender’s designated BSP-accredited custodian or the options available for delivery of securities involving local purchases from banks or NBFIs under BSP supervision were expanded to include Securities and Exchange Commission (SEC)-authorized central securities depositories.

On capital market securities

Yes.

As a general rule, no securities may be sold or offered for sale to the public within the country, unless such securities have been registered with and are permitted to be sold by the SEC.

Shares or other securities of a participating nature

Yes.

Purchase locally by nonresidents

Yes.

If at least one of the parties in a securities transaction is a bank or a NBFI under BSP supervision, securities purchased must be held by a BSP-accredited securities custodian or registry or SEC-authorized central securities depository that is a third party—that is, with no subsidiary or affiliate relationship with the issuer or seller of the securities. However, if the purchaser is a nonresident who is a party to an existing global custody agreement governed by foreign laws and conventions under which the bank or NBFI is designated as custodian or subcustodian, the requirement for a third-party BSP-accredited custodian or SEC-registered central securities depository does not apply. Registration of the shares purchased with BSP or with registering banks is necessary only if the foreign exchange needed for capital repatriation and remittance of dividends, profits, and earnings thereon will be purchased from AABs and/or AAB-forex corps.

Sale or issue locally by nonresidents

Yes.

The shares or securities issued or sold by nonresidents are subject to the same SEC approval and registration requirements as those issued by local companies. Payment for redemption of such shares or securities must not, however, involve the purchase of foreign exchange from AABs and/AAB-forex corps. Foreign firms whose securities are listed and traded on a local stock exchange must designate a transfer agent and registrar in the Philippines. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in foreign-currency-denominated instruments issued onshore by nonresidents, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation. Nonresident issuances of notes/bonds or similar instruments in the domestic market must require BSP approval before execution.

Purchase abroad by residents

Yes.

Residents are free to invest abroad without restriction. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in securities abroad, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject only to 15-day prior notification to BSP and documentation.

Residents may also purchase foreign exchange from FXDs and MCs for outward investments, regardless of the amount, subject to documentation. Banks’ investments in subsidiaries and affiliates abroad are subject to BSP approval.

Sale or issue abroad by residents

Yes.

Private sector borrowing may be freely obtained, provided there is no guarantee from the government sector and payments are not funded with AABs’ and/or AAB-forex corps’ resources. Effective March 8,
2019, foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from AABs or AAB-forex corps no longer require prior BSP approval but are subject to notification and registration to the BSP. Public sector borrowing requires BSP approval. Banks that wish to issue unsecured subordinated debt must secure the approval of the BSP.

Investments of residents which will require settlement in foreign currency in favor of another resident must be governed by the rules on resident-to-resident transactions. AAB/AAB-forex corps may sell foreign exchange (regardless of the amount) to nonbank residents for their foreign exchange transactions with other residents, subject to the submission to the foreign exchange selling institution of a duly accomplished ATP foreign exchange and supported by documents such as: (a) contract/agreement or equivalent document evidencing the payable to resident, including those covering transactions between residents; and (b) proof of amount due or any equivalent document showing amount required/due.

<table>
<thead>
<tr>
<th>Bonds or other debt securities</th>
<th>Yes.</th>
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</table>
| Remittance of profits, dividends, and earnings related to BSP-registered foreign investments may be fully effected using foreign exchange purchased from AABs and/or AAB-forex corps. Effective March 8, 2019, nonresident investors may register their investments to other banks with FCDU license aside from the existing four BSP-accredited custodian banks on behalf of the BSP. Moreover, registration after the one-year prescriptive period of the BSP is already allowed, subject to a graduated processing fee. There is no minimum holding period for the above-mentioned transactions.

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>No.</th>
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| Nonresidents may issue bonds and other debt securities locally after approval or license to do business in the country is secured from the appropriate government agency. Nonresidents’ issuance of notes and bonds or similar instruments in the domestic market requires BSP approval before execution. Philippine branches and subsidiaries of foreign banks must inform the BSP if their parent bank and/or branches abroad of their parent bank offer or market products in the Philippines that are duly registered.

<table>
<thead>
<tr>
<th>Sale or issue locally by nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| When products are being offered, they must submit to the BSP the list of products offered/marketed, the corresponding manuals containing the policies and procedures, the flowchart of transaction, and the risk management system for each product. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in foreign-currency-denominated instruments issued onshore by nonresidents, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
</tr>
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</table>
| Residents are free to invest abroad without restriction. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in bonds or other debt securities abroad, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject only to prior notification to BSP and documentation.

Residents may also purchase foreign exchange from FXDs and MCs for outward investment, including investment in bonds and notes of the Philippines and of other Philippine entities requiring settlement in foreign currency, regardless of the amount, with proper documentation.
Private sector borrowing may be freely obtained, provided there is no guarantee from the government sector and payments are not funded with AABs’ and/or AAB-forex corps’ resources. Effective March 8, 2019, foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from AABs or AAB-forex corps no longer require prior BSP approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Banks that wish to issue unsecured subordinated debt must secure the approval of the BSP. Investments of residents which will require settlement in foreign currency in favor of another resident must be governed by the rules on resident-to-resident transactions. That is, AAB/AAB may sell foreign exchange (regardless of the amount) to nonbank residents for their foreign exchange transactions with other residents, subject to the submission to the foreign exchange selling institution of a duly accomplished ATP foreign exchange and supported by documents such as: (a) contract/agreement or equivalent document evidencing the payable to resident, including those covering transactions between residents; and (b) proof of amount due or any equivalent document showing amount required/due.

Registration of the securities purchased is necessary only if the foreign exchange needed for capital repatriation and remittance of profits and earnings that accrue thereon will be purchased from AABs and AAB-forex corps. Effective March 8, 2019, nonresident investors may register their investments with any AAB that has an FCDU license. Moreover, registration after the one-year prescriptive period of the BSP is already allowed, subject to a graduated processing fee. Banks are prohibited from investing in the BSP Special Deposit Accounts (SDA) facility funds sourced from nonresidents. SDA was replaced by Term Deposit Facility.

Approval or license to issue money market instruments must be secured from the appropriate government agency. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in foreign-currency-denominated instruments issued onshore by nonresidents, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation. Nonresident issuances of notes/bonds or similar instruments in the domestic market must require BSP approval before execution.

Residents are free to invest abroad without restriction. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in bonds or other debt securities money market instruments abroad, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation. Residents may also purchase foreign exchange from FXDs and MCs for outward investment, including investment in bonds and notes of the Philippines and of other Philippine entities requiring settlement in
Sale or issue abroad by residents: Yes. Private sector borrowing may be freely obtained, provided there is no guarantee from the government sector and payments are not funded with AABs' and/or AAB-forex corps' resources. Effective March 8, 2019, foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from AABs or AAB-forex corps no longer require prior BSP approval but are subject to notification and registration to the BSP. Public sector borrowing requires BSP approval. Investments of residents which will require settlement in foreign currency in favor of another resident must be governed by the rules on resident-to-resident transactions. That is, AAB/AAB-forex corps may sell foreign exchange (regardless of the amount) to nonbank residents for their foreign exchange transactions with other residents, subject to the submission to the foreign exchange selling institution of a duly accomplished ATP foreign exchange and supported by documents such as: (a) contract/agreement or equivalent document evidencing the payable to resident, including those covering transactions between residents; and (b) proof of amount due or any equivalent document showing amount required/due.

On collective investment securities: Yes. Registration of the securities purchased is necessary only if the foreign exchange needed for capital repatriation and remittance of profits and earnings that accrue thereon will be purchased from AABs and AAB-forex corps. Effective March 8, 2019, nonresident investors may register their investments to other banks with FCDU license, aside from the existing four BSP-accredited custodian banks on behalf of the BSP. Moreover, registration after the one-year prescriptive period of the BSP is already allowed, subject to a graduated processing fee. SDA was replaced by Term Deposit Facility. June 3, 2016, banks are prohibited from investing in the BSP term deposit facility and overnight deposit facility funds sourced from nonresidents.

Sale or issue locally by nonresidents: Yes. Approval or license to issue money market instruments must be secured from the appropriate government agency. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in foreign-currency-denominated instruments issued onshore by nonresidents, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold, for investment in foreign-currency-denominated instruments issued onshore by nonresidents, without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation.

Purchase abroad by residents: Yes. Residents are free to invest abroad without restriction. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in foreign-currency-denominated mutual funds and unit investment trust funds abroad, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation. Residents may also purchase foreign exchange from FXDs and MCs for outward investment, including investment in bonds and notes of the Philippines and of other Philippine entities settled in foreign currency, regardless of the amount, with documentation.
Sale or issue abroad by residents  Yes.

Private sector borrowing may be freely obtained, provided there is no guarantee from the government sector and payments are not funded with AABs’ and/or and AAB-forex resources. Effective March 8, 2019, foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from AABs or AAB-forex corps no longer require prior BSP approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in foreign-currency-denominated instruments issued onshore by nonresidents, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments.

Investments of residents which will require settlement in foreign currency in favor of another resident must be governed by the rules on resident-to-resident transactions. That is, AAB/AAB-forex corps may sell foreign exchange (regardless of the amount) to nonbank residents for their foreign exchange transactions with other residents, subject to the submission to the foreign exchange selling institution of a duly accomplished ATP foreign exchange and supported by documents such as: (a) contract/agreement or equivalent document evidencing the payable to resident, including those covering transactions between residents; and (b) proof of amount due or any equivalent document showing amount required/due.

Controls on derivatives and other instruments  Yes.

Derivatives are considered securities under the Securities Regulation Code and are being administered by the SEC. Banks may engage in generally authorized derivatives activities without BSP approval, provided they follow the risk management guidelines for derivatives transactions and comply with laws, rules, and regulations for this activity. BSP approval is required for banks to engage in all financial derivatives activities not expressly classified as “generally authorized.”

February 5, 2008, U/KBs may act as dealer of forward foreign exchange contracts, subject to BSP licensing requirements and compliance with sales and marketing guidelines. On the other hand, all banks may apply for limited user (to transact as end-user) or special broker (to facilitate transactions) authority for forward foreign exchange transactions, subject to BSP regulations.

February 5, 2008, universal banks, commercial banks, and other banks with limited user derivatives authority may engage only in foreign exchange forwards and swap transactions with other banks and nonresidents if the latter are hedging market risk or covering funding requirements. Foreign exchange regulations and documentary requirements for derivatives apply. TBs authorized to issue foreign LCs and pay, accept, and negotiate import and export drafts and bills of exchange may apply for Type 2 derivatives authority to be a dealer, broker, and end-user of deliverable foreign exchange forwards, subject to certain conditions. The total notional amount of banks’ NDFs involving Philippine pesos is limited to 20% and 100%, respectively, of the capital of domestic banks and local branches of foreign banks. AML laws, rules, and regulations; relevant SEC rules; foreign exchange regulations; and documentary requirements for derivatives also apply.
| **Purchase locally by nonresidents** | Yes. | February 5, 2008, U/KBs may act as dealer of forward foreign exchange contracts, subject to BSP licensing requirements and compliance with sales and marketing guidelines. Derivatives involving forward purchases of foreign exchange by nonresidents are not allowed, except for BSP-registered foreign investments under certain conditions. |
| **Sale or issue locally by nonresidents** | Yes. | As a general rule, no securities may be sold or offered for sale to the public within the country, unless such securities have been registered with and are permitted to be sold by the SEC. Derivatives fall under the definition of securities. February 5, 2008, U/KBs may act as dealer of forward foreign exchange contracts, subject to BSP licensing requirements and compliance with sales and marketing guidelines. On the other hand, all banks may apply for limited user (to transact as end-user) or special broker (to facilitate transactions) authority for forward foreign exchange transactions subject to BSP regulations. Nonresidents’ derivatives transactions involving local currency require BSP approval. |
| **Purchase abroad by residents** | Yes. | Foreign exchange contracts that do not involve local currency are unrestricted. Contracts involving local currency are subject to restrictions on the importation and exportation of local currency. Banks that wish to engage in derivatives transactions not considered generally authorized are required to secure license from the BSP. |
| **Sale or issue abroad by residents** | Yes. | Foreign exchange contracts that do not involve local currency are unrestricted. Contracts involving local currency are subject to restrictions on the importation and exportation of local currency. Banks that wish to engage in derivatives transactions not considered generally authorized are required to secure license from the BSP. |
| **Controls on credit operations** | Yes. | Republic Act No. 3765, the Truth in Lending Act, requires the disclosure of finance charges in connection with extensions of credit. |
| **Commercial credits** | Yes. | These transactions may be freely undertaken, provided they do not involve foreign exchange purchased from AABs and/or AAB-forex corps. Banks may extend peso financing to nonresidents to fund the following: Without prior BSP approval – specific cases allowed under the MORB; or Subject to prior BSP approval – for use in projects/programs/purposes that are: (a) not covered by item (1) above; and (b) legitimate and not contrary to laws, regulations, public order, public health, public safety, or public policy. |
| **By residents to nonresidents** | Yes. | Private sector borrowing is permitted, provided it is not guaranteed by the government sector and payments are not funded with AABs’ and/or AAB-forex corps’ resources. Effective March 8, 2019, foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from AABs or AAB-forex corps no longer require prior BSP approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. |
| **To residents from nonresidents** | Yes. | Loans by nonresidents from expanded foreign currency deposit units (EFCDUs), regardless of maturity, do not require BSP approval, provided (1) they are not guaranteed by the government sector; (2) they are serviced with foreign exchange purchased outside AABs and/or AAB-forex corps; and (3) relevant banking regulations are followed, including the |
single borrower limit.

By residents to nonresidents
Yes. These transactions may be freely undertaken if they do not involve foreign exchange purchased from AABs and/or AAB-forex corps.

To residents from nonresidents
Yes. Private sector borrowing may be freely obtained, provided there is no guarantee from the government sector and payments are not funded with AABs' and/or AAB-forex corps' resources. Effective March 8, 2019, foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from AABs or AAB-forex corps no longer require prior BSP approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Banks that wish to issue unsecured subordinated debt must secure the approval of the BSP.

Guarantees, sureties, and financial backup facilities
Yes.

By residents to nonresidents
Guarantees for public sector accounts that may give rise to actual foreign obligation of the public sector to nonresidents and those issued by government-owned and government-controlled corporations [excluding public sector banks and NBFIs with quasi-banking functions] in favor of nonresidents require BSP approval. Guarantees issued by resident banks and other financial institutions, including public sector banks and NBFIs with quasi-banking functions that cover foreign obligations for account of the private sector other than foreign loans, need not be registered, but must be reported to the BSP to be eligible for servicing using foreign exchange purchased from AABs and/or AAB-forex corps.

To residents from nonresidents
Guarantees that are related to foreign/foreign currency loans/borrowings that require BSP approval/registration must already form part of the loan terms submitted for BSP approval/registration (as applicable). In case of a call on such guarantee: (1) The borrower/guarantor must submit a written notification to the BSP target date of settlement of the call on the guarantee to allow servicing using foreign exchange resources of AABs/AAB-forex corps; and (2) the borrower must comply with pertinent rules covering the underlying obligation (including reportorial requirements).

Controls on direct investment
Yes.

Outward direct investment
Yes. Residents may invest abroad without restriction. Residents may purchase foreign exchange from AABs and/or AAB-forex corps for investment abroad up to US$60 million or its equivalent an investor a year, a fund a year for qualified investors. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation. Residents may also purchase foreign exchange from FXDs and MCs for outward investment, including investment in bonds and notes of the Philippines and other Philippine entities requiring settlement in foreign currency, regardless of the amount, provided such purchases are supported by documentation.

Inward direct investment
Yes. Foreign inward investments registered with the BSP may be serviced
using foreign exchange purchased from AABs, AAB-forex corps, and BSP-registered FXDs and MCs, subject to documentary requirements. Inward FDIs may be registered with BSP. A BSP Registration Document (BSRD) will be issued by the BSP as evidence of the investment. For the purpose of registration, foreign exchange funding for cash investments must be remitted to the Philippines but effective March 8, 2019, need not be converted to pesos, except for the cases cited in Section 36.3 of the Foreign Exchange Manual. Foreign investments need not be registered with the BSP, unless the foreign exchange needed to service repatriation of capital and remittance of dividends, profits, and earnings is purchased from AABs or and AAB-forex corps. Foreign exchange may be purchased from AABs and AAB-forex corps for outward remittance for the equivalent of the peso sales/divestment proceeds (including dividends, profits, and earnings) of BSP-registered foreign investments in accordance with prescribed procedures and supported by prescribed documents. Registering banks for foreign investments may sell for outward remittance the equivalent foreign exchange of (1) excess pesos funded with inward remittance of foreign exchange as follows: peso proceeds of foreign exchange inwardly remitted minus the peso amount actually used for BSP-registered investments; and interest earned on the excess pesos, subject to certain conditions. Registration is required only if the foreign exchange for capital repatriation and remittance of profits and earnings is purchased from AABs and/or and AAB-forex corps. Controls on liquidation of direct investment No. Controls on real estate transactions Yes. **Purchase abroad by residents** Yes. Residents who have their own foreign exchange assets may freely engage in these transactions. Residents may purchase foreign exchange from AABs and/or AAB-forex corps without BSP approval for investment in real property abroad, including condominium units, provided these do not exceed US$60 million an investor a year when aggregated with other allowable outward investments. Effective March 8, 2019, resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation. **Purchase locally by nonresidents** Yes. Purchases are subject to constitutional and legal limits. Under the Philippine Constitution, foreign nationals and foreign companies are not allowed to directly own land. Ownership of private lands in the Philippines is reserved for Philippine citizens and corporations that are considered Philippine nationals. The Philippine Foreign Investment Act allows foreign nationals and companies to indirectly own land by acquiring up to 40% ownership of a corporation that is considered a Philippine national, that is qualified to own land (corporations that are considered Philippine nationals are those corporations or partnerships with at least 60% of the capital stock outstanding owned by Filipinos). Foreign nationals and foreign companies may also acquire condominium units and shares in condominium corporations up to not more than 40% of the total and outstanding capital stock of a Filipino-owned or controlled condominium corporation, subject to the rules under the Condominium Act of the Philippines. **Sale locally by nonresidents** Yes. Nonresidents are not allowed to own private lands in the Philippines, thus cannot sell them the same locally. The Philippine Condominium Act provides that each condominium owner also has the absolute right to sell or dispose of his condominium, unless the master deed contains a requirement that the property be first offered to the condominium owners within a reasonable period of time before the...
same is offered to outside parties.

<table>
<thead>
<tr>
<th>Controls on personal capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Loans are permitted, provided foreign exchange is not purchased from AABs and/or and AAB-forex corps. Banks may extend peso financing to nonresidents to fund the following: Without prior BSP approval – specific cases allowed under the MORB; or Subject to prior BSP approval – for use in projects/programs/purposes that are: (a) not covered by item (1) above; and (b) legitimate and not contrary to laws, regulations, public order, public health, public safety, or public policy.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Private sector borrowing may be freely obtained, provided there is no guarantee from the government sector and payments are not funded with AABs’ and/or AAB-forex corps’ resources. Effective March 8, 2019, foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from AABs or AAB-forex corps no longer require prior BSP approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Banks that wish to issue unsecured subordinated debt must secure the approval of the BSP.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Private land may not be transferred or conveyed, except to individuals, corporations, or associations qualified to acquire or hold land in the public domain.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transfers are subject to appropriate supporting documents. The use of domestic currency for international payments and receipts is generally allowed but subject to rules on cross-border transfer of local currency, that is, any person may import or export, or bring with him into or take out of the country, or electronically transfer, legal tender Philippine notes and coins and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount not exceeding PHP 50,000 without prior written authorization from the BSP.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td>Provision Type</td>
<td>Status</td>
</tr>
<tr>
<td>----------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Lending locally in foreign exchange

Yes.

Workers (OFWs), embassy officials and employees, and foreign nationals holding valid visas issued by relevant Philippine authorities (subject to conditions) without prior BSP approval.

Lending locally in foreign exchange

EFCDUs of U/KBs are authorized to grant foreign currency loans as allowed by the BSP. FCDUs of TBs are authorized to grant only short-term foreign currency loans. FCDUs of rural and cooperative banks may grant short-term foreign currency loans, except to producers or manufacturers, including oil companies and public utility companies. Regular banking units of universal, commercial, and TBs may engage in trade-related loan transactions, subject to the regulations on trade transactions.

Purchase of locally issued securities denominated in foreign exchange

Yes.

EFCDUs of U/KBs may invest in foreign-currency-denominated securities, regardless of maturity. However, FCDUs of TBs or rural and cooperative banks may invest only in foreign-currency-denominated debt instruments that are readily marketable. Regular banking units of banks may generally invest in locally issued securities denominated in foreign exchange, subject to regulations, particularly on risk management.

Differential treatment of deposit accounts in foreign exchange

Yes.

There is no reserve requirement for deposit accounts in foreign exchange. However, banks are required to have 100% asset cover on foreign currency deposits and the requirement of maintaining 30% of asset cover in the form of liquid assets was lifted. The liquidity and statutory reserve requirements for peso deposits and deposit substitute liabilities of U/KBs are unified into a single, combined reserve requirement of 16% from previously 20% effective May 31, 2019, except for long-term negotiable CDs, which are subject to lower reserve requirement of 4%.

Reserve requirements for bonds were reduced from 6% to 3% for U/KBs, TBs, and nonbank financial institutions with quasi-banking functions (NBQBs), effective reserve week November 1, 2019.

Reserve requirements for deposit and deposit substitute liabilities of U/KBs were reduced as follows:
From 16% to 15% effective reserve week November 1, 2019.
From 15% to 14% effective December 6, 2019.
From 14% to 12% effective April 3, 2020.

Reserve requirements for deposit and deposit substitute liabilities of NBQBs were reduced as follows:
From 15% to 14% effective December 6, 2019.
From 14% to 12% effective April 3, 2020.

Reserve requirements for deposit and deposit substitute liabilities of TBs were reduced as follows:
From 6% to 5% effective November 1, 2019.
From 5% to 4% effective December 6, 2019.
From 4% to 3% effective July 31, 2020.

Reserve requirements for deposit and deposit substitute liabilities of rural and cooperative banks were reduced as follows:
From 4% to 3% effective November 1, 2019.
From 3% to 2% effective July 31, 2020.

Liquid asset requirements

Yes.

 Depository banks with FCDUs and EFCDUs must maintain at all times 100% asset cover for their foreign currency liabilities, except for US dollar-denominated repo agreements with the BSP. From February 15, 2018, the requirement of at least 30% of the cover for
these liabilities to be in liquid assets was lifted. From February 15, 2018, the requirement for EFCDUs of U/KBs, of at least 70% of the cover must be in the same currency as the deposit liability, and up to 30% in other acceptable foreign currencies was lifted. The requirement of FCDUs of TBs and rural and cooperative banks to maintain foreign currency cover in the same currency as the deposit liability was likewise lifted. Under the BSP framework on LCR, banks are expected to be able to meet their liquidity needs in each currency, although the framework only requires the LCR to be met and reported in a “single currency” (that is, in peso terms).

Interest rate controls  No.
Credit controls  No.
Differential treatment of deposit accounts held by nonresidents  No.
Reserve requirements  No.
Liquid asset requirements  No.
Interest rate controls  No.
Credit controls  No.
Investment regulations  Yes.
Abroad by banks  Yes. The establishment or acquisition by a bank of subsidiaries or affiliates abroad requires BSP approval. A bank subsidiary may invest in a foreign subsidiary, subject to the following: (1) The investment of a bank subsidiary in the equity of a subsidiary abroad is subject to BSP approval. (2) The bank subsidiary may invest in the subsidiary if it meets the prequalification requirements of the BSP. (3) The application for authority of the requesting bank subsidiary must be accompanied by a certified true copy of the resolution authorizing the investment by the board of directors of the parent bank and the bank subsidiary, feasibility study indicating among other things the economic justification for investment and the proposed organizational structure. (4) The applicant parent subsidiary must comply with the licensing requirements of the host country, and the necessary license must be secured from the appropriate government agency of the host country. (5) The proposed subsidiary must be declared and paid as cash dividends to the parent subsidiary. (6) Outward investment representing initial capital and other outlays is subject to the regulations. (7) At least 50% of the yearly net profits of the proposed subsidiary must be declared and paid as cash dividends to the parent subsidiary. (8) The proposed subsidiary is subject to BSP reporting and supervision requirements, and the cost of such examination is chargeable to the parent bank. (9) Additional funding or advances of the parent bank in the Philippines to its subsidiaries abroad require BSP approval.

In banks by nonresidents  Yes. Qualified foreign banks may own or control up to 100% of the voting stock of a domestic bank while a foreign individual or a foreign nonbank corporation may own up to 40% of U/KBs and TBs and 60% of rural banks. Aggregate ownership of the voting shares of stock of foreign individuals and/or foreign nonbank corporations in U/KBs is limited to 40% of U/KBs and 60% of TBs and rural banks. Total resources of banks held by foreign banks may not exceed 40%. The equity investment of a cooperative in a coop bank may not exceed 40% of its subscribed capital stock.

Open foreign exchange position limits  Yes. Banks’ allowable open foreign exchange position (either overbought
or oversold) is the lower of 20% of their unimpaired capital or US $50 million. The BSP imposes sanctions for the violation of open position limits. The BSP prescribes the use of the “netting” method for determining banks’ net open position.

**On resident assets and liabilities** Yes. Banks’ allowable open foreign exchange position (either overbought or oversold) is the lower of 20% of their unimpaired capital or US $50 million. The BSP imposes sanctions for the violation of open position limits. The BSP prescribes the use of the “netting” method for determining banks’ net open position.

**On nonresident assets and liabilities** Yes. Banks’ allowable open foreign exchange position (either overbought or oversold) is the lower of 20% of their unimpaired capital or US $50 million. The BSP imposes sanctions for the violation of open position limits. The BSP prescribes the use of the “netting” method for determining banks’ net open position.

**Provisions specific to institutional investors**

**Insurance companies** Yes. As a general rule, a broker, dealer, or salesperson must register with the SEC to conduct business in the country.

**Limits (max.) on securities issued by nonresidents** No.

**Limits (max.) on investment portfolio held abroad** Yes. Qualified investors, such as insurance companies, may purchase foreign exchange from AABs and/or AAB-forex corps to fund outward investment up to US$60 million a fund a year. Effective March 8, 2019, resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation.

**Limits (min.) on investment portfolio held locally** No.

**Currency-matching regulations on assets/liabilities composition** No.

**Pension funds** Yes. Pension funds are regulated by the SEC.

**Limits (max.) on securities issued by nonresidents** Yes. Qualified investors, such as pension funds, may purchase foreign exchange from AABs and/or AAB-forex corps to fund outward investment up to US$60 million a fund a year. Effective March 8, 2019, resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation.

**Limits (max.) on investment portfolio held abroad** Yes. Qualified investors, such as pension funds, may purchase foreign exchange from AABs and/or AAB-forex corps to fund outward investment up to US$60 million a fund a year. Effective March 8, 2019, resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation.

**Limits (min.) on investment portfolio held locally** No.

**Currency-matching regulations on assets/liabilities composition** No.

**Investment firms and collective investment funds** Yes. Investment firms, except for investment houses with quasi-banking functions, and/or trust/investment management functions, and collective investment funds are regulated by the SEC.

**Limits (max.) on securities issued by nonresidents** No. Investment houses with quasi-banking functions are not subject to limits on securities issued by nonresidents.

**Limits (max.) on investment portfolio held abroad** Yes. Except when authorized by the MB, total equity investments in and/or loans to any single enterprise abroad by an investment house
with quasi-banking functions may not at any time exceed 15% of its net worth. Qualified investors, such as investment firms and collective investment funds, may purchase foreign exchange from AABs to fund outward investments up to US$60 million a fund a year. Effective March 8, 2019, resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior BSP approval, subject to the 15-day prior notification to the BSP and documentation.

Equity investment in a non-allied business of an investment house with quasi-banking functions must be a minority in that enterprise, except as may be otherwise approved by the President of the Philippines.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Arrangements for Payments and Receipts

Prescription of currency requirements
Controls on the use of domestic currency
For capital transactions

Transactions in derivatives and other instruments 03/08/2019 Customers may hedge their market risks arising from foreign exchange obligations through foreign exchange forwards (deliverable and non-deliverable) and foreign exchange swaps with Authorized Agent Banks (AABs), provided the underlying transaction is eligible for servicing using foreign exchange resources of AABs or AAB-forex corps.

Use of foreign exchange among residents 03/08/2019 The prior Bangko Sentral ng Pilipinas approval requirement to purchase foreign exchange exceeding the US$60 million limit for outward investments was lifted. Foreign exchange purchases exceeding in amounts of up to US$60 million or its equivalent in other foreign currency an investor a year, or a fund a year are only subject to a notification to the BSP at least 15 banking days after determination that total foreign exchange requirements will exceed the US$60 million threshold and present to the foreign exchange selling institution a copy of the notice duly received/acknowledged by the BSP.

Resident Accounts

Foreign exchange accounts permitted
Held domestically 03/08/2019 Foreign exchange accounts held domestically may be funded with foreign exchange purchased from Authorized Agent Banks (AABs) and/or AAB-forex corps, subject to submission of applicable documentation.

Nonresident Accounts

Domestic currency accounts 03/08/2019 Peso funding from cash collateral used for investments under Securities Borrowing and Lending or similar arrangements was added to the list of allowable funding of domestic peso accounts.

Capital Transactions

Controls on capital transactions 03/08/2019 Additional short-term private sector loans cited in Section 24.3 of the
Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Sale or issue locally by nonresidents 03/08/2019 Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

Purchase abroad by residents 03/08/2019 Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject only to 15-day prior notification to BSP and documentation.

Sale or issue abroad by residents 03/08/2019 Foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from Authorized Agent Banks (AABs) or AAB-forex corps no longer require prior Bangko Sentral ng Pilipinas (BSP) approval but are subject to notification and registration to the BSP. Public sector borrowing requires BSP approval. Banks that wish to issue unsecured subordinated debt must secure the approval of the BSP.

Bonds or other debt securities

Purchase locally by nonresidents 03/08/2019 Nonresident investors may register their investments to other banks with foreign currency deposit unit license aside from the existing four Bangko Sentral ng Pilipinas (BSP)-accredited custodian banks on behalf of the BSP.

Purchase abroad by residents 03/08/2019 Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject only to prior notification to BSP and documentation.

Sale or issue abroad by residents 03/08/2019 Foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from Authorized Agent Banks (AABs) or AAB-forex corps no longer require prior Bangko Sentral ng Pilipinas (BSP) approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Investments of residents which will require settlement in foreign currency in favor of another resident must be governed by the rules on resident-to-resident transactions.

On money market instruments

Purchase locally by nonresidents 03/08/2019 Nonresident investors may register their investments with any Authorized Agent Bank that has a foreign currency deposit unit license.

Sale or issue locally by nonresidents 03/08/2019 Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

Purchase abroad by residents 03/08/2019 Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

Sale or issue abroad by residents 03/08/2019 Foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from Authorized Agent Banks (AABs) or AAB-forex corps no longer...
require prior Bangko Sentral ng Pilipinas (BSP) approval but are subject to notification and registration to the BSP. Investments of residents which will require settlement in foreign currency in favor of another resident must be governed by the rules on resident-to-resident transactions.

On collective investment securities

Purchase locally by nonresidents 03/08/2019
Nonresident investors may register their investments to other banks with foreign currency deposit unit license, aside from the existing four Bangko Sentral ng Pilipinas (BSP)-accredited custodian banks on behalf of the BSP.

Sale or issue locally by nonresidents 03/08/2019
Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold, for investment in foreign-currency-denominated instruments issued onshore by nonresidents, without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

Purchase abroad by residents 03/08/2019
Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

Sale or issue abroad by residents 03/08/2019
Foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from Authorized Agent Banks (AABs) or AAB-forex corps no longer require prior Bangko Sentral ng Pilipinas (BSP) approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Investments of residents which will require settlement in foreign currency in favor of another resident must be governed by the rules on resident-to-resident transactions.

Controls on credit operations

Commercial credits

To residents from nonresidents 03/08/2019
Foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from Authorized Agent Banks (AABs) or AAB-forex corps no longer require prior Bangko Sentral ng Pilipinas (BSP) approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval.

Financial credits

To residents from nonresidents 03/08/2019
Foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from Authorized Agent Banks (AABs) or AAB-forex corps no longer require prior Bangko Sentral ng Pilipinas (BSP) approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Banks that wish to issue unsecured subordinated debt must secure the approval of the BSP.

Controls on direct investment

Outward direct investment 03/08/2019
Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

Inward direct investment 03/08/2019
For the purpose of registration, foreign exchange funding for cash investments must be remitted to the Philippines but need not be converted to pesos, except for the cases cited in Section 36.3 of the
Foreign Exchange Manual.

Controls on real estate transactions

*Purchase abroad by residents*

03/08/2019

Resident investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

Controls on personal capital transactions

*Loans*

12/11/2019

Banks are allowed to extend peso consumer loans to Overseas Filipinos, embassy officials and employees, and foreign nationals holding valid visas issued by relevant Philippine authorities (subject to conditions) without prior Bangko Sentral ng Pilipinas approval.

03/08/2019

Foreign loans/borrowings of the private sector that are not publicly guaranteed and will be serviced using foreign exchange purchased from Authorized Agent Banks (AABs) or AAB-forex corps no longer require prior Bangko Sentral ng Pilipinas (BSP) approval but are subject to notification and registration to the BSP. Foreign loans/borrowings of the public sector and of the private sector that are guaranteed by the public sector require prior BSP approval. Banks that wish to issue unsecured subordinated debt must secure the approval of the BSP.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Lending to nonresidents (financial or commercial credits)

12/11/2019

Banks are allowed to extend peso consumer loans to Overseas Filipinos, embassy officials and employees, and foreign nationals holding valid visas issued by relevant Philippine authorities (subject to conditions) without prior Bangko Sentral ng Pilipinas approval.

Differential treatment of deposit accounts in foreign exchange

*Reserve requirements*

05/31/2019

The liquidity and statutory reserve requirements for peso deposits and deposit substitute liabilities of universal and commercial banks are unified into a single, combined reserve requirement of 16% from previously 20%, except for long-term negotiable CDs, which are subject to lower reserve requirement of 4%.

11/01/2019

Reserve requirements for deposit and deposit substitute liabilities of universal and commercial banks (U/KBs) were reduced to 15%. Previously, the reserve requirements for deposit and deposit substitute liabilities of U/KBs were 16%.

11/01/2019

Reserve requirements for deposit and deposit substitute liabilities of thrift banks (TBs) were reduced to 5%. Previously, the reserve requirements for deposit and deposit substitute liabilities of TBs were 6%.

11/01/2019

Reserve requirements for deposit and deposit substitute liabilities of rural and cooperative banks were reduced to 3%. Previously, the reserve requirements for deposit and deposit substitute liabilities of rural and cooperative banks were 4%.

11/01/2019

Reserve requirements for bonds were reduced from 6% to 3% for universal and commercial banks (U/KBs), thrift banks (TBs), and nonbank financial institutions with quasi-banking functions (NBQBs).

12/06/2019

Reserve requirements for deposit and deposit substitute liabilities of universal and commercial banks (U/KBs) were reduced to 14%.
Previously, the reserve requirements for deposit and deposit substitute liabilities of U/KBs were 15%.

12/06/2019 Reserve requirements for deposit and deposit substitute liabilities of nonbank financial institutions with quasi-banking functions (NBQBs) were reduced to 14%. Previously, the reserve requirements for deposit and deposit substitute liabilities of NBQBs were 15%.

12/06/2019 Reserve requirements for deposit and deposit substitute liabilities of thrift banks (TBs) were reduced to 4%. Previously, the reserve requirements for deposit and deposit substitute liabilities of TBs were 5%.

04/03/2020 Reserve requirements for deposit and deposit substitute liabilities of universal and commercial banks (U/KBs) were reduced to 12%. Previously, the reserve requirements for deposit and deposit substitute liabilities of U/KBs were 14%.

04/03/2020 Reserve requirements for deposit and deposit substitute liabilities of nonbank financial institutions with quasi-banking functions (NBQBs) were reduced to 12%. Previously, the reserve requirements for deposit and deposit substitute liabilities of NBQBs were 14%.

07/31/2020 Reserve requirements for deposit and deposit substitute liabilities of thrift banks (TBs) were reduced to 3%. Previously, the reserve requirements for deposit and deposit substitute liabilities of TBs were 4%.

07/31/2020 Reserve requirements for deposit and deposit substitute liabilities of rural and cooperative banks were reduced to 2%. Previously, the reserve requirements for deposit and deposit substitute liabilities of rural and cooperative banks were 3%.

**Provisions specific to institutional investors**

**Insurance companies**

*Limits (max.) on investment portfolio held abroad*

03/08/2019 Resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

**Pension funds**

*Limits (max.) on securities issued by nonresidents*

03/08/2019 Resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

*Limits (max.) on investment portfolio held abroad*

03/08/2019 Resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.

**Investment firms and collective investment funds**

*Limits (max.) on investment portfolio held abroad*

03/08/2019 Resident qualified investors may purchase foreign exchange in excess of the US$60 million annual threshold without prior Bangko Sentral ng Pilipinas (BSP) approval, subject to the 15-day prior notification to the BSP and documentation.
Status under IMF Articles of Agreement

Date of membership: June 12, 1986.

Article VIII: Yes. Date of acceptance: June 1, 1995.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): Yes.

Poland maintains certain exchange restrictions in accordance with EU regulations solely for the preservation of national and international security. These include the freezing of funds and economic resources of certain persons, entities, and groups. The EU’s economic and financial sanctions are based on Article 215 of the Treaty on Functioning of the European Union and decisions adopted in the framework of the Common Foreign and Security Policy.

Other security restrictions: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Poland is the Polish zloty.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal

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bands
Other managed arrangement
Floating
Free floating Yes. The de jure exchange rate arrangement is free floating; the exchange rate of the zloty is determined on the basis of supply and demand in the foreign exchange market, and the zloty is traded freely against all currencies. Narodowy Bank Polski (NBP, National Bank of Poland), however, may intervene in the foreign exchange market if necessary to ensure domestic macroeconomic and financial stability. The NBP does not disclose its intervention data. Given that NBP intervened in the foreign exchange market last time in 2013, the de facto exchange rate arrangement is classified as free floating. In 2019, as in previous years, MOF exchanged foreign currencies in the central bank. The MOF did not exchange any foreign currencies on the financial market. The procedures related to exchange of foreign currencies into zlotys by the MOF in the NBP have not changed. Every year, the MOF publishes on its website information on any transactions conducted by the MOF on the financial market. As regards NBP, it publishes general information about purchase of foreign currencies from the MOF and limits on foreign exchange transactions with MOF in Annual Reports of Banking Sector Liquidity and Monetary Policy Instruments of NBP.

Official exchange rate Yes. Exchange rates are freely determined by the market. The NBP calculates and publishes daily rates for convertible currencies. Euro rates fixing is based on foreign exchange market rates as quoted on trading platforms between 10:55 and 11:00 a.m. local time (average foreign exchange market rates between specified period of time). Exchange rates for other major currencies are calculated from cross-currency rates against the euro as quoted on trading platforms. The NBP daily rates are mainly used for statistical and accounting purposes. In general for accounting purposes, these rates are used to recalculate amounts and cash flow in foreign currency into zloty. The rates are also used by businesses to price foreign-exchange-denominated assets and liabilities as well as settlement rates for exchange-traded derivatives. As regards financial markets, the rates are used as the fixing price in the settlement of derivatives (options, etc.).

Monetary policy framework
Exchange rate anchor
U.S. dollar
Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework Yes. Monetary policy is based on flexible inflation targeting. Within this framework, the Monetary Policy Council (MPC) sets the inflation target and adjusts monetary instruments (predominantly the NBP policy interest rates) to keep headline inflation close to the target in the medium term. Since 2004 the NBP has pursued a medium-term inflation target of 2.5% with a symmetrical band of deviations of ±1 pp (percentage point). The medium-term orientation of the target
does not involve any definition or guidance about the time-specific horizon of inflation returning to target in case of deviation. The NBP’s inflation-targeting framework is laid down in Monetary Policy Guidelines, which—in line with the constitution of the Republic of Poland—are presented to the lower chamber of the Polish parliament (Sejm) on an annual basis. The constitution also imposes an obligation on the MPC to present a Report on Implementation of the Guidelines to Sejm each year. These are the main annual documents for informing the public about the causes and nature of the shocks behind inflation target misses. The MPC, however, retains a large degree of discretion over the reaction to these shocks. In addition, the implementation of the monetary policy guidelines is assessed by the Polish Supreme Audit Office, also on an annual basis.

*Target setting body*

| Yes. |
| Government |
| Yes. |
| Central Bank |
| Yes. |
| Monetary Policy Committee |

According to the Polish Constitution, the NBP shall be responsible for the value of Polish currency. The Act on NBP states that “the basic objective of the activity of NBP shall be to maintain price stability, while supporting the economic policy of the Government, insofar as this does not constrain the pursuit of the basic objective of NBP.” In line with the above-mentioned legal guidelines, the numerical value of the inflation target was set by the MPC in “Monetary Policy Strategy beyond 2003” published in February 2003. The target is confirmed each year in Monetary Policy Guidelines, published annually.

Monetary policy decisions are taken by majority vote with the presence of at least 5 members of the MPC, including Chairperson (the President of the NBP), who has the deciding vote in case of a tie. Inflation target is set by the MPC which has the right to modify the target.

*Central Bank Board*

*Other*

| Government and Central Bank |

*Inflation target*

| Yes. |
| Target number |

| Yes. |
| Point target |

*Target with tolerance band*

| Yes. |
| Band/Range |

| Yes. |
| Target measure |

*CPI*  

Target measure refers to the annual change in the consumer price inflation. The consumer price inflation (the overall price index of consumer goods and services – headline CPI) is computed and published by the Statistics Poland (GUS – the central statistical office of Poland). The target is set at 2.5% with a symmetric band for deviations of ±1 pp in the medium term (thus, it is a continuous target, not an end-year target).
### Core inflation

**Target horizon**
Yes.

The target horizon is medium term. The Council flexibly determines the time necessary for inflation to return to the target depending on the character of the shock, its persistence, and the overall assessment of risks posed by the shock to both price stability and broadly understood macroeconomic stability in the medium term.

**Operating target (policy rate)**
Yes.

**Policy rate**
Yes.

The instrument of key significance for the monetary policy implementation is the NBP reference rate. By determining the yields on open market operations, this rate influences the interest on short-term money market instruments, in particular unsecured interbank deposits. The range of fluctuations of interbank overnight interest rates is determined by the NBP deposit and lombard rates.

**Target corridor band**
Yes.

Before the COVID-19 crisis, the reference rate stood at 1.50%, the deposit rate at 0.50%, and the lombard rate at 2.50%.

- On March 17, 2020, the MPC took the decisions of lowering the reference rate to 1.00%, the deposit rate at 0.50%, and the lombard rate to 1.50%.
- On April 8, 2020, the MPC further decided to lower the reference rate to 0.50%, the deposit rate to 0.00%, and the lombard rate to 1.00%.
- On May 28, 2020, the Monetary Policy Council further decided to lower the reference rate to 0.10%, the deposit rate to 0.00%, and the lombard rate to 0.50%.

Since May 29, 2020, the deposit rate stood at 0.00%, the lombard rate at 0.50% and the reference rate at 0.10%. The deposit rate and the lombard rate set the fluctuation band for overnight interest rates in the interbank market, which is not anymore symmetric with respect to the reference rate.

### Other

**Accountability**
Yes.

- **Open letter**
  No.

- **Parliamentary hearings**
  Yes.

Once a year the President of the NBP attends the parliamentary hearing to present the NBP’s Annual Report.

**Other**
Yes.

The key communication instruments include the cyclical publications: Information from the meeting of the MPC (with the accompanying press conferences, which prior to the COVID-19 pandemic were held regularly after each MPC decision-making meeting), Minutes of the MPC decision-making meetings, and Inflation Reports. Once a year, the NBP also publishes its Annual Report, Report on Monetary Policy Implementation, and Monetary Policy Guidelines and Banking Sector Liquidity Monetary Policy Instruments of Narodowy Bank Polski.

**Transparency**
Yes.

Pursuant to the decision of the MPC, the NBP will be publishing the motions on its website relating to interest rates, together with a breakdown of votes cast by individual MPC members. The rules for publishing are as follows: If the motion was not passed – after the lapse of 6 weeks from the date of voting, at 14.00 hours; if the resolution on interest rates was adopted – after the results of voting on the resolution have been published in Monitor Sądowy i Gospodarczy (Court and Economic Monitor). If, in addition to adopting a resolution on interest rates, other motions were voted at the MPC meeting which did not receive a majority vote, the results...
of voting on such motions are posted on the NBP website after the announcement of voting results on the adopted resolution in the Court and Economic Monitor. In accordance with the principles adopted by the MPC, information on any motions regarding the NBP interest rates which were submitted during one-day MPC meetings is published, in the first instance, in the Minutes of the MPC decision-making meetings. Thus, voting results are not released prior to the publication of the Minutes.

Prior to the COVID-19 pandemic, the Minutes of the MPC decision-making meeting were published prior to the next decision-making meeting of the MPC. In principle, the publication took place approximately 2 weeks after the MPC decision-making meeting – on Thursdays at 2 p.m. However, when the break between the MPC meetings was longer/shorter than usual, the Minutes were published with somewhat longer/shorter lag, but always before the next MPC decision-making meeting.

During the pandemic the schedule of MPC meetings was changed several times and the overall number of MPC meetings was reduced. Hence Minutes of the previous decision-making meeting were approved on the next decision-making meeting and published 2 days later.

Content of the Minutes: main issues discussed by the MPC and arguments raised during the discussion; the decision on monetary policy instruments, including interest rates, and information on the motion/s raised and whether it/they received a majority vote (no voting records are published in the Minutes); no individual views (no names of individual MPC members) approx. 3–4 pages.

NBP projections are prepared three times a year and published in March, July, and November Inflation Reports. In addition to the publication of the Inflation Report, a separate press conference is held to present current projections. The press conference—together with the accompanying presentation—is available on the NBP website. The projection covers economic developments up to three years ahead from the publication date.

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.

Spot exchange market

Yes. Banks may deal in foreign exchange without a separate license. There are also 4,844 foreign exchange offices (cantors) allowed to deal in foreign exchange with the public; cantors do not need a special permit but must be registered in the register of cantors. Cantors do not conclude foreign exchange transactions with the NBP. They may conclude transactions with other banks, cantors, and retail customers. Their operations are limited to the purchase and sale of banknotes; they may not make foreign currency payments and transfers on behalf of their clients. In their business activity, they may not maintain accounts abroad. Foreign exchange offices may not provide payment services as defined in Directive No. 2015/2366 on payment services (money transfers).

Operated by the central bank

No.

Foreign exchange standing facility

No.

Allocation

No.
Market makers are market participants who continuously quote buying and selling prices to other market participants. No additional license is required for a bank to operate in the foreign exchange market. There are no limits on the bid-ask spreads or commissions of market participants. In recent years, NBP intervened directly with market participants at their quoted rates. Domestic commercial banks have direct access to the interbank foreign exchange market; however, activity in this market is relatively concentrated (with almost 90% of turnover generated by 10 banks).

The foreign exchange market is based on a market-making agreement as well as a brokerage system.

The NBP does not participate in the foreign exchange derivatives market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

**Prescription of currency requirements** No.

**Controls on the use of domestic currency** No.

**For current transactions and payments** No.

**For capital transactions** No.

**Transactions in capital and money market instruments** No.

**Transactions in derivatives and other instruments** No.

**Credit operations** No.

**Use of foreign exchange among residents** No.

**Payments arrangements** Yes.

**Bilateral payments arrangements** No.

**Operative** No.

**Inoperative** No.

**Regional arrangements** Yes. Poland is a member of the EU.

**Clearing agreements** No.

**Barter agreements and open accounts** No.

**Administration of control** Yes. The Polish Parliament has the legislative authority to amend the Foreign Exchange Law. As regards executive acts to the Law, regulations are issued by Minister of Finance (MOF) in cooperation with the President of the NBP. General foreign exchange permits are
granted by the MOF under the MOF regulation regime; individual foreign exchange permits are granted by the NBP in the form of administrative decisions. Those decisions are subject to appeal to the appropriate regional administrative court. The NBP exercises control over foreign exchange permits, exchange office activities, and collects submissions to be provided by residents as regards their banking statistics for the purpose of compiling balance of payments data and the external assets and liabilities position of the country.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on trade in gold (coins and/or bullion)**

<table>
<thead>
<tr>
<th>On domestic ownership and/or trade</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents may hold gold in any form. Trading in gold, other than in jewelry form, is a regulated economic activity and requires registration with the President of the NBP.

**Controls on exports and imports of banknotes**

<table>
<thead>
<tr>
<th>On exports</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

The exportation of foreign gold (gold coins) is subject to declaration procedures (written declaration at the border).

In accordance with EU Regulation (EC) No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the regulation; the regulation only harmonizes the system for the EU’s external borders.

<table>
<thead>
<tr>
<th>On imports</th>
<th>No.</th>
</tr>
</thead>
</table>

The importation of domestic or foreign banknotes exceeding the equivalent of €10,000 is subject to written declaration at the border.
### Domestic currency

No.

The importation of domestic or foreign banknotes exceeding the equivalent of €10,000 is subject to written declaration at the border.

### Foreign currency

No.

The importation of domestic or foreign banknotes exceeding the equivalent of €10,000 is subject to written declaration at the border.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

#### Foreign exchange accounts permitted

Yes.

#### Held domestically

Yes.

Depositing funds in a foreign exchange account is permitted and balances may be transferred abroad freely, subject to specific regulations.

#### Approval required

No.

#### Held abroad

Yes.

Residents (individuals and enterprises) are allowed to maintain accounts in the member countries of the EU, EEA, and OECD without permission. Accounts in other countries may be maintained only for settlements with nonresidents. Controls apply to deposits of funds with nonresident institutions by a privately managed occupational pension fund. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity which is based on Solvency II Directive. According to Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity, assets of insurance and reinsurance companies should be invested according to prudent person principle. This act is an implementation of Directive 2009/138/EC of November 25, 2009, on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and prudent person principle is provided in Art. 132 of this directive. The main principles are: (1) With respect to the whole portfolio of assets, insurance and reinsurance companies must only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. (2) All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole. In addition, the localization of those assets must be such as to ensure their availability. (3) Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective.

The limit on open pension funds’ investments in assets denominated in a currency other than the national one is 30%. The total value of open pension fund assets invested in assets denominated in currency other than the national one may not exceed 30%. For occupational pension funds the value of assets denominated in a currency other than the national one may not exceed 30% of a fund’s total assets. Assets of pension funds may be invested in assets denominated in currencies of EU, EEA, and OECD member countries. For Employee Capital Plans (PPK), the value of assets denominated in a currency other than the national one may not exceed 30% of total assets.

#### Approval required

Yes.

#### Accounts in domestic currency held

Yes.

The regulations for foreign exchange accounts held abroad also apply...
abroad to these accounts. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity which is based on Solvency II Directive.

For occupational pension funds the value of assets denominated in a currency other than the national one may not exceed 30% of a fund’s total assets. Assets of pension funds may be invested in assets denominated in currencies of EU, EEA, and OECD member countries. For PPK, the value of assets denominated in a currency other than the national one may not exceed 30% of total assets.

| Accounts in domestic currency convertible into foreign currency | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. Domestic currency accounts may or may not pay interest, depending on the agreement with the bank, and they may be credited with funds from any source that is in compliance with foreign exchange regulations. |
| Convertible into foreign currency | Yes. These accounts may be converted to foreign currency. |
| Approval required | No. |
| Blocked accounts | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange licenses | No. |
| Other | No. |
| Import licenses and other nontariff measures | Yes. These transactions are subject to EU regulations. |
Positive list: No.
Negative list: Yes. A list of goods that may not be imported is determined on the basis of relevant EU regulations (for example, asbestos and articles containing asbestos, some ozone-depleting substances, and some dangerous chemicals are prohibited).
Open general licenses: No.
Licenses with quotas: Yes. The EU regulations apply.
Other nontariff measures: No.
Import taxes and/or tariffs: Yes. The EU Common Customs Tariff applies.
Taxes collected through the exchange system: No.
State import monopoly: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No.
Surrender requirements: No.
Surrender to the central bank: No.
Surrender to authorized dealers: No.
Financing requirements: No.
Documentation requirements: No.
Letters of credit: No.
Guarantees: No.
Domiciliation: No.
Preshipment inspection: No.
Other: No.
Export licenses: Yes. These transactions are subject to EU regulations.
Without quotas: Yes. Licenses are required for exports of certain goods following relevant EU regulations (for example, radioactive materials and strategic goods, drug precursors, cultural goods).
With quotas: No.
Export taxes: No.
Collected through the exchange system: No.
Other export taxes: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers
<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Restrictions on use of funds No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Controls on capital and money market instruments

On capital market securities Yes.
Shares or other securities of a participating nature Yes.
Purchase locally by nonresidents Yes.

Sale or issue locally by nonresidents Yes.

Purchase abroad by residents Yes.

Controls apply to the purchase of shares and other securities of a participating nature, which may be affected by regulations on FDI. Acquisition of shares representing defined substantial block of shares in public companies with sales revenue in one from two recent years at level of 10 000 000 EUR should be notified to President of Office of Competition and Consumer Protection. President of Office of Competition and Consumer Protection is entitled to issue a decision authorizing the purchase or refusing the purchase. Information must be provided to the Polish Financial Supervision Authority (KNF), to the issuer, and to the public if certain thresholds in voting power or stock purchase are exceeded.

Under the EU uniform rule, public offerings of securities in Poland generally require approval of a prospectus by the competent authority of the issuer’s EU home member state (in general EU country of issuer’s incorporation) Only in case of public offers with small value and/or addressed to specific investors there is no obligation to publish a prospectus or a much lighter document is required (like a memorandum). In case of issuer from a member state other than Poland, if a public offering or admission to trading on a regulated market is provided for in Poland as a host member country, the prospectus approved by the home member country is valid in Poland, provided the KNF is notified by the appropriate authority in the issuer’s home country. In case the issuer’s country of incorporation is not an EU country, prospectus in general must be approved by the KNF.

Controls apply to the purchase of securities issued by nonresidents from countries other than EU, EEA, and OECD and countries with which Poland has not entered into agreements for the promotion and protection of investments.

Controls apply to the purchase of securities issued by nonresidents
from countries other than EU, EEA, and OECD by privately managed pension funds. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity which is based on Solvency II Directive. According to Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity, assets of insurance and reinsurance companies should be invested according to prudent person principle. This act is an implementation of Directive 2009/138/EC of November 25, 2009, on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and prudent person principle is provided in Art. 132 of this directive. The main principles are: (1) With respect to the whole portfolio of assets, insurance and reinsurance companies must only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. (2) All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole. In addition, the localization of those assets must be such as to ensure their availability. (3) Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. Open pension funds may invest up to 30% of their assets in assets denominated in a currency other than the national one. The total value of open pension fund assets invested in assets denominated in currency other than the national one may not exceed 30%. For occupational pension funds the value of assets denominated in a currency other than zlotys may not exceed 30% of a fund’s total assets. Pension fund assets may be invested in assets denominated in zlotys or currencies of EU, EEA, and OECD countries. These assets may be invested in the following capital market securities of a participation nature with an original maturity of more than one year: (1) shares of companies listed on a regulated market and bonds convertible to the shares of such companies, as well as preemptive rights and rights to shares listed on that market; (2) shares, preemptive rights, and rights to shares for public offer; (3) participation units of closed-end collective investment institutions, as follows: (a) whose sole objective is collective investment of funds collected through public or private offering of their participation units in securities, money market instruments, and other property rights; (b) that are authorized by the financial market supervisory authorities in the country in which they are established or whose operations require notification to those authorities, if according to their articles of incorporation their participation units are not offered publicly, traded on a regulated market, or admitted to the alternative trading system and they can be purchased by individuals only in a single purchase of not less than €40,000; (c) that are under the direct supervision of the financial market supervisory authorities in the country in which they are established; (d) that in accordance with the law of the country of their establishment are required to have a depository holding the assets of the institution; and (e) that are managed by entities whose activities are authorized by the financial market supervisory authorities in the country in which they are established; (4) participation units issued by open-end collective investment institutions, as follows: (a) whose sole objective is
collective investment of funds collected through public or private offering of their participation units in securities, money market instruments, and other property rights; (b) that are authorized by the financial market supervisory authorities in the country in which they are established, or whose operations require notification to those authorities; (c) that are under the direct supervision of the financial market supervisory authorities in the country in which they are established; (d) that in accordance with the law of the country of their establishment are required to have a depository holding the assets of the institution; and (e) that are managed by entities whose activities are authorized by the financial market supervisory authorities in the country in which they are established; and (5) depository receipts admitted to trading on the regulated market.

Please see category XII.B. “Provisions specific to institutional investors.” For PPK, the value of assets denominated in a currency other than the national one may not exceed 30% of total assets.

Sale or issue abroad by residents

Yes. Under the EU uniform rules, any public offering of securities in a member state other than Poland generally requires approval of a prospectus by the KNF, KNF notification of the host member state’s competent authority, and publication of the prospectus in the host member state.

Bonds or other debt securities

Yes.

Purchase locally by nonresidents

Yes. The regulations governing shares or other securities of a participating nature apply.

Sale or issue locally by nonresidents

Yes. The regulations governing shares or other securities of a participating nature apply. However, in case of debt securities with a high nominal value, the KNF can be chosen by the issuer to approve its prospectus.

Purchase abroad by residents

Yes. Controls apply to the purchase of securities issued by nonresidents from countries other than EU, EEA, and OECD countries with which Poland has not entered into agreements for the promotion and protection of investments.

Controls apply to the purchase of securities issued by nonresidents from countries other than EU, EEA, and OECD countries by privately managed pension funds. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity.

Open pension funds may invest up to 30% of their assets in assets denominated in a currency other than the national one. The total value of open pension fund assets invested in assets denominated in currency other than the national one may not exceed 30%. For occupational pension funds the value of assets denominated in a currency other than zlotys may not exceed 30% of a fund’s total assets. Pension fund assets may be invested in assets denominated in zlotys or currencies of EU, EEA, or OECD members. These assets may be invested in the following debt securities with an original maturity of more than one year: (1) bonds and other securities issued by the governments or the CBs as well as loans and credits made to the aforesaid entities; (2) bonds and other debt securities representing the issuer’s pecuniary obligation, which are guaranteed or backed by the governments or the CBs, and deposits, credit, and loans guaranteed or backed by the aforesaid entities; (3) deposits in banks or credit institutions authorized by the financial market supervisory authorities—acquisition of currency is permissible solely for settlement of the current liabilities of the pension fund as a result of acquisition or disposal of investments within the pension fund’s investment policy; (4) bonds and other debt securities, subject to
public offer, issued by regional or local public authorities; (5) bonds and other debt securities, other than subject to public offer, issued by regional or local public authorities; (6) debt securities whose issuer may limit liability for the obligations arising from them to the amount of income or value of the property of the project to which the bondholder has priority over other creditors and whose issuer is one of the following: (a) appropriate regional or local public authorities; (b) banks or credit institutions, particularly implementing government programs, including using funds from the EU and international financial institutions, government infrastructure programs, and government programs for development of small and medium enterprises; (c) government funds providing financial support for capital funds investing in businesses; (d) companies in which the entities listed in (a) have shares that give those entities more than 50% of the total votes, unless the sole objective of the company is to meet the needs of local communities or to perform tasks related to public utility; (e) companies whose sole objective is to perform tasks related to public utility on the basis of agreements with the entities listed in (a) that will perform these tasks at least for a period equal to the period of maturity of securities issued for this purpose; and (f) companies that will perform tasks related to public utility or will provide services in the field of transportation or communication as well as maintenance and development of the communication infrastructure or the transportation infrastructure, as authorized by law or based on concession or permit, at least for a period equal to the period of maturity of securities issued for this purpose; (7) bonds and other debt securities subject to public offer issued by entities other than regional or local public authorities, which are secured for their full nominal value and possible interest rate; (8) bonds and other debt securities, other than subject to public offer, issued by entities other than regional or local public authorities that are secured in an amount corresponding to the full nominal value and possible interest rate; (9) other bonds and other debt securities subject to public offer; and (10) bonds and other debt securities of companies listed on the regulated market. Please see category XII.B. “Provisions specific to institutional investors.” For PPK, the value of assets denominated in a currency other than the national one may not exceed 30% of total assets.

Sale or issue abroad by residents  Yes. Under the EU uniform rule, any public offering of securities in a member state other than Poland generally requires approval of a prospectus by the KNF, KNF notification of the host member state’s competent authority, and publication of the prospectus in the host country.

On money market instruments Yes.

Purchase locally by nonresidents Yes. Money market bills issued by the NBP for the purpose of conducting open market operations can be purchased only by domestic banks, branches of foreign banks, and branches of foreign credit institutions meeting appropriate technical standards, as well as the Bank Guarantee Fund.

Sale or issue locally by nonresidents Yes. No controls apply to the sale of instruments previously acquired by nonresidents.

Purchase abroad by residents Yes. Controls apply to residents’ purchase of short-term securities outside EU, EEA, or OECD countries. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity which is based on Solvency II Directive.

Open pension funds may invest up to 30% of their assets in assets...
denominated in currency other than the national one. For occupational pension funds the value of assets denominated in a currency other than zlotys may not exceed 30% of a fund’s total assets. Pension funds’ assets may be invested in assets denominated in zlotys or in currencies of EU, EEA, or OECD members. These assets may be invested in particular in the following money market instruments with an original maturity of one year or less: (1) bonds, bills, and other securities issued by the governments or the CBs as well as loans and credits made to the aforesaid entities; (2) bonds and other debt securities representing the issuer’s financial obligation that are guaranteed or backed by the governments or the CBs as well as deposits, credits, and loans guaranteed or backed by the aforesaid entities; (3) deposits in banks or credit institutions authorized by the financial market supervisory authorities—acquisition of currency may occur solely for the settlement of the current liabilities of the pension fund arising from acquisition or disposal of investments within the pension fund’s investment policy; (4) bonds and other debt securities subject to public offer issued by regional or local public authorities; (5) bonds and other debt securities other than subject to public offer, issued by regional or local public authorities; (6) bonds and other debt securities subject to public offer, issued by entities other than regional or local public authorities, secured for the full nominal value and possible interest rate; and (7) bonds and other debt securities, other than subject to public offer, issued by entities other than regional or local public authorities that are secured for the full nominal value and possible interest rate. Please see category XII.B. “Provisions specific to institutional investors.” For PPK, the value of assets denominated in a currency other than the national one may not exceed 30% of total assets.

### Controls on Investments

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

For UCITS, the coordinated procedures from UCITS Directive apply. Controls apply to the purchase of collective investment securities issued by nonresidents in countries other than EU, EEA, and OECD and countries with which Poland has not entered into agreements for the promotion and protection of investments. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity based on Solvency II Directive. No specific limits apply also to unit linked assets composition apart of the prudent person principle to be followed. Open pension funds may invest up to 30% of their assets in assets denominated in a currency other than the national one. The total value of open pension fund assets invested in assets denominated in currency other than the national one may not exceed 30%. For occupational pension funds the value of assets denominated in a currency other than zlotys may not exceed 30% of a fund’s total assets. Pension fund assets may be invested in assets denominated in zlotys or in currencies of member countries of the EU, EEA, or OECD. These assets may be invested in the following collective investment securities: (1) participation units issued by closed-end collective investment institutions, as follows: (a) whose sole objective is collective investment of the funds collected through public or private offering of their participation units in securities,
money market instruments, and other property rights; (b) that are authorized by the financial market supervisory authorities in the country in which they are established or whose operations require notification to those authorities, if under their articles of incorporation their participation units are not offered publicly or admitted to trading on a regulated market or the alternative trading system, and they can be purchased by individuals solely in a single purchase of not less than €40,000; (c) they operate under the direct supervision of the financial market supervisory authorities in the country in which they are established; (d) in accordance with the law of the country of their establishment they are required to have a depository holding the assets of the institution; and (e) they are managed by entities authorized by the financial market supervisory authorities in the country in which they are established; (2) participation units issued by open-end collective investment institutions, as follows: (a) whose sole objective is collective investment of the funds collected through public or private offering of their participation units in securities, money market instruments, and other property rights; (b) that are authorized by the financial market supervisory authorities in the country in which they are established, or whose operations require notification of those authorities; (c) that are under the direct supervision of the financial market supervisory authorities in the country in which they are established; (d) that in accordance with the law of the country of their establishment they are required to have a depository holding the assets of the institution, and (e) that they are managed by entities whose activities are authorized by the financial market supervisory authorities in the country in which they are established. Please see category XII.B. “Provisions specific to institutional investors.” For PPK, the value of assets denominated in a currency other than the national one may not exceed 30% of total assets.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
<th>Coordinated procedures from UCITS and Alternative Investment Fund Managers Directive apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>No controls apply to the sale of derivatives and other instruments issued previously acquired by nonresidents. The regulations governing shares or other securities of a participating nature apply in case of derivatives being transferable securities and other instruments being transferable securities according to Polish and EU law generally require approval of a prospectus by the KNF and its publication. Only in case of public offers with small value and/or addressed to specific investors there is no obligation to publish a prospectus or a much lighter document is required (a memorandum). In case of issuer from a member state other than Poland, if a public offering or admission to trading on a regulated market is provided for in Poland as a host member country, the prospectus approved by the home member country is valid in Poland, provided the KNF is notified by the appropriate authority in the issuer’s home country.</td>
</tr>
</tbody>
</table>
| Purchase abroad by residents | Yes. | Controls apply to the purchase of derivatives and other instruments issued by nonresidents in countries other than EU, EEA, and OECD. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity based on Solvency II Directive. As regards derivatives according to Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity, insurance
undertakings may invest in derivatives provided (only if) they are purchased to reduce risk or to facilitate sufficient risk management. The regulations governing shares or other securities of a participating nature apply in case of derivatives being transferable securities and other instruments being transferable securities according to Polish and EU law. Controls apply to the issuance of derivatives and other instruments by residents in countries other than EU, EEA, and OECD. Controls apply to the issuance of derivative instruments by residents outside EU, EEA, or OECD countries. In case of derivatives and other instruments in the form of securities, under the EU uniform rule, any public offering of securities in a member state other than Poland generally requires approval of a prospectus by the KNF, KNF notification of the host member state’s competent authority, and publication of the prospectus in the host country.

<table>
<thead>
<tr>
<th>Controls on credit operations</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>An NBP permit is required for direct investment, with the exception of the purchase of shares and interests in companies based in Bilateral Investment Treaty countries. No controls apply to investments in EU, EEA, or OECD countries.</td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls apply to (1) the provision of asset management services by branches of nonresident investors to domestic pension funds; (2) the acquisition of land reserved for agriculture or forests, and acquisition of water areas, unless authorization is granted; (3) investment in airlines established in the country that must be majority owned and effectively controlled by EU members and/or nationals of EU members, unless otherwise provided for through an international agreement to which the EU is a signatory; (4) investment in a broadcasting company, if it raises foreign ownership of the share capital above 33%; (5) investment in an enterprise operating in the gambling and betting sector, except through an enterprise incorporated in Poland in which foreign ownership of the share capital is 49% or less; (6) investment in a registered vessel, except through an enterprise incorporated in Poland; (7) the extent that...</td>
<td></td>
</tr>
</tbody>
</table>
under Directive 2009/65/EC a depository must either have its registered office or be established in the home EU member state of the UCITS and under Directive 2011/61/EU a depository must have its registered office or branch in the home EU member state of the AIF and (8) the operation of a branch as a mortgage bank to the extent that a mortgage bank is defined under Polish law as an institution authorized to issue mortgage securities in domestic markets, and thereby reserved for financial institutions incorporated under domestic law. A bank may open a branch in Poland; however, it may not issue mortgage bonds on its territory; the single EU passport principle does not apply to them.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |

**Purchase abroad by residents**
Yes.

Pension funds are not allowed to invest directly in real estate. Pension fund assets may be invested in assets denominated in zlotys or in currencies of member countries of the EU, EEA, or OECD. The allocation of assets of insurance companies is not subject to limits but must remain consistent with prudent person principle specified in Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity based on Solvency II Directive.

**Purchase locally by nonresidents**
Yes.

Nonresidents may acquire real estate or other immovable property in Poland only with permission from the Ministry of the Interior, except if it is inherited. Under the Law on Acquisition of Real Estate by Foreigners, foreigners may also acquire real estate without a permit if (1) the real estate is an apartment; (2) the foreigner has lived in Poland for at least five years since obtaining a permanent residence visa; (3) the foreigner has been married to a Polish citizen for at least two years (the purchased real estate must constitute part of matrimonial community property); or (4) the real estate is purchased by nonresident juridical persons for statutory purposes, and the real estate is no larger than 4,000 square meters if it is in an urban area. The Council of Ministers may issue a regulation defining other cases for which a permit is not required, provided the size of the acquired real estate does not exceed 4,000 square meters in urban and 10,000 square meters in rural areas. The Council of Ministers may also extend the area to be acquired without a permit to 12,000 square meters in urban and 30,000 square meters in rural areas. Poland maintained rules until 2009 regarding the acquisition of secondary residences by foreigners other than nationals of EU member countries and nationals of countries that are parties to the EEA and who have been legal residents of Poland continuously for four years. Rules regarding the acquisition of agricultural land and forests are in effect until 2016. Under these rules, nationals of another EU member country or of a country that is party to the EEA who want to establish themselves as self-employed farmers and who have been legally resident and leasing land continuously in Poland as a natural or legal person for at least three years are not subject to any procedures other than those that apply to nationals of Poland; in some western and northern “voivods” (state administrations), the residence and leasing period is for a minimum of seven years.

**Sale locally by nonresidents**
No.

**Controls on personal capital transactions**
No.

**Loans**
No.

**By residents to nonresidents**
No.
To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies No.

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) Yes.

The Capital Requirements Regulation (CRR), among other things, covers areas of regulation such as large exposures, risk weights for credit exposures, and calculation of own funds requirements for foreign exchange risk. In general, CRR does not differentiate between residents and nonresidents. According to CRR provisions, banks are subject to large exposure limits, which apply to exposures to both residents and nonresidents. The CRR also allows for, under certain conditions, national competent authorities to set higher risk weight for exposures secured by mortgage on commercial immovable property, which applies both to residents and nonresidents. According to the Regulation of the Minister of Development and Finance of May 25, 2017, on a higher risk weight for exposures secured by mortgages on immovable properties, risk weight applicable to exposures secured by mortgage on commercial immovable property located in Poland amounts to 100% (this regulation concerns banks using the Standardized Approach for determining capital requirement).

Lending locally in foreign exchange Yes.

According to Article 6 paragraph 1 of the Act of March 23, 2017, on Mortgage Loan and on Supervision over Credit Intermediaries and Appointed Representatives, mortgage loans may be granted only in the currency or be indexed to the currency in which the consumer receives most of his income or holds most of his funds or other assets valued in the currency of mortgage loan or in the currency to which the mortgage loan is indexed. Additionally, both Recommendations S (from 2013 and 2019)—which are non-legally binding acts but issued based on the Banking Act—concerning good practices with regard to mortgage credit exposures requires banks to grant loans only in the currency of the borrower’s income. Recommendation T concerning good practices with regard to risk management of retail credit exposures requires banks in case of loans granted in currency different from the one in which borrower receives income, to disclose comprehensive pre-contractual information regarding...
foreign exchange risk and apply stricter creditworthiness standards (KNF Resolution No. 59/2013).

According to the Regulation of the Minister of Development and Finance of May 25, 2017, on a higher risk weight for exposures secured by mortgages on immovable properties, risk weight applicable to exposures secured by mortgage on residential immovable property located in Poland in case of which installments depend on exchange rates relating to currency other that the one in which borrower receives income amounts to 150% (this regulation concerns banks using the Standardized Approach for determining capital requirement).

### Table: Description of Exchange Control Measures

<table>
<thead>
<tr>
<th>Description</th>
<th>Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

At the meeting of the MPC held on March 17, 2020, the MPC decided to decrease the required reserve ratio from 3.5% to 0.5% and to increase the remuneration of the required reserves from 0.5% to the reference rate level. The required reserve ratio and remuneration rate are the same for both residents and nonresidents.

The CRR replaced domestic regulations concerning among other things large exposures, risk weights, and calculation of own funds requirements for foreign exchange risk. According to provisions of the CRR, banks are subject to large exposure limits, which apply to exposures to both residents and nonresidents.

The CRR replaced domestic regulations on the calculation of own funds requirements for foreign exchange risk. According to its provisions, banks are subject to large exposure limits, which apply to exposures to both residents and nonresidents. There is no binding direct limit on open foreign exchange positions. However, in accordance with the CRR if the sum of the overall net foreign exchange position and net gold position exceeds 2% of total own funds, banks must calculate own funds requirements for foreign exchange risk in line with the provisions of the CRR. The relevant Polish regulations, which implemented the capital requirements provided for in EC Directives Nos. 2006/48/EC and 2006/49/EC, are now superseded by the CRD IV package consisting of the CRD and the CRR.
On nonresident assets and liabilities  Yes.

Provisions specific to institutional investors  Yes.

Insurance companies  No.

In compliance with EU directives and the Polish Act on Insurance and Reinsurance Activity, a KNF’s permission is required for non-EU entities to set up an insurance company; insurance companies located in the EU are subject to the general provisions of EU and domestic law. The KNF must be notified of investment transactions that would result in the acquisition of 10%, 20%, one-third, or 50% of shares or voting power or in an increase beyond 10%, 20%, one-third, or 50% of total shares or voting power. The KNF must also be notified whenever a given entity intends to become a parent company (either directly or indirectly) of an insurance or reinsurance company (currently, Article 82 of the Act on Insurance Activity). The KNF may object to the transaction within a 60-working day period.

Limits (max.) on securities issued by nonresidents  No.

New regulations concerning the allocation of assets of insurance companies are consistent with prudent person principle resulting from the implementation of the Solvency II Directive. According to Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity, assets of insurance and reinsurance companies should be invested according to prudent person principle. This act is an implementation of Directive 2009/138/EC of November 25, 2009, on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and prudent person principle is provided in Art. 132 of this directive. The main principles are: (1) With respect to the whole portfolio of assets, insurance and reinsurance companies must only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. (2) All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole. In addition, the localization of those assets must be such as to ensure their availability. (3) Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. With respect to assets other than assets held in respect of life insurance contracts where the investment risk is borne by the policy holders:

(1) the use of derivative instruments must be possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management,

(2) investment and assets which are not admitted to trading on a regulated financial market must be kept to prudent levels, (3) assets must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole,

(4) Investments in assets issued by the same issuer, or by issuers belonging to the same group, may not expose the insurance undertakings to excessive risk concentration.

The absence of regulatory limits on investments does not mean that undertakings can take investment decisions without any regard to prudence and to the interests of policyholders. The insurance and reinsurance companies are obliged to possess the risk-management system. According to Article 57 of Act of insurance and reinsurance
activity, the risk-management system must cover investments, in particular derivatives. The requirements concerning the risk-management system are laid down in Act of insurance and reinsurance activity, which implements appropriate regulations of Solvency II Directive. When undertakings have a material investment in other currencies, the insurance company must properly identify and manage the currency risk. Furthermore, the currency risk is taking into account when the undertakings calculate solvency capital requirement. In short, the higher the currency risk exposure, the more the solvency capital requirement.

The regulations concerning the allocation of assets of insurance companies are consistent with prudent person principle resulting from the implementation of the Solvency II Directive. According to Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity, assets of insurance and reinsurance companies should be invested according to prudent person principle. This act is an implementation of Directive 2009/138/EC of November 25, 2009, on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and prudent person principle is provided in Art. 132 of this directive. The main principles are: (1) With respect to the whole portfolio of assets, insurance and reinsurance companies must only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. (2) All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole. In addition, the localization of those assets must be such as to ensure their availability. (3) Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. With respect to assets other than those held in respect of life insurance contracts where the investment risk is borne by the policy holders:

(1) the use of derivative instruments must be possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management,

(2) investment and assets which are not admitted to trading on a regulated financial market must be kept to prudent levels,

(3) assets must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole,

(4) Investments in assets issued by the same issuer, or by issuers belonging to the same group, may not expose the insurance undertakings to excessive risk concentration.

The absence of regulatory limits on investments does not mean that undertakings can take investment decisions without any regard to prudence and to the interests of policyholders. The insurance and reinsurance companies are obliged to possess the risk-management system. According to Article 57 of Act on insurance and reinsurance activity, the risk-management system must cover investments, in particular derivatives. The requirements concerning the risk-management system are laid down in Act of insurance and reinsurance activity, which implements appropriate regulations of Solvency II Directive. When undertakings have a material investment in other currencies, the insurance company must properly
identify and manage the currency risk. Furthermore, the currency risk is taken into account when the undertakings calculate solvency capital requirement.

| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

The regulations concerning the allocation of assets of insurance companies are consistent with prudent person principle resulting from the implementation of the Solvency II Directive. According to Article 276 of the Act of September 11, 2015, on insurance and reinsurance activity, assets of insurance and reinsurance companies should be invested according to prudent person principle. This act is an implementation of Directive 2009/138/EC of November 25, 2009, on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and prudent person principle is provided in Art. 132 of this directive. The main principles are: (1) With respect to the whole portfolio of assets, insurance and reinsurance companies must only invest in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report, and appropriately take into account in the assessment of its overall solvency needs. (2) All assets, in particular those covering the Minimum Capital Requirement and the Solvency Capital Requirement, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole. In addition, the localization of those assets must be such as to ensure their availability. (3) Assets held to cover the technical provisions must also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. With respect to assets other than assets held in respect of life insurance contracts where the investment risk is borne by the policy holders:

(1) the use of derivative instruments must be possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management,
(2) investment and assets which are not admitted to trading on a regulated financial market must be kept to prudent levels,
(3) assets must be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole,
(4) Investments in assets issued by the same issuer, or by issuers belonging to the same group, may not expose the insurance undertakings to excessive risk concentration.

The absence of regulatory limits on investments does not mean that undertakings can take investment decisions without any regard to prudence and to the interests of policyholders. The insurance and reinsurance companies are obliged to possess the risk-management system. According to Article 57 of Act on insurance and reinsurance activity, the risk-management system must cover investments, in particular derivatives. The requirements concerning the risk-management system are laid down in Act on insurance and reinsurance activity, which implements appropriate regulations of Solvency II Directive. When undertakings have a material investment in other currencies, the insurance company must properly identify and manage the currency risk. Furthermore, the currency risk is taken into account when the undertakings calculate solvency capital requirement. The Act on Insurance and reinsurance activities specified also how to take into account currency risk when determining risk-free rate used for the calculation of (re)insurance.
liabilities expressed in foreign currencies. In addition to the above regulations based on Solvency II regime, under the local accounting regulation for statutory purposes there are certain provisions which require a kind of matching of actual yields on investments with the technical rate to calculate the technical provisions (long term insurance liabilities) which also apply to assets in foreign currencies.

Pension funds

Yes.

Limits (max.) on securities issued by nonresidents

Yes. Open pension funds are allowed to invest up to 30% of their assets in assets denominated in a currency other than the national one, and such investments may be only in assets denominated in currency of countries that are member countries of the EU, EEA, or OECD. A list of asset categories in which open pension fund may invest is mentioned in Article 141 of the Polish Act on the Organization and Operation of Pension Funds.

Limits (max.) on investment portfolio held abroad

Yes. Open pension funds may invest up to 30% of their assets in assets denominated in a currency other than the national one. For occupational pension funds the value of assets denominated in a currency other than zlotys may not exceed 30% of a fund’s total assets. Assets of pension funds (both occupational and open) may be invested in assets denominated in zlotys or in currencies of the member countries of the EU, EEA, or OECD. A list of asset categories in which pension funds may invest is mentioned in Article 141 of the Polish Act on the Organization and Operation of Pension Funds: (1) bonds, bills, and other securities issued by the governments or the CBs as well as loans and credits made to the aforesaid entities; (2) bonds and other debt securities representing the issuer’s financial obligation that are guaranteed or backed by the governments or the CBs as well as deposits, credits, and loans guaranteed or backed by the aforesaid entities; (3) deposits in banks or credit institutions authorized by the financial market supervisory authorities—acquisition of currency may occur solely for the settlement of the current liabilities of the pension fund arising from acquisition or disposal of investments within the pension fund’s investment policy; (4) shares of companies listed on the regulated market and bonds convertible to the shares of such companies, as well as preemptive rights and rights to shares listed on that market; (5) shares, preemptive rights, and rights to shares subject to public offer; (6) participation units issued by closed-end collective investment institutions, as follows: (a) whose sole objective is collective investment of the funds collected through public or private offering of their participation units in securities, money market instruments, and other property rights; (b) that are authorized by the financial market supervisory authorities in the country in which they are established, or whose operation requires notification to those authorities, if according to their articles of incorporation their participation units are not offered publicly or admitted to trading on a regulated market or the alternative trading system, and they can be purchased by individuals, solely in a single purchase of not less than €40,000; (c) that operate under the direct supervision of the financial market supervisory authorities in the country in which they are established; (d) that in accordance with the law of the country of their establishment are required to have a depository holding the assets of the institution; and (e) that are managed by entities authorized by the financial market supervisory authorities in the country in which those entities are established; (7) participation units issued by open-end collective investment institutions, as follows: (a) whose sole object of their activity is collective investment of the funds collected through the public or private offering of their
participation units in securities, money market instruments, and other property rights; (b) that are authorized by the financial market supervisory authorities in the country in which they are established, or their operation requires notification to those authorities; (c) that operate under the direct supervision of the financial market supervisory authorities in the country in which they are established; (d) that in accordance with the law of the country of their establishment are required to have a depository holding the assets of the institution; and (e) that are managed by entities authorized by the financial market supervisory authorities in the country in which those entities are established; (8) bonds and other debt securities subject to public offer issued by the appropriate regional or local public authorities; (9) bonds and other debt securities other than subject to public offer issued by the appropriate regional or local public authorities; (10) debt securities, the issue of which may limit liability for the obligations arising from them to the amount of income or value of the property of the project to which the bondholder has the priority right over other creditors of the issuer and the issuers of which may be the following entities: (a) appropriate regional or local public authorities; (b) banks or credit institutions, implementing particularly government programs, including government programs implemented using funds from the EU and international financial institutions, infrastructural government programs, and government programs related to the development of the sector of small and medium enterprises; (c) state funds implementing activity providing financial support to capital funds investing in businesses; (d) companies, in which the entities listed in (a) have the number of shares that provides those entities with more than 50% of the total number of votes in these companies, unless the sole object of the activity of the company is to meet the needs of local communities or to perform tasks related to public utility; (e) companies whose sole objective are tasks related to public utilities on the basis of agreements with the entities listed in item (a) and that will perform these tasks at least for a period equal to the period of maturity of securities issued for this purpose; and (f) companies that will perform tasks related to public utilities or will provide services in the field of transportation or communication as well as maintenance and development of the communication infrastructure or the transportation infrastructure, pursuant to the authorization contained in the law or on the basis of the concession or the permit, at least for a period equal to the period of maturity of securities issued for this purpose; (11) bonds and other debt securities subject to public offer issued by entities other than the appropriate regional or local public authorities that have been secured in the amount corresponding to the full nominal value and possible interest rate; (12) bonds and other debt securities other than subject to public offer issued by entities other than the appropriate regional or local public authorities, which have been secured in the amount corresponding to the full nominal value and possible interest rate; (13) other bonds and other debt securities subject to the public offer; (14) bonds and other debt securities for which the entities required to meet the benefits are companies listed on the regulated market; (15) debt securities issued by a credit institution subject to special public supervision designed to protect the holders of those securities, provided the amounts received from the issuance of these securities are invested by the issuer in assets that throughout the period until redemption ensure fulfillment of all cash benefits resulting from these securities and that in the event of insolvency of the issuer have priority in the recovery of all cash benefits resulting from these securities; and (16) depository receipts admitted to trading on the
regulated market. According to Paragraph 2 of the aforementioned Article 141, open pension funds are not allowed to invest in asset categories listed in Points 1–2.

| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Investment firms and collective investment funds | Yes. |
| Limits (max.) on securities issued by nonresidents | Yes. |

There are no specific limitations on investment activities in securities issued by nonresidents; however in case of open-ended investment funds, investments in securities and/or money market instruments traded on an organized market, as well as in securities and money market instruments whose admission to such trading is ensured in a country other than Poland and/or an OECD member country require the KNF’s consent. The KNF may also consent to investments of open-end funds’ assets in deposits with a foreign bank.

| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
PORTUGAL

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance: September 12, 1988.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

Pursuant to Executive Board Decision No. 144-(52/51), Portugal implements UNSC resolutions (UNSCRs) that approve restrictive measures (related to freezing of funds and other economic resources) directly and immediately by way of Article 8(3) of the Constitution of the Portuguese Republic and Law No. 97/2017, and does so for the preservation of international security.

As a full-fledged member of the EU, Portugal also benefits from decisions and regulations of the Council of the EU implementing UNSCRs that approve restrictive measures related to freezing of funds and other economic resources, as well as imposing restrictive measures of EU initiative.

Portugal has all of the rights and obligations stemming from its membership at the EU. Therefore, all directly applicable EU legislation applies in Portugal including all decisions adopted in the framework of the CFSP and all regulations based on Article 215 of the Treaty on the Functioning of the EU. Details on these restrictive measures are available on the following websites:

eeas.europa.eu/topics/sanctions-policy/423/sanctions-policy_en and data.europa.eu/euodp/pt/data/dataset/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions/resource/3a1d5dd6-244e-4118-82d3-db3be0554112. Exchange measures in accordance with IMF Executive Board Decision No. 144-(52/51) were notified to the IMF effective July 30, 2019.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Portugal is the euro.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual
Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Yes. The exchange rate arrangement of the euro area is free floating. Portugal participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate

Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:30 Central European Time to around 16:00 Central European Time. The reference rates against the euro are the average of the buying and selling rates. The exchange rates against the euro published by the ECB are released for reference purposes only.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board
Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2%.

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients. However, in accordance with Notice No. 8/2009, customers must be informed of...
fees and charges before the sale of products and services, and the list of fees and charges must be visible and easily accessible to customers in all branches.

Spot exchange market  Yes. Foreign exchange bureaus are licensed by the BdP (Bank of Portugal—see Articles 6 and 174-A of Credit Institutions and Financial Companies Framework). As of December 31, 2019, there were 5 registered foreign exchange bureaus. Their main purpose is the purchase and sale of foreign banknotes and coins or traveler’s checks. They may also purchase and sell gold and silver bars and coins. They may not make foreign exchange transactions directly with the CB.

Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.

Interbank market  Yes. All credit institutions and financial companies registered with the BdP may participate in the foreign exchange market. As of December 31, 2019, there were 28 banks participating in the interbank market. There are no limits on the bid-ask spreads and commissions of market participants. The BdP does not intervene directly with market participants.

Over the counter  Yes. The market operates over the counter.
Brokerage  Yes. There are foreign exchange brokers in the euro market.
Market making  Yes. There are market makers in the euro market who continuously quote buying and selling prices; however, they do not do so under a formal agreement.

Forward exchange market  Yes. The BdP Markets Department also carries out operations in the foreign exchange derivatives market.

Official cover of forward operations  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.
Controls on the use of domestic currency  No.

For current transactions and payments  No.
For capital transactions  No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations  No.
Use of foreign exchange among residents  Yes. Operations in foreign exchange are permitted. Transactions between residents and nonresidents must be conducted through the banking system.
Payments arrangements  No.
Bilateral payments arrangements  No.
Operative  No.
Inoperative  No.
Regional arrangements  No.
Clearing agreements  No.
Barter agreements and open accounts  No.

Administration of control  No.
There are no exchange controls. Foreign trade policy is implemented by the Ministry of Economy. The Tax and Customs Authority within the MOF is responsible for administering trade controls and for issuing import and export licenses, declarations, and certificates.

Payments arrears  No.
Official  No.
Private  No.

Controls on trade in gold (coins and/or bullion)  Yes.
On domestic ownership and/or trade  No.
On external trade  Yes.
In accordance with EU legal acts, there is a ban on trade in gold, precious metals, and diamonds with the government of the Democratic People’s Republic of Korea (DPRK) (as of May 2016, as amended) and Syrian public agencies (as of June 2013, as amended).

Controls on exports and imports of banknotes  No.
In accordance with EC Regulation No. 1889/2005 and Decree-Law No. 61/2007 of March 14, 2007, there is a mandatory declaration system for cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

The obligations to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EC regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EC regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EC regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of the EC regulation; the EC regulation only harmonizes the system for the EU’s external borders. According to Decree-Law No. 61/2007 of March 14, 2007, when required by the Portuguese customs authorities, a similar declaration must be presented when cash is transported within the EU.
European Cash Declaration Form is used for declaration. The form allows the identification of a person or legal entity by its tax ID number. In accordance with EC regulations, there is a ban on the provision of new DPRK banknotes and coins to or for the benefit of the CB of the DPRK (as of May 2016, as amended), and a ban on the provision of new Syrian banknotes and coins (as of June 2013, as amended).

On exports

- **Domestic currency**
  
  No.

  In accordance with EC Regulation No. 1889/2005 and Decree-Law No. 61/2007 of March 14, there is a mandatory declaration system for cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

- **Foreign currency**
  
  No.

  In accordance with EC Regulation No. 1889/2005 and Decree-Law No. 61/2007 of March 14, there is a mandatory declaration system for cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

On imports

- **Domestic currency**
  
  No.

- **Foreign currency**
  
  No.

  In accordance with EC Regulation No. 1889/2005 and Decree-Law No. 61/2007 of March 14, there is a mandatory declaration system for cash entering or leaving the EU with a value of €10,000 or more. Travelers entering or leaving the EU and carrying more than €10,000 are required to make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

- **Foreign exchange accounts permitted** Yes.

- **Held domestically** Yes.
  
  The balances in domestic accounts may be freely transferred abroad through the banking system.

- **Approval required** No.

- **Held abroad** Yes.
  
  The balances in accounts abroad may be freely transferred home through the banking system.

- **Approval required** No.

- **Accounts in domestic currency held abroad** Yes.
  
  Residents may open and operate accounts with nonresident institutions.

- **Accounts in domestic currency convertible into foreign currency** Yes.
  
  Residents may open and operate accounts denominated in euros or foreign currency in authorized institutions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

- **Foreign exchange accounts permitted** Yes.
  
  Nonresidents may open and operate accounts denominated in foreign
<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic currency accounts</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Blocked accounts</strong></td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
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</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports of certain products are subject to an import license and are allowed under specific conditions. For agricultural products covered by the CAP, an import certificate may be required. Imports from Iran of certain goods and technologies are subject to an import license (as of July 2010, as amended).

Imports of certain products are prohibited for reasons of health, public order, or the prevention of commercial fraud. In accordance with UNSCRs and EU legal acts, sanctions have been imposed on specific transactions: (1) ban on imports of goods which could be used for capital punishment, torture or other cruel, inhuman, or degrading treatment or punishment for all third countries (as of June 2005, as amended); (2) restrictions on trade in goods of cultural significance in Iraq (as of July 2003, as amended) and Syria (as of December 2013, as amended); (3) a ban on imports of equipment for internal repression from Libya (as of August 2005, as amended); (4) a ban on imports of diamonds from Syria (as of June 2013, as amended) and the DPRK (as of May 2016); (5) a ban on imports of petroleum products from Syria (as of June 2013, as amended); (6) a ban on imports of wood charcoal from Somalia (as of April 2010, as amended); (7) embargo on certain goods and technology from the DPRK (as of May 2016); (8) embargo on crude oil and petroleum products from Syria (as of June 2013, as amended); (9) embargo on certain goods and technology from the DPRK (as of May 2016); (10) embargo on imports of equipment for internal repression from Libya (as of August 2005, as amended); (11) embargo on imports of diamonds from Syria (as of June 2013, as amended); (12) embargo on imports of petroleum products from Syria (as of June 2013, as amended); (13) embargo on imports of wood charcoal from Somalia (as of April 2010, as amended).
Open general licenses  No.
Licenses with quotas  Yes.  Imports subject to quantitative restrictions require an import license. Generally, licenses are valid for six months for customs clearance purposes.
Other nontariff measures  Yes.  Certain measures are imposed for environmental, health, safety, sanitary, and phytosanitary reasons.
Import taxes and/or tariffs  Yes.  Portugal applies the EU Common Customs Tariff.
Taxes collected through the exchange system  No.
State import monopoly  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  No.
Surrender requirements  No.

Surrender to the central bank  No.
Surrender to authorized dealers  No.

Financing requirements  No.
Documentation requirements  No.
Letters of credit  No.
Guarantees  No.
Domiciliation  No.
Preshipment inspection  No.
Other  No.

Export licenses  Yes.
Without quotas  Yes.  For agricultural products covered by the CAP, an export certificate may be required. Chemical precursors may be subject to export licensing. Dual-use goods as well as arms are subject to export licenses. In accordance with UNSCRs and EU legal acts, sanctions have been imposed on specific transactions: (1) ban or trade restrictions on exports of goods which could be used for capital punishment, torture or other cruel, inhuman, or degrading treatment or punishment for all third countries (as of June 2005, as amended); (2) an embargo on arms and related material to Afghanistan, Belarus (as of October 2012, as amended), the Central African Republic (as of December 2013, as amended), China (as of June 1989, as amended), the Democratic Republic of the Congo (as of December 2010, as amended), Eritrea (as of March 2010, as amended), the Islamic Republic of Iran as of July 2010, as amended), Iraq (as of July 2013, as amended), the DPRK (as of May 2013, as amended), Lebanon (as of September 2006, as amended), Libya (as of August 2005, as amended), Russia (as of July 2014, as amended), and Syria (as of June 2013, as amended).
2015, as amended), Myanmar (as of April 2013, as amended), Russia (as of July 2014, as amended), Somalia (as of April 2010, as amended), Sudan (as of July 2014, as amended), South Sudan (as of May 2015, as amended), Zimbabwe (as of February 2011), to or for the benefit of certain individuals and entities in Yemen and those acting on their behalf or at their direction in Yemen (as of June 2015, as amended), members of Al-Qaida, ISIS (Da'esh) (as of September 2016, as amended) and the Taliban and individuals, groups, enterprises, and entities associated with them (as of August 2011, as amended); (3) a ban on exports of equipment used for internal repression in Belarus (as of October 2012, as amended), Iran (as of March 2012, as amended), Libya (as of August 2013, as amended), Myanmar (as of April 2013, as amended), Syria (as of June 2013, as amended), and Zimbabwe (as of February 2011, as amended); (4) restrictions on trade in goods of cultural significance in Iraq (as of July 2003, as amended) and in Syria (as of December 2013, as amended); (5) a ban on exports of luxury goods to the DPRK (as of May 2016, as amended) and Syria (as of June 2013, as amended); (6) a ban on exports of key equipment and technology for the oil and gas industries to Syria (as of June 2013, as amended); (7) a ban on equipment, technology, and software that may be used to monitor or intercept Internet or telephone communications in Iran (as of April 2011, as amended) and Syria (as of June 2013, as amended); (8) a ban on trade in gold, precious metals, and diamonds with the DPRK government (as of May 2016, as amended) and Syrian public agencies (as of June 2013, as amended); (9) a ban on provision of new DPRK banknotes and coins to or for the benefit of the CB of the DPRK (as of May 2016, as amended), and provision of new Syrian banknotes and coins (as of June 2013, as amended); (10) a ban on exports of dual-use items and technology to certain entities in Russia (as of July 2014, as amended); (11) exports to Russia of key equipment and technology suited for deepwater oil exploration and production, Arctic oil exploration and production, or shale oil projects in Russia are subject to export license (as of July 2014, as amended); and (12) a ban on the exports of equipment used for internal repression and on equipment, technology, and software that may be used to monitor or intercept Internet or telephone communications in Venezuela (as of July 2017, as amended).

**Payments for Invisible Transactions and Current Transfers**

- **With quotas**: No.
- **Export taxes**: No.
- **Collected through the exchange system**: No.
- **Other export taxes**: No.
- **References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Trade-related payments**

- **Prior approval**: No.
- **Quantitative limits**: No.
- **Indicative limits/bona fide test**: No.

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Investment-related payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Payments for travel  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Personal payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Foreign workers' wages  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Credit card use abroad  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
Other payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.
Restrictions on use of funds  No.
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Capital Transactions

### Controls on capital transactions
Yes.

Regulation (EU) No. 2015/847 of the European Parliament and of the Council of 20 May 2015 (amended by Regulation (EU) 2019/2175 of the European Parliament and of the Council, of 18 December 2019), on Information Accompanying Transfers of Funds entails the prohibition of initiating wire transfers without complete information. Some capital movements and transactions may be subject to restrictions adopted in the framework of the EU CFSP, specifically decisions and regulations of the Council of the EU implementing the UNSCRs that approve restrictive measures related to freezing of funds and other economic resources, as well as imposing restrictive measures of EU initiative.

### Repatriation requirements
No.

### Surrender requirements
No.

### Surrender to the central bank
No.

### Surrender to authorized dealers
No.

### Controls on capital and money market instruments
Yes.

### On capital market securities
No.

### Shares or other securities of a participating nature
No.

### Purchase locally by nonresidents
No.

There are requirements concerning the information to be disclosed to the public by the buyer of shares or other securities of a participating nature when such purchases occur through a public takeover bid. Such public offers are subject to (1) prior registration with the Portuguese Securities Markets Commission (Comissão do Mercado de Valores Mobiliários—CMVM), pursuant to Article 114 of the Securities Code; and (2) prior publication of the respective prospectus (Article 134 of the Securities Code). Qualifying holdings in listed companies are subject to disclosure based on the EU Transparency Directive: Articles 16 et seq. of the Securities Code lay down the framework for disclosure triggered by a ladder of holding thresholds. Prospectuses approved by the appropriate authority of another EU country, pertaining to public offerings of takeover bids of shares admitted to trading in Portugal, are recognized by the CMVM, subject to translation into Portuguese and provided the CMVM receives the necessary documentation (Article 147-A of the Securities Code).

### Sale or issue locally by nonresidents
No.

There are requirements concerning the information to be disclosed to the public by the issuers of shares or other securities of a participating nature. When securities of less than €100,000 in nominal value (or subscription price as applicable) are offered to the public in Portugal, a prospectus is required and subject to approval by the CMVM and to public disclosure by the offeror (Articles 108, 111, 114, and 134 of the Securities Code). If the issuer is registered in another EU country, or if the securities were or are to be admitted to trading in a regulated market in another EU country, the approval of the prospectus may be the responsibility of that country’s authority, if that is the choice of the issuer or of the offeror (Article 145 of the Security Code). A prospectus approved by the appropriate authority of an EU Member State is valid in Portugal if the CMVM

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receives the necessary documentation (Article 146 of the Securities Code)—the prospectus in English, the Portuguese translation of the summary, and the documents’ certificate of approval. The CMVM may approve prospectuses of an issuer from a non-EU country if they are drawn up according to international standards of organizations of securities supervisory authorities—namely the International Organization of Securities Commissions (IOSCO)—and contain information required under the Securities Code and the Prospectus Regulation (Article 147 of the Securities Code).

**Purchase abroad by residents**

No.

**Sale or issue abroad by residents**

No. There are requirements concerning the information to be disclosed to the public. Sales or issues of shares or other securities of a participating nature through a public offering launched simultaneously in Portugal and abroad require the prior publication of a prospectus (Article 134 of the Securities Code), which must be approved by the CMVM (Article 145, Subparagraph 1, of the Securities Code). If the sale or issue occurs through a public offering launched only abroad, the CMVM has no authority to control such offers, but may be consulted by the foreign authorities.

**Bonds or other debt securities**

No.

**Purchase locally by nonresidents**

No. There are requirements concerning the information to be disclosed to the public to support the buying decisions of resident and nonresident investors before bonds and other debt securities are offered to the public. A prospectus must be published and be subject to approval by the CMVM (Article 114 of the Securities Code).

**Sale or issue locally by nonresidents**

No. There are requirements concerning the information to be disclosed to the public before bonds and other debt securities are offered to the public. When securities of less than €100,000 in nominal value (or subscription price as applicable) are offered to the public in Portugal, a prospectus is required and is subject to approval by the CMVM and to public disclosure by the offeror, pursuant to Articles 108, 111, 114, and 134 of the Securities Code. If the issuer is registered in another EU country or if the securities were or are to be admitted to trading in a regulated market, the approval of the prospectus may be the responsibility of that country’s authority, if that is the choice of the issuer or of the offeror (Article 145 of the Security Code). A prospectus approved by the appropriate authority of an EU country is valid in Portugal as long as the CMVM receives the necessary documentation (Article 146 of the Securities Code)—the prospectus in English, the Portuguese translation of the summary, and the certificate of approval of such documents. The CMVM may also approve prospectuses of an issuer from a non-EU country, provided they are drawn up in accordance with international standards set by international organizations of securities supervisory authorities—namely IOSCO—and contain information required under the Securities Code and the Prospectus Regulation (Article 147 of the Securities Code).

**Purchase abroad by residents**

No.

**Sale or issue abroad by residents**

No. There are requirements concerning the information to be disclosed to the public. Sales or issues of debt securities through a public offering launched simultaneously in Portugal and abroad require the prior publication of a prospectus (Article 134 of the Securities Code), which must be approved by the CMVM (Article 145, Subparagraph 1, of the Securities Code). If the sale or issue occurs through a public offering launched only abroad, the CMVM has no authority to control such offers, but may be consulted by the foreign authorities.
There are requirements concerning the information to be disclosed to the public. Pursuant to Article 12(2) of Decree-Law No. 69/2004 of March 25, 2004, before commercial paper is offered to residents, the issuer must prepare an information document for CMVM approval. Furthermore, according to Article 17(8), issuance of commercial paper for which a prospectus is optional is subject to the same requirements as public offers for which a prospectus is mandatory under the securities law. CMVM Regulation No. 2/2014 of November 4, 2014, provides additional guidance related to the issuance of commercial paper.

Only the marketing and sale of units in foreign alternative investment funds to local retail investors require CMVM authorization. Sale and issuance of units of EU-harmonized funds—UCITS—are allowed, under the national regime resulting from the Directive 2009/65/EC (UCITS Directive), subject to a notification to CMVM from the home country competent authority. Sale and issuance of units of EU alternative investment funds distributed only to professional investors are allowed, under the national regime resulting from the Directive 2011/61/EU (AIFMD), subject to a notification to CMVM from the home country competent authority. Sale and issuance of units of third country alternative investment funds distributed only to professional investors are allowed, subject to CMVM’s authorization and, after the date to be specified on the delegated act to be adopted by the Commission pursuant to Article 67(6) of AIFMD, subject to notification to CMVM by the competent authority. The national regime on UCITS and alternative investment funds is established in the General Framework of Collective Investment Schemes. Venture capital, social entrepreneurship, and specialized investment funds follow the regime established in the General Framework of Collective Investment Schemes (according to Article 65 of the Legal Framework of Venture Capital, Social Entrepreneurship, and Specialized Alternative Investment).
their marketing, distribution, or sale to retail investors was prohibited throughout the territory of the EU, following temporary decisions by the European Securities and Markets Authority (ESMA). Such restrictions were implemented as permanent measures in Portugal by the Regulation CMVM No. 5/2019, in force effective July 3, 2019. These prohibitions apply to the marketing, distributing, or selling the specific types of financial instruments either by Portuguese firms to resident and to nonresident retail investors and by non-Portuguese firms to resident retail investors. Apart from these special cases related to the information required to be disclosed to the buyer and to the high level of risk that makes the financial instrument not adequate to retail investors, the transactions of derivative instruments can generally be undertaken.

| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | No. |
| Sale or issue abroad by residents | No. |
| Controls on credit operations | No. |
| Commercial credits | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Financial credits | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Guarantees, sureties, and financial backup facilities | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Controls on direct investment | Yes. |
| Outward direct investment | No. |
| Inward direct investment | Yes. |

Nondiscriminatory prudential rules apply to the authorization of credit institutions and financial companies. Controls apply to (1) establishment of branches of credit institutions or financial companies owned or controlled by non-EU investors, for which earmarked capital is required in an amount equal to the minimum required by Portuguese law for credit institutions or financial companies of the same type with their headquarters in Portugal; (2) establishment of branches of foreign insurers and reinsurers originating in non-EU member countries, for which a special deposit and financial guarantee are required and whose parent company must have been authorized to exercise such an activity for at least five years; (3) ownership of Portuguese flag vessels other than through an enterprise incorporated in Portugal or in an EU country; (4) investments in airlines established in the country that must be majority owned and effectively controlled by EU countries and/or nationals of EU states, unless otherwise provided for through an...
international agreement to which the EU is a signatory; (5) establishment of travel agencies by non-EU investors, except through an enterprise incorporated in Portugal; and (6) the extent that under UCITS Directive and AIFMD, a depository of a UCITS must either have its registered office in the same EU country as that of the enterprise or be established in the EU country if its registered office is in another EU country.

<table>
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<tr>
<th>Control</th>
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<tr>
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<td>Yes.</td>
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<td>Purchase abroad by residents</td>
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<td>By residents to nonresidents</td>
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<tr>
<td>To residents from nonresidents</td>
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<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
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<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
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<td>Transfer of assets</td>
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<tr>
<td>Transfer abroad by emigrants</td>
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</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
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<tr>
<td>Transfer of gambling and prize earnings</td>
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This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

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<td>Borrowing abroad</td>
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<td>Maintenance of accounts abroad</td>
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<td>Lending to nonresidents (financial or commercial credits)</td>
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<td>Lending locally in foreign exchange</td>
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<td>Purchase of locally issued securities</td>
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<td>Provision</td>
<td>Portugal</td>
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<td>-----------------------------------------------</td>
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<tr>
<td>Differential treatment of deposit accounts</td>
<td>No.</td>
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<td>in foreign exchange</td>
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<td>Reserve requirements</td>
<td>No.</td>
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<td>Liquid asset requirements</td>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>No.</td>
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<tr>
<td>held by nonresidents</td>
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<tr>
<td>Reserve requirements</td>
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</tr>
<tr>
<td>Liquid asset requirements</td>
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</tr>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Abroad by banks**

Yes.  
Nondiscriminatory prudential rules apply to (1) the establishment of branches abroad, which requires notification to and approval from the BdP; (2) the establishment of subsidiaries in non-EEA countries, which requires notification to and approval from the BdP; (3) the acquisition of qualifying holdings in foreign credit institutions, which requires notification to the BdP; and (4) taking effect on January 1, 2018, for less significant institutions and from January 1, 2016, for significant institutions, limits on other investments outside the financial sector (for example, capital holdings in a company exceeding 15% of a bank’s own funds, or the total amount of qualifying holdings exceeding 60% of a bank’s own funds, whichever is higher, are subject to a risk weight of 1250%—in both cases, these limits are not applied to shareholdings in companies supervised on a consolidated basis with the shareholding bank).

**In banks by nonresidents**

Yes.  
Nondiscriminatory prudential rules apply to the authorization of credit institutions and financial companies and to the acquisition of qualifying holdings in credit institutions. Controls apply to establishment of branches of credit institutions owned or controlled by non-EU investors or financial companies owned or controlled by foreign investors, which requires earmarked capital in an amount equal to the minimum required by Portuguese law for credit institutions or financial companies of the same type with their headquarters in Portugal.

**Open foreign exchange position limits**

Yes.  
No absolute limits apply. However, prudential minimum own funds requirements apply on a nondiscriminatory basis to credit institutions, according to EU rules envisaged in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms. These requirements are applied to resident and nonresident assets and liabilities.

**On resident assets and liabilities**

Yes.  
No absolute limits apply. However, prudential minimum own funds requirements apply on a nondiscriminatory basis to banks and other credit institutions, according to EU rules envisaged in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms.

**On nonresident assets and liabilities**

Yes.  
No absolute limits apply. However, prudential minimum own funds...
requirements apply on a nondiscriminatory basis to banks and other credit institutions, according to EU rules envisaged in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms.

**Provisions specific to institutional investors**

- **Insurance companies**
  - Yes.

  Nondiscriminatory prudential rules apply to foreign insurance companies (non-EEA) in the following situations: (1) setting up a subsidiary, which requires approval by the Portuguese Insurance and Pension Funds Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões—ASF); (2) forming a branch requires ASF approval; (3) acquisition of an insurance supplier already established in the host country, which requires ASF approval; and (4) acquisition of qualifying holdings in insurance companies.

- **Limits (max.) on securities issued by nonresidents**
  - No.

- **Limits (max.) on investment portfolio held abroad**
  - Yes.

  Restrictions apply to the acquisition of assets located outside Portugal if the asset in question is to cover part of the minimum capital requirement of a local branch of a non-EU insurance company or to the acquisition of assets located outside the EU for assets exceeding the minimum capital requirement.

- **Limits (min.) on investment portfolio held locally**
  - No.

- **Currency-matching regulations on assets/liabilities composition**
  - Yes.

  The currency-matching requirement for insurance companies is 80%, not including assets covered by adequate methodologies of exchange rate coverage.

- **Pension funds**
  - Yes.

  Pension funds may be managed either by entities set up specifically for this purpose or designated as pension fund management companies or by insurance companies that are part of the “life assurance” class and are established in Portugal. The establishment of pension fund management companies is subject to ASF authorization.

- **Limits (max.) on securities issued by nonresidents**
  - No.

- **Limits (max.) on investment portfolio held abroad**
  - No.

- **Limits (min.) on investment portfolio held locally**
  - No.

- **Currency-matching regulations on assets/liabilities composition**
  - Yes.

  The currency-matching requirement for pension funds is 70%.

- **Investment firms and collective investment funds**
  - Yes.

  Nondiscriminatory prudential rules apply to investment firms in respect of (1) the establishment of branches abroad, which requires notification to and approval by the BdP; (2) the establishment of subsidiaries in non-EEA member countries, which requires notification to and approval from the BdP; and (3) limits on investments outside the financial sector in accordance with Article 89 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms, as implemented by BdP. Nondiscriminatory prudential rules apply to the acquisition of qualifying holdings and the creation of new investment firms. Prudential minimum own funds requirements are applied on a nondiscriminatory basis. The authorization requirement is also applied to all firms and to branches of third countries.

- **Limits (max.) on securities issued by nonresidents**
  - Yes.

  There are limits on investments outside the financial sector in accordance with Article 89 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013, on
prudential requirements for credit institutions and investment firms, as implemented by BdP.

| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

Exchange measures imposed for security reasons

In accordance with IMF Executive Board Decision No. 144-(52/51) 07/30/2019

Exchange measures in accordance with IMF Executive Board Decision No. 144-(52/51) were notified to the IMF.

Capital Transactions

Controls on capital transactions

Controls on derivatives and other instruments 07/03/2019

The trading of contracts for differences (CFDs) is restricted and the marketing of binary options to retail investors is temporarily prohibited throughout the territory of the European Union. Previously, this regulation was renewed on September 21, 2018, December 14, 2018, and March 22, 2019, for binary options and October 23, 2018, January 23, 2019, and April 17, 2019, for CFDs.
QATAR

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
September 8, 1972.

Article VIII
Yes. Date of acceptance: June 4, 1973.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

In accordance with the relevant UNSC resolutions, measures have been taken to freeze the accounts and assets of listed individuals, groups, and organizations associated with terrorism.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Qatar is the Qatari riyal.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes.

The exchange rate arrangement is a conventional pegged arrangement vis-à-vis the US dollar. The targeted peg was officially authorized by Amiri Decree No. 34 of 2001 issued in July 2001, replacing the de jure exchange rate policy of pegging to the SDR, which had been in effect since 1975. The Qatar Central Bank (QCB) does not publish data on its interventions.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**
Yes.
The riyal is pegged to the US dollar at QR 3.64 per US dollar. The official rate is used for accounting and valuation.

**Monetary policy framework**

- **Exchange rate anchor**
  - Yes.
  - **U.S. dollar**
  - Yes.
The monetary policy framework aims at maintaining fixed parity between the QR with the US dollar at QR 3.64 per US dollar. QCB’s monetary policy is drawn and implemented to manage the short-term interbank rates with a view to sustain the fixed parity between the QR and the US dollar. The current QCB interest rates framework focuses on the average overnight interbank rate as the operating target. The aim is to align the average overnight interbank rate within the QCB deposit rate (QCBDR) through liquidity management operations.

**Euro**

- **Composite**
- **Other**

**Monetary aggregate target**

**Inflation-targeting framework**

- **Target setting body**
  - Government
  - Central Bank
    - **Monetary Policy Committee**
    - **Central Bank Board**
  - **Other**
  - Government and Central Bank

- **Inflation target**
  - **Target number**
  - **Point target**
  - **Target with tolerance band**
    - **Band/Range**
  - **Target measure**
  - **CPI**
  - **Core inflation**
  - **Target horizon**
Operating target (policy rate)
Policy rate
Target corridor band
Other

Accountability
Open letter
Parliamentary hearings
Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax No.
Exchange subsidy No.

Foreign exchange market Yes.
Spot exchange market Yes. Exchange rates of commercial banks for transactions in US dollars are based on the buying and selling rates of the QCB. The buying and selling rates of commercial banks for other currencies are based on the QCB’s rates for the US dollar and on the market rates for the other currency against the US dollar. A spread of QR 0.0085 is applied to exchange transactions with the public. Thirty-seven institutions are licensed by the QCB to deal in foreign exchange with the public. These institutions consist of 17 commercial banks and 20 foreign exchange bureaus, which are allowed to operate subject to licensing by the QCB. Foreign exchange bureaus do not engage in foreign exchange transactions directly with the QCB, but they may maintain accounts abroad. Their operations are not limited to the purchase and sale of banknotes; they may also make foreign currency payments and transfers on behalf of their clients.
Commercial banks trade US dollars domestically based on the price determined by the QCB, plus a margin of 0.24% when dealing with the public. Commercial banks trade other currencies based on the QCB-determined exchange rates of riyals against US dollars and market-determined rates of other currency against the US dollar. Commercial banks have a margin of 0.24% for US dollar trades and trade other currencies through the US dollar.

Operated by the central bank Yes.
Foreign exchange standing facility Yes. The QCB buys and sells foreign currency at the announced rates every business day from 8:00 a.m. to 1:00 p.m., unless it decides otherwise. The QCB purchases US dollars at a fixed rate of QR 3.6385 and sells US dollars at a fixed rate of QR 3.6415 to banks in Qatar. The QCB does not deal directly either with the government or
with other public entities.

Banks are allowed to trade foreign exchange among themselves. All commercial banks (17) participate in the interbank market. There are no limits on the bid-ask spreads and commissions of market participants.

The interbank foreign exchange market is based on a market-making agreement.

In the commercial banking sector, importers may purchase foreign exchange in the forward market. However, the QCB does not participate in the foreign exchange derivatives market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

No. There are no other prescribed currency requirements.

No.

No.

No.

No.

No.

No.

No.

No.

No.

No.

Yes.

Yes.

Qatar has payments agreements with Egypt and Lebanon. Following a memorandum of understanding with the China Banking Regulatory Commission and the People’s Bank of China (PBC), to allow Qatar to be a center for renminbi clearing and settlement, direct payments with China and Hong Kong SAR in renminbi have been reported.

Yes. Qatar is a member of the GCC Customs Union.

Yes. Qatar has clearing agreements with GCC countries.

No.

Yes. The QCB is the exchange control authority, but there is no exchange

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control legislation. Import licenses are issued by the Ministry of Commerce and Industry.

Payments arrears
Official No.
Private No.

Controls on trade in gold (coins and/or bullion)
On domestic ownership and/or trade No.
On external trade Yes. For trading purposes, purchases and sales of gold and precious metals require import licenses and are subject to customs duty. Transactions with Israel are prohibited.

Controls on exports and imports of banknotes
On exports No. Amounts above QR 100,000 must be declared.
Domestic currency No.
Foreign currency No.

On imports No.
Domestic currency No.
Foreign currency No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts
Foreign exchange accounts permitted Yes. There is no distinction between accounts of residents and nonresidents. Resident accounts are those of foreign employees with contracts of one year or longer who work for government institutions, national companies, or individuals; branches of foreign companies and institutions permanently operating in Qatar in which foreign companies and institutions and their foreign employees have economic interests; foreign nonprofit institutions (except embassies, consulates, representative offices of international institutions, etc.) operating in Qatar for more than one year; foreign investors with shares in national companies and a permanent residence in Qatar; branches of foreign shipping and airway companies; national institutions and companies; and Qatari residents.

Held domestically Yes.
Approval required No.
Held abroad Yes.
Approval required No.

Accounts in domestic currency held abroad
Yes. These accounts have always been permitted.

Accounts in domestic currency convertible into foreign currency
Yes.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Nonresident Accounts

Foreign exchange accounts permitted Yes. There is no distinction between accounts of residents and nonresidents. These (nonresident) accounts include accounts of embassies, consulates, representative offices of international and regional institutions, and agencies and their foreign employees; foreigners with a visitor visa for less than one year; students who come to Qatar mainly to study; foreigners who come for treatment in national hospitals; foreign employees on official business in Qatar for no more than one year; foreign companies licensed abroad and fully or partially owned by companies or institutions in Qatar that do not do business in Qatar for more than one year; and foreign companies on contract with the government or other residents for less than one year.

Approval required No.

Domestic currency accounts Yes.

Convertible into foreign currency Yes. These accounts may be converted, but approval is required.

Approval required No. The opening of nonresident domestic currency accounts does not require approval.

Blocked accounts No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

Minimum financing requirements No.

Advance payment requirements No.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports

Domiciliation requirements No.

Preshipment inspection No.

Letters of credit No.

Import licenses used as exchange licenses No.

Other No.

Import licenses and other nontariff measures Yes. Imports of alcoholic beverages, firearms, ammunition, and certain drugs are subject to licensing for reasons of health or public safety.

Positive list No.

Negative list Yes. Imports from Israel are prohibited.

Pork/pork items are available for eligible consumers through a specialized agency.

Open general licenses No.
<table>
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<th>Licenses with quotas</th>
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<td>Other nontariff measures</td>
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<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
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<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
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<tr>
<td><strong>State import monopoly</strong></td>
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<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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**Exports and Export Proceeds**

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<tr>
<td><strong>Surrender to authorized dealers</strong></td>
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<tr>
<td><strong>Financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

In accordance with the GCC Customs Union, a maximum CET of 5% is applied on most dutiable goods. The customs tariff on steel is 20% and on alcohol and tobacco, 100%.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>
Restrictions on use of funds

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents
Yes.

Sale or issue locally by nonresidents
Yes.

These transactions are subject to approval.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

Bonds or other debt securities

Purchase locally by nonresidents
Yes.

Sale or issue locally by nonresidents
Yes.

These transactions are subject to approval.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On money market instruments

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On collective investment securities

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>Yes</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>No</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No</td>
</tr>
<tr>
<td><em>Commercial credits</em></td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td><em>Financial credits</em></td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td><em>Guarantees, sureties, and financial backup facilities</em></td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Outward direct investment</em></td>
<td>No</td>
</tr>
<tr>
<td><em>Inward direct investment</em></td>
<td>Yes</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>No</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>Yes</td>
</tr>
<tr>
<td><em>Sale locally by nonresidents</em></td>
<td>No</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes</td>
</tr>
<tr>
<td><em>Loans</em></td>
<td>No</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
</tr>
</tbody>
</table>
To residents from nonresidents: No.

Gifts, endowments, inheritances, and legacies:
- By residents to nonresidents: No.
- To residents from nonresidents: No.

Settlement of debts abroad by immigrants: No.

Transfer of assets: Yes. These transactions are subject to approval.

Transfer abroad by emigrants: Yes. These transactions are subject to approval.

Transfer into the country by immigrants: Yes. These transactions are subject to approval.

Transfer of gambling and prize earnings: No.

Transfer of assets: Yes. These transactions are subject to approval.

Transfer abroad by emigrants: Yes. These transactions are subject to approval.

Transfer into the country by immigrants: Yes. These transactions are subject to approval.

Transfer of gambling and prize earnings: No.

References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions: Yes. On January 7, 2015, the Foreign Account Tax Compliance Act (FATCA) related to intergovernmental agreement was signed. The Model 1 intergovernmental agreement is considered in effect by the US Treasury. On November 10, 2017, Qatar signed the Common Reporting Standard Multilateral Competent Authority Agreement that will enable the automatic exchange of financial account information pursuant to the OECD/G20 Common Reporting Standard.

Borrowing abroad: Yes. There are no limits on direct borrowing from abroad; however, QCB approval is required for bond issuance for the purpose of borrowing. For the purpose of calculating credit ratios, borrowing from foreign banks and issuance of debt securities are limited to 100% of a bank’s Tier 1 capital. Within this limit, borrowing from foreign banks is limited to 50% of Tier 1 capital.

Maintenance of accounts abroad: No.

Lending to nonresidents (financial or commercial credits): No.

Lending locally in foreign exchange: Yes. Banks are required to comply with the sound banking norms while granting credit facilities in foreign currencies as per the customers’ actual requirements, cash flows, sources of repayments and banks credit policy and pricing policy taking into account interest/return rate gap risk, foreign exchange rate risk, and open position risk.

Purchase of locally issued securities denominated in foreign exchange: No.

Differential treatment of deposit accounts in foreign exchange: No.

Reserve requirements: No.

Liquid asset requirements: No.

Interest rate controls: No.

Credit controls: No.

Differential treatment of deposit accounts held by nonresidents: No.
Investment Regulations:
Investment ceilings with respect to bank’s capital and reserves are as follows:
(1) Total ceilings on securities portfolio (equity, debt, and Sukuk) are 25%.
(2) Total ceilings of securities held outside Qatar are 15%.
(3) Total ceilings of unlisted securities inside Qatar are 10% and outside Qatar 5%.
(4) Ceiling on investments in a single entity, which do not exceed total (investment and credit) risk exposure determined by the QCB for a single customer or single financial institution, is 5%.
Exemptions to the above limits are as follows:
(1) Debt securities and Sukuk issued or guaranteed by Qatari Government or issued by QCB.
(2) Debt securities and Sukuk issued by national banks licensed by QCB.
(3) Zero percent risk-weighted debt securities and Sukuk according to Basel II framework inside or outside Qatar. Such debt securities and Sukuk must be eligible for inclusion in Level 1 of high-quality liquid assets under the LCR. Total (investment and credit) risk exposure in a single entity (a financial institution or customer) should not exceed the credit concentration limit as determined by QCB.
(4) Ceiling for investment in associates: 35% total ceiling for all associates (including participations, finance, and risk exposures) and 25% ceiling for a single company similar as for all associates.
(5) Ceiling for investment in real estates for Islamic banks: All types of investments in real estate limit at 10% of banks capital and reserves, which include: (a) owned real estates for the purpose of investment (for purposes of leasing or trading); (b) participation in unlisted real estate mutual funds; and (c) unlisted real estate Sukuk which is a common ownership in a real estate.
not exceed the credit concentration limit as determined by QCB.

(4) Ceiling for investment in associates: 35% total ceiling for all associates (including participations, finance, and risk exposures) and 25% ceiling for a single company similar as for all associates.

(5) Ceiling for investment in real estates for Islamic banks: All types of investments in real estate limit at 10% of banks capital and reserves, which include: (a) owned real estates for the purpose of investment (for purposes of leasing or trading); (b) participation in unlisted real estate mutual funds; and (c) unlisted real estate Sukuk which is a common ownership in a real estate.

In banks by nonresidents: Yes. Foreign investment in the banking and insurance sectors requires approval of the cabinet.

Open foreign exchange position limits: Yes. There is a cap on the net open position equal to 25% of bank’s capital and reserves for US dollars, 5% for other currencies with an overall limit of 30%.

On resident assets and liabilities: Yes.

On nonresident assets and liabilities: Yes.

Provisions specific to institutional investors: Yes.

Insurance companies: n.a.

Limits (max.) on securities issued by nonresidents: n.a.

Limits (max.) on investment portfolio held abroad: n.a.

Limits (min.) on investment portfolio held locally: n.a.

Currency-matching regulations on assets/liabilities composition: n.a.

Pension funds: n.a.

Limits (max.) on securities issued by nonresidents: n.a.

Limits (max.) on investment portfolio held abroad: n.a.

Limits (min.) on investment portfolio held locally: n.a.

Currency-matching regulations on assets/liabilities composition: n.a.

Investment firms and collective investment funds: Yes.

Limits (max.) on securities issued by nonresidents: n.a.

Limits (max.) on investment portfolio held abroad: Yes. Investment in non-listed instruments, funds, and portfolios may not exceed 50% of a company’s capital and reserves.

Details are contained in Instruction No. 07-01-2013, page 253. Total ceiling of securities held outside Qatar is 15% of bank’s capital and reserves.

Investment in a single fund or portfolio may not exceed 10% of a company’s capital and reserves.

Total ceiling of securities portfolio – 25% of bank’s capital and reserves. Total ceiling of unlisted securities – inside Qatar 10%; and
outside Qatar 5% of bank’s capital and reserves. Ceiling on investment in single entity – 5% of bank’s capital and reserves. Investment in associates at 35% for all associates and 25% for single company including participations, finance, and risk exposures. Investment in real estate on all types of investment in real estate at 10% of bank’s capital and reserves.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents 01/07/2019

Non-Qataris can own more than 49% (previously no more than 49%) in Qatar Exchange listed companies, subject to approval of Ministry of Economy and Commerce.

Controls on direct investment

Inward direct investment 01/07/2019

The new FDI law allows up to 100% foreign ownership in almost all sectors except for banking and finance (Law No. 1 of 2019). Foreign investment in the banking and insurance sectors needs approval of the cabinet. Previously, the FDI law allowed up to 100% foreign ownership in the agricultural, industrial, health, and tourism sectors. Foreign investment in banking and insurance sectors was allowed on a decision of the cabinet.
ROMANIA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership December 15, 1972.

Article VIII Yes. Date of acceptance: March 25, 1998.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons Yes. In accordance with UNSC Resolution Nos. 1267 (1999), 1333 (2000), 1373 (2001), and 1988 (2011), certain restrictions are maintained against the listed terrorists and the Taliban, aimed at freezing their accounts and banning all payments to persons and organizations related to terrorism.

In accordance with IMF Executive Board Decision No. 144-(52/51) Yes. In accordance with UNSC Resolution Nos. 1267 (1999), 1333 (2000), 1373 (2001), and 1988 (2011), certain restrictions are maintained against the listed terrorists and the Taliban, aimed at freezing their accounts and banning all payments to persons and organizations related to terrorism.

Other security restrictions Yes. Measures have been taken to freeze the accounts and assets of listed individuals, groups, and organizations associated with terrorism, and for safety reasons such as nonproliferation of weapons of mass destruction (that is, UNSC Resolution No. 1540 (2004)). These measures were taken in accordance with UNSC resolutions, updated by the 14 committees empowered (the activity of three committees being terminated as a result of lifting the related restrictions). In accordance with UNSC Resolution No. 1989 (2011), certain restrictions are maintained against the listed terrorists and the Taliban, aimed at freezing their accounts and banning all payments to persons and organizations related to terrorism.

Other security restrictions

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency Yes. The currency of Romania is the Romanian leu.

Other legal tender Yes. The transferable ruble continues to be used as a unit of account for outstanding balances of the former CMEA.

Exchange rate structure

Unitary Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
The de jure exchange rate arrangement is managed floating; the exchange rate of the leu is determined in the interbank foreign exchange market. The National Bank of Romania (NBR) may intervene to smooth excessive exchange rate fluctuations. There is no formal definition of excessive exchange rate fluctuations: the assessment is based on domestic and international market circumstances and on prevailing macroeconomic conditions. The NBR intervenes either directly with market participants at their quoted rates or via market makers. The NBR does not publish information on its interventions.

From August 2019, the leu followed a depreciating trend within a narrow 2% band against the euro. Therefore, the de facto exchange rate arrangement was reclassified to crawl-like from stabilized, effective August 23, 2019. The de facto methodology for classification of exchange rate regimes is based on a backward-looking statistical approach that relies on past exchange rate movement and historical data. Therefore, this reclassification does not imply statements or views on future or intended policies nor does it imply a policy commitment on the part of the country authorities.

The NBR quotes rates for 30 foreign currencies and the SDR. The exchange rates are based on the quotes of 10 local banks licensed to perform foreign exchange transactions. These banks are selected by the NBR, taking into consideration their participation in the interbank foreign exchange market. The use of exchange rates listed by the NBR is not compulsory for foreign exchange transactions and accounting records.
The inflation target is set by the CB in consultation with the government. Within the NBR, the inflation target is adopted through a decision of the NBR Board.

Flat multi-annual inflation target of 2.5%±1 percentage point is adopted.

The flat multi-annual inflation target is defined in terms of the annual change in the consumer price index (that is, year-on-year (y-o-y) headline inflation). The consumer price index is based on the national definition.

Flat multi-annual inflation target is adopted.

As of August 6, 2020 the policy rate is 1.5%. The monetary policy interest rate is the interest rate on NBR’s main open-market operations, which normally have a maturity of one week.

The interest rates on the NBR’s standing facilities, that is, the deposit facility and the lending facility, were set at ±0.50 percentage points around the monetary policy rate as from March 23, 2020, when the amplitude of the interest rate corridor was narrowed from ±1.00 percentage points. As of August 6, 2020, these interest rates stood at 0.5% (deposit facility) and 2.0% (lending facility).

According to NBR’s Statute (Article 35(4)), on behalf of the Board, the governor must submit to the parliament, until June 30 of the following year, the NBR’s annual report, which covers the NBR’s activities, annual financial statements, and the auditor’s report, subject to debate, but not voted in the joint session of the two Chambers of parliament.

NBR’s monetary policy decisions are communicated and explained to the public via: press releases, press briefings following the decisions, inflation reports (presented in detail in press conferences), publication of minutes, and annual reports.

Starting with the NBR Board meeting of September 30, 2016, the account (minutes) of discussions underlying monetary policy
decisions are published in the “Monetary Policy” section on the NBR website within seven calendar days after each Board meeting dedicated to monetary policy issues. The aim is to provide the general public with the rationale and economic data behind monetary policy decisions. The minutes include the outcome of the vote and the voting results are not attributed.

Publication of inflation forecasts
Yes. In the context of the inflation-targeting framework, the NBR updates and publishes its medium-term inflation forecast on a quarterly basis within the inflation report.

Other monetary framework

Exchange tax
No.

Exchange subsidy
No.

Foreign exchange market
Yes. Residents and nonresidents are allowed access to the foreign exchange market without supporting documents. Juridical persons other than authorized credit institutions may purchase or sell foreign exchange through intermediaries. Individual persons may purchase or sell foreign currency either through intermediaries or through foreign exchange offices authorized by the MPF, except those supervised by the NBR. Commercial banks and exchange bureaus are free to set both their exchange rates and commissions in transactions with their clients. Article 26 Paragraph (1) (b) and article 30 paragraph (1) of Law No. 129/2019 on the Prevention and Combating of Money Laundering and Terrorism Financing, as well as on the Modification and Completion of Some Normative Acts, which repeals the Law No. 656/2002 on the Prevention and Sanctioning of Money Laundering and on Measures for Preventing and Combating Terrorism Financing, subsequently amended and supplemented.

www.onpcesb.ro/pdf/nlpcsb.PDF designates the National Agency for Fiscal Administration (NAFA) for anti-money laundering and combating the financing of terrorism (AML/CFT) licensing and supervision of specialized foreign exchange entities, except those supervised by the NBR. According to the provisions of art 30 para(3) of Law no.129/2019 the structure of the supervisory committee, and includes at least members representing the MPF (legal and tax structures, legislative regulation structure), National Office for the Prevention and Control of Money Laundering, and law enforcement, Consumer Protection Authority and Ministry of Internal Affairs.

Spot exchange market
Yes. Foreign exchange offices conduct transactions with foreign currency banknotes and accept traveler’s checks denominated in those currencies. They may also conduct transactions with foreign currencies that are not quoted. Licensing and control of foreign exchange offices/bureaus are performed by the MPF. Foreign exchange offices are not allowed to perform payments and transfers on behalf of their clients, because the payment services may only be legally performed in Romania by credit institutions, payment institutions, and electronic money institutions. Foreign exchange offices may maintain accounts abroad.

Operated by the central bank
No.

Foreign exchange standing facility
No.

Allocation
No.

Auction
No.

Fixing
No.
**Interbank market**  
Yes. Credit institutions are authorized within their scope of activity to participate in the interbank market as intermediaries and on their own behalf. There are no limits on the bid-ask spreads or commissions of market participants. As December 31, 2019, 27 Romanian legal banks and 7 branches of foreign banks participated in the interbank foreign exchange market. The NBR can intervene both directly and via market makers in the interbank market. Public data on interbank foreign exchange market are available on a monthly basis on NBR’s website.

**Over the counter**  
No.

**Brokerage**  
No.

**Market making**  
Yes. The foreign exchange market operates based on market makers.

**Forward exchange market**  
Yes. Euro–leu and US dollar–leu futures contracts are traded on the Sibiu Monetary Financial and Commodities Exchange. Banks and clients also conduct forward transactions in the interbank foreign exchange market. The NBR has participated in the forward foreign exchange market only twice and has not participated since 2009.

**Official cover of forward operations**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments to and from countries with which Romania has bilateral payments arrangements are made only in convertible currencies and in accordance with the procedures set forth in those arrangements. Current and capital transactions are performed freely between residents and nonresidents in foreign currency and lei.</td>
<td></td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td><strong>For current transactions and payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>For capital transactions</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents for trading in goods and services is prohibited, with certain exceptions.</td>
<td></td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>There are arrangements with the Democratic Republic of the Congo, Guinea, Iraq, and Mozambique.</td>
<td></td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>There are arrangements with the Democratic People’s Republic of Korea.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Romania is a member of the EU.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>There are no operative clearing arrangements currently in effect.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
</tbody>
</table>
Official No.
Private No.

**Controls on trade in gold (coins and/or bullion)** Yes.
Economic operators or traders who perform precious metals activities are authorized by the National Authority for Consumer Protection.

**On domestic ownership and/or trade** Yes.
Economic operators or traders who perform precious metals activities are authorized by the National Authority for Consumer Protection.

**On external trade** Yes.
Economic operators or traders who perform precious metals activities are authorized by the National Authority for Consumer Protection.

**Controls on exports and imports of banknotes** No.
NBR regulations (NBR Regulation No. 4/2005 on the Foreign Exchange Regime) do not stipulate controls on exports and imports of banknotes, but in accordance with Regulation (EC) No. 1762/2018, cash controls require mandatory declaration of cash entering or leaving the EU equivalent to €10,000 or more. Travelers entering or leaving the EU and carrying cash of a value equivalent to €10,000 or more must make a declaration to the relevant authorities of the member country through which they enter or leave the EU. The authorities must keep a record of such information and report it to their national financial intelligence unit. Thus, in accordance with the requirements to declare cash under Regulation (EC) No. 1762/2018, controls of cash entering or leaving the Community and based on the Article 7 Paragraph 6 of Law No. 129/2019 on the Prevention and Combating of Money Laundering and Terrorism Financing, as well as on the Modification and Completion of Some Normative Acts, which repeals the Law No. 656/2002 on the Prevention and Sanctioning of Money Laundering and on Measures for Preventing and Combating Terrorism Financing subsequently amended and supplemented, the NAFA is required to communicate to the NOPCML (financial intelligence unit Romania), on a monthly basis, all the information it holds regarding declarations by natural persons of cash in domestic or foreign currency equal to or above the limit in Regulation (EC) No. 1762/2018. In addition, Law No. 129/2019 on the Prevention and Combating of Money Laundering and Terrorism Financing, as well as on the Modification and Completion of Some Normative Acts, which repeals the Law No. 656/2002 on the Prevention and Sanctioning of Money Laundering and on Measures for Preventing and Combating Terrorism Financing subsequently amended and supplemented to immediately notify the financial intelligence unit of suspicion of money laundering/financing of terrorism (ML/FT). The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance with the regulation, the national authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash may be confiscated. The EC regulation requires member countries to impose penalties for failure to comply with the declaration obligation. If there are indications that cash is related to illegal activity, authorities of one member country may exchange information with authorities in other member countries, and the information must be transmitted to the EC. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EC regulation may also be communicated to a third country in compliance with relevant national and EU provisions on the transfer of personal data to third countries. The EC regulation
On exports

**Domestic currency**

No. NBR regulations (NBR Regulation No. 4/2005 on the Foreign Exchange Regime) do not stipulate controls on exports and imports of banknotes, but in accordance with Regulation (EC) No. 1762/2018, cash controls require mandatory declaration of cash entering or leaving the EU equivalent to €10,000 or more. Travelers entering or leaving the EU and carrying cash of a value equivalent to €10,000 or more must make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

**Foreign currency**

No. NBR regulations (NBR Regulation No. 4/2005 on the Foreign Exchange Regime) do not stipulate controls on exports and imports of banknotes, but in accordance with Regulation (EC) No. 1762/2018, cash controls require mandatory declaration of cash entering or leaving the EU equivalent to €10,000 or more. Travelers entering or leaving the EU and carrying cash of a value equivalent to €10,000 or more must make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

On imports

**Domestic currency**

No. NBR regulations (NBR Regulation No. 4/2005 on the Foreign Exchange Regime) do not stipulate controls on exports and imports of banknotes, but in accordance with Regulation (EC) No. 1762/2018, cash controls require mandatory declaration of cash entering or leaving the EU equivalent to €10,000 or more. Travelers entering or leaving the EU and carrying cash of a value equivalent to €10,000 or more must make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

**Foreign currency**

No. NBR regulations (NBR Regulation No. 4/2005 on the Foreign Exchange Regime) do not stipulate controls on exports and imports of banknotes, but in accordance with Regulation (EC) No. 1762/2018, cash controls require mandatory declaration of cash entering or leaving the EU equivalent to €10,000 or more. Travelers entering or leaving the EU and carrying cash of a value equivalent to €10,000 or more must make a declaration to the relevant authorities of the member country through which they enter or leave the EU.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

**Foreign exchange accounts permitted**

Yes. Residents may open and keep accounts in both foreign and national currencies with credit institutions. The amounts in lei and in quoted currencies held by residents may be converted in the foreign exchange market. Currency may be freely converted and transferred abroad.

**Held domestically**

Yes. Residents may open and maintain accounts in both foreign and national currencies with credit institutions or other similar institutions. There are no restrictions, controls, or limits on transfers from abroad, except for cases covered under specific laws and regulations.

**Approval required**

No.

**Held abroad**

Yes.
| Approval required | No. |
| Accounts in domestic currency held abroad | Yes. |
| Accounts in domestic currency convertible into foreign currency | Yes. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |
| Approval required | No. |
| Blocked accounts | Yes. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange licenses | No. |
| Other | No. |
| Import licenses and other nontariff measures | Yes. |
| Positive list | No. |
| Negative list | Yes. |
| Open general licenses | No. |


Romania applies the trade policy of the EU.

Other nontariff measures: Yes. Romania applies the trade policy of the EU.

Import taxes and/or tariffs: Yes. Romania applies the common customs tariff of the EU. Effective April 3, 2020 until October 31, 2020, certain goods used in the prevention and treatment of COVID-19 may be admitted free of import duties and exempted of value added tax (VAT) provided they are used by national bodies or distributed free of cost.

Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No.

Surrender requirements: No.

Surrender to the central bank: No.

Surrender to authorized dealers: No.

Financing requirements: No.

Documentation requirements: No.

Letters of credit: No.

Guarantees: No.

Domiciliation: No.

Preshipment inspection: No.

Other: No.


With quotas: No.

Export taxes: No.

Collected through the exchange system: No.

Other export taxes: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: No. There are no controls on these transactions; however, payments and
transfers are subject to documentary procedures.

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>
### Repatriation requirements

- No.

### Surrender requirements

- No.

### Restrictions on use of funds

- No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Capital Transactions

#### Controls on capital transactions

- No.

#### Repatriation requirements

- No.

#### Surrender requirements

- No.

### Controls on capital and money market instruments

#### On capital market securities

- No.

#### Shares or other securities of a participating nature

- No.

#### Purchase locally by nonresidents

- No.

#### Sale or issue locally by nonresidents

- No.

#### Purchase abroad by residents

- No.

#### Sale or issue abroad by residents

- No.

#### Bonds or other debt securities

- No.

#### Purchase locally by nonresidents

- No.

#### Sale or issue locally by nonresidents

- No.

#### Purchase abroad by residents

- No.

#### Sale or issue abroad by residents

- No.

#### On money market instruments

- No.

#### Purchase locally by nonresidents

- No.

#### Sale or issue locally by nonresidents

- No.

#### Purchase abroad by residents

- No.

#### Sale or issue abroad by residents

- No.

#### On collective investment securities

- No.

#### Purchase locally by nonresidents

- No.

#### Sale or issue locally by nonresidents

- No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>- Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>- Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>- Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>- By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>- By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>- By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>- Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>- Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
</tr>
<tr>
<td>- Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>- Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>- Loans</td>
<td>No.</td>
</tr>
<tr>
<td>- By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>- Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>- By residents to nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Nonresidents may purchase agricultural land and forestland under certain conditions.
To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. Credit institutions’ accounting reports must conform to International Financial Reporting Standards. Following implementation of International Financial Reporting Standards 9 (IFRS 9), starting by 2018, which has replaced International Accounting Standard 39 Financial Instruments: Recognition and Measurement, a regulation has been issued at European level (Regulation (EU) No. 2017/2395 amending Regulation (EU) No. 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of International Financial Reporting Standards 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State). Under this regulation, credit institutions were able to choose for a progressive phase-in regime (with a maximum duration of 5 years) to mitigate that potentially significant negative impact on Common Equity Tier 1 capital arising from expected credit loss accounting. The prudential filter regulation (NBR Regulation No. 16/2012 on the Classification of Credits and Investments and the Establishment and Use of Prudential Value Adjustments) was repealed by NBR Regulation No. 1/2018.

In accordance with Regulation (EU) 2020/873 of the European parliament and of the council of June 24, 2020, (amending regulations (EU) no 575/2013 and (EU) 2019/876) as regards certain adjustments in response to the covid-19 pandemic, to mitigate the potential impact that a sudden increase in expected credit loss provisions could have on institutions’ capacity to lend to clients at times when it is most needed, the transitional arrangements should be extended by two years, and institutions should be allowed to fully add back to their Common Equity Tier 1 capital any increase in new expected credit loss provisions that they recognize in 2020 and 2021 for their financial assets that are not credit- impaired. Those changes would bring additional relief from the impact of the COVID-19 pandemic on institutions’ possible increase in provisioning needs under IFRS 9 while maintaining the transitional arrangements for the expected credit loss amounts established before the COVID-19 pandemic.

Borrowing abroad No.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) No. NBR Regulation No. 5/2013 (as amended and supplemented) requires that credit institutions have in place policies and processes for the identification, measurement, evaluation, monitoring, reporting, and control or decreasing of country risk and transfer risk. Credit institutions must set limits on country exposures. The credit
institution’s management body approves the strategies, processes, and policies on the management of country risk and transfer risk to ensure that these policies and processes are implemented effectively and are fully integrated into the overall risk management of the credit institution.

<table>
<thead>
<tr>
<th>Lending locally in foreign exchange</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Capital requirements addressing foreign exchange risk, indirectly affecting local lending in foreign exchange, are included in Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012. This regulation is directly applicable across the EU and supersedes the previous regulation (NBR-NSC Regulation No. 22/27/2006) on capital adequacy of credit institutions and investment firms (repealed with effect from January 1, 2014) which included provisions on capital requirements for foreign exchange risk and foreign exchange position limits. Article 351 of Regulation (EU) No. 575/2013 requires banks whose overall net foreign exchange position exceeds 2% of their own funds to calculate capital requirements for foreign exchange risk.

There is a different provisioning regime for foreign exchange loans by nonbank financial institutions to unhedged borrowers under NBR Regulation No. 5/2012 on the Classification and the Establishment, Adjustment, and Use of Specific Credit-Risk Provisions relevant to Romanian entities under the supervision of the NBR, other than credit institutions. The provisioning costs for foreign exchange loans to unhedged borrowers are higher than those for local currency lending.

According to NBR Regulation No. 17/2012, subsequently amended and supplemented, creditors must warn unhedged clients of the consequences of exchange rate depreciation on debt obligations and establish the maximum debt levels (debt-to-income ratio, DTI) for consumer loans. Effective January 1, 2019, the NBR Regulation No. 17/2012 provides for an aggregate Debt-service-to-income (DSTI) ceiling of 40% of which the maximum DSTI for loans denominated or indexed in a foreign currency granted to debtors exposed to foreign exchange risk is 20%. The maximum levels of DSTI are increased by 5 percentage points in case of a mortgage loan contracted by the debtor for the purchase of the first residential property to be occupied by the debtor (including Prima Casa loans). The caps on the DSTI have been set including taking into account the impact of the currency risk, the interest rate risk, and the risk of decrease of the eligible income available during the period of the credit life, while the shock factors previously provided within the regulation were eliminated. The regulation provides also for an exemption from the maximum level of the aggregate DSTI, under certain conditions, for up to 15% of the loans granted by a creditor.

LTV ratios apply to foreign currency consumer loans (75%) and for foreign currency credit agreements secured by mortgages as follows: (1) 85% for lei; (2) 75% for euros, for unhedged borrowers; (3) 60% for other foreign currency, for unhedged borrowers; and (4) 80% for foreign currency credit, for hedged borrowers. Following the entry into force of the Capital Requirements Directive (CRD) IV package in 2014, the requirements for credit institutions were incorporated into NBR Regulation No. 5/2013 on prudential requirements for credit institutions.

<table>
<thead>
<tr>
<th>Purchase of locally issued securities denominated in foreign exchange</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Minimum reserve requirement ratios can differ according to the
currency and residual maturity involved. The minimum reserve requirement ratio on leu-denominated liabilities of credit institutions is 8%. The minimum reserve requirement ratio on foreign-currency-denominated liabilities was reduced in two steps during 2016, from 14% to 10% (to 12% from 14%, as from January 24, 2016, and to 10% from 12%, as from October 24, 2016), then to 8% in 2017 (from May 24, 2017) and to 6% in 2020 (effective February 24, 2020). The minimum reserve ratio on leu- and foreign-currency-denominated liabilities with a residual maturity of over two years without early withdrawal, transfer, or repayment clauses is zero.

### Liquid asset requirements
- **No.**

### Interest rate controls
- **No.**

### Credit controls
- **No.**

### Differential treatment of deposit accounts held by nonresidents
- **No.**

#### Reserve requirements
- **No.**

#### Liquid asset requirements
- **No.**

#### Interest rate controls
- **No.**

#### Credit controls
- **No.**

### Investment regulations
- **Yes.**

### Abroad by banks
- **Yes.**

Following the entry into force of the CRD IV package, all its requirements for credit institutions were incorporated into NBR Regulation No. 5/2013 on prudential requirements for credit institutions. According to the amended regulation, for qualifying holdings (direct or indirect holdings in an enterprise that represent 10% or more of the capital or of the voting rights or that make it possible to exercise significant influence over the management, except financial sector entities or enterprises deemed by the relevant authority to be engaged in the following: (1) direct extension of banking; (2) activities ancillary to banking; and (3) leasing, factoring, management of unit trusts, management of data processing services, or similar activity) for the purpose of calculating the capital requirement, Romanian credit institutions must apply a risk weight of 1.250% to the greater of the following: (1) the amount of qualifying holdings in excess of 15% of eligible capital; or (2) the total amount of qualifying holdings that exceed 60% of the eligible capital of the institution (NBR Regulation No. 5/2013 on prudential requirements for credit institutions and Regulation No. 575 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (Capital Requirements Regulation)). Total investments outside the financial sector may not exceed 60% of a bank’s own capital (Regulation No. 575 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (Capital Requirements Regulation)). Banks may not acquire shares in a nonfinancial entity, either resident or nonresident, if that results in control over that entity. In addition, NBR approval is needed if a bank intends to acquire a qualifying holding in a financial entity outside the EU, if this entity will be included in the scope of the bank’s prudential consolidation (Government Emergency Ordinance No. 99/2006).
Regarding Credit Institutions and Capital Adequacy, approved by Law No. 227/2007, as amended.

**In banks by nonresidents** Yes. Advance NBR notification is required for investments by residents or nonresidents of 10% or more in a bank’s capital. The NBR may oppose the acquisition within (generally) 60 working days of notification.

**Open foreign exchange position limits** Yes. Foreign exchange risk capital requirements are included in Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012. This regulation is directly applicable across the EU and supersedes the previous (NBR-NSC Regulation No. 22/27/2006) on capital adequacy of credit institutions and investment firms (repealed with effect from January 1, 2014) which included provisions on capital requirements for foreign exchange risk and foreign exchange position limits. Article 351 of Regulation (EU) No. 575/2013 requires banks whose overall net foreign exchange position exceeds 2% of their own funds to calculate capital requirements for foreign exchange risk.

**On resident assets and liabilities** Yes.

**On nonresident assets and liabilities** Yes.

**Provisions specific to institutional investors**

**Insurance companies** Yes. Insurance/reinsurance companies are licensed and supervised under the Law No. 237/2015 on the authorization and supervision of the business of insurance and reinsurance, which transposes the European Union Directive (EC) No. 2009/138 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), with subsequent completions. The regulatory framework is completed by the European Commission’s Regulations (Commission Delegated Regulation 2015/35 and all the other Regulations laying down implementing/regulatory technical standards with regard to different area of the Directive), which are binding in their entirety and directly applicable in all Member States, and by the secondary legislation issued by the Romanian FSA to implement the European Insurance and Occupational Pensions Authority (EIOPA) Guidelines or to regulate other aspects not covered by the legislative acts previously mentioned. Solvency II is a risk-based supervision regime, imposing for the insurance/reinsurance companies to determine their solvency capital requirements (SCR) and minimum capital requirements (MCR) depending on the risks associated to their businesses, using the standard formula provided by the Directive or their own internal models approved by the FSA, and to cover them with eligible own funds. The regulatory framework establishes detailed rules for insurance/reinsurance companies related to their system of governance, classification of own funds in three tiers, eligibility criteria of own funds for covering of SCR, methodologies to calculate technical provisions, etc. The Solvency II regime does not apply to specific insurance companies which fulfill certain conditions (such as gross written premiums under €5 million, technical reserves under €25 million, locally business only, non-underwriting of liability, credit and suretyship risks, etc.). For this category of insurance companies, member states are allowed to impose their own licensing and supervision conditions. In Romania, for this category of insurance companies, the FSA decided to maintain the former supervision regime, with some improvements mainly related to the qualitative requirements (such as those related to system of governance, public disclosure, etc.). Consequently, for...
the insurance companies falling out the scope of Solvency II regime, there are no significant changes in legal requirements related to available and minimum solvency margin, minimum guarantee fund, methodology to calculate the technical reserves, assets admitted to cover the technical reserves and other quantitative requirements) comparing to those applicable before January 1, 2016, the former provisions being included in the Regulation No. 28/2015 on the operation of supervised insurers in accordance with the national regime. According to Article 24, the categories of assets admitted to cover the technical reserves are: (1) investments: (a) government securities and treasury notes; (b) securities issued by local public administration authorities; (c) bonds and other money and capital market instruments, similar therewith, traded on a supervised market; (d) shares and other variable yield securities, similar therewith, traded on a supervised market; (e) units in UCITS and other investment funds; (f) deposits and current accounts with credit institutions; (g) land and buildings owned by the insurers, except for agricultural land and land located outside the built-up area of localities; (2) receivables: (a) receivables with contractors and intermediaries resulting from direct insurance operations and acceptances in reinsurance; (b) the part of the technical reserves related to contracts ceded in reinsurance, except for the contracts ceded to captive insurers and reinsurers and which do not have a rating granted by at least one of the rating agencies registered or certified according to Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of September 16, 2009, on credit rating agencies; (c) interest receivable related to the assets admitted to cover the gross technical reserves; (3) other assets: (a) acquisition costs carried forward; (b) available cash. The rules for the diversification of the admitted assets are established in Article 26 as follows: (1) The insurers may invest maximum: (a) 50% of the gross technical reserves in shares, bonds, and other capital market instruments traded on a regulated and supervised market, as well as units with UCITS and other investment funds in compliance with the provisions of Letter b); (b) 5% of the gross technical reserves in shares and other negotiable securities treated as shares, bonds, debt securities, and other money or capital market instruments, as well as units with UCITS and other investment funds issued by the same entity; (c) 20% of the gross technical reserves in land and buildings, in compliance with the provisions of Letter d) and of Article 24(4); (d) 10% of the gross technical reserves in one land or building or in a number of plots of land or buildings sufficiently closely located so as to be considered a single investment; (e) 90% of the gross technical reserves in deposits and available funds with credit institutions, but not more than 20% of the gross technical reserves in a single credit institution; (f) 3% of the gross technical reserves in cash; (g) 5% of the part of the technical reserves related to the contracts ceded in reinsurance to insurers/reinsurers that do not have a rating granted by at least one of the rating agencies registered or certified according to Regulation (EC) No. 1060/2009. (2) In the case of the categories of assets admitted to cover the gross technical reserves, other than those referred to in Paragraph (1), for which no maximum limits were provided, when investing them, the insurers must comply with the following rules: (a) the assets covering the gross technical reserves must be diversified so that there is no excessive use of a certain category of assets, of an investment market, or of an investment; (b) the investments in certain types of assets posing a high risk either because of the nature of the asset or because of the status of the issuer must be limited to a prudential level; (c) the limits of certain categories of assets must have regard to the treatment of reinsurances
in the calculation of the technical reserves; (d) if the assets held represent an investment in a subsidiary that manages in full or in part the insurers’ investments in their name, when applying the provisions of Article 23 (6), Articles 24–26 hereof, and those regarding the categories of gross technical reserves for the insurers pursuing life insurance business provided by the FSA regulations, they must take into account the subsidiary’s assets, the treatment of the assets of other subsidiaries of the insurers being similar.

With the implementation of the Solvency II regime, there are no investment restrictions. The insurance/reinsurance companies invest all their assets in accordance with the “prudent person” principle (in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report; all assets, in particular those covering the MCR and the SCR, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole and the localization of those assets must be such as to ensure their availability). The absence of regulatory limits on investments does not mean that undertakings can take investment decisions without any regard to prudence and to the interests of policyholders. The requirements of Solvency II and of the Commission Delegated Regulation No. 2015/35 cover extensively some of the main aspects of the prudent person principle, such as asset-liability management, investment in derivatives, liquidity risk management, and concentration risk management. For the insurance companies falling out the scope of Solvency II regime, the FSA Regulation No. 28/2015 provides that the assets that cover gross technical provisions must be placed in Romania. These insurers may invest gross technical provisions in (1) government bonds and treasury bills; (2) debt securities, bonds, and other money and capital market instruments traded in supervised markets; (3) shares and other variable yield participations traded in supervised markets; and (4) units in UCITS and other investment funds.

With the implementation of the Solvency II regime, there are no investment restrictions. The insurance/reinsurance companies invest all their assets in accordance with the “prudent person” principle (in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report; all assets, in particular those covering the MCR and the SCR, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole and the localization of those assets must be such as to ensure their availability).

Investment risk management policy – Rule No. 35/2015:
In its risk management policy, the undertaking should cover at least the following information with regard to investments:
(1) the level of security, quality, liquidity, and profitability the undertaking is aiming for with regard to the whole portfolio of assets and how it plans to achieve this;
(2) its quantitative limits on assets and exposures, including off-balance-sheet exposures, that are to be established to help to ensure the undertaking achieves its desired level of security, quality, liquidity, profitability, and availability for the portfolio;
(3) the level of availability the undertaking is aiming for with regard to the whole portfolio of assets and how it plans to achieve this;
(4) consideration of the financial market environment; (5) the conditions under which the undertaking can pledge or lend assets;
(6) the link between market risk and other risks in adverse scenarios;
(7) the procedure for appropriately valuing and verifying the investment assets;
(8) the procedures to monitor the performance of the investments and review the policy when necessary;
(9) how the assets are to be selected in the best interest of policyholders and beneficiaries.

For the insurance companies falling out of the scope of Solvency II regime, the FSA Regulation No. 28/2015 provides that the assets that cover gross technical provisions must be placed in Romania. These insurers may invest gross technical provisions in (1) government bonds and treasury bills; (2) debt securities, bonds, and other money and capital market instruments traded in supervised markets; (3) shares and other variable yield participations traded in supervised markets; and (4) units in UCITS and other investment funds.

With the implementation of Solvency II, for firms falling under the Solvency II regime, there are no investment restrictions. The insurance/reinsurance companies invest all their assets in accordance with the “prudent person” principle (in assets and instruments whose risks the company concerned can properly identify, measure, monitor, manage, control, and report; all assets, in particular those covering the MCR and the SCR, must be invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole and the localization of those assets must be such as to ensure their availability). Investment risk management policy – Rule No. 35/2015:

In its risk management policy, the undertaking should cover at least the following information with regard to investments:

(1) the level of security, quality, liquidity, and profitability the undertaking is aiming for with regard to the whole portfolio of assets and how it plans to achieve this;

(2) its quantitative limits on assets and exposures, including off-balance-sheet exposures, that are to be established to help to ensure the undertaking achieves its desired level of security, quality, liquidity, profitability, and availability for the portfolio;

(3) the level of availability the undertaking is aiming for with regard to the whole portfolio of assets and how it plans to achieve this;

(4) consideration of the financial market environment;

(5) the conditions under which the undertaking can pledge or lend assets;

(6) the link between market risk and other risks in adverse scenarios;

(7) the procedure for appropriately valuing and verifying the investment assets;

(8) the procedures to monitor the performance of the investments and review the policy when necessary;

(9) how the assets are to be selected in the best interest of policyholders and beneficiaries.

For the insurance companies falling out of the scope of Solvency II regime, the FSA Regulation No. 28/2015 provides the following maximum limits of the investments covering gross technical provisions: (1) 50% in shares, bonds, and other instruments traded in a regulated and supervised capital market and in debt securities in companies for collective investment in securities, according to the provisions of point (2); (2) 5% in shares and other negotiable securities treated as shares, bonds, debt certificates, and other money and capital market instruments and in debt securities in companies for collective investment in securities issued by the same company; (3) 20% in land and buildings (agricultural land and land outside built-up areas may not cover technical provisions); (4) 10% in a single land or building investment or in multiple land and building investments close enough together to be considered one investment; and (5) 90% in deposits and accounts in credit institutions, with no more than 20% of the gross technical provisions in a single credit institution. The above maximum limits apply to the total value of the technical gross provisions and are similar for life and non-life.
activity. For both non-life-insurance and life insurance activity, the assets covering the technical provisions must be evaluated on a prudential basis, taking into account the minimum between the book value and the market value. If a certain asset does not have rules regarding maximum limits, the FSA may restrict the use of that asset.

With the implementation of Solvency II regime, there are no currency-matching rules. For the insurance companies falling out of the scope of Solvency II regime, Article 28 of the FSA Regulation No. 28/2015 provides matching rules for assets covering technical provisions as follows: (1) The insurers must comply with the principle of matching assets, which refers to the coverage of the obligations subscribed in a certain currency with assets expressed or realizable in the same currency. (2) The insurers' obligations are deemed to be paid in the currency in which the commitments in the contract were expressed. (3) If the insurers' obligations provided in the contract are not expressed in a certain currency, the insurers' commitments are deemed to be payable in Romanian leu. (4) By way of exception from Paragraph (3), the insurers may opt for the currency in which the premiums are collected if there is an adequate framework for adopting such a solution; this is possible if, starting from the entry into force of the contract, it is likely that a claim is paid in the currency in which the premium is collected, and not in Romanian leu. (5) If the insurers reported a claim that may be paid in a currency other than that resulting from the implementation of the procedures mentioned in this article, the insurers’ commitments must be paid in that currency and, particularly, in the currency established by the court of law or by a settlement concluded between the insurer and the contractor. (6) If a claim is requested which is expressed in a currency known in advance by the insurers but which is different from the currency resulting from the implementation of the procedures mentioned in this article, the insurers’ commitments may be paid in that currency. (7) The insurers may choose not to cover the technical reserves with matching assets if the implementation of the procedures provided by this article results in their obligation to keep the assets in a currency not exceeding 7% of the assets expressed in other currency, to comply with the principle of matching assets. (8) If the commitments may be paid in a currency of a third country, if the investments in such currency are regulated, if the currency is subject to transfer restrictions or if, for similar reasons, the currency is not appropriate to cover technical reserves, the insurers do not have the obligation to comply with the principle of matching assets. (9) The insurers may hold assets that are not matching to cover an amount not exceeding 20% of their obligations in a certain currency.

Pension funds

Yes.

Pension funds are governed by Law No. 411/2004 regarding privately administered pension funds, recast as amended, Law No. 204/2006 on voluntary pension funds, as amended and Law no 1/2004 on occupational pension. The Private Pensions Guarantee Fund was established under Law No. 187/2011 to guarantee the rights of members and beneficiaries of the private pension system. Annual contributions that private pension funds’ management companies make to the Private Pensions Guarantee Fund are computed based on provisions of Norm No. 2/2013. As a first measure for guaranteeing the rights of members and beneficiaries, privately administered pension fund management companies are required to establish a technical provision based on the provisions of Norm No. 13/2012 and voluntary pension fund management companies are required to establish a technical provision based on the provisions of Norm No. 26/2015. The market regulator is The FSA – The Private Pensions Sector, formerly known as the Private Pension System Supervisory Commission.
Yes. Laws and other regulations do not set different limits on securities issued by residents and nonresidents from the EU or the EEA. Some regulations refer to specific securities issued by countries that are not EU or EEA members traded on regulated markets in Romania, EU members, and EEA countries. There are general rules for portfolio diversification established by the primary law provisions (Article 25 of Law No. 411/2004 and Article 87 of Law No. 204/2006 and Article 98 of Law No. 1/2020) and secondary legislation (Norm No. 11/2011 on the investment and evaluation of private pension fund assets, as amended and Norm No. 16/2020 on the investment of occupational pension funds). Regarding the Norm No. 11/2011 the assets of pension funds may be invested in (1) money market instruments up to 20% with the following sublimits: (a) current accounts in lei or foreign currency in banks authorized to operate in Romania, EU members, or EEA countries up to 5%; (b) bank deposits in lei or foreign currency in banks authorized to operate in Romania, EU members, or EEA countries up to 20%; (c) treasury bills traded on regulated markets or on a secondary market in Romania, EU members, or EEA countries up to 20%; (d) reverse repo agreements with credit institution counterparties up to 5%; (2) government bonds (including treasury bills designated in (1) (c)) issued by the MPF, EU members, or EEA countries up to 70%; (3) municipal bonds and other securities issued by local authorities in Romania, EU members, or EEA countries and traded on regulated markets in Romania, EU members, or EEA countries up to 30%; (4) securities traded on regulated markets in Romania, EU members, or EEA countries up to 50% with the following sublimits: (a) shares and rights traded on regulated markets in Romania, EU members, or EEA countries up to 50%; (b) corporate bonds, except those that embed derivatives up to 30%; (5) government bonds issued by countries that are not EU or EEA members, traded on regulated markets in Romania, EU members, or EEA countries up to 15%; (6) municipal bonds and other securities issued by local authorities of countries that are not EU or EEA members, traded on regulated markets in Romania, EU members, or EEA countries up to 10%; (7) bonds issued by the World Bank, EBRD, and EIB and traded on regulated markets in Romania, EU members, or EEA countries up to 15%; (8) bonds issued by foreign nongovernmental institutions, except as indicated in (7) traded on regulated markets in Romania, EU members, or EEA countries up to 5%; (9) UCITS including exchange-traded funds in Romania or EU members up to 5%; and (10) exchange-traded commodities and non-UCITS traded on regulated markets in Romania, EU members, or EEA countries up to 3%. In addition, effective September 19, 2019 Emergency Government Ordinance No. 38/2019 introduced the possibility for the assets of privately administered pension funds to be invested: (1) in shares and bonds of public private partnerships issued in accordance with Emergency Government Ordinance No. 39/2018 regarding public private partnerships or in infrastructure investment funds up to 15%; (2) financial instruments traded on regulated markets and issued by real estate investment funds or companies undertaking real estate activities such as real estate development or marketing, purchasing and selling own real estate, letting and sub-letting activities, and facility management up to 3%; (3) private equity shares or bonds issued by companies in Romania, EU members or EEA countries or units issued by private equity
funds from EU members or EEA countries up to 10%.

Effective May 14, 2020, regarding the Norm No 16/2020 on the investment of occupational pension funds, the asset of pension funds may be invested in:

1. current accounts in lei or foreign currency in banks authorized to operate in Romania, EU members, or EEA countries up to 20%;
2. bank deposits in lei or foreign currency in banks authorized to operate in Romania, EU members, or EEA countries up to 30%;
3. treasury bills traded on regulated markets or on a secondary market in Romania, EU members, or EEA countries up to 30%;
4. reverse repo agreements with credit institution counterparties up to 10%;
5. government securities issued by the MPF, EU members, or EEA countries up to 70%;
6. government bonds issued by countries that are not EU or EEA members, traded on regulated markets in Romania, EU members, or EEA countries up to 20%;
7. municipal bonds and other securities issued by local authorities in Romania, EU members, or EEA countries and traded on regulated markets in Romania, EU members, or EEA countries up to 30%;
8. corporate bonds, except those that embed derivatives up to 50%;
9. municipal bonds and other securities issued by local authorities of countries that are not EU or EEA members, traded on regulated markets in Romania, EU members, or EEA countries up to 10%;
10. bonds issued by the World Bank, EBRD, and EIB or other foreign nongovernmental institutions and traded on regulated markets in Romania, EU members, or EEA countries up to 20%;
11. securities traded on regulated markets in Romania, EU members, or EEA countries up to 50%;
12. UCITS including exchange-traded funds in Romania or EU members up to 20%;
13. exchange-traded commodities and non-UCITS traded on regulated markets in Romania, EU members, or EEA countries up to 10%;
14. securities and bonds issued by project companies in accordance with Emergency Government Ordinance No. 39/2018 regarding public private partnerships or in infrastructure investment funds up to 15%;
15. private equity shares or bonds issued by companies in Romania, EU members or EEA countries or units issued by private equity funds from EU members or EEA countries up to - 10%.

Laws and other regulations do not set different limits on securities held abroad or locally, issued by residents or nonresidents. Some provisions of Norm No. 11/2011 refer to limits for specific securities issued by countries that are not EU or EEA members (third countries) traded on regulated markets in Romania, EU members, and EEA countries.

There are no maximum limits on securities issued by nonresidents set by Law No. 243/2019 regarding alternative investment funds, Government Emergency Ordinance No. 32/2012 on UCITS and investment management companies and amending and

### Limits (max.) on investment portfolio held abroad

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>There are no maximum limits on investment portfolio held abroad set by Law No. 243/2019 regarding alternative investment funds Law No. 126/2018 on Markets in Financial Instruments, GEO No. 32/2012 as further amended and supplemented, and Law No. 74/2015 as further amended and supplemented or by FSA regulations for investment firms or collective investment schemes (UCITS and non-UCITS).</td>
</tr>
</tbody>
</table>

### Limits (min.) on investment portfolio held locally

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>There are no minimum limits set by the capital market laws (Law No. 243/2019 regarding alternative investment funds, Law No. 126/2018 on Markets in Financial Instruments, GEO No. 32/2012 as further amended and supplemented, and Law No. 74/2015 as further amended and supplemented) or by ASF/NSC regulations for investment firms or collective investment schemes (UCITS and non-UCITS).</td>
</tr>
</tbody>
</table>

### Currency-matching regulations on assets/liabilities composition

<table>
<thead>
<tr>
<th>No.</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>There are no relevant regulations for investment firms or collective investment schemes.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Classification**

<table>
<thead>
<tr>
<th>Details</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawl-like arrangement</td>
<td>08/23/2019</td>
</tr>
</tbody>
</table>

From August 2019, the leu followed a depreciating trend within a narrow 2% band against the euro. Therefore, the de facto ER arrangement was reclassified to crawl-like from stabilized.

#### Imports and Import Payments

**Import taxes and/or tariffs**

<table>
<thead>
<tr>
<th>Details</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>From April 3, 2020 until October 31, 2020, certain goods used in the prevention and treatment of COVID-19 may be admitted free of import duties and exempted of value added tax provided they are used by national bodies or distributed free of cost.</td>
<td>04/03/2020</td>
</tr>
</tbody>
</table>

#### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**

Lending locally in foreign exchange

<table>
<thead>
<tr>
<th>Details</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank of Romania Regulation No. 17/2012 provides for an aggregate Debt-service-to-income (DSTI) ceiling of 40% of which the maximum DSTI for loans denominated or indexed in a foreign currency granted to debtors exposed to foreign exchange risk is 20%. The regulation provides also for an exemption from the maximum level of the aggregate DSTI, under certain conditions, for up to 15% of the loans granted by a creditor.</td>
<td>01/01/2019</td>
</tr>
</tbody>
</table>

Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Details</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The minimum reserve requirement ratio on foreign-currency-denominated liabilities was reduced to 6% from 8%.</td>
<td>02/24/2020</td>
</tr>
</tbody>
</table>

**Provisions specific to institutional investors**

Pension funds

<table>
<thead>
<tr>
<th>Details</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Government Ordinance No. 38/2019 introduced the possibility for the assets of privately administered pension funds to</td>
<td>09/19/2019</td>
</tr>
</tbody>
</table>
be invested:
(1) in shares and bonds of public private partnerships issued in accordance with Emergency Government Ordinance No. 39/2018 regarding public private partnerships or in infrastructure investment funds up to 15%;
(2) financial instruments traded on regulated markets and issued by real estate investment funds or companies undertaking real estate activities such as real estate development or marketing, purchasing and selling own real estate, letting and sub-letting activities, and facility management up to 3%;
(3) private equity shares or bonds issued by companies in Romania, European Union (EU) members or European Economic Area (EEA) countries or units issued by private equity funds from EU members or EEA countries up to 10%.

Regarding the Norm No 16/2020 on the investment of occupational pension funds, the asset of pension funds may be invested in:
(1) current accounts in lei or foreign currency in banks authorized to operate in Romania, European Union (EU) members, or European Economic Area (EEA) countries up to 20%;
(2) bank deposits in lei or foreign currency in banks authorized to operate in Romania, EU members, or EEA countries up to 30%;
(3) treasury bills traded on regulated markets or on a secondary market in Romania, EU members, or EEA countries up to 30%;
(4) reverse repo agreements with credit institution counterparties up to 10%;
(5) government securities issued by the MPF, EU members, or EEA countries up to 70%;
(6) government bonds issued by countries that are not EU or EEA members, traded on regulated markets in Romania, EU members, or EEA countries up to 20%;
(7) municipal bonds and other securities issued by local authorities in Romania, EU members, or EEA countries and traded on regulated markets in Romania, EU members, or EEA countries up to 30%;
(8) corporate bonds, except those that embed derivatives up to 50%;
(9) municipal bonds and other securities issued by local authorities of countries that are not EU or EEA members, traded on regulated markets in Romania, EU members, or EEA countries up to 10%;
(10) bonds issued by the World Bank, EBRD, and EIB or other foreign nongovernmental institutions and traded on regulated markets in Romania, EU members, or EEA countries up to 20%;
(11) securities traded on regulated markets in Romania, EU members, or EEA countries up to 50%;
(12) UCITS including exchange-traded funds in Romania or EU members up to 20%;
(13) exchange-traded commodities and non-UCITS traded on regulated markets in Romania, EU members, or EEA countries up to 10%;
(14) securities and bonds issued by project companies in accordance with Emergency Government Ordinance No. 39/2018 regarding public private partnerships or in infrastructure investment funds up to 15%;
(15) private equity shares or bonds issued by companies in Romania, EU members or EEA countries or units issued by private equity funds from EU members or EEA countries up to - 10%.
RUSSIA

(Position as of October 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>June 1, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: June 1, 1996.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>Pursuant to UNSC Resolution No. 1373 of 2001, the following obligations were established:</td>
<td></td>
</tr>
<tr>
<td>- to freeze without delay funds and other financial assets or economic resources of persons who commit or attempt to commit terrorist acts, participate in the commission of terrorist acts, or facilitate the commission of such acts, and of organizations directly or indirectly owned or controlled by such persons, as well as persons and organizations acting on behalf of or at the direction of such persons or organizations, including funds received or acquired with the aid of property directly or indirectly owned or controlled by such persons and persons and organizations related to them;</td>
<td></td>
</tr>
<tr>
<td>- to prohibit nationals or any persons and organizations within the country’s territory from making any funds, financial assets, or economic resources, or financial or other related services, directly or indirectly, available to persons who commit or attempt to commit terrorist acts, or facilitate or participate in the commission of such acts, and to organizations directly or indirectly owned or controlled by such persons, as well as persons and organizations acting on behalf of or at the direction of such persons.</td>
<td></td>
</tr>
<tr>
<td>In accordance with UNSC resolutions and Russian legislative acts, restrictions have been imposed on current international transactions for reasons of national and international security with respect to the following organizations and countries:</td>
<td></td>
</tr>
<tr>
<td>(1) Al-Qaida, the Taliban movement, and the Islamic State of Iraq and the Levant (ISIL, Da’esh) (freezing without delay of the funds and other financial assets of the organizations’ members, prohibition against all operations);</td>
<td></td>
</tr>
<tr>
<td>(2) the Democratic Republic of the Congo (freezing of financial assets);</td>
<td></td>
</tr>
<tr>
<td>(3) Somalia (freezing of financial assets and ban on financial assistance).</td>
<td></td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Certain commercial and financial transactions with the Central African Republic and the Democratic Republic of the Congo are prohibited.</td>
<td></td>
</tr>
<tr>
<td>Restrictions with regard to Eritrea were lifted by UNSC Resolution No. 2444 (2018). Russian Federation Presidential Decree No. 348 of July 22, 2019, on the Repeal of Certain Provisions of Russian Federation Presidential Decree No. 933 of July 22, 2010, on Measures to implement UNSC Resolution No. 1907 of December 23, 2009, was adopted. BR Letter No. IN-014-12/1 of January 16, 2019,</td>
<td></td>
</tr>
</tbody>
</table>
on the Update of the Sanctions List of the UNSC Committee on Libya, and on the UNSC Resolution Regarding Eritrea, was published.

Certain commercial and financial operations with the Islamic Republic of Iran are prohibited.

Certain commercial and financial operations with the Democratic People’s Republic of Korea are prohibited.

Certain commercial and financial operations with Libya are prohibited.

There is a requirement to freeze funds and other assets in accordance with UNSC Resolution No. 2140 (2014) concerning Yemen.

There is a requirement to freeze funds or other assets in accordance with UNSC Resolution No. 2206 (2015) concerning South Sudan.

There is a prohibition against the provision of financial support related to military activities and the provision, maintenance, or use of any arms and related materiel in accordance with UNSC Resolution No. 2428 (2018) concerning South Sudan.

There is a requirement to freeze funds and other assets in accordance with UNSC Resolution No. 2374 (2017) concerning Mali.

Restrictive measures provided for by UNSC resolutions come into force from the day the relevant resolutions are adopted. Their introduction, amendment, suspension, or cancelation is binding on all Russian state and local government bodies, as well as organizations and individuals under the jurisdiction of the Russian Federation.

These measures are applied during the period established by the UNSC resolutions. If there is no indication in the resolutions on the period of application of the measures, such measures remain in effect until they are canceled by the relevant UNSC resolutions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Russia is the Russian ruble.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands
The de jure and de facto exchange rate arrangements are free floating. Under this arrangement, the exchange rate of the ruble is determined by market factors. Following the transition to the free floating exchange rate arrangement, the Central Bank of the Russian Federation (BR) retained the ability to intervene in the domestic foreign exchange market in the event of threats to financial stability.

In 2019, the main impact on the exchange rate was from operations by foreign investors related to:
- an easing of monetary policy in developed countries and a corresponding increase in the attractiveness of currencies of emerging-market countries for carry trade transactions;
- an improvement in the mood among investors with regard to the trade conflict between the United States and China and growth in demand for risk assets in global markets;
- and also an easing of monetary policy in Russia and an increase in the attractiveness of investments in federal loan bonds.

In 2020, the dynamics of the ruble’s exchange rate have been determined by capital flight from developing markets because of the coronavirus pandemic, the decline in oil prices in March–April, and an inflow of capital as financial markets stabilized.

Since 2017, the MOF implemented a mechanism for foreign exchange purchases and sales to enhance the stability and predictability of local economic conditions and to reduce the impact of price volatility in the global energy market on Russia’s economy and public finance (fiscal rule). Sales and purchases of foreign exchange by the MOF through the BR depend on the difference in the projected and actual amount of oil and gas revenue in the federal budget. The projected revenue is calculated using separate benchmark prices for oil and gas, respectively. As long as the actual oil and gas revenue exceeds the amount projected, the MOF purchases foreign exchange through the BR equal to the amount of additional oil and gas revenues. If the actual oil and gas revenue drops below the projected level, the MOF sells foreign exchange equal to the amount of the resulting shortfall in oil and gas revenue. A benchmark Urals oil price of US$40/bbl (in real 2017 terms, adjusted for US inflation) is used in this framework. The size of these operations is announced at the start of every month and purchases/sales are evenly distributed within the month. From mid-August to end-2018, the BR suspended the purchase of foreign exchange under the fiscal rule with the aim of limiting exchange rate volatility and associated risks to financial stability. On December 14, 2018, the BR Board of Directors decided to resume foreign exchange purchases starting from January 15, 2019. It was announced that deferred purchases could be performed gradually throughout 2019 and subsequent years. (These purchases began on February 1, 2019, and it is assumed that they will be carried out regularly over 36 months.)

On February 11, 2020, the BR announced that the sale of foreign currency in the domestic market, which the BR will receive from the National Wealth Fund (NWF) in connection with the purchase of Sberbank shares using the NWF’s resources, will progress evenly over three to seven years after the transaction is closed. The BR...
would announce the rule-based daily volume of foreign currency sales in the domestic market associated with this transaction and the start date of these sales after determining the value and date of the transaction to acquire Sberbank shares using the NWF’s resources. The decision to invest a portion of NWF funds in Sberbank shares (Federal Law No. 50-FZ of March 18, 2020, on the Purchase by the Russian Federation Government of Common Shares of the Sberbank of Russia Public Joint-Stock Company from the Central Bank of the Russian Federation and the Repeal of Certain Provisions of Legislative Acts of the Russian Federation) was made by the government in connection with the fact that the volume of the NWF’s liquid funds exceeded 7% of GDP. Effective March 9, 2020, the BR decided to suspend foreign exchange purchases by the fiscal rule for 30 days amid increased financial markets volatility. The decision applied to both regular foreign currency purchases and those postponed in 2018. On March 10, 2020, the BR decided to start proactive foreign currency sales in the domestic market under the fiscal rule taking into account current oil price and its impact on the operations of the NWF in April. These operations will be performed until the start of regular foreign currency sales from the NWF funds related to the Sberbank transaction. Effective March 19, 2020, the BR started open market sales of foreign currency received from the NWF as part of the deal to acquire Sberbank shares. The foreign exchange sales for Sberbank deal were pre-announced on February 11, 2020. The BR calculated the amount of additional sales related to the Sberbank transaction based on full replacement of the shortfall of foreign currency supply in the domestic foreign exchange market because of the decline in proceeds from oil exports, oil products, and natural gas if the price of Urals crude falls below $25/barrel. The daily sales volume of the foreign currency proceeds from the deal will vary depending on the deviation of Urals crude below $25/barrel. Above this level, no operations will be performed. These operations will be performed in addition to standard foreign exchange sales from NWF funds in the domestic market under the fiscal rule. The BR will apply this foreign currency sales mechanism in the domestic market until September 30, 2020.

After the effective period of this mechanism expires and provided the global oil market maintains its current trends in August–September, the BR is going to offset the sales of foreign currency related to the Sberbank deal and the fiscal rule-based foreign currency purchases suspended in 2018 and in March–April 2020, as well as the proactive foreign currency sales carried out under the fiscal rule in March–April.

Information about the frequency and volumes of the BR’s foreign currency interventions is posted on the BR’s website under the “Liquidity of the banking sector and monetary policy instruments” subsection of the “Statistics” section.

Data on operations involving the purchase (sale) of foreign exchange performed by the BR on instructions from the Russian Ministry of Finance are published on the official website of the BR on a daily basis in the Factors Affecting Banking Sector Liquidity table (under the column Operations of the Russian Ministry of Finance Involving the Purchase (Sale) of Foreign Exchange in the Domestic Exchange Market).

The BR establishes official exchange rates for a number of foreign currencies against the ruble. These rates may be used in calculating state budget revenues and expenditures for payments and settlements by state administrative agencies with businesses, organizations, and
individuals and for taxation and accounting. Regulation of the use of the official exchange rates of foreign currencies against the ruble for various purposes, including the areas of their mandatory use, is not within the BR’s purview.

Official exchange rates are set every business day and, effective April 3, 2020, on non-business days announced in the Russian Federation (for example, related to quarantine), with the exception of non-business days that are weekends or official holidays, and take effect the next calendar day. Information on official rates is published on the BR’s website the day they are set and in the next edition of the BR Bulletin. The official rate for each currency applies until the next official rate becomes effective.

The official US dollar–ruble exchange rate is calculated on the basis of quotes for this currency pair in the domestic foreign exchange market. The calculation of official rates for other foreign currencies against the ruble is based on quotes of these currencies against the US dollar in the global market and the official exchange rate of the US dollar and the ruble.

Monetary policy framework

Exchange rate anchor

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

Monetary aggregate target

- **Inflation-targeting framework**: Yes. The BR is pursuing monetary policy within an inflation-targeting framework. The principal objective of the monetary policy is to ensure price stability, which means achieving a low inflation rate and keeping inflation consistently low.

Target setting body

- **Government**
- **Central Bank**
- **Monetary Policy Committee**
- **Central Bank Board**
- **Other**

Government and Central Bank

- **Inflation target**: Yes.
- **Target number**: Yes.
- **Point target**: Yes. A medium-term target was set for bringing inflation down to 4% in 2017 and keeping it close to this level in the future.

Target with tolerance band

Band/Range
<table>
<thead>
<tr>
<th>Topic</th>
<th>Target measure</th>
<th>CPI</th>
<th>Core inflation</th>
<th>Target horizon</th>
<th>Operating target (policy rate)</th>
<th>Policy rate</th>
<th>Target corridor band</th>
<th>Other</th>
<th>Accountability</th>
<th>Open letter</th>
<th>Parliamentary hearings</th>
<th>Other</th>
<th>Transparency</th>
<th>Publication of votes</th>
<th>Publication of minutes</th>
<th>Publication of inflation forecasts</th>
<th>Other monetary framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target measure</td>
<td>The inflation target is set on the basis of the CPI calculated by Rosstat, reflecting the rate of growth in consumer prices in relation to the corresponding month of the previous year.</td>
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<tr>
<td>CPI</td>
<td>The CPI measures the change over time of the cost of a consumer basket – a set of food, non-food items, and services consumed by the average household.</td>
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<td>Core inflation</td>
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<tr>
<td>Target horizon</td>
<td>The BR does not set specific dates or time periods when the achievement of the inflation target is assessed, but strives to ensure that annual inflation is near 4% on an ongoing basis.</td>
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<td>Operating target (policy rate)</td>
<td>Yes.</td>
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<td>Policy rate</td>
<td>Yes.</td>
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<tr>
<td>Description</td>
<td>The main monetary policy rate (the key rate) is set by the BR Board of Directors. This rate corresponds to the minimum interest rate at the BR 1-week repo auctions and the maximum interest rate at the BR 1-week deposit auctions. Under the BR operating procedure, the aim is for the one-day rate in the interbank credit market to be close to the key rate.</td>
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<td>Target corridor band</td>
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<td>Accountability</td>
<td>Yes.</td>
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<tr>
<td>Description</td>
<td>Reporting on inflation targets is not done in the form of open letters.</td>
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<td>Open letter</td>
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<tr>
<td>Description</td>
<td>The Chairman of the BR presents to the State Duma the Annual Report of the BR and Key Elements of the Uniform State Monetary Policy.</td>
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<td>Parliamentary hearings</td>
<td>Yes.</td>
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<tr>
<td>Description</td>
<td>Reporting on the achieving of inflation targets is also done in the Monetary Policy Report. The main channels for presenting information on monetary policy are the official website of the BR (press releases, publications, including quarterly issues of the Monetary Policy Report, the Key Elements of the Uniform State Monetary Policy, and the Annual Report of the BR), as well as public speeches by the BR management, including regular press conferences on the results of meetings of the Board of Directors of the BR and comments on certain topics in the media.</td>
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<td>Transparency</td>
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<td>Publication of votes</td>
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<tr>
<td>Description</td>
<td>The minutes of meetings of the BR Board of Directors are not published on the official website of the BR. Following the meetings of the BR Board of Directors, an official statement of the key rate is published (at 1:30 p.m. on the same day Moscow time). After meetings, press conferences are held with the participation of the Chairman of the BR (at 3:00 p.m. on the same day Moscow time). After supporting (quarterly) meetings, a new issue of the Monetary Policy Report is published (six business days after the decision on the key rate).</td>
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<td>Description</td>
<td>Inflation forecasts are published on a quarterly basis after meetings of the BR Board of Directors (the average daily forecast with a link to the press releases on the key rate, at 1:30 p.m. on the day the decision on the key rate is made). Report on Monetary Policy (six business days after the decision on the key rate).</td>
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<td>Other monetary framework</td>
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</table>
Pursuant to Federal Law No. 86-FZ of July 10, 2002, on the Central Bank of the Russian Federation, the BR licenses credit institutions to handle banking transactions (Paragraph 8 of Article 4). Branches may handle all or some of the banking operations (including purchase and sell foreign exchange cash) that are provided for under the banking license of the credit institution (or the regulation on the branch) and delegated to them. Internal structural subdivisions that purchase and sell foreign exchange cash must also handle other transactions delegated to them by the credit institution.

Operations with foreign exchange cash are performed in accordance with relevant BR regulations. Pursuant to Articles 8.8 and 8.9 of the BR Regulation No. 135-I of April 2, 2010, basic and universal banking licenses allow credit organizations to carry out operations in foreign currency. As of January 1, 2020, the number of credit institutions (other than branches) licensed to perform banking operations in foreign exchange was 402 banks and 40 nonbank credit institutions.

Foreign exchange swap operations involving the sale of US dollars for rubles may be performed. Interest rates are set at the key rate minus 1.00 percentage point for the ruble side of the transaction and LIBOR +1.50 percentage points a year for the foreign exchange side. Information about the parameters is posted on the BR’s website.

To supply Russian credit institutions with foreign currency, there are 1-week, 28-day, and 12-month repo auctions in US dollars and euros (the possibility of holding 12-month repo auctions was suspended as of April 1, 2016); the BR applies the minimum interest rates on these operations. The spreads with respect to the LIBOR rate for 1-week and 28-day repo operations are 2 percentage points. The BR has not performed the relevant operations since October 2017. Furthermore, the BR does not perform credit auctions in connection with the expiration of the given mechanism on January 1, 2018. The maximum debt of credit institutions to the BR under repo operations in foreign currency in 2019 was set on January 1, 2018, at US$15 billion.

The interbank market operates on the Moscow Exchange Open Joint-Stock Company and over the counter. As of December 31, 2019, 246 credit institutions had foreign currency claims on interbank loans, including repo operations; 114 credit organizations had debts on interbank loans, including repo, in foreign currency; 532 credit organizations had claims on correspondent accounts (nosto) in foreign currency; and 139 credit organizations had liabilities for correspondent accounts (loro) in foreign currency. BR currency interventions are carried out on the basis of the market rate. There are no restrictions on the spread between the exchange rates of buyers and sellers or on the commissions of market participants.
brokers in the foreign exchange market.

There were 13 institutions with market-making status in the foreign exchange market of the MMVB-RTS Moscow Stock Exchange Public Joint-Stock Company as of December 31, 2019: 12 credit institutions, 2 of which are credit institutions registered in the Republic of Belarus and 1 international financial institution (the Eurasian Development Bank).

Forward exchange market

Forward transactions are concluded by authorized banks. Trading in futures contracts is performed in currency exchanges, with most trading concentrated in the Moscow Exchange Open Joint-Stock Company.

The BR does not participate in the domestic currency derivatives market, but it does use swap transactions to provide ruble and foreign exchange liquidity. Under Russian securities market laws, one-day currency swap transactions by the BR are not considered financial derivatives.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

Yes. Settlements between residents in foreign exchange are regulated by law. Foreign exchange transactions in foreign currency between residents are prohibited, with the exception of a limited list of foreign exchange transactions provided for under Federal Law No. 173-FZ of December 10, 2003, on Foreign Exchange Regulation and Foreign Exchange Control.

Payments arrangements

Yes.

Bilateral payments arrangements

Yes. There are interbank agreements with the CIS countries, Bulgaria, China, Mongolia, and Vietnam.

Operative

Yes.

Inoperative

No.

Regional arrangements

No.

Clearing agreements

No.

Barter agreements and open accounts

No.

Administration of control

Yes. The BR’s functions include the enforcement of foreign exchange control regulations, supervision and monitoring of operations by authorized banks, and regulation of banks’ open foreign exchange positions. In addition to the BR, federal executive government...
authorities (as authorized by the government and within the limits of their jurisdiction) exercise control over foreign exchange operations, except those performed by credit institutions and noncredit financial institutions performing the types of activities indicated in Federal Law No. 86-FZ of July 10, 2002, on the Central Bank of the Russian Federation (BR).

**Payments arrears**

- **Official**: No.
- **Private**: No.

**Controls on trade in gold (coins and/or bullion)**

- **On domestic ownership and/or trade**: No.

- **On external trade**: Yes.

**Controls on exports and imports of banknotes**

- **No.**

**On exports**

- **Domestic currency**: No.

**Foreign currency**

- No.

**On imports**

- **Domestic currency**: No.

**Foreign currency**

- No.

Information on transactions with precious metals and precious stones subject to obligatory control in accordance with the requirements of Russian legislation on combating money laundering and the financing of terrorism must be reported to the Federal Financial Monitoring Service (Rosfinmonitoring).

Residents (including banks) must be licensed by the Ministry of Industry and Trade to export gold.

Foreign and domestic banknotes may be exported and imported by residents and nonresidents without restriction in accordance with procedures established by law. A uniform procedure has been established for imports into and exports from Russia of both foreign and domestic currency by residents and nonresidents.

Resident and nonresident individuals may export rubles from the customs territory of the Customs Union (Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and Russia) without limitation. For single exports of domestic currency exceeding the equivalent of US$10,000, a written customs declaration is required indicating the total amount being exported.

Single exports of rubles by resident and nonresident legal entities must be declared in writing to the customs authorities.

Resident and nonresident individuals may export foreign exchange cash from the customs territory of the Customs Union (Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and Russia) without limitation. For single exports of foreign exchange cash exceeding the equivalent of US$10,000, a written customs declaration is required indicating the total amount being exported.

Single exports of foreign currency by resident and nonresident legal entities must be declared in writing to the customs authorities.

Resident and nonresident individuals may import rubles into the customs territory of the Customs Union (Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and Russia) without limitation. For single imports of domestic currency exceeding the equivalent of US$10,000, a written customs declaration is required indicating the total amount being imported.

Single imports of rubles by resident and nonresident legal entities must be declared in writing to the customs authorities.

Resident and nonresident individuals may import foreign exchange cash into the customs territory of the Customs Union (Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and Russia) without limitation. For single imports of domestic currency exceeding the equivalent of US$10,000, a written customs declaration is required indicating the total amount being imported.

Single imports of foreign currency by resident and nonresident legal entities must be declared in writing to the customs authorities.
indicating the total amount being imported. Single imports of foreign currency by resident and nonresident legal entities must be declared in writing to the customs authorities.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

*Foreign exchange accounts permitted* Yes. Residents may open foreign exchange accounts with authorized banks without restriction and perform foreign exchange operations on such accounts in accordance with the foreign exchange legislation. Foreign exchange accounts for residents are opened, maintained, and closed following the same procedure as for domestic currency accounts opened by authorized banks on the basis of a bank account or deposit agreement.

Accounts of residents in foreign currency opened with authorized banks may be used for any operations, with the exception of operations in foreign currency between residents that are not listed in Article 9 of Federal Law No. 173-FZ that contains the list of foreign currency operations that are permitted between residents. The provisions of Instruction No. 181-I with regard to a failure to provide an authorized bank with documents related to the performance of operations pertain to residents that have concluded foreign trade agreements with nonresidents, the obligations under which do not exceed 200,000 rubles.

Residents may transfer funds from their accounts (deposits) at authorized banks to their own accounts opened at banks outside Russia without restriction.

*Approval required* No.

*Held abroad* Yes. Residents may open foreign exchange accounts with authorized banks without restriction and perform foreign exchange operations on such accounts in accordance with the foreign exchange legislation. Foreign exchange accounts for residents are opened, maintained, and closed following the same procedure as for domestic currency accounts opened by authorized banks on the basis of a bank account or deposit agreement.

Accounts of residents in foreign currency opened with authorized banks may be used for any operations, with the exception of operations in foreign currency between residents that are not listed in Article 9 of Federal Law No. 173-FZ that contains the list of foreign currency operations that are permitted between residents. The provisions of Instruction No. 181-I with regard to a failure to provide an authorized bank with documents related to the performance of operations pertain to residents that have concluded foreign trade agreements with nonresidents, the obligations under which do not exceed 200,000 rubles.

Residents may transfer funds from their accounts (deposits) at authorized banks to their own accounts opened at banks outside Russia without restriction.
subject to notification requirements. Foreign branches of authorized banks may freely maintain accounts with nonresident banks subject to the permission of the parent bank.

Pursuant to Federal Law No. 92-FZ of May 1, 2017, on Amending Certain Legislative Acts of the Russian Federation, two types of banks were defined: those with a basic license and those with a universal license. A bank with a basic license is not permitted to open bank (correspondent) accounts at foreign banks, with the exception of the opening of an account at a foreign bank for the purpose of participating in a foreign payment system. A bank with a basic license does not have the right to provide loans to foreign legal entities, to foreign organizations that are not legal entities under foreign law, or to individuals subject to the private law of a foreign state (Federal Law No. 92-FZ of May 1, 2017). A bank with a universal license that has obtained the status of a bank with a basic license or that has changed its status to that of a nonbank credit institution, or a bank with a basic license that has changed its status to that of a nonbank credit institution, is required to abrogate a bank (correspondent) account agreement with a foreign bank within one year of the date such status is acquired. This restriction does not apply to cases in which an account is opened at a foreign bank for the purpose of participating in a foreign payment system.

Residents may transfer to their accounts with banks outside Russia funds from their accounts with authorized banks or from other accounts with banks abroad. Transfers by resident legal entities of funds to their accounts with banks outside Russia from their accounts with authorized banks require, at the time of the first transfer, presentation to the authorized bank of the notification provided to the tax authority where the resident is registered and acknowledgment of receipt of that notification.

Any types of foreign exchange transactions on accounts (deposits) opened with banks abroad are allowed between residents that stay outside the territory of the Russian Federation in the aggregate for more than 183 days in a calendar year. If resident individuals are abroad in the aggregate for more than 183 days in a calendar year, then they are exempted for the period of their stay abroad from submitting a notice to the tax authority. When returning to Russia (if the period of the stay abroad in the aggregate was less than 183 days in a calendar year), such an individual must notify the tax authority of accounts abroad before June 1 of the year following the reporting year and must also submit to tax authorities with which he is registered reports on the movement of funds on accounts (deposits) at banks located outside the Russian Federation. Residents’ accounts at banks outside Russia may be credited with interest earned on the balance of such accounts, as well as a minimum deposit required by respective bank while opening an account (deposit), cash placed in an account (deposit), and funds received as a result of conversion operations using funds credited to such accounts (deposits), as well as funds received as a result of the following: (1) if funds in rubles are transferred from the account of another resident in Russia and if funds in rubles are transferred from the account of another resident abroad; (2) transfers in connection with execution of the Russian budget; (3) transfers for carrying out the activities of Russian diplomatic missions, consulates, and other official offices abroad and of permanent missions to interstate or intergovernmental organizations; (4) transfers of foreign currency by a Russian resident to another resident’s account abroad that do not exceed in one business day through one authorized bank the equivalent of US$5,000 at the official BR exchange rate on the date the funds are debited; (5) transfers for settlements between
transportation entities and individuals abroad, as well as with branches, representative offices, and other subdivisions of legal entities, under passenger transportation agreements; (6) transfers by residents from their accounts with authorized banks to accounts of related residents (spouse or close relative – direct forebear or descendant: parent, child, brother, sister, grandparent, grandchild, full-blooded or half-blooded, with a common father or mother, adoptive parent, adopted child) opened with authorized banks or with banks abroad; (7) transfers of foreign exchange from accounts with authorized banks to the accounts of Russian diplomatic missions, consulates, and other official representative offices abroad and to the accounts of permanent Russian missions to interstate or intergovernmental organizations by federal executive branch authorities through their representatives or representative offices and by entities authorized to use those accounts for the payment of wages and other payments for maintenance of their representatives or personnel of their representative offices abroad and for payment of business travel expenses; (8) settlements with resident individuals abroad, with the branches, representative offices, and other subdivisions of legal entities established under Russian law, as well as with nonresident individuals, under contracts for the transportation of passengers, and settlements in foreign exchange and rubles by resident individuals abroad and with nonresident individuals, under contracts for the transportation of freight by individuals for personal, family, household, and other noncommercial needs; (9) wages paid and other payments made to resident individuals related to the performance of their official duties outside Russia under labor agreements (contracts) with nonresidents, and in the form of payment for and/or reimbursement of expenses incurred by such resident individuals in connection with official business travel abroad; (10) payments to individuals in accordance with rulings of courts of foreign states, with the exception of decisions by international commercial arbitration bodies; (11) payments of pensions, scholarships, child support, and other payments of a social nature to individuals; (12) insurance payments to individuals effected by nonresident insurers; (13) payments made in the process of returning funds previously paid by resident individuals, including the return of funds transferred in error, the refunding of money for a product previously purchased by a resident individual from a nonresident and subsequently returned, or for a service for which a nonresident was paid by a resident; and (14) a gift of foreign exchange assets to a spouse or close relatives.

Funds may also be credited to residents’ accounts opened with banks abroad as follows: (1) Funds received under credit facilities and loan agreements with nonresident agents of foreign governments and under credit facilities and loan agreements with, effective December 2, 2019, residents of EAEU member states or with residents of foreign states (territories) with which there is automatic exchange of financial information may be credited to residents’ accounts opened at banks located within the territory of states that are members of the EAEU or opened at banks located within the territory of foreign states (territories) with which there is automatic exchange of financial information (previously residents of OECD and Financial Action Task Force (FATF) member countries), for a period exceeding two years. (2) In the case of payment or reimbursement by (nonresident) contracting authorities and/or (nonresident) third parties for local expenses of residents under agreements (contracts) concluded by them with nonresidents in the performance of activity by said residents, arising in connection with the construction, reconstruction, or modernization by residents of facilities located
outside the territory of the Russian Federation – for the period of the
construction, reconstruction, or modernization, on the conclusion of
which the remaining funds must be transferred to residents’ accounts
opened at authorized banks. (3) Foreign currency obtained by
residents from exhibitions and sports, cultural, and other similar
events abroad must be used to cover expenses of such events for the
duration of the event. (4) Foreign currency proceeds must be credited
to the accounts of resident transportation entities with banks abroad
for payment of aerial navigation, airport, and port fees and other fees
in foreign countries; expenses associated with the servicing of air,
river, and seacraft and other vehicles of such transportation entities
and their passengers abroad; and expenses for the activities of
branches, representative offices, and other offices of such
transportation entities abroad.
The foreign currency from Items (1) and (3) above credited to the
accounts of residents or third parties with banks abroad must be used
to meet the residents’ obligations as specified under said items or
transferred to accounts with authorized banks.
Effective January 1, 2020, funds received from nonresidents may be
credited without restriction to accounts (deposits) of resident
individuals opened at banks located outside the territory of the
Russian Federation on the condition that these banks are located
within the territory of an EAEU member state or within the territory
of a foreign state (territory) with which there is automatic exchange
of financial information. Previously, the following funds received
from nonresidents could be credited to accounts of resident
individuals opened at banks in OECD or FATF member countries: (1)
income from the leasing (or subletting) of the resident individual’s
real estate or other property located outside Russia to nonresidents;
(2) funds paid in the form of accumulated interest (coupon) income
provided for under the terms of an issue of foreign securities
belonging to a resident individual, as well as other income on foreign
securities (dividends, payments on bonds and bills, and payments
when there is a reduction in the authorized capital of an issuer of a
foreign security); and (3) funds paid to a resident individual in the
form of income earned from the placement of funds and/or securities
in trust with a nonresident trust manager.
The following funds may be credited to accounts of residents opened
at banks located outside the territory of the Russian Federation: (1)
foreign currency received under operations between resident
individuals who have spent a total of more than 183 days in a
calendar year outside the Russian Federation, which are performed
outside the Russian Federation; (2) those returned as taxes by the
competent authorities of the state visited by the resident; (3) those
received as wages and other payments in foreign currency outside the
Russian Federation by resident individuals under labor agreements
with resident legal entities providing for the performance by such
resident individuals of their official duties outside the Russian
Federation; (4) effective August 2, 2019, those received from
operations performed outside the territory of the Russian Federation
between resident individuals who have spent a total of more than 183
days in a calendar year outside the Russian Federation and by
resident legal entities that are Russian public higher education
institutions or branches thereof, located outside the territory of the
Russian Federation, under education contracts; (5) effective January
1, 2020, funds in the currency of the Russian Federation under
foreign trade agreements (contracts) concluded by such residents
with nonresidents, with respect to which the repatriation requirement
has been lifted; and (6) effective January 1, 2020, those paid by a
nonresident pursuant to the requirements of the laws of a foreign
state, bypassing accounts at authorized banks, in the form of income from the sale of precious metals recorded on accounts of residents opened at banks located outside the territory of the Russian Federation.

Funds received under operations related to the inheritance of foreign exchange assets and the transfer of foreign exchange assets by an estate to beneficiaries of the estate may also be credited to accounts of residents opened at banks located outside the territory of the Russian Federation.

The following funds received from nonresidents may be credited to the accounts of representative offices or branches of resident legal entities opened at banks located outside the territory of the Russian Federation:

1. those paid as a refund for funds previously paid by a representative office or branch of a resident legal entity for goods purchased from a nonresident and being returned by the representative office or branch of a resident legal entity, for a service for which the representative office or branch of a resident legal entity made payment to the nonresident in the event that the service was not performed or was not properly performed, under transactions related to the performance of activities of the representative office or branch of a resident legal entity, with the exception of transactions that entail the performance of foreign trade activity;
2. those previously offered by the representative office or branch of a resident legal entity as security under a lease for premises that are being returned by the nonresident;
3. those paid to the representative office or branch of a resident legal entity under a purchase and sale agreement for a motor vehicle and/or other property which the resident legal entity allocated to its representative office or branch, with the exception of transactions that entail the performance of foreign trade activity; and
4. effective August 11, 2020, those paid in the form of insurance payouts by nonresident insurers.

Effective April 17, 2020, the crediting of funds to accounts (deposits) of residents opened at financial market institutions located outside the territory of the Russian Federation, in accordance with the private law of such institutions that have the right to provide services related to the attraction from residents and placement of funds or other financial assets for safekeeping, management, investment, and/or the performance of other transactions in the interests of a resident or directly or indirectly on the account of a resident, and the debiting of funds from such accounts (deposits) are performed in all cases without restriction.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents have the right to open accounts (deposits) in rubles at banks and other financial market institutions abroad in accordance with the private law of such institutions that have the right to provide services related to the attraction from residents and placement of funds or other financial assets for safekeeping, management, investment, and/or the performance of other transactions in the interests of a resident or directly or indirectly on the account of a resident, without limitation. Exceptions are established by Federal Law No. 79-FZ of May 7, 2013, on Prohibiting Certain Categories of Persons from Opening and Maintaining Accounts (Deposits) and Holding Cash and Valuables at Foreign Banks Located Outside the Territory of the Russian Federation, and Holding and/or Using Foreign Financial Instruments (as amended). The procedure for opening a ruble account by residents at banks abroad and the grounds for the performance of foreign currency operations on these accounts are the same as those established for accounts (deposits) in foreign currency.
currency opened by residents at banks abroad.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Nonresidents have the right to open bank accounts (bank deposits) in foreign currency at authorized banks within Russia. They may carry out any operations on their accounts in foreign currency and in Russian rubles.

Nonresidents have the right without restriction to transfer foreign currency from their bank accounts (bank deposits) at authorized banks to their own accounts (deposits) at banks abroad.

BR Regulation No. 181-I of August 16, 2017, replaced Regulation No. 138-I of June 4, 2012, which, among other things, abolished the requirement for transaction passports and established the procedure for registering foreign trade contracts; reduced the number of documents submitted to authorized banks for currency control; raised the threshold for the amount of obligations for which the contract or loan agreement is subject to mandatory registration. The amount of obligations must be equal to or exceed the equivalent of: 3 million rubles for import contracts or credit agreements and 6 million rubles for export contracts; submission to the authorized bank by residents of the documents related to the conduct of foreign exchange transactions under contracts with nonresidents is no longer required if the amount of obligations does not exceed 200,000 rubles.

The provisions of Instruction No. 181-I with regard to a failure to provide an authorized bank with documents related to the performance of operations pertain to residents that have concluded foreign trade agreements with nonresidents, the obligations under which do not exceed 200,000 rubles.

The requirements of Instruction No. 181-I apply to nonresidents only with regard to their presentation to an authorized bank of the settlement document for the given operation when performing an operation that involves the debiting of rubles from their bank account (with the exception of cases referred to in paragraphs 2 through 5 of Item 2.8 of Instruction No. 181-I); the document must contain in the entry “Purpose of payment” the code for the type of operation, which corresponds to the name of the operation indicated in Annex 1 to Instruction No. 181-I.

Nonresidents may without restriction make transfers of rubles between their accounts and from accounts abroad to accounts at authorized banks or from accounts at authorized banks to accounts abroad or at other authorized banks.

Foreign exchange operations between residents and nonresidents with rubles as a means of payment are performed without restriction.

Nonresidents, except individuals, in the performance of a foreign exchange operation involving the debiting of rubles from the nonresident’s own bank account opened at an authorized bank in rubles must submit to the authorized bank a settlement document for a foreign exchange operation, indicating (except for certain cases) the code for the type of foreign exchange operation corresponding to the purpose of the payment.

Follow-up monitoring of the performance of the aforementioned operations is performed within the context of monitoring residents who are parties to such operations.
<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Imports and Import Payments</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The requirement concerning the importation of goods into the Russian Federation after a resident has made an advance payment for imports within the deadline established by a foreign trade agreement (contract) is provided for by the foreign exchange legislation of the Russian Federation.

Thus, when performing foreign trade activity residents are required, within the deadlines specified by foreign trade agreements (contracts), to either import the goods into the Russian Federation or provide for the return to the Russian Federation of the funds paid to nonresidents as an advance payment.

When performing foreign trade activity residents are required to provide information to authorized banks about the deadlines for nonresidents’ fulfillment of obligations under foreign trade agreements (contracts) through the transfer of goods to residents based on the advance payments made by the residents, and the deadlines for the return of said advance payments in accordance with the terms of the foreign trade agreements (contracts). In the event that goods are not imported into the Russian Federation and an advance payment is not returned, this information is forwarded by the authorized bank to the foreign exchange control body (the Russian Federal Customs Service), which applies administrative enforcement measures against the resident for violation of the repatriation requirement.

Advance import deposits                     | No.          |

Submission to the authorized bank by residents of the documents related to the conduct of foreign exchange transactions under any contracts with nonresidents is not required if the amount of obligations under them does not exceed 200,000 rubles.

In the case of a contract the obligations under which exceed the equivalent of 200,000 rubles but do not exceed the equivalent of 3,000,000 rubles, when debiting foreign currency from its account a resident must submit to the authorized bank documents related to the performance of the transaction, together with the order to debit the foreign currency.

In the case of an import contract the obligations under which are equal to or greater than the equivalent of 3,000,000 rubles, a resident must register the contract with an authorized bank.

The following are subject to registration with an authorized bank: (1) agreements, including agency agreements, commission agreements, and trust agreements providing for the importation of goods into the Russian Federation in the performance of foreign trade activity; (2) agreements providing for the purchase and/or performance of services related to the purchase within the Russian Federation (or
outside the Russian Federation) of fuel and lubricants (bunker fuel),
food, material and technical supplies, and other goods (with the
exception of spare parts and equipment) necessary to ensure the
operation and maintenance of vehicles, regardless of their type and
purpose, en route or at intermediate stopping points or parking areas;
(3) agreements, including agency agreements, commission
agreements, and trust agreements, with the exception of agreements
referred to under (1), (2), and (4), which provide for the performance
of work, delivery of services, or the transfer of information and
intellectual property, including exclusive rights thereto; and (4)
agreements providing for the transfer of movable and/or real property
under a rental agreement or financial lease agreements (leasing).
To register a contract, a resident importer must present to an
authorized bank an import contract (excerpt from a contract)
containing information needed by the authorized bank for registration
of the contract and the performance of foreign exchange control,
including oversight of the resident’s compliance with repatriation
requirements, as well as other information needed by the authorized
bank.

<table>
<thead>
<tr>
<th>Domiciliation requirements</th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

A resident must register an import contract the obligations under
which are equal to or greater than the equivalent of 3,000,000 rubles,
with an authorized bank no later than the date that a declaration of
the goods or a document used as a declaration of the goods in
accordance with the legislation on customs regulation is filed.

Licenses are required for imports of various alcoholic products, as
well as dual-purpose items, military equipment, medicine, industrial
waste, and ozone-depleting substances.

Private imports of ethyl alcohol are prohibited.

Most customs duties range from 5% to 25%, but duties up to 80% are
levied on certain sensitive goods. The following products are exempt
from duties: insulin and some other pharmaceuticals, printed
materials, cotton and cotton waste, some animal species, uncut
diamonds, wheelchairs, works of art, collectibles, and antiques.
Imports of goods from developing economies on an approved list are
subject to a customs duty that is 75% of the applicable rate.

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Repatriation requirements  Yes. Residents engaged in foreign trade activity must credit to their accounts at authorized banks, within the time periods specified in the foreign trade contracts, funds in foreign currency or rubles because of them under the terms of said contracts for goods delivered to nonresidents, work performed for them, services provided to them, and information or intellectual property transferred to them, including exclusive rights thereto, except: (1) when foreign currency or currency of the Russian Federation is credited to accounts of resident legal entities or third parties with banks outside the territory of the Russian Federation to fulfill the obligations of resident legal entities under credit facilities and loan agreements with nonresident organizations that are agents of foreign governments and under credit facilities and loan agreements with residents of, effective December 2, 2019, EAEU members or with residents of foreign states (territories) with which there is automatic exchange of financial information (previously residents of OECD and FATF member countries), for a period exceeding two years; (2) in the case of payment or reimbursement by (nonresident) contracting authorities and/or (nonresident) third parties for local expenses of residents under agreements (contracts) concluded by them with nonresidents in the performance of activity by said residents, arising in connection with the construction, reconstruction, or modernization by residents of facilities located outside the territory of the Russian Federation – for the period of the construction, reconstruction, or modernization, on the conclusion of which the remaining funds must be transferred to residents’ accounts opened at authorized banks; (3) when foreign currency obtained from exhibitions and sports, cultural, and other similar events abroad is used for expenses of such events, for the duration of the event; (4) when foreign currency is used to offset counterclaims for obligations (a) between resident and nonresident entities that conduct fishing operations abroad and provide services abroad under agency agreements with residents; (b) between resident and nonresident transportation entities performing services abroad for residents under agreements with them; or (c) between resident and nonresident transportation entities if settlement takes place through specialized entities established by international organizations in the area of international transportation and of which such resident transportation entities are members; (d) effective August 11, 2020, in the event that settlements between resident and nonresident transportation entities are performed in accordance with rules adopted by international organizations in the area of international shipments, which establish the procedure for the performance of mutual settlements and related services; (5) when foreign currency is used to offset counterclaims for obligations resulting from reinsurance agreements or service agreements connected with reinsurance agreements between nonresidents and resident insurance entities or insurance brokers; (6) when foreign currency proceeds are credited to the accounts of resident transportation entities with banks abroad to pay for the expenses of such transportation entities abroad in connection with the payment of aerial navigation, airport and port fees and other mandatory fees abroad; expenses associated with the servicing of air, river, and seacraft and other vehicles and their passengers abroad; and expenses connected with branches, representative offices, and other offices abroad; (7) when there is offsetting of counterclaims on obligations arising from agreements concluded between residents engaged in exports of natural gas in the gaseous state and nonresidents that provide for the purchase and sale
of natural gas in the gaseous state, and agreements under which nonresidents have obligations to residents in connection with the transit of natural gas in the gaseous state across the territory of foreign states; (8) when counterclaims on obligations arising from agreements on the provision of international telecommunications services, including international roaming services, are offset between a nonresident and a resident that are international telecommunications operators, including situations in which settlements between them are performed through specialized settlement organizations registered within member states of the International Telecommunication Union; and (9) effective August 2, 2019, when crediting foreign currency or currency of the Russian Federation to accounts opened at banks located outside the territory of the Russian Federation by Russian public higher education institutions and their branches located outside the territory of the Russian Federation, under education contracts with nonresident individuals that provide for the delivery of educational services outside the territory of the Russian Federation.

The foreign currency credited in accordance with Items (1) and (3) above to the accounts of residents or third parties with banks abroad must be used to meet the residents’ obligations as specified under said items or transferred to accounts with authorized banks.

Residents fulfill the repatriation requirement if they have arranged for: (1) receipt in their bank account of payment under a contract insuring against a nonresident’s failure to fulfill obligations under a foreign trade contract as specified in Federal Law No. 164-FZ of December 8, 2003, on the Principles of Government Regulation of Foreign Trade Activity, for activities related to insuring export loans and investments against business and/or political risks, provided the ratio in the insurance contract between the insurance amount and the insured value (level of indemnification) equals or exceeds the value established by law; (2) receipt in their bank accounts opened at authorized banks and/or bank accounts that have been opened at authorized banks by a resident who is the beneficiary, of foreign currency or Russian Federation currency under a transaction ensuring the fulfillment of a nonresident’s obligations under a foreign trade agreement (contract) and provided for by the procedure established by the Russian Federation government in accordance with Federal Law No. 164-FZ of December 8, 2003, on the Principles of Government Regulation of Foreign Trade Activity for the performance of activities related to insuring and securing export credits and investments against business and/or political risks, on the condition that the monetary amount received is equal to or greater than the value established by said procedure, in line with the procedure and deadlines provided for by the relevant transaction.

Effective October 16, 2019, a resident who is a recipient of funds in accordance with the terms of a transferable letter of credit, when performing settlements under a foreign trade agreement (contract) concluded with a nonresident for goods transferred to the nonresident, work performed for him, services provided to him, information and intellectual property transferred to him, including exclusive rights thereto, is considered to have fulfilled the repatriation requirement if he has ensured, within the deadlines specified by the given agreement (contract), in accordance with the terms of the transferable letter of credit from a bank located outside the territory of the Russian Federation or from the authorized bank to which the instruction was given to transfer the transferable letter of credit (the executing bank), the receipt of foreign currency and/or Russian Federation currency in his bank accounts at authorized banks and/or in bank accounts at authorized banks of the second resident.
recipient of funds (or second resident recipients of funds) to whom
the execution of the transferable letter of credit is to be performed in
accordance with the terms of the agreement concluded between the
resident recipient of the funds and the second recipient(s) of the
funds.
Foreign exchange operations related to settlements in foreign
currency within the framework of financing agreements concluded
between residents against the assignment of a monetary claim
(factoring), under which monetary claims in foreign currency or
rubles owed to residents by nonresidents on foreign trade contracts
are assigned to residents who are financial agents (factors), are
performed without restriction. For the purpose of ensuring
compliance with the obligation on the part of residents to repatriate
funds when performing foreign trade activity, a resident who has
entered into a foreign trade contract with a nonresident and who has
assigned the monetary claim under the contract to a resident factor, is
required to ensure that funds are received from the nonresident
according to the general rule — within the time period specified by
the foreign trade contract. Monitoring of residents’ compliance with
the repatriation requirement is carried out within the framework of
monitoring performed in accordance with BR Instruction No. 181-I
of August 16, 2017, on the Procedure for the Submission of
Supporting Documents and Information by Residents and
Nonresidents to Authorized Banks in the Performance of Foreign
Exchange Operations, on Standard Accounting and Reporting Forms
for Foreign Exchange Operations, and the Procedure and Deadlines
for their Submission.
Effective January 1, 2020, the repatriation requirement for export
earnings was lifted with respect to foreign trade agreements
(contracts) concluded between residents and nonresidents, the
obligations under which are denominated in the currency of the
Russian Federation and the terms of which call for payment in the
currency of the Russian Federation, and which provide for the
transfer of non-commodity goods by residents to nonresidents, as
well as other types of foreign trade contracts.

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
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<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents are not required to provide an authorized bank with
documents related to the performance of foreign exchange operations
under any contracts with nonresidents if the amount of obligations
under them does not exceed 200,000 rubles.
In the case of a contract the obligations under which exceed the
equivalent of 200,000 rubles, a resident must provide an authorized
bank with documents related to the performance of foreign exchange
operations under the given contract no later than 15 business days
after the date funds in fulfillment of the obligations under the given
contract are credited. In the case of an export contract the obligations
under which are equal to or greater than the equivalent of 6,000,000
rubles, a resident must register the contract with an authorized bank.
The following are subject to registration with an authorized bank: (1)
agreements, including agency agreements, commission agreements,
and trust agreements providing for the export of goods from the
Russian Federation in the performance of foreign trade activity, with
the exception of the export (import) of securities in documentary
form; (2) agreements providing for the sale and/or performance of services related to the sale within the Russian Federation (or outside the Russian Federation) of fuel and lubricants (bunker fuel), food, material and technical supplies, and other goods (with the exception of spare parts and equipment) necessary to ensure the operation and maintenance of vehicles, regardless of their type and purpose, en route or at intermediate stopping points or parking areas; (3) agreements, including agency agreements, commission agreements, and trust agreements, with the exception of agreements referred to under (1), (2), and (4), which provide for the performance of work, delivery of services, or the transfer of information and intellectual property, including exclusive rights thereto; and (4) agreements providing for the transfer of movable and/or real property under a rental agreement or financial lease agreements (leasing).

A resident exporter that is planning to fulfill its obligations under an export contract must provide information to an authorized bank about the export contract that is needed for its registration (referred to hereinafter as information) or an excerpt from the export contract containing information needed by the authorized bank for registration of the export contract and the performance of foreign exchange control, including oversight of the resident exporter’s compliance with repatriation requirements, and other information needed by the authorized bank.

An export contract must be presented by a resident exporter to an authorized bank no later than 15 business days after the registration of the export contract by the authorized bank if information alone was provided by the resident exporter for the purpose of the contract’s registration.

Letters of credit  No.
Guarantees  No.
Domiciliation  No.

Preshipment inspection  Yes. A resident exporter that is planning to fulfill its obligations under an export contract must provide information to an authorized bank about the export contract that is needed for its registration (referred to hereinafter as information) or an excerpt from the export contract containing information needed by the authorized bank for registration of the export contract and the performance of foreign exchange control, including oversight of the resident exporter’s compliance with repatriation requirements, and other information needed by the authorized bank.

An export contract must be presented by a resident exporter to an authorized bank no later than 15 business days after the registration of the export contract by the authorized bank if information alone was provided by the resident exporter for the purpose of the contract’s registration.

Other  No.

Export licenses  Yes.
Without quotas  No.
With quotas  Yes.

Export taxes  Yes.
Collected through the exchange system  No.
Other export taxes  Yes. Export taxes are levied on more than 350 items, and the rate for most
of them is 3.75%, with a maximum rate of 30% for natural gas. A number of goods, including petroleum and petroleum products, are subject to specific duties. Certain goods are subject to combined duties.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

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Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  Yes.

All proceeds from exports received by residents must be credited in full to their accounts opened with authorized banks within the time periods provided for under foreign trade contracts, except as indicated below.

Residents are not required to credit foreign currency or rubles to their bank accounts at authorized banks if (1) foreign currency or currency of the Russian Federation is credited to accounts of resident legal entities or third parties with banks outside the territory of the Russian Federation to fulfill the obligations of resident legal entities under credit facilities and loan agreements with nonresident organizations that are agents of foreign governments, and under credit facilities and loan agreements entered into with residents of, effective December 2, 2019, EAEU member countries or with residents of foreign states (territories) with which there is automatic exchange of financial information (previously residents of OECD and FATS member countries), for a period exceeding two years; (2) (nonresident) contractors or (nonresident) third parties pay or provide reimbursement for the local expenses of residents under agreements (contracts) concluded by them with nonresidents in the performance of activity by said residents, arising in connection with the construction, reconstruction, or modernization by residents of facilities located outside the territory of the Russian Federation – for the period of the construction, reconstruction, or modernization, or on the conclusion of which any remaining funds must be transferred to residents’ accounts with authorized banks; (3) foreign currency obtained by residents from exhibitions and sports, cultural, and other similar events abroad is used to cover expenses of such events, for the duration of the event; (4) foreign currency is used to offset counterclaims for obligations between (a) resident and nonresident entities that conduct fishing operations outside Russia and that provide services outside Russia to the residents under agency agreements with them; (b) resident and nonresident transportation entities performing services outside Russia for the residents under agreements with them; or (c) resident and nonresident transportation entities if the settlements between them are made through specialized settlement entities established by international organizations in the area of international transportation and of which such resident transportation entities are members; (d) effective August 11, 2020, in the event that settlements between resident and nonresident transportation entities are performed in accordance with rules adopted by international organizations in the area of international shipments, which establish the procedure for the performance of mutual settlements and related services; (5) foreign currency is used to offset counterclaims for obligations resulting from reinsurance agreements or service agreements connected with reinsurance agreements between nonresidents and resident insurance entities or insurance brokers; (6) foreign currency proceeds are credited to the accounts of resident transportation entities with banks abroad to pay for their expenses abroad in connection with the payment of aerial navigation, airport and port fees, and other mandatory fees in foreign countries; expenses associated with the servicing of air, river, and seacraft and other vehicles of such transportation entities and their

References to legal instruments and hyperlinks

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passengers abroad; and expenses in connection with the activities of branches, representative offices, and other offices of such transportation entities abroad; (7) there is offsetting of counterclaims on obligations arising from agreements concluded between residents engaged in exports of natural gas in the gaseous state and nonresidents that provide for the purchase and sale of natural gas in the gaseous state, and agreements under which nonresidents have obligations to residents in connection with the transit of natural gas in the gaseous state across the territory of foreign states; (8) counterclaims on obligations arising from agreements on the provision of international telecommunications services, including international roaming services, are offset between a nonresident and a resident that are international telecommunications operators, including situations in which settlements between them are performed through specialized settlement organizations registered within member states of the International Telecommunication Union; and (9) effective August 2, 2019, foreign currency or currency of the Russian Federation is credited to accounts opened at banks located outside the territory of the Russian Federation by Russian public higher education institutions and their branches located outside the territory of the Russian Federation, under education contracts with nonresident individuals that provide for the delivery of educational services outside the territory of the Russian Federation.

The foreign currency credited in accordance with Items (1) and (3) above to the accounts of residents or third parties with banks abroad must be used to meet the residents’ obligations as specified under said items or transferred to accounts opened with authorized banks. Residents fulfill the repatriation requirement if they have arranged for (1) receipt in their bank account of payment under a contract insuring against a nonresident’s failure to fulfill obligations under a foreign trade contract as specified in Federal Law No. 164-FZ of December 8, 2003, on the Principles of Government Regulation of Foreign Trade Activity for activities related to insuring export loans and investments against business and/or political risks, provided the ratio in the insurance contract between the insurance amount and the insured value (level of indemnification) equals or exceeds the value established by law; (2) receipt in their bank accounts opened at authorized banks and/or bank accounts that have been opened at authorized banks by a resident who is the beneficiary, of foreign currency or Russian Federation currency under a transaction ensuring the fulfillment of a nonresident’s obligations under a foreign trade agreement (contract) and provided for by the procedure established by the Russian Federation government in accordance with Federal Law No. 164-FZ of December 8, 2003, on the Principles of Government Regulation of Foreign Trade Activity for the performance of activities related to insuring and securing export credits and investments against business and/or political risks, on the condition that the monetary amount received is equal to or greater than the value established by said procedure, in line with the procedure and deadlines provided for by the relevant transaction. Effective October 16, 2019, a resident who is a recipient of funds in accordance with the terms of a transferable letter of credit, when performing settlements under a foreign trade agreement (contract) concluded with a nonresident for goods transferred to the nonresident, work performed for him, services provided to him, information and intellectual property transferred to him, including exclusive rights thereto, is considered to have fulfilled the repatriation requirement if he has ensured, within the deadlines specified by the given agreement (contract), in accordance with the terms of the transferable letter of credit from a bank located outside
the territory of the Russian Federation or from the authorized bank to which the instruction was given to transfer the transferable letter of credit (the executing bank), the receipt of foreign currency and/or Russian Federation currency in his bank accounts at authorized banks and/or in bank accounts at authorized banks of the second resident recipient of funds (or second resident recipients of funds) to whom the execution of the transferable letter of credit is to be performed in accordance with the terms of the agreement concluded between the resident recipient of the funds and the second recipient(s) of the funds.

Foreign exchange operations related to settlements in foreign currency within the framework of financing agreements concluded between these residents against the assignment of a monetary claim (factoring), under which monetary claims in foreign currency or the currency of the Russian Federation owed to residents by nonresidents on foreign trade contracts are assigned to residents who are financial agents (factors), are performed without restriction. For the purpose of ensuring compliance with the obligation on the part of residents to repatriate funds when performing foreign trade activity, a resident who has entered into a foreign trade contract with a nonresident and who has assigned the monetary claim under the contract to a resident factor, is required to ensure that funds are received from the nonresident according to the general rule – within the time period specified by the foreign trade contract. Monitoring of residents’ compliance with the repatriation requirement is carried out within the framework of monitoring in accordance with BR Instruction No. 181-I of August 16, 2017, on the Procedure for the Submission of Supporting Documents and Information by Residents and Nonresidents to Authorized Banks in the Performance of Foreign Exchange Operations, on Standard Accounting and Reporting Forms for Foreign Exchange Operations, and the Procedure and Deadlines for their Submission.

Effective January 1, 2020, the repatriation requirement for export earnings was lifted with respect to foreign trade agreements (contracts) concluded between residents and nonresidents, the obligations under which are denominated in the currency of the Russian Federation and the terms of which call for payment in the currency of the Russian Federation, and which provide for the transfer of non-commodity goods by residents to nonresidents, as well as other types of foreign trade contracts.

**Surrender requirements**

- No.

  **Surrender to the central bank**

  - No.

  **Surrender to authorized dealers**

  - No.

  **Restrictions on use of funds**

  - No.

**References to legal instruments and hyperlinks**

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### Capital Transactions

- Yes.

- No.

- No.

- No.
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The Federal Law on Foreign Exchange Regulation and Foreign Exchange Control does not restrict the purchase of shares or other equity-based securities by nonresidents (either from nonresidents or from residents). Special restrictions are in place for the banking and insurance sectors. There is 50% quota for the participation of foreign capital in the Russian banking system (Federal Law No. 395-1 of December 2, 1990, “On Banks and Banking Activities”). The quota for the participation of foreign capital in the authorized capital of insurance companies is set at 50% (Article 6 of Russian Federation Law No. 4015-1 of November 27, 1992, on the Organization of the Insurance Business in the Russian Federation).

The level of participation of foreign capital in the authorized capital of credit institutions licensed to perform banking operations is calculated as the ratio of foreign investments of nonresidents in the authorized capital of credit institutions licensed to perform banking operations to the total authorized capital of said credit institutions. The calculation of foreign investments in the authorized capital of credit institutions licensed to perform banking operations does not include foreign investments:

1. Made in the authorized capital of credit institutions licensed to perform banking operations and financed by the profits earned by said credit institutions in the Russian Federation or repatriated to the Russian Federation from abroad;
2. Made by credit institutions licensed to perform banking operations that are subsidiaries of foreign banks in the authorized capital of credit institutions licensed to perform banking operations, and all subsequent investments by said institutions in the authorized capital of credit institutions licensed to perform banking operations;
3. Made before January 1, 2007, in the authorized capital of credit institutions licensed to perform banking operations;
4. Made in the authorized capital of credit institutions licensed to perform banking operations that were privatized after August 22, 2012;
5. Representing 51% or more of the shares (equity stakes) in the authorized capital of a credit institution licensed to perform banking operations and made after January 1, 2007, provided these shares (equity stakes) have been owned by the investor for 12 years or more, unless the BR has made a decision on expiration of said period to continue including said investments in the calculation and has published this decision. The procedure for the adoption of said decision by the BR and for its publication is established by the BR.

The level of participation of foreign capital in the authorized capital of credit institutions licensed to perform banking operations is calculated by the BR following the procedure it has established as of January 1 of each year. Information about the level of participation of foreign capital in the total authorized capital of credit institutions licensed to perform banking operations and the indicators used to calculate it are published in the Bulletin of the BR, the official publication of the BR, and they are also posted on the official website of the BR no later than February 15 of the current year. For the purposes of said federal law, a quota is understood to mean...
the maximum level of participation of foreign capital in the total authorized capital of credit institutions licensed to perform banking operations, which is set at 50%.

When a quota is reached, the BR takes the following steps with respect to foreign investments:

(1) it refuses to register the credit institution with foreign investments and to issue it a license to perform banking operations;

(2) it prohibits any increase in the authorized capital of the credit institution with foreign investments at the expense of nonresidents' funds and the transfer of shares (equity stakes) in the credit institution to nonresidents if the quota will be exceeded as a result of these actions.

Shares (equity stakes) of a credit institution that are transferred (sold) in violation of such a prohibition are not voting shares and are not taken into consideration when determining a quorum at a general meeting of the credit institution’s shareholders (stakeholders) during the period that the prohibition is in effect. In the event of the performance of a transaction (or transactions) to transfer (purchase) shares (equity stakes) in a credit institution in violation of said prohibition, the BR files suit to declare the relevant transaction(s) null and void.

The measures provided for under Article 18, part 6, of the Federal Law on Banks and Banking do not apply to foreign investments referred to under paragraphs 1 and 2 of part 2 of said article. The measures provided for under paragraph 2 of part 6 of said article do not apply to foreign investments intended for the authorized capital of credit institutions licensed to perform banking operations as defined in accordance with regulatory acts of the BR on the basis of international agreements of the Russian Federation.

The BR terminates the application of measures provided for under part 6 of said article in the event that the level of participation of foreign capital in the total authorized capital of credit institutions licensed to perform banking operations is less than 50%.

The BR is required to publish information about the application of measures provided for under part 6 of said article, the reasons for the application of such measures, and termination of the application of such measures in the Bulletin of the BR, the official publication of the BR, and also to post it on the official website of the BR.

The procedure for the application and termination of the application of measures provided for under part 6 of said article, and the procedure for the disclosure of information about the application, the reasons for the application, and termination of the application of these measures are established by regulatory acts of the BR.

Unless otherwise provided for by international agreements of the Russian Federation, the BR has the right, in consultation with the Russian Federation government, to establish restrictions on credit institutions with foreign investments with regard to the performance of banking operations, if restrictions are applied to banks with Russian investments and branches of Russian banks in the respective foreign states with regard to their creation and activities.

The BR has the right, following the procedure established in the Federal Law on the Central Bank of the Russian Federation (BR), to establish additional requirements for credit institutions with foreign investments in terms of their reporting procedures, approval of management personnel, and the list of banking operations performed.

The quota for the participation of foreign capital in the authorized capital of insurance companies is calculated by the BR as of January 1 following the procedure established by BR Directive No. 3386-U of September 22, 2014, on the Procedure for Calculation of the Level of (Quota for) the Participation of Foreign Capital in the Authorized
Capital of Insurance Companies and Lists of Documents Needed to Obtain Approval from the BR for the Transfer of Shares (Equity Stakes in the Authorized Capital) of Insurance Companies to Foreign Investors and/or their Subsidiaries.

Insurance companies are required to obtain prior approval of the insurance supervisory authority for:

1. An increase in the size of their authorized capital at the expense of funds of foreign investors and/or their subsidiaries;
2. A transfer of their shares (equity stakes in their authorized capital) to foreign investors (including their sale to foreign investors), while Russian shareholders (partners) are required to obtain prior approval of the insurance supervisory authority for the transfer of shares (equity stakes in the authorized capital) of an insurance company held by them to foreign investors and/or their subsidiaries.

If the quota for the participation of foreign capital in the authorized capital of insurance companies exceeds 50%, the insurance supervisory authority refuses to grant prior approval to insurance companies that are subsidiaries of foreign investors (parent companies) or in which the equity stake held by foreign investors in the authorized capital is more than 49% or would be as a result of such transactions (Russian Federation Law No. 4015-1 of November 27, 1992, on the Organization of the Insurance Business in the Russian Federation).

An insurance company that is a subsidiary of a foreign investor (a parent company) or in which the equity stake held by foreign investors in the authorized capital is more than 49%, which has obtained a license to perform insurance activities after August 22, 2012, has the right to perform insurance activities in the Russian Federation if the foreign investor (parent company) has been an insurance company doing business in accordance with the legislation of the relevant state for at least five years (Article 6 of Russian Federation Law No. 4015-1 of November 27, 1992, on the Organization of the Insurance Business in the Russian Federation).

Transactions between nonresidents with domestic securities in Russia are performed under requirements set out in the antimonopoly law, the securities market law, and the Federal Law of November 21, 2011, No. 325-FZ, on organized trading.

Transactions resulting in control by a foreign investor or group of persons over business entities that are of strategic significance (that is, defense and state security) are subject to approval by the federal executive body authorized to carry out control functions over foreign investments in Russia.

Securities market law does not provide for special types of control of transactions between nonresidents involving domestic securities. Prior or subsequent consent (approval) by the BR is required in the event of the acquisition by a legal entity or individual or group of individuals, defined in accordance with Article 9 of Federal Law No. 135-FZ of July 26, 2006, on the Protection of Competition, through the performance of one or several transactions, including those in the secondary market, of more than 10% of the shares (equity stakes) (including those acquired previously) in a credit institution, private pension fund, insurance company, investment fund management company, mutual investment fund or private pension fund, or microfinance company.

Prior or subsequent consent (approval) by the BR is also required when a legal entity or individual (or group of individuals) establishes direct or indirect (through third parties) control (including acquisition in the secondary market) over shareholders (stakeholders) of a credit institution (private pension fund, insurance company, investment fund management company, mutual investment fund or private
pension fund, or microfinance company) that hold more than 10% of the shares (equity stakes) in said organization (and also with respect to a person acquiring more than 10% of the shares (equity stakes) in a credit organization).

Sale or issue locally by nonresidents  Yes.

Under the foreign exchange law, there are no restrictions on the sale or issuance of shares or other equity securities by nonresidents. Specific aspects of the placement and trading of securities of foreign issuers in Russia are governed by the law on the securities market (specifically Article 51.1 of Federal Law No. 39-FZ of April 22, 1996, on the Securities Market), according to which: (1) Foreign financial instruments may be traded in Russia as securities of foreign issuers, provided the following conditions are met simultaneously: (a) the foreign financial instruments are assigned an international securities identification code (number) and an international financial instrument classification code and (b) the foreign financial instruments are classified as securities following the procedure established by the BR. (2) Securities of foreign issuers that meet the requirements of Paragraph 1 may be placed and/or publicly traded in Russia if the issuers are: (a) foreign entities established in countries that are OECD members, members or observers of the FATF, and/or members of the Committee of Experts on the Evaluation of Anti-Money-Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL), and/or members of the Common Economic Space; (b) foreign entities established in countries that have the relevant agencies (relevant organizations) with which the federal executive agency responsible for the securities market has a cooperation agreement; (c) international financial institutions included in a list approved by the Russian government; (d) the foreign governments indicated in (a) and (b) and those countries’ autonomous CBs and administrative-territorial units; and (e) foreign organizations whose securities are listed on a foreign stock exchange that meets the criteria established by the BR in accordance with Paragraph 4, Article 51.1. (3) Foreign issuers’ securities may be placed in Russia by a decision of the BR, provided the prospectus for these securities is registered by the BR. (4) Foreign issuers’ securities that meet the requirements of Paragraphs 1 and 2 of Article 51.1 may be traded publicly in Russia based on a decision by a Russian exchange allowing for their organized trading. Such a decision may be made by a Russian exchange if the securities, other than securities of international financial institutions, are listed on a foreign exchange that meets the criteria established by the BR and no restrictions on the securities have been established by Russian law or international law. (5) International financial institutions’ securities may be publicly placed and/or traded in Russia, provided the conditions for the trading of these securities do not contain any restrictions regarding their trading among an unrestricted group of persons and/or the offering of the securities to an unrestricted group of persons.

Purchase abroad by residents  Yes.

The foreign exchange law does not prohibit the purchase abroad of shares or other equity securities by residents. There are certain restrictions: (1) the share of securities of foreign issuers and Russian depositary receipts in the composition of the aggregated investment portfolio consisting of funds intended for housing for military personnel may not exceed 30% (Federal Law No. 117-FZ of August 20, 2004, on the Mortgage Savings System to Provide Housing for Military Personnel); (2) nonstate pension funds that carry out compulsory pension insurance (a) may have assets in foreign currency in their portfolios in an amount not exceeding 30% of the value of the investment portfolio and (b) may have securities of international financial organizations, as well as units (stocks, shares) of foreign index investment funds (including securities
receivables and (or) securities to be transferred during the second part of the repo transaction) if the share of such instruments does not exceed 20% of the value of the investment portfolio (BR Regulation No. 580-P of March 1, 2017); and (3) pension reserves intended for fulfilling obligations under voluntary insurance agreements may not have a total share exceeding 30% in sovereign securities of foreign issuers, securities of international financial organizations, shares of foreign joint-stock companies, corporate shares of foreign business entities, and shares of foreign investment funds in pension reserves (Russian Federation Government Resolution No. 63 of February 1, 2007).

The legislation also establishes restrictions on the investment of an insurer’s equity (capital) and insurance reserves. Thus, the total value of assets located outside the Russian Federation in which an insurer’s equity (capital) is invested may not exceed 35% of the regulatory solvency margin or the minimum amount of authorized capital (the larger of the two indicators) (BR Directive No. 4298-U of February 22, 2017).

Furthermore, the proportion of foreign assets in insurance reserves, with the exception of that accounted for by reinsurers who are not residents of the Russian Federation, may not exceed 30% (BR Directive No. 4297-U of February 22, 2017).

In accordance with the banking legislation in force since June 1, 2017, there are two types of banks: those with a basic license and those with a universal license, and a with transition period for existing banks with equity (capital) of less than 1 billion rubles to obtain a basic license until December 31, 2018.

Article 24 of the Federal Law on Banks and Banking states that banks with a basic license have the right to perform operations and transactions, including those involving acquisition, only with securities listed on the first (highest) list of a trading organizer in whose capital the BR holds a stake, and securities that meet the requirements of the BR established in Directive No. 4979-U. Taking into consideration the requirements for the listing of securities on the first (highest) list established by Regulation No. 534-P and the stock exchange, securities of foreign issuers as well as securities denominated in foreign currency may be included in the list.

This law does not impose restrictions on: (1) the composition of counterparties of banks with a basic license in transactions with such securities, including those based on the private law of counterparties (other than transactions in which banks with a basic license act as creditors, considering the prohibition on lending to foreign persons) and (2) the possibility of the performance of transactions by banks with a basic license with such securities outside of the relevant stock exchange.

Compliance with the established requirements is evaluated by the BR within the context of banking supervision.

Banks with a universal banking license may have subsidiaries within the territory of a foreign state with the permission of the BR and in accordance with its requirements. There is no provision granting banks with a basic license the right to open a branch and/or subsidiary within the territory of a foreign state. General licenses to perform banking operations issued before June 1, 2017, remain in effect until they are replaced following the established procedure. The BR does not issue permits to establish a subsidiary in states (territories) that are classified according to the procedure defined by Russian law as states (territories) that do not participate in international cooperation in combating money laundering and the financing of terrorism.

Sale or issue abroad by residents

Yes. The foreign exchange law does not prohibit the sale or issuance
abroad of shares or other equity securities by residents. Under the law on the securities market, the placement and trading of securities of Russian issuers abroad require authorization by the BR. Rules similar to the rules governing transactions with shares or other equity securities apply.

**Purchase locally by nonresidents**

No. There are no restrictions on purchases of bonds or other debt securities by nonresidents from nonresidents or residents. Transactions between nonresidents with domestic securities must adhere to the requirements of the antimonopoly law and the securities market law.

**Sale or issue locally by nonresidents**

Yes. Under the foreign exchange law, there are no restrictions on the sale or issuance of bonds or other debt securities by nonresidents. Specific aspects of the placement and trading of securities of foreign issuers in Russia are governed by the law on the securities market (specifically Article 51.1 of Federal Law No. 39-FZ of April 22, 1996, on the Securities Market).

**Purchase abroad by residents**

Yes. The foreign exchange law of Russia does not prohibit purchases of bonds or other debt securities by residents abroad. Federal Law No. 39-FZ of April 22, 1996, on the Securities Market does not impose requirements or restrictions on the acquisition by residents of securities abroad. When transferring securities, which were acquired abroad and are intended for qualified investors under the legislation on the Russian securities market, into Russia for registration, the holder of such securities must have the status of a qualified investor (pursuant to Article 51.1, paragraph 14, of Federal Law No. 39-FZ of April 22, 1996, on the Securities Market (referred to hereinafter as Law No. 39-FZ)), if the securities of foreign issuers have not be admitted for public placement and/or public circulation in the Russian Federation in accordance with this article, then the requirements and restrictions established by this Federal Law for the circulation of securities intended for qualified investors apply to the circulation of such securities. Pursuant to Article 27.6, paragraph 3, of Law No. 39-FZ, the acquisition and conveyance of securities intended for qualified investors, as well as the provision (acceptance) of said securities as collateral to ensure the fulfillment of obligations, may be performed only through brokers. This rule does not apply to investors who are qualified by virtue of federal law when they perform said transactions, or to cases in which a person has acquired said securities as a result of universal legal succession, conversion, including reorganization, distribution of the property of a legal entity being liquidated, as well as other cases established by the BR. Pursuant to Article 3, paragraph 5, of Law No. 39-FZ, a broker has the right to acquire securities intended for qualified investors and to enter into derivatives contracts intended for qualified investors, only if the client on whose behalf the transaction is being performed (the contract is being concluded) is a qualified investor in accordance with Article 51.2, paragraph 2, of this Federal Law (referred to hereinafter as qualified investors by virtue of federal law) or is recognized by the broker as a qualified investor in accordance with this Federal Law.

**Article 24 of the Federal Law on Banks and Banking states**

that banks with a basic license have the right to perform operations and transactions, including those involving acquisition, only with securities listed on the first (highest) list of a trading organizer in whose capital the BR holds a stake, and securities that meet the requirements of the BR established in Directive No. 4979-U. Taking into consideration the requirements for the listing of securities on the first (highest) list established by Regulation No. 534-P and the stock exchange, securities of foreign issuers as well as securities
denominated in foreign currency may be included in the list. This law does not impose restrictions on: (1) the composition of counterparties of banks with a basic license in transactions with such securities, including those based on the private law of counterparties (other than transactions in which banks with a basic license act as creditors, considering the prohibition on lending to foreign persons) and (2) the possibility of the performance of transactions by banks with a basic license with such securities outside of the relevant stock exchange.

Compliance with the established requirements is evaluated by the BR within the context of banking supervision.

**Sale or issue abroad by residents**

Yes. The foreign exchange law of Russia does not prohibit the purchase or issuance of bonds or other debt securities by residents outside of Russia. According to Article 16 of Federal Law No. 39-FZ of April 22, 1996, on the Securities Market, organization of the circulation of issue-grade securities of a Russian issuer outside the Russian Federation, including circulation through the placement of securities of foreign issuers certifying rights with respect to issue-grade securities of Russian issuers in accordance with foreign law, requires authorization by the BR.

**On money market instruments**

Yes. Under the Russian foreign exchange law, there are no restrictions on purchases of money market instruments by nonresidents (from nonresidents or residents). Transactions between nonresidents with domestic securities in Russia are performed under requirements set out in the antimonopoly law and the securities market law. Pursuant to Article 27.5-1, paragraph 3, of Federal Law No. 39-FZ of April 22, 1996, on the Securities Market, the placement and circulation of BR bonds are performed only among Russian credit institutions.

**Sale or issue locally by nonresidents**

Yes. Under the foreign exchange law, there are no restrictions on the sale or issuance of bonds or other debt securities by nonresidents. Specific aspects of the placement and trading of securities of foreign issuers in Russia are governed by the law on the securities market (specifically Article 51.1 of Federal Law No. 39-FZ of April 22, 1996, on the Securities Market).

**Purchase abroad by residents**

Yes. There are no prohibitions in the foreign exchange legislation against the purchase of money market instruments by residents outside of Russia.

In accordance with the banking legislation in force since June 1, 2017, there are two types of banks: those with a basic license and those with a universal license, and a with transition period for existing banks with equity (capital) of less than 1 billion rubles to obtain a basic license until December 31, 2018. Article 24 of the Federal Law on Banks and Banking states that banks with a basic license have the right to perform operations and transactions, including those involving acquisition, only with securities listed on the first (highest) list of a trading organizer in whose capital the BR holds a stake, and securities that meet the requirements of the BR established in Directive No. 4979-U. Taking into consideration the requirements for the listing of securities on the first (highest) list established by Regulation No. 534-P and the stock exchange, securities of foreign issuers as well as securities denominated in foreign currency may be included in the list. This law does not impose restrictions on: (1) the composition of counterparties of banks with a basic license in transactions with such securities, including those based on the private law of counterparties (other than transactions in which banks with a basic license act as...
creditors, considering the prohibition on lending to foreign persons) and (2) the possibility of the performance of transactions by banks with a basic license with such securities outside of the relevant stock exchange.

Compliance with the established requirements is evaluated by the BR within the context of banking supervision.

Banks with a universal banking license may have subsidiaries within the territory of a foreign state with the permission of the BR and in accordance with its requirements. There is no provision granting banks with a basic license the right to open a branch and/or subsidiary within the territory of a foreign state. General licenses to perform banking operations issued before June 1, 2017, remain in effect until they are replaced following the established procedure. The BR does not issue permits to establish a subsidiary in states (territories) that are classified according to the procedure defined by Russian law as states (territories) that do not participate in international cooperation in combating money laundering and the financing of terrorism.

<table>
<thead>
<tr>
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</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes</td>
<td>Rules similar to the rules governing transactions with shares or other equity securities apply.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>Under the foreign exchange law, there are no restrictions on purchases of collective investment securities by nonresidents from nonresidents or residents. Transactions between nonresidents with domestic securities in Russia are performed under the requirements in the antimonopoly law and the securities market law. The acquisition of more than 10% of the shares in private pension funds or more than 10% of the shares (equity stakes) in investment fund, mutual fund, and private pension fund management companies requires the prior consent (subsequent approval) of the BR.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>Under the foreign exchange law, there are no restrictions on the sale or issuance of collective investment securities by nonresidents. Specific aspects of the placement and trading of securities of foreign issuers in Russia are governed by the law on the securities market (specifically Article 51.1 of Federal Law No. 39-FZ of April 22, 1996, on the Securities Market).</td>
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securities, including those based on the private law of counterparties (other than transactions in which banks with a basic license act as creditors, considering the prohibition on lending to foreign persons) and (2) the possibility of the performance of transactions by banks with a basic license with such securities outside of the relevant stock exchange.

Compliance with the established requirements is evaluated by the BR within the context of banking supervision.

The foreign exchange law of Russia does not prohibit the sale or issuance of collective investment securities outside Russia. Placement and trading of securities of Russian issuers outside of Russia require authorization by the BR.

Sale or issue abroad by residents | Yes.

Controls on derivatives and other instruments | No.

Purchase locally by nonresidents | No.

Sale or issue locally by nonresidents | No.

Purchase abroad by residents | No.

Sale or issue abroad by residents | No.

Controls on credit operations | Yes.

Commercial credits | No.

By residents to nonresidents | No.

To residents from nonresidents | No.

Financial credits | Yes.

By residents to nonresidents | Yes.

In accordance with the banking legislation in force since June 1, 2017, there are two types of banks: those with a basic license and those with a universal license, and a with transition period for existing banks with equity (capital) of less than 1 billion rubles to obtain a basic license until December 31, 2018. A bank with a basic license may not place funds attracted for deposit with foreign legal entities, foreign organizations that are not legal entities under foreign law, or individuals who are subject to the private law of a foreign state. Such restrictions do not apply to banks with a universal license. Compliance with the established requirements is evaluated by the BR within the context of banking supervision.

Guarantees, sureties, and financial backup facilities | Yes.

By residents to nonresidents | Yes.

In accordance with the banking legislation in force since June 1, 2017, there are two types of banks: those with a basic license and those with a universal license, and a with transition period for existing banks with equity (capital) of less than 1 billion rubles to obtain a basic license until December 31, 2018. A bank with a basic license may not issue bank guarantees (the issuing of bank guarantees is not a banking operation, but it remains a bank transaction) to foreign legal entities, foreign organizations that are not legal entities under foreign law, or individuals who are subject to the private law of a foreign state; perform leasing operations with said persons; or issue sureties on behalf of said persons. Such restrictions do not apply to banks with a universal license. Compliance with the established requirements is evaluated by the BR.
within the context of banking supervision.

**To residents from nonresidents**  
No.

**Controls on direct investment**  
Yes.

**Outward direct investment**  
Yes.  
Direct investments by resident individuals and resident legal entities that are not credit institutions are permitted, provided the requirements of the foreign currency law of Russia are met (for example, those related to investments of pension funds).

There are no restrictions on direct investment by resident credit institutions associated with their acquisition of stocks (equity stakes) of foreign entities except when approval from the BR must be obtained following the established procedure. Such approval must be obtained to establish a subsidiary in a foreign state, and also to acquire the status of a parent company with respect to an existing nonresident organization in which a credit institution would have the ability to determine decisions made by the given organization’s management bodies by virtue of a dominant stake in the authorized capital, in accordance with an agreement that has been concluded, or in some other manner.

In accordance with the banking legislation in force since June 1, 2017, there are two types of banks: those with a basic license and those with a universal license, and a with transition period for existing banks with equity (capital) of less than 1 billion rubles to obtain a basic license until December 31, 2018. Banks that have a universal license to perform banking operations and that meet the requirements of the BR may have subsidiaries (branches) abroad subject to authorization by the BR. There is no provision granting banks with a basic license the right to open a subsidiary within the territory of a foreign state. The BR does not issue authorization to establish subsidiaries in countries (in areas) that are included, in the manner specified by the laws of Russia, among those governments (areas) that do not participate in international cooperation in the area of combating money laundering and financing of terrorism.

Approval from the BR is required for transactions involving the acquisition of shares issued by a Russian credit institution, the placement and/or trading of which outside Russia is carried out through their placement in accordance with the foreign securities law pertaining to foreign issuers and granting rights with regard to issued securities of Russian issuers. The threshold for participation (individually or as part of a group of individuals) in Russian credit institutions without BR approval is 10%. (This restriction also applies with respect to residents of the Russian Federation.) BR approval is also required when operations are performed that result in the establishment of control over shareholders (stakeholders) of a Russian credit institution who hold more than 10% of the shares (equity stakes) in the given credit institution. (This restriction also applies with respect to residents of the Russian Federation.)

In accordance with the Treaty between Russia and Belarus on the creation of the Union State, the BR has established through Regulation No. 217-P that transfers of funds in rubles and in foreign currency for participation in the authorized capital of Belarusian banks, as well as the acquisition (disposal) of shares issued by Belarusian banks and stakes in the authorized capital of Belarusian banks, are to be carried out by authorized banks in accordance with Russian legislation on banks and banking, subject to notification requirements. Authorized banks are required to notify the BR regarding participation in the authorized capital of Belarusian banks following the procedure established by regulatory acts of the BR.
Direct investments are subject to certain limitations:
(1) Requirements have been established for foreign investors and
groups of persons that include a foreign investor, for their investment
in the authorized capital of business entities that are of strategic
significance in providing for the national defense and state security,
and/or for the completion of transactions resulting in the
establishment of control over such business entities. In this
connection, transactions carried out by foreign governments or
international organizations or organizations under their control that
result in acquisition of the right directly or indirectly to control more
than 25% of the total number of votes attached to voting shares
(equity stakes) constituting the authorized capital of a Russian
business entity, or some other ability to block decisions of such a
business entity’s governing authorities, are subject to approval in
accordance with the procedures specified in Articles 9–12 of the
Federal Law on the Procedure for Making Foreign Investments in
Business Entities that are of Strategic Significance in Providing for
the National Defense and State Security, except transactions in which
the participants are international financial organizations established
under international treaties to which Russia is a party or international
financial organizations with which Russia has entered into
international treaties. The list of those international financial
organizations is approved by the Russian government (Resolution
No. 119-R of the Russian Federation Government of February 3,
2012).
(2) In accordance with Federal Law No. 372-FZ of December 14,
2015, on Amendments to Articles 16 and 18 of the Federal Law on
Banks and Banking, adopted on the basis of the Russian Federation’s
commitments in connection with accession to the WTO, the level of
participation of foreign capital in the Russian Federation’s banking
system is taken into account when considering whether the BR will
issue a permit to establish a credit institution with foreign
investments. Russian Federation law does not provide for the
possibility of opening branches of foreign credit institutions within
the territory of the Russian Federation. In accordance with federal
laws, the BR performs state accreditation of representative offices of
foreign credit institutions, as well as accreditation of foreign
nationals who will be working at the representative offices.
The level of participation of foreign capital in the aggregate
authorized capital of credit institutions licensed to perform banking
operations is calculated as the ratio of nonresidents’ foreign
investments in the authorized capital of credit institutions that are
licensed to perform banking operations to the aggregate authorized
capital of such credit institutions.
The procedure for calculating the level of participation of foreign
capital is defined under Article 18 of the Federal Law on Banks and
Banking and BR Directive No. 3948-U of January 28, 2016, on the
Procedure for Calculating the Level of Participation of Foreign
Capital in the Aggregate Authorized Capital of Credit Institutions
Licensed to Perform Banking Operations (referred to hereinafter as
Directive No. 3948).
The following foreign investments are not included in the calculation
of foreign investments in the authorized capital of credit institutions
licensed to perform banking operations (Article 18, part 2):
(1) investments made in the authorized capital from the earnings of
the credit institutions received in the Russian Federation or
repatriated to the Russian Federation from abroad;
(2) investments made in the authorized capital by subsidiary credit
institutions of foreign banks licensed to perform banking operations,
and all subsequent investments by said institutions in the authorized
capital of credit institutions licensed to perform banking operations;
(3) investments made before January 1, 2007, in the authorized
capital of credit institutions licensed to perform banking operations;
(4) investments made in the authorized capital of credit institutions
licensed to perform banking operations, the privatization of which
was performed after August 22, 2012;
(5) investments representing 51% or more of the shares (equity
stakes) in the authorized capital of a credit institution licensed to
perform banking operations, performed after January 1, 2007, on the
condition that said shares (equity stakes) are held by an investor for
12 or more years, unless the BR has adopted a decision before the
expiration of this time period to continue to include said investments
in the calculation and has published this decision. The procedure for
the adoption by the BR of such a decision and for its publication is
established by the BR.

The maximum level of participation of foreign capital in the
aggregate authorized capital of credit institutions licensed to perform
banking operations is 50%.

When the quota is reached, the BR performs the following measures
with respect to foreign investments (Article 18, part 6):
(1) it refuses to register a credit institution with foreign investments
and to issue it a banking license;
(2) it imposes a ban on an increase in the authorized capital of a
credit institution licensed to perform banking operations using
nonresidents’ funds and on the conveyance of shares (equity stakes)
in the credit institution in favor of nonresidents if such actions mean
that the quota will be exceeded. Shares (equity stakes) in a credit
institution that have been conveyed (sold) in violation of such a ban
are not voting shares and are not taken into account in determining a
quorum at a general meeting of shareholders (stakeholders) of the
credit institution for the period that such a ban is in effect. In the
event that a transaction is performed to convey (acquire) shares
(equity stakes) in a credit institution in violation of the ban, the BR
files a petition requesting that the relevant transaction be declared
null and void.

The measures provided for under the sixth part of Article 18 of the
Federal Law on Banks and Banking are not applied with respect to
foreign investments referred to under Items 1 and 2 of the second
part of Article 18 of the Law on Banks and Banking.

The measures provided for under Item 2 of the sixth part of Article
18 of the Federal Law on Banks and Banking are not applied with
respect to foreign investments intended for the authorized capital of
credit institutions licensed to perform banking operations as defined
in accordance with regulatory acts of the BR on the basis of
international agreements of the Russian Federation.

The BR ceases to apply the measures provided for under the sixth
part of Article 18 of the Federal Law on Banks and Banking in the
event that the level of participation of foreign capital in the aggregate
authorized capital of credit institutions licensed to perform banking
operations is less than 50%.

The level of participation of foreign capital in the aggregate
authorized capital of credit institutions licensed to perform banking
operations is calculated by the BR following the procedure it
establishes as of January 1 of each year.

Information about the level of participation of foreign capital in the
aggregate authorized capital of credit institutions licensed to perform
banking operations and about the indicators used for its calculation is
subject to publication in the official publication of the BR, the
Bulletin of the BR, and it is also posted on the official website of the
BR no later than February 15 of the current year.
As of January 1, 2020, the level of participation of foreign capital in the aggregate authorized capital of credit institutions licensed to perform banking operations was 11.79%.

(3) Restrictions have been established on the use of mineral resources by foreign investors and by legal entities in which foreign investors hold a stake.

(4) Restrictions apply on certain types of activities of insurance companies that are subsidiaries of foreign investors or have a foreign ownership stake in their authorized capital of over 49%, other than insurance companies that were subsidiaries of foreign investors on the date Federal Law No. 234-FZ of July 23, 2013, went into effect, if they were previously authorized for such activity. As of January 1, 2020, the quota for participation by foreign capital in the authorized capital of insurance companies with an insurance license was 10.83%. A quota of 50% was set on foreign capital in the authorized capital of insurance companies. If the level of (quota for) the participation of foreign capital in the authorized capital of insurance companies exceeds 50%, the insurance supervisory authority stops issuing insurance licenses to insurance companies that are subsidiaries of foreign investors (parent companies) or in which the equity stake held by foreign investors in the authorized capital is more than 49%. Insurance companies that are subsidiaries of foreign investors (parent companies), or in which the equity stake held by foreign investors in the authorized capital is more than 49%, may not provide personal life, health, or property insurance in the Russian Federation at the expense of funds allocated for these purposes from the respective budget to federal executive government authorities (insured parties); insurance related to the procurement of goods, work, and services to meet state and municipal needs; or insurance for the property interests of government and municipal organizations. These restrictions do not apply to insurance companies that were subsidiaries of foreign investors on the date Federal Law No. 204-FZ of November 20, 1999, went into effect, if they were previously authorized for such activity. Payment by foreign investors for the shares (equity stakes in authorized capital) of insurance companies held by them is performed exclusively in monetary form in the currency of the Russian Federation.

Insurance companies must obtain authorization for the following: (1) an increase in their authorized capital from funds of foreign investors and/or their subsidiaries and (2) transfers of shares (equity stakes in authorized capital) to a foreign investor (including for sale to foreign investors). Russian shareholders (stakeholders) must obtain authorization to transfer their shares (equity stakes) to foreign investors and/or their subsidiaries. The insurance supervisory authority refuses to grant prior authorization to insurance companies that are subsidiaries of foreign investors or that have a foreign ownership in their authorized capital exceeding 49% or that attain this status as a result of the transactions indicated if the established quota of 50% is not exceeded when completing such transactions. Prior or subsequent consent (approval) from the BR is required in the event that a legal entity or individual, or a group of individuals defined in accordance with Article 9 of Federal Law No. 135-FZ of July 26, 2006, on the Protection of Competition, acquires more than 10% of the shares (equity stakes) in a credit institution, private pension fund, insurance company, investment fund management company, mutual investment fund or private pension fund, or microfinance company (including those previously acquired) when performing one or several transactions, including transactions in the secondary market.

Prior or subsequent consent (approval) from the BR is also required
when a legal entity or individual (or group of individuals) establishes
direct or indirect (through third parties) control (including acquisition
in the secondary market) with respect to the shareholders
(stakeholders) of a credit institution (private pension fund, insurance
company, investment fund management company, mutual investment
fund or private pension fund, or microfinance company) who hold
more than 10% of the shares (equity stakes) of said institution.

<table>
<thead>
<tr>
<th>Controls on liquidation of direct investment</th>
<th>No.</th>
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<tbody>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
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<td>Purchase abroad by residents</td>
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<td>Purchase locally by nonresidents</td>
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<td>Sale locally by nonresidents</td>
<td>No.</td>
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<td>Controls on personal capital transactions</td>
<td>Yes.</td>
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<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
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<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Foreign citizens, foreign legal entities, persons without citizenship,
and legal entities in whose authorized (share) capital the stake of
foreign citizens, foreign legal entities, or persons without citizenship
is over 50% may hold land parcels for agricultural use only under a
leasing arrangement.

Controls on personal capital transactions Yes.

| Loans                                        | No. |
| By residents to nonresidents                 | No. |
| To residents from nonresidents               | No. |
| Gifts, endowments, inheritances, and legacies | Yes.|
| By residents to nonresidents                 | Yes.|

The receipt as a result of a gift (endowment) of more than 10% of the
stocks (shares) of a Russian credit institution, insurance company,
microfinance company, private pension fund, or investment fund,
mutual fund, and private pension fund management company
requires the consent of the BR. When more than 10% of the stocks
(shares) of a Russian credit institution, insurance company,
microfinance company, private pension fund, or investment fund,
mutual fund, and private pension fund management company are
received through inheritance, the consent of the BR is considered to
have been obtained. The heir must confirm that his business
reputation meets the requirements established by law. In addition, the
heir must meet these requirements on an ongoing basis and in the
established cases must confirm compliance with the requirements
regarding his financial position on an annual basis.

An insurance company is required to obtain authorization to transfer
its shares (stakes in its authorized capital) to a foreign investor
(including their sale to foreign investors). Russian shareholders
(stakeholders) are required to obtain authorization to transfer shares
(equity stakes) belonging to them to foreign investors and/or their
subsidiaries. Insurance companies that are subsidiaries of foreign
investors in which foreign investors hold a stake in the authorized
capital of more than 49% and attain this status as a result of the
transactions indicated may not be refused such authorization if the
established quota of 50% is not exceeded when completing such
transactions.
(shares) of a Russian credit institution, insurance company, microfinance company, private pension fund, or investment fund, mutual fund, and private pension fund management company are received through inheritance, the consent of the BR is considered to have been obtained. The heir must confirm that his business reputation meets the requirements established by law.

Settlement of debts abroad by immigrants No.
Transfer of assets No.
Transfer abroad by emigrants No.
Transfer into the country by immigrants No.
Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.
The term “credit institution” describes participants in the Russian banking sector. According to the Russian legislation, credit institutions include banks and nonbank credit institutions that carry out certain types of banking operations. The terms “nonresident bank,” “foreign bank,” and “foreign credit institution” are used for nonresidents. All credit institutions that perform banking operations in Russia must be residents. There are two types of banks: those with a basic license and those with a universal license. For banks with a basic license, there are restrictions with regard to the performance of activities with foreign counterparties: (1) there are restrictions on the performance of certain banking operations and transactions, for example, the issuing of credits to foreigners; (2) there are restrictions on their ability to open correspondent accounts at foreign banks; and (3) there are restrictions on their legal capacity in transactions with financial instruments (securities). At the same time, there are no provisions specific to banks with a basic license in terms of the performance of banking operations and transactions in foreign currency. In addition, there are provisions specific to cooperation by a central counterparty with foreign persons.

Borrowing abroad No.
Maintenance of accounts abroad Yes. Authorized banks may open correspondent accounts with banks abroad in accordance with the conditions determined by federal legislation. There are two types of banks: those with a basic license and those with a universal license. A bank with a basic license is not permitted to open bank (correspondent) accounts at foreign banks, with the exception of the opening of an account at a foreign bank for the purpose of participating in a foreign payment system. A bank with a universal license that has obtained the status of a bank with a basic license or that has changed its status to that of a nonbank credit institution, or a bank with a basic license that has changed its status to that of a nonbank credit institution, is required to abrogate a bank (correspondent) account agreement with a foreign bank within one year of the date such status is acquired. This restriction does not apply to cases in which an account is opened at a foreign bank for the purpose of participating in a foreign payment system.

Lending to nonresidents (financial or...
commercial credits) with a universal license. A bank with a basic license may not perform the placement of funds attracted for deposit, attract for deposit and place precious metals, open and maintain bank accounts in precious metals and perform transfers with them, issue bank guarantees (the issuing of bank guarantees is not a banking operation, but it remains a bank transaction) to foreign legal entities, to foreign organizations that are not legal entities under foreign law, or to individuals who are subject to the private law of a foreign state. A bank with a basic license does not have the right to acquire rights of claim against, to perform leasing operations with, or to issue sureties with respect to said entities.

Lending locally in foreign exchange Yes.

There are two types of banks: those with a basic license and those with a universal license. A bank with a basic license may not perform the placement of funds attracted for deposit, attract for deposit and place precious metals, open and maintain bank accounts in precious metals and perform transfers with them, issue bank guarantees (the issuing of bank guarantees is not a banking operation, but it remains a bank transaction) to foreign legal entities, to foreign organizations that are not legal entities under foreign law, or to individuals who are subject to the private law of a foreign state. A bank with a basic license does not have the right to acquire rights of claim against, to perform leasing operations with, or to issue sureties with respect to said entities.

The Federal Law on Banks and Banking does not establish any provisions specific to the performance of operations that involve lending to Russian citizens and legal entities in foreign currency by banks with a basic license.

Banks with a basic license have the right to grant credits to Russian citizens and legal entities in foreign currency if such a right is provided for by the license to perform banking operations.

Higher risk ratios:
Over a number of years, the BR has applied higher risk ratios for operations in foreign currency with both individuals and legal entities.

Specifically, as of April 1, 2017, the risk ratio for new unsecured consumer credits in foreign currency with a total cost of credit (TCC) of 20%–25% was raised to 600%. As of May 1, 2016, the risk ratio was raised to 110% for credits (and investments in securities) in foreign currency to legal entities without a sufficient reserve of foreign currency earnings to service the debt. The risk ratio was also raised to 130% for credits to legal entities in foreign currency intended for the purchase of real estate. As of July 1, 2018, the BR raised the risk ratios for credit claims (and investments in debt securities) in foreign currency on resident legal entities that are exporters to 110%. To encourage a further decline in lending in the riskiest segment, risk ratios on credit claims for the purchase of real estate were raised to 150%. All other claims on legal entities in foreign currency are weighted with a risk ratio that was raised to 130%. There is an exception according to which the new risk ratios are not applied to credit claims with direct or indirect guarantees by the Russian Federation (specifically, credit claims in foreign currency secured by an insurance policy provided by the Russian Export Insurance Agency, or EKSAR).

Macroprudential (sectoral) surcharges:
In connection with the transition to the use of a new macroprudential regulatory mechanism, the BR Board of Directors adopted a decision to apply as of October 8, 2018, risk ratio surcharges for the purpose of calculating the capital adequacy of credit institutions (macroprudential surcharges). Macroprudential surcharges were established with respect to certain types of assets in accordance with...
BR Directive No. 4892-U of August 31, 2018, on Types of Assets, Characteristics of Types of Assets for Which Risk Ratio Surcharges Are Established, and the Methodology for Application of Surcharges to These Types of Assets for the Purpose of the Calculation of Capital Adequacy Ratios by Credit Institutions.

Taking into consideration the introduction of risk ratio surcharges to keep the overall level of capital requirements unchanged, the values of risk ratios for assets subject to surcharges were brought into line with their standard values provided for by Basel III. Thus, the establishment of macroprudential surcharges, including those for operations in foreign currency, did not result in an increase in the overall capital adequacy requirements for credit institutions.

At this time, surcharges established by the BR with respect to the following types of operations in foreign currencies are in effect:

1. credits (loans) provided in foreign currency to borrowers that are individuals and legal entities (for the purpose of supporting the economy in connection with the spread of the novel coronavirus infection. The BR Board of Directors adopted a decision on a temporary basis not to apply surcharges to risk ratios on foreign currency credits provided to companies producing medicines, materials and equipment used for medical purposes, and also on investments made in debt securities of such companies denominated in foreign currency);

2. investments in debt securities denominated in foreign currency (for the purpose of supporting the economy in connection with the spread of the novel coronavirus infection. The BR adopted a number of temporary steps to ease regulatory requirements, which are reflected in the table shown in the link; the measures assume, among other things, a reduction in and a lifting of risk ratio surcharges for a number of liabilities, as well as the ability not to recognize a credit as restructured for purposes of applying risk ratio surcharges when restructuring loan debt).

| Purchase of locally issued securities denominated in foreign exchange | No. |
| Differential treatment of deposit accounts in foreign exchange | Yes. |
| **Reserve requirements** | Yes. |
| Reserve requirements are imposed on: (1) liabilities to nonresident legal entities (including nonresident banks) in rubles and/or in foreign currency; (2) liabilities to resident and nonresident individuals in rubles and/or in foreign currency; and (3) other liabilities in rubles and/or foreign currency. Effective July 1, 2019, for banks holding a general license and nonbank credit institutions the reserve requirement is 4.75% (previously 5%) for all categories of liabilities in domestic currency subject to reserve requirements (liabilities to nonresident legal entities and individuals, other liabilities). The reserve requirements for banks holding a basic license are: 4.75% for liabilities to nonresident legal entities and 1% for liabilities to individuals and other liabilities.
The reserve requirement for credit institution’s liabilities in foreign currency is 8% (previously 7%) effective July 1, 2019.

| Liquid asset requirements | No. |
| The BR established the quick (N2), current (N3), and long-term liquidity ratios, which are defined as the ratio of assets to liabilities, taking into consideration maturities, amounts, types of assets and liabilities, and other factors, and are calculated for operations in all currencies, and no requirements have been established for separate compliance with them in rubles and/or other currencies.
Only the current liquidity ratio (N3) is specified for banks with a basic license.
A LCR developed in accordance with Basel III is applicable to
systemically important credit institutions (SICIs) on a consolidated basis in the event that an SICI is the main credit institution of a banking group, and on an individual basis when an SICI is not the main credit institution of a banking group as defined for regulatory purposes. The LCR is calculated in accordance with the procedure established by BR Regulation No. 421-P of May 30, 2014, on the Procedure for the Calculation of the LCR (Basel III) (hereinafter referred to as Regulation No. 421-P), taking into account the specific aspects established by BR Regulation No. 510-P of December 3, 2015, on the Procedure for the Calculation of the LCR (Basel III) by SICIs (hereinafter referred to as Regulation No. 510-P).

With the aim of establishing an effective liquidity risk management system, SICIs are required to perform separate calculations and forward information to the BR on the LCR values in rubles and in each significant foreign currency. In addition to deposits in rubles, only funds denominated in US dollars and euros may be treated as stable funds of individuals and small businesses with a lower outflow rate compared to funds classified as unstable, when all of the conditions for stability as defined by Basel III are met.

When determining the amount of highly liquid assets, the procedure for the calculation of the liquidity coverage indicator (LCI/LCR) also provides for limiting the amount of assets denominated in certain foreign currencies to the amount of the net expected outflow of funds in the same foreign currency as established by Basel III, with the outflow calculated in accordance with Regulation No. 421-P/Regulation No. 510-P. At the same time, considering the initial shortage in the Russian banking sector of highly liquid assets defined in accordance with Basel III, Regulation No. 510-P allows for the inclusion of highly liquid assets denominated in US dollars, euros, Japanese yen, pounds sterling, and Swiss francs in the LCR numerator in an amount that exceeds the net expected outflow of funds in the same foreign currency, taking into account the restrictions established by Regulation No. 510-P (alternative option (Alternative Liquidity Approach or ALA) 2).

No separate standards are applied in the Russian banking regulation establishing requirements for coverage by liquid assets of deposits (liabilities) attracted by credit institutions in foreign or domestic currency.

There is a structural liquidity ratio (the Net Stable Funding Ratio or NSFR) developed in accordance with Basel III in effect for SICIs, which is applied on a consolidated basis if an SICI is the main credit institution of a banking group, and on an individual basis when an SICI is not the main credit institution of a banking group as defined for regulatory purposes. The NSFR is calculated according to the procedure established by BR Regulation No. 596-P of July 26, 2017, on the Procedure for the Calculation of the Structural Liquidity Ratio (NSFR) (Basel III) by SICIs.

No separate standards establishing requirements for calculation of the NSFR in foreign or domestic currency are applied in Russian banking regulation.

The classification of funds of individuals and small businesses into stable and unstable, including classification based on the currency, for the purpose of calculating the NSFR, is the same as that applied to the LCR as indicated above.

In accordance with Federal Law No. 353-FZ, the BR calculates and publishes on a quarterly basis the average market value of the total cost of consumer credit (loans) (TCC) in terms of percent per annum by categories of consumer credit (loans) defined by the BR. For credits in foreign currency, the TCC may not exceed the smaller of the following values: (1) 365% per annum or (2) more than one-third
of the average market value of the TCC for the corresponding category in the given quarter. There is a similar limit for credits in rubles.

In accordance with the Federal Law on the Insurance of Bank Deposits in the Russian Federation, the BR calculates and discloses to an unrestricted group of persons on a monthly basis the base rate of return on deposits (by types of deposits grouped by one or several conditions of their placement at banks of the Russian Federation). The base rate of return on deposits is used for the identification of banks that pay an additional rate or a higher additional rate for insurance contributions to the mandatory deposit insurance fund. Pursuant to Federal Law No. 163-FZ, effective October 1, 2020, an additional rate or a higher additional rate for insurance contributions is paid by a bank in the event that the bank has attracted during any month of the quarter even one deposit, respectively:

1. in foreign currency in an amount that exceeds the base rate of return on deposits by more than 1 percentage point but by no more than 1.5 percentage points, or by more than 1.5 percentage points per annum;
2. in rubles in an amount that exceeds the base rate of return on deposits by more than 2 percentage points but by no more than 3 percentage points, or by more than 3 percentage points per annum;
3. in foreign currency, certified by a savings certificate, the conditions of which do not provide for the right of the holder of the certificate to receive the deposit on demand, in an amount that exceeds the base rate of return on deposits by more than 2 percentage points but by no more than 3 percentage points, or by more than 3 percentage points per annum;
4. in rubles, certified by a savings certificate, the conditions of which do not provide for the right of the holder of the certificate to receive the deposit on demand, in an amount that exceeds the base rate of return on deposits by more than 3 percentage points but by no more than 4 percentage points, or by more than 4 percentage points per annum.

Previously, if a bank allowed even one deposit in foreign currency to exceed the base rate of return on deposits by between 2 and 3 percentage points or by more than 3 percentage points per annum in any month of a quarter, the bank was considered to meet the criteria for the payment of an additional rate or a higher additional rate for insurance contributions. There was a similar limit for deposits in rubles.

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents
No.

Reserve requirements

No.

Reserve requirements are imposed on: (1) liabilities to nonresident legal entities (including nonresident banks) in rubles and/or in foreign currency; (2) liabilities to resident and nonresident individuals in rubles and/or in foreign currency; and (3) other liabilities in rubles and/or foreign currency.

For banks holding a general license and nonbank credit institutions the reserve requirement is 4.75% for all categories of liabilities in domestic currency subject to reserve requirements (liabilities to nonresident legal entities and individuals, other liabilities). The reserve requirements for banks holding a basic license are: effective July 1, 2019, 4.75% (previously 5%) for liabilities to nonresident legal entities and 1% for liabilities to individuals and other liabilities. The reserve requirement for credit institution’s liabilities in foreign currency is 8%. These requirements are in effect starting with the regulation of the size of required reserves for July 2019.
Liquid asset requirements  No.

Interest rate controls  No.  There is no difference in the methods for the regulation and monitoring of interest rates with regard to the accounts of residents and nonresidents.

Credit controls  No.

Investment regulations  Yes.

Abroad by banks  Yes.  In accordance with the banking legislation in force since June 1, 2017, there are two types of banks: those with a basic license and those with a universal license, and a with transition period for existing banks with equity (capital) of less than 1 billion rubles to obtain a basic license until December 31, 2018.

There are no restrictions on direct investment by resident credit institutions associated with their acquisition of stocks (stakes) of foreign entities except when leading to the establishment of subsidiaries abroad.

At the same time, the BR has established the N6 and N12 ratios, which limit the maximum exposure per borrower (or group of related borrowers) and the use of a bank’s equity (capital) to purchase shares (equity stakes) of other legal entities, including those located abroad. The N6 ratio is defined as the ratio of the aggregate liabilities of a borrower (or group of related borrowers) to a bank and liabilities to third parties to the bank’s equity (capital). The N12 ratio is defined as the maximum ratio of funds invested by a bank in the acquisition of shares (equity stakes) of other legal entities to the bank’s equity (capital).

Banks with a basic license do not calculate the N12 ratio.

Banks with a universal banking license may have subsidiaries (branches) abroad subject to authorization and in accordance with BR requirements. There is no provision granting banks with a basic license the right to open a branch and/or subsidiary in a foreign state. General licenses issued before June 1, 2017, to perform banking operations remain in force until they are replaced in the prescribed manner.

The BR does not authorize subsidiaries in countries (areas) designated by Russian law among those that do not participate in international cooperation to combat money laundering and the financing of terrorism.

Approval from the BR is required for transactions involving the acquisition of shares and/or their receipt in trust that are issued by a Russian credit institution, the placement and/or trading of which outside Russia is carried out through their placement in accordance with the foreign securities law pertaining to foreign issuers and granting rights with regard to issued securities of Russian issuers. The threshold for participation (individually or as part of a group of individuals) in a Russian credit institution without BR consent is 10%. (This restriction applies to residents of the Russian Federation as well.)

BR approval is also required when operations are performed that result in the establishment of control over shareholders (equity stakeholders) of a Russian credit institution holding more than 10% of the shares (equity stakes) in the credit institution. (This restriction applies to residents of the Russian Federation as well.)

Prior or subsequent consent (approval) by the BR is required in the event of the acquisition by a legal entity or individual or group of individuals, defined in accordance with Article 9 of Federal Law No. 135FZ of July 26, 2006, on the Protection of Competition, through the performance of one or several transactions, including those in the
secondary market, of more than 10% of the shares (equity stakes)
(including those acquired previously) in a private pension fund,
insurance company, investment fund management company, mutual
investment fund or private pension fund, or microfinance company.
Prior or subsequent consent (approval) by the BR is also required
when a legal entity or individual (or group of individuals) establishes
direct or indirect (through third parties) control (including acquisition
in the secondary market) over shareholders (stakeholders) (of a
private pension fund, insurance company, investment fund
management company, mutual investment fund or private pension
fund, or microfinance company) that hold more than 10% of the
shares (equity stakes) in said organization.
In accordance with the Treaty between Russia and Belarus on the
creation of the Union State, the BR has established that transfers of
funds in rubles and in foreign currency for participation in the
authorized capital of Belarusian banks, as well as the acquisition
(disposal) of shares issued by Belarusian banks, and stakes in the
authorized capital of Belarusian banks, are to be carried out by
authorized banks in accordance with Russian legislation on banks
and banking, subject to notification requirements. Authorized banks
are required to forward information to the BR regarding participation
in the authorized capital of Belarusian banks following the procedure
established by regulatory acts of the BR.

In banks by nonresidents

Yes.

The requirements established by Russian law regarding the
acquisition of shares (equity stakes) in credit institutions extend to all
investors regardless of their country of origin.

The acquisition and/or receipt in trust (referred to hereinafter as
acquisition) of more than 1% of the shares (equity stakes) of a credit
institution resulting from the performance of one or more
transactions by a single legal entity or individual, or group of persons
defined in accordance with Federal Law No. 135-FZ of July 26,
2006, on the Protection of Competition, must be reported to the BR
(with the exception of cases in which the shares (equity stakes) are
acquired when a credit institution is being established). The threshold
for participation in a Russian credit institution without BR consent is
10%. (This restriction applies to residents of the Russian Federation
as well.) BR consent is also required for the establishment by a legal
entity or an individual, as a result of the performance of one or more
transactions, of direct or indirect (through third parties) control over
shareholders (stakeholders) of a credit institution holding more than
10% of the shares (equity stakes) of the credit institution (referred to
hereinafter as the establishment of control over the shareholders
(stakeholders) of a credit institution). (This restriction applies to
residents of the Russian Federation as well.)

These requirements also apply to the acquisition of more than 1% of
the shares (equity stakes) of a credit institution, more than 10% of the
shares (equity stakes) of a credit institution, and/or the establishment
of control with respect to shareholders (stakeholders) of a credit
institution by a group of persons recognized as such in accordance
with Federal Law No. 135-FZ of July 26, 2006, on the Protection of
Competition.

The BR has the right to refuse to give its consent for the performance
of a transaction (or transactions) aimed at the acquisition of more
than 10% of the shares (equity stakes) of a credit institution and/or at
gaining control of shareholders (stakeholders) of a credit institution
if:
(1) the financial condition of the person performing the transaction
(or transactions) aimed at the acquisition of more than 10% of the
shares (equity stakes) of a credit institution, or at the acquisition of
10% or less of the shares (equity stakes) of a credit institution, and
that is part of a group of persons acquiring (holding) more than 10% of the shares (equity stakes) of a credit institution, as well as an individual or legal entity exercising control over said legal entities, and/or at gaining control of shareholders (stakeholders) of a credit institution, is found to be unsatisfactory;
(2) the antimonopoly authority has not approved a petition for consent to a transaction (or transactions) submitted in accordance with Federal Law No. 135-FZ of July 26, 2006, on the Protection of Competition, if the transaction (or transactions) aimed at the acquisition is (are) subject to controls in accordance with the antimonopoly legislation;
(3) there is no decision regarding prior consent to a transaction or to the acquisition of control in accordance with Federal Law No. 57-FZ of April 29, 2008, on the Procedure for Making Foreign Investments in Business Entities that are of Strategic Significance in providing for the National Defense and State Security, if the transaction (or transactions) aimed at the acquisition is (are) subject to controls in accordance with said federal law;
(4) the person performing the transaction (or transactions) aimed at the acquisition of more than 10% of the shares (equity stakes) of a credit institution and/or at gaining control of shareholders (stakeholders) of a credit institution or their single-member executive bodies, has an unsatisfactory business reputation as established under Article 16, part 1, paragraph 5, of Federal Law No. 395-1 of December 2, 1990, on Banks and Banking;
(5) there are other grounds provided for under federal laws and BR regulations adopted in accordance with them.
The BR refuses to consent to a transaction (or transactions) aimed at the acquisition of more than 10% of the shares (equity stakes) of a credit institution and/or at gaining control of shareholders (stakeholders) of a credit institution if a court previously found the person performing the transaction aimed at the acquisition of more than 10% of the shares (equity stakes) of a credit institution and/or at gaining control of shareholders (stakeholders) of a credit institution, guilty of causing losses to any credit institution in the performance of his duties as a member of the credit institution’s board of directors (or supervisory board), as the sole executive officer of the credit institution or a deputy executive officer, and/or as a member of a collegial executive body (executive board, administrative board).
Establishment of a Russian credit institution with the participation of foreign investments requires prior authorization from the BR.
In accordance with Federal Law No. 372-FZ of December 14, 2015, on Amendments to Articles 16 and 18 of the Federal Law on Banks and Banking, adopted on the basis of the Russian Federation’s commitments in connection with accession to the WTO, the level of participation of foreign capital in the Russian Federation’s banking system is taken into account when considering whether the BR will issue a permit to establish a credit institution with foreign investments.
The level of participation of foreign capital in the aggregate authorized capital of credit institutions licensed to perform banking operations is calculated as the ratio of nonresidents’ foreign investments in the authorized capital of credit institutions that are licensed to perform banking operations to the aggregate authorized capital of said credit institutions.
The procedure for calculating the level of participation of foreign capital is defined under Article 18 of the Federal Law on Banks and Banking and BR Directive No. 3948-U of January 28, 2016, on the Procedure for Calculating the Level of Participation of Foreign Capital in the Aggregate Authorized Capital of Credit Institutions.
Licensed to perform Banking Operations.
The following foreign investments are not included in the calculation of foreign investments in the authorized capital of credit institutions licensed to perform banking operations:
(1) investments made in the authorized capital of credit institutions licensed to perform banking operations that are financed at the expense of earnings of said credit institutions received in the Russian Federation or are repatriated to the Russian Federation from abroad;
(2) investments made in the authorized capital of credit institutions licensed to perform banking operations by subsidiary credit institutions of foreign banks licensed to perform banking operations, and all subsequent investments by said institutions in the authorized capital of credit institutions licensed to perform banking operations;
(3) investments made before January 1, 2007, in the authorized capital of credit institutions licensed to perform banking operations;
(4) investments made in the authorized capital of credit institutions licensed to perform banking operations, the privatization of which was performed after August 22, 2012;
(5) investments representing 51% or more of the shares (equity stakes) in the authorized capital of a credit institution licensed to perform banking operations, performed after January 1, 2007, on the condition that said shares (equity stakes) are held by an investor for 12 or more years, unless the BR has adopted a decision before the expiration of this time period to continue to include said investments in the calculation and has published this decision. The procedure for the adoption by the BR of such a decision and for its publication is established by the BR.
The maximum level of participation of foreign capital in the aggregate authorized capital of credit institutions licensed to perform banking operations is 50% (Federal Law No. 395-1 of December 2, 1990, “On Banks and Banking Activities”).
When the maximum level is reached, the BR performs the following measures with respect to foreign investments:
(1) it refuses to register a credit institution with foreign investments and to issue it a banking license;
(2) it imposes a ban on an increase in the authorized capital of a credit institution licensed to perform banking operations using nonresidents’ funds and on the conveyance of shares (equity stakes) in the credit institution in favor of nonresidents if such actions mean that the quota will be exceeded.
Shares (equity stakes) in a credit institution that have been conveyed (sold) in violation of such a ban are not voting shares and are not taken into account in determining a quorum at a general meeting of shareholders (stakeholders) of the credit institution for the period that such a ban is in effect. In the event that a transaction is performed to convey (acquire) shares (equity stakes) in a credit institution in violation of the ban, the BR files a petition requesting that the relevant transaction be declared null and void.
The measures provided for under the sixth part of Article 18 of the Federal Law on Banks and Banking are not applied with respect to foreign investments referred to under Items 1 and 2 of the second part of Article 18 of the Law on Banks and Banking.
The measures provided for under Item 2 of the sixth part of Article 18 of the Federal Law on Banks and Banking are not applied with respect to foreign investments intended for the authorized capital of credit institutions licensed to perform banking operations as defined in accordance with regulatory acts of the BR on the basis of international agreements of the Russian Federation.
The BR ceases to apply the measures provided for under the sixth part of Article 18 of the Federal Law on Banks and Banking in the
event that the level of participation of foreign capital in the aggregate
authorized capital of credit institutions licensed to perform banking
operations is less than 50%.

The level of participation of foreign capital in the aggregate
authorized capital of credit institutions licensed to perform banking
operations is calculated by the BR following the procedure it
establishes as of January 1 of each year.

Information about the level of participation of foreign capital in the
aggregate authorized capital of credit institutions licensed to perform
banking operations and about the indicators used for its calculation is
subject to publication in the official publication of the BR, the
Bulletin of the BR, and it is also posted on the official website of the
BR no later than February 15 of the current year.

As of January 1, 2020, the level of participation of foreign capital in
the aggregate authorized capital of credit institutions licensed to
perform banking operations was 11.79%.

BR Regulation No. 626-P of December 28, 2017, established the
procedure and criteria for assessing the financial position of
individuals who perform a transaction aimed at acquiring more than
10% of shares of a credit institution and/or gaining control of
shareholders of the credit institution. BR Regulation No. 625-P
establishes the procedure for assessing the compliance by such
persons with business reputation requirements.

Open foreign exchange position limits Yes.

On resident assets and liabilities Yes.

The absolute value of open foreign exchange positions of a credit
institution for each foreign currency and precious metal individually
and the balancing position in rubles for all foreign currencies and
precious metals is limited to 10% of the credit institution’s equity
(capital). The absolute value of the total of all long (short) open
foreign exchange positions of a credit institution is limited to 20% of
the credit institution’s equity (capital). The limits are subject to
calculation and observance on a daily basis.

The calculation of open foreign exchange positions includes balance-
sheet assets and liabilities, as well as off-balance-sheet claims and
liabilities of a credit institution, the amount (value) of which depends
on changes in the exchange rates of foreign currencies against the
ruble set by the BR and/or the prices for precious metals, if a foreign
exchange revaluation thereof has a direct current or deferred impact
on the amount of the credit institution’s equity (capital) (regardless
of the jurisdiction of the counterparty under such assets (claims) and
liabilities).

On nonresident assets and liabilities Yes.

The absolute value of the open foreign exchange positions of a credit
institution in each foreign currency and precious metal individually
and the balancing position in rubles for all foreign currencies and
precious metals is limited to 10% of the credit institution’s equity
(capital). The absolute value of the total of all long (short) open
foreign exchange positions of a credit institution is limited to 20% of
the credit institution’s equity (capital). The limits are subject to
calculation and observance on a daily basis. Included in the
calculation of open foreign exchange positions are on-balance-sheet
assets and liabilities, as well as off-balance-sheet claims and
liabilities of the credit institution, the amount (value) of which
depends on changes in the exchange rates of foreign currencies with
respect to the ruble set by the BR and/or the prices for precious
metals if a foreign exchange revaluation thereof has a direct current
or deferred impact on the amount of the credit institution’s equity
(capital) (regardless of the jurisdiction of the counterparty under such
assets (claims) and liabilities).
Foreign exchange assets (claims) and liabilities are included in the calculation of open foreign exchange positions regardless of the jurisdiction of the respective counterparty (on equal terms).

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<tr>
<th>Provisions specific to institutional investors</th>
<th>Yes.</th>
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<td>Insurance companies</td>
<td>Yes.</td>
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Restrictions apply on certain types of activities of insurance companies that are subsidiaries of foreign investors or have a foreign ownership stake in their authorized capital of over 49%, other than insurance companies that were subsidiaries of foreign investors on the date Federal Law No. 234-FZ of July 23, 2013, went into effect, if they were previously authorized for such activity. Thus, said insurance companies may not provide personal life, health, or property insurance in the Russian Federation at the expense of funds allocated for these purposes from the respective budget to federal executive government authorities (insured parties); insurance related to the procurement of goods, work, and services to meet state and municipal needs; or insurance for the property interests of government and municipal organizations. A quota of 50% is set on foreign capital in the authorized capital of insurance companies pursuant to Federal Law No. 267-FZ of December 25, 2012. If this percentage is exceeded, the insurance supervisory authority stops issuing licenses for the performance of insurance activities to insurance companies that are subsidiaries of foreign investors or have a foreign ownership stake in their authorized capital over 49%. As of January 1, 2020, the quota for participation by foreign capital in the authorized capital of insurance companies with an insurance license was 10.83% (the BR calculates and publishes this indicator on its official website on an annual basis in accordance with Article 6, paragraph 3, of Law No. 4015-1).

Insurance companies must obtain authorization for the following: (1) an increase in their authorized capital from funds of foreign investors and/or their subsidiaries; and (2) transfers of shares (equity stakes in authorized capital) to a foreign investor (including for sale to foreign investors). Russian shareholders (stakeholders) must obtain authorization to transfer their shares (equity stakes) to foreign investors and/or their subsidiaries. The insurance supervisory authority denies prior authorization to insurance companies that are subsidiaries of foreign investors or that have a foreign ownership in their authorized capital exceeding 49% that attain this status as a result of the transactions indicated if the established quota of 50% is exceeded when completing such transactions. In addition, foreign investors pay for the shares (equity stakes in authorized capital) belonging to them exclusively in monetary form in the currency of the Russian Federation.

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | Yes. |

The total value of assets located outside of the Russian Federation in which an insurer’s equity (capital) is invested may not exceed 35% of the regulatory solvency margin or the minimum amount of authorized capital (the larger of the two indicators). Furthermore, the proportion of foreign assets in insurance reserves, with the exception of that accounted for by reinsurers who are not residents of the Russian Federation, may not exceed 30%.

| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| Pension funds | Yes. |

There are no (maximum) limits on the investment (for example, of technical reserves) of insurance companies in securities issued by nonresidents.

There are no minimum requirements for investments locally.
Limits (max.) on securities issued by nonresidents

Yes.

For nonstate pension funds carrying the mandatory pension insurance, (1) assets denominated in a foreign currency must make up no more than 30% of the value of the investment portfolio and (2) securities of international financial institutions, as well as participation units (shares, stakes) of foreign index investment funds (including securities expected to be obtained and/or subject to transfer under the second part of a repurchase agreement) must, together, constitute no more than 20% of the value of the investment portfolio.

The total share accounted for by securities of governments of foreign states, securities of international financial institutions, shares of foreign joint-stock companies, bonds of foreign businesses, and shares (participation units) of foreign investment funds may constitute no more than 30% of pension reserves (resources intended for fulfilling obligations under voluntary insurance agreements).

Limits (max.) on investment portfolio held abroad

Yes.

For nonstate pension funds carrying the mandatory pension insurance, (1) assets denominated in a foreign currency must make up no more than 30% of the value of the investment portfolio and (2) securities of international financial institutions, as well as participation units (shares, stakes) of foreign index investment funds (including securities expected to be obtained and/or subject to transfer under the second part of a repurchase agreement) must, together, constitute no more than 20% of the value of the investment portfolio.

The total share accounted for by securities of governments of foreign states, securities of international financial institutions, shares of foreign joint-stock companies, bonds of foreign businesses, and shares (participation units) of foreign investment funds may constitute no more than 30% of pension reserves (resources intended for fulfilling obligations under voluntary insurance agreements).

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

Investment firms and collective investment funds

No.

There are no maximum limits on the investments of investment firms and collective investment funds abroad, in securities issued by nonresidents, or minimum requirements for investments locally.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Free floating 03/09/2020

The Bank of Russia decided to suspend foreign exchange purchases by the fiscal rule for 30 days amid increased financial markets volatility. The decision applied to both regular foreign currency purchases and those postponed in 2018.
The Bank of Russia started open market sales of foreign currency received from the National Wealth Fund as part of the deal to acquire Sberbank shares. The foreign exchange sales for Sberbank deal were pre-announced on February 11, 2020.

The Bank of Russia announced that it would set the official exchange rate on non-business days announced in the Russian Federation (for example, related to quarantine), with the exception of non-business days that are weekends or official holidays.

**Resident Accounts**

Funds received from operations performed outside the territory of the Russian Federation between resident individuals who have spent a total of more than 183 days in a calendar year outside the Russian Federation and by resident legal entities that are Russian public higher education institutions or branches thereof, located outside the territory of the Russian Federation, under education contracts may be credited to accounts of residents opened at banks located outside the territory of the Russian Federation.

Allowed credits to resident accounts abroad include funds received under credit facilities and loan agreements with nonresident agents of foreign governments and under credit facilities and loan agreements with residents of Eurasian Economic Union member states or with residents of foreign states (territories) with which there is automatic exchange of financial information (previously residents of OECD and FATF member countries), for a period exceeding two years.

The following funds may be credited to accounts of residents opened at banks located outside the territory of the Russian Federation: funds in the currency of the Russian Federation under foreign trade agreements (contracts) concluded by such residents with nonresidents, with respect to which the repatriation requirement has been lifted; those paid by a nonresident pursuant to the requirements of the laws of a foreign state, bypassing accounts at authorized banks, in the form of income from the sale of precious metals recorded on accounts of residents opened at banks located outside the territory of the Russian Federation.

Residents may without restriction open accounts (deposits) in foreign currency and in rubles at other (nonbank) institutions in the financial market, in accordance with the private law of such institutions that have the right to provide services related to the attraction from residents and placement of funds or other financial assets for safekeeping, management, investment, and/or the performance of other transactions in the interests of a resident or directly or indirectly on the account of a resident.

Funds received from nonresidents may be credited without restriction to accounts (deposits) of resident individuals opened at banks located outside the territory of the Russian Federation on the condition that these banks are located within the territory of an Eurasian Economic Union member state or within the territory of a foreign state (territory) with which there is automatic exchange of financial information. Previously, the following funds received from nonresidents could be credited to accounts of resident individuals opened at banks in OECD or FATF member countries: (1) income from the leasing (or subletting) of the resident individual’s real estate or other property located outside Russia to nonresidents; (2) funds paid in the form of accumulated interest (coupon) income provided for under the terms of an issue of foreign securities belonging to a resident individual, as well as other income on foreign securities (dividends, payments on bonds and bills, and payments when there is
a reduction in the authorized capital of an issuer of a foreign security; and (3) funds paid to a resident individual in the form of income earned from the placement of funds and/or securities in trust with a nonresident trust manager.

04/17/2020 The crediting of funds to accounts (deposits) of residents opened at financial market institutions located outside the territory of the Russian Federation, in accordance with the private law of such institutions that have the right to provide services related to the attraction from residents and placement of funds or other financial assets for safekeeping, management, investment, and/or the performance of other transactions in the interests of a resident or directly or indirectly on the account of a resident, and the debiting of funds from such accounts (deposits) are performed in all cases without restriction.

08/11/2020 Funds paid in the form of insurance payouts by nonresident insurers may be credited to the accounts of representative offices or branches of resident legal entities opened at banks located outside the territory of the Russian Federation.

08/11/2020 The definition of funds in resident accounts abroad was clarified to include cash and other financial assets.

Exports and Export Proceeds

Repatriation requirements

08/02/2019 The repatriation requirement does not apply when crediting foreign currency or currency of the Russian Federation to accounts opened at banks located outside the territory of the Russian Federation by Russian public higher education institutions and their branches located outside the territory of the Russian Federation, under education contracts with nonresident individuals that provide for the delivery of educational services outside the territory of the Russian Federation.

10/16/2019 A resident who is a recipient of funds in accordance with the terms of a transferable letter of credit, when performing settlements under a foreign trade agreement (contract) concluded with a nonresident for goods transferred to the nonresident, work performed for him, services provided to him, information and intellectual property transferred to him, including exclusive rights thereto, is considered to have fulfilled the repatriation requirement if he has ensured, within the deadlines specified by the given agreement (contract), in accordance with the terms of the transferable letter of credit from a bank located outside the territory of the Russian Federation or from the authorized bank to which the instruction was given to transfer the transferable letter of credit (the executing bank), the receipt of foreign currency and/or Russian Federation currency in his bank accounts at authorized banks and/or in bank accounts at authorized banks of the second resident recipient of funds (or second resident recipients of funds) to whom the execution of the transferable letter of credit is to be performed in accordance with the terms of the agreement concluded between the resident recipient of the funds and the second recipient(s) of the funds.

12/02/2019 The repatriation requirement does not apply to foreign currency or currency of the Russian Federation credited to accounts of resident legal entities or third parties with banks outside the territory of the Russian Federation to fulfill the obligations of resident legal entities under credit facilities and loan agreements with nonresident agents of foreign governments and under credit facilities and loan agreements with residents of Eurasian Economic Union member states or with residents of foreign states (territories) with which there is automatic exchange of financial information (previously residents of OECD and FATF member countries), for a period exceeding two years.
01/01/2020 The repatriation requirement for export earnings was lifted with respect to foreign trade agreements (contracts) concluded between residents and nonresidents, the obligations under which are denominated in the currency of the Russian Federation and the terms of which call for payment in the currency of the Russian Federation, and which provide for the transfer of non-commodity goods by residents to nonresidents, as well as other types of foreign trade contracts.

08/11/2020 The repatriation requirement does not apply when foreign currency is used to offset counterclaims for obligations in the event that settlements between resident and nonresident transportation entities are performed in accordance with rules adopted by international organizations in the area of international shipments, which establish the procedure for the performance of mutual settlements and related services.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements 08/02/2019 The repatriation requirement does not apply when crediting foreign currency or currency of the Russian Federation to accounts opened at banks located outside the territory of the Russian Federation by Russian public higher education institutions and their branches located outside the territory of the Russian Federation, under education contracts with nonresident individuals that provide for the delivery of educational services outside the territory of the Russian Federation.

10/16/2019 A resident who is a recipient of funds in accordance with the terms of a transferable letter of credit, when performing settlements under a foreign trade agreement (contract) concluded with a nonresident for goods transferred to the nonresident, work performed for him, services provided to him, information and intellectual property transferred to him, including exclusive rights thereto, is considered to have fulfilled the repatriation requirement if he has ensured, within the deadlines specified by the given agreement (contract), in accordance with the terms of the transferable letter of credit from a bank located outside the territory of the Russian Federation or from the authorized bank to which the instruction was given to transfer the transferable letter of credit (the executing bank), the receipt of foreign currency and/or Russian Federation currency in his bank accounts at authorized banks and/or in bank accounts at authorized banks of the second resident recipient of funds (or second resident recipients of funds) to whom the execution of the transferable letter of credit is to be performed in accordance with the terms of the agreement concluded between the resident recipient of the funds and the second recipient(s) of the funds.

12/02/2019 The repatriation requirement does not apply to foreign currency or currency of the Russian Federation credited to accounts of resident legal entities or third parties with banks outside the territory of the Russian Federation to fulfill the obligations of resident legal entities under credit facilities and loan agreements with nonresident agents of foreign governments and under credit facilities and loan agreements with residents of Eurasian Economic Union member states or with residents of foreign states (territories) with which there is automatic exchange of financial information (previously residents of OECD and FATs member countries), for a period exceeding two years.

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**Provisions Specific to the Financial Sector**

### Provisions specific to commercial banks and other credit institutions

#### Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/2019</td>
<td>For banks holding a general license and nonbank credit institutions, the reserve requirement is 4.75% (previously 5%) for all categories of liabilities in domestic currency subject to reserve requirements (liabilities to nonresident legal entities and individuals, other liabilities).</td>
</tr>
<tr>
<td>07/01/2019</td>
<td>The reserve requirement for credit institution’s liabilities in foreign currency is 8% (previously 7%).</td>
</tr>
</tbody>
</table>

#### Reserve requirements

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
</table>
| 10/01/2020 | Pursuant to Federal Law No. 163-FZ, an additional rate or a higher additional rate for insurance contributions is paid by a bank in the event that the bank has attracted during any month of the quarter even one deposit, respectively:  
(1) in foreign currency in an amount that exceeds the base rate of return on deposits by more than 1 percentage point but by no more than 1.5 percentage points, or by more than 1.5 percentage points per annum;  
(2) in rubles in an amount that exceeds the base rate of return on deposits by more than 2 percentage points but by no more than 3 percentage points, or by more than 3 percentage points per annum;  
(3) in foreign currency, certified by a savings certificate, the conditions of which do not provide for the right of the holder of the certificate to receive the deposit on demand, in an amount that exceeds the base rate of return on deposits by more than 2 percentage points but by no more than 3 percentage points, or by more than 3 percentage points per annum;  
(4) in rubles, certified by a savings certificate, the conditions of which do not provide for the right of the holder of the certificate to receive the deposit on demand, in an amount that exceeds the base rate of return on deposits by more than 3 percentage points but by no more than 4 percentage points, or by more than 4 percentage points per annum. |

Previously, if a bank allowed even one deposit in foreign currency to exceed the base rate of return on deposits by between 2 and 3 percentage points or by more than 3 percentage points per annum in any month of a quarter, the bank was considered to meet the criteria for the payment of an additional rate or a higher additional rate for insurance contributions. There was a similar limit for deposits in rubles.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/2019</td>
<td>The reserve requirements for banks holding a basic license are: 4.75% (previously 5%) for liabilities to nonresident legal entities.</td>
</tr>
</tbody>
</table>

### Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/2019</td>
<td>The reserve requirements for banks holding a basic license are: 4.75% (previously 5%) for liabilities to nonresident legal entities.</td>
</tr>
</tbody>
</table>
RWANDA

(Status as of July 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 30, 1963.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Date of acceptance: December 10, 1998.

Exchange Measures

- Restrictions and/or multiple currency practices: No.
- Exchange measures imposed for security reasons: No.
- In accordance with IMF Executive Board Decision No. 144-(52/51): No.
- Other security restrictions: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

- Currency: Yes. The currency of Rwanda is the Rwandan franc.
- Other legal tender: No.

Exchange rate structure

- Unitary: Yes.

Classification

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement: Yes. The de jure exchange rate arrangement is floating. The National Bank of Rwanda (BNR) has intervened directly to prevent undue fluctuations in the exchange rate. Since March 2015, the exchange rate has followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement is classified as a crawl-like arrangement. The BNR discloses data on its interventions on the same day when there is an intervention.

Pegged exchange rate within horizontal bands
The BNR’s official rate is based on the weighted average of the previous day’s market rates of foreign exchange interbank and BNR intervention transactions, if any. Otherwise, the BNR follows the trend of the previous day’s selling rates of commercial banks to their clients for transfer operations only. This methodology aims to unify the BNR middle rate by shifting to a market-based rate represented by foreign exchange interbank and intervention transactions. The rate is determined every morning and is the basis for financial institutions’ valuation of their financial assets.
**Operating target (policy rate)**

Policy rate  
Target corridor band  
Other

**Accountability**

Open letter  
Parliamentary hearings  
Other

**Transparency**

Publication of votes  
Publication of minutes  
Publication of inflation forecasts

Other monetary framework | Yes. | Effective January 1, 2019, the BNR shifted from monetary targeting to price-based monetary policy. The MPC sets the monetary policy stance and announces the Central Bank Rate (CBR). The target is the seven-day interbank rate that must be within a band of ±1% around the CBR.

Exchange tax | No. |
Exchange subsidy | No. |

Foreign exchange market | Yes. | Authorized intermediaries freely set their exchange rates and commissions in transactions with their clients.

Spot exchange market | Yes. | As of December 31, 2019, there were 16 banks, including 11 commercial banks, 3 microfinance banks, and 1 cooperative bank; 20 microfinance institutions; 457 microfinance institutions including savings and credit cooperatives (SACCOs); and 85 foreign exchange bureaus licensed by the BNR. The foreign exchange bureaus do not enter into transactions with the BNR and may not open accounts abroad. They may only purchase and sell banknotes and may not make foreign currency payments and transfers on behalf of their clients. The minimum capital requirement for foreign exchange bureaus is FRW 50 million since February 22, 2017. The BNR placed a moratorium on licensing new foreign exchange bureaus on February 22, 2017.

Operated by the central bank | Yes. |

Foreign exchange standing facility | No. |

Allocation | Yes. | When market assessment indicates undue volatility in the market, the BNR announces to market participants its intention to intervene in the market.

Auction | No. |
Fixing | No. |

Interbank market | Yes. | The interbank market operates on the basis of direct transactions between banks. As of December 31, 2019, there were 11 commercial banks licensed by the BNR to participate in the foreign exchange
interbank market. There are no limits on the bid-ask spreads or commissions for market participants. The CB intervenes directly with market participants (commercial banks) at the preannounced intervention rate based on the market rate.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
<th>The market operates over the counter.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
<td>A forward exchange market in which banks may take forward positions of 1 to 12 months on behalf of exporters and importers has been authorized but is not yet operational. The CB does not participate in the forward foreign exchange market. However, the BNR has entered into long-term foreign exchange swaps with commercial banks.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

| Prescription of currency requirements | No.        |                                      |
| Controls on the use of domestic currency | No.        |                                      |
| For current transactions and payments | No.        |                                      |
| For capital transactions             | No.        |                                      |
| Transactions in capital and money market instruments | No.        |                                      |
| Transactions in derivatives and other instruments | No.        |                                      |
| Credit operations                  | No.        |                                      |
| Use of foreign exchange among residents | No.        | Residents may only trade in the domestic currency. |
| Payments arrangements               | Yes.       | Foreign exchange operations are governed by Regulation No. 05/2013 of October 21, 2013, “Governing Foreign Exchange Operations.” |
| Bilateral payments arrangements     | No.        |                                      |
| Operative                           | No.        |                                      |
| Inoperative                         | No.        |                                      |
| Regional arrangements               | Yes.       | Payments to and from COMESA member countries are made through the Regional Payment and Settlement System (REPS), while payments with East African countries are made through the East African Payment System (EAPS). Both payment systems are operational. |
| Clearing agreements                | Yes.       | Rwanda participates in the COMESA and EAC clearing agreements. |
| Barter agreements and open accounts | Yes.       | An arrangement exists with Uganda, but it is not operational. |
| Administration of control           | Yes.       | Foreign exchange authority is vested in the BNR, which has delegated the authority to authorized banks and foreign exchange bureaus. |
| Payments arrears                   | No.        |                                      |
Official No.
Private No.

**Controls on trade in gold (coins and/or bullion)**
---
**On domestic ownership and/or trade** Yes. Trading is restricted to dealers approved by the relevant authorities. The approvals are granted by the Ministry of Trade and Industry. There are no controls on domestic ownership of gold (coins and/or bullion). Under anti-money-laundering legislation, gold dealers (dealers in precious stones) are considered reporting entities under the control of the Financial Investigation Unit.

**On external trade** Yes. Imports and exports of gold must be reported. Gold mining, refining, trade, and export is a regulated business that requires a license which is issued by the Rwanda Mines, Petroleum, and Gas Board (RMB) as the responsible regulatory authority, a requirement of the Mining Law. This requirement is not restricted to gold alone, but rather applicable to all other minerals was well. The RMB has two types of Mineral Export Certificates. The ICGLR Mineral Exports Certificate is governed by the Regional Certification Mechanism (RCM) to support the “Bag & Tag” system established to determine the chain of custody of the 3Ts (Tin, Tantalum, and Tungsten) to fight against illegal exploitation of these minerals in the Great Lakes region. The Rwanda Mineral Export Certificate is the national initiative to ensure proper reporting, demand due diligence, and transparency in non-3T minerals, including gold. It is issued by the RMB, and for gold, it commenced being issued effective July 1, 2020.

**Controls on exports and imports of banknotes**
---
**On exports** Yes.

- **Domestic currency** No. There are no controls with respect to resident and nonresident individuals on domestic currency. The amount of cash or the value of the negotiable instruments that a person may carry leaving the territory of Republic of Rwanda without need to make declaration is US$10,000 or equivalent in other currencies.

- **Foreign currency** Yes. Commercial banks that need to export banknotes must request approval from the BNR in accordance with Regulation No. 05/2013 of October 21, 2013, Governing Foreign Exchange Operations (Article 37). There are no quantitative limits. The amount of cash or the value of the negotiable instruments that a person may carry leaving the territory of Republic of Rwanda without need to make declaration is US$10,000 or equivalent in other currencies.

**On imports** No.

- **Domestic currency** No. There are no controls with respect to resident and nonresident individuals on domestic currency. The amount of cash or the value of the negotiable instruments that a person may carry entering the territory of Republic of Rwanda without need to make declaration is US$10,000 or equivalent in other currencies.

- **Foreign currency** No. There are no controls with respect to resident and nonresident individuals, but banks must inform the BNR of the amount imported. The amount of cash or the value of the negotiable instruments that a person may carry entering the territory of Republic of Rwanda without need to make declaration is US$10,000 or equivalent in other currencies.

**References to legal instruments and hyperlinks**
---
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically Yes. Foreign exchange accounts may be freely debited and credited in accordance with banking practices and national law. For statistical purposes, the reason for withdrawals must be documented. Balances may be transferred abroad freely.

Approval required No. Commercial banks may freely open and manage foreign exchange accounts for residents.
Held abroad Yes. Licensed banks may open accounts abroad, provided they comply with BNR prudential rules on foreign currency holdings. Other residents may also transfer funds to an account abroad. For statistical purposes, licensed intermediaries must report those transfers. Export proceeds may also be held in accounts with foreign banks abroad. Balances may be transferred to the home country freely.

Accounts in domestic currency held abroad No.
Accounts in domestic currency convertible into foreign currency Yes. Holders of domestic currency accounts may freely request the bank to debit their account for external payment using the prevailing exchange rate.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Commercial banks may freely open and manage foreign exchange accounts for nonresident individuals and institutions. Balances may be transferred abroad freely.

Approval required No.
Domestic currency accounts Yes. Nonresident individuals and institutions may open domestic currency accounts with local banks. Balances may be transferred abroad freely.
Convertible into foreign currency Yes. Nonresidents may convert the balances in their domestic currency accounts to foreign currency and transfer the proceeds abroad.
Approval required No.
Blocked accounts No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.
Financing requirements for imports No.
Minimum financing requirements No.
Advance payment requirements No.
Advance import deposits No.
Documentation requirements for release of foreign exchange for imports Yes.
Domiciliation requirements No.
Preshipment inspection No.
Letters of credit No.
Import licenses used as exchange licenses No.
Other Yes. Import payments are generally made after delivery, but authorized banks may make advance payments on presentation of supporting documentation.

Import licenses and other nontariff measures Yes.
Positive list No.
Negative list Yes. Imports of narcotics are prohibited. Certain categories of imports, including explosives and weapons, require approval from the relevant authorities, regardless of the origin and value. For public health reasons, the importation of human and veterinary medicines, disinfectants, and other toxic or potentially toxic chemicals is subject to the approval of the relevant pro forma invoices by the Ministry of Health.

Open general licenses No.
Licenses with quotas No.
Other nontariff measures No.
Import taxes and/or tariffs No.
Taxes collected through the exchange system No.
State import monopoly No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Financing requirements No.
Documentation requirements No.
Letters of credit No.
Guarantees No.
Domiciliation No.
Preshipment inspection No.
Other No.
Export licenses Yes.
Without quotas: Yes.

Exporters must provide the Rwanda Development Board (RDB) with the required information. A license is required in certain cases specified by law, such as exporting minerals and precious stones.

With quotas: No.

Export taxes: No.

Collected through the exchange system: No.

Other export taxes: No.

References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers:** Yes.

Licensed banks may freely transfer foreign exchange to cover payments for standard invisible transactions, such as dividends, directors’ and managers’ fees, professional allowances, copyrights, royalties, cost of goods’ repair, interest, credit card payments to foreign companies, reinsurance bonuses, reimbursement of expenses because of foreign airlines, advertising costs, hiring and leasing costs, sea–road–air transportation and transit costs, newspapers and periodicals, membership in trade and professional associations, expenses for correspondence courses and books, and VAT refunds.

**Trade-related payments:** No.

**Prior approval:** No.

**Quantitative limits:** No.

**Indicative limits/bona fide test:** No.

**Investment-related payments:** No.

**Prior approval:** No.

**Quantitative limits:** No.

**Indicative limits/bona fide test:** No.

**Payments for travel:** Yes.

**Prior approval:** No.

**Quantitative limits:** No.

**Indicative limits/bona fide test:** Yes. Intermediaries must conduct a bona fide test of applications through know-your-customer (KYC) guidelines.

**Personal payments:** Yes.

**Prior approval:** No.

**Quantitative limits:** No.

**Indicative limits/bona fide test:** Yes. Intermediaries must conduct a bona fide test of applications through KYC guidelines.

**Foreign workers’ wages:** Yes.

**Prior approval:** No.

**Quantitative limits:** No.
<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td>Intermediaries must conduct a bona fide test of applications through KYC guidelines.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
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<tr>
<td>Other payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
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<tr>
<td>Quantitative limits</td>
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Proceeds from Invisible Transactions and Current Transfers

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<tbody>
<tr>
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<td></td>
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<tr>
<td>Surrender requirements</td>
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<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
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<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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</tbody>
</table>

Capital Transactions

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>No.</td>
<td>Portfolio investment transactions between residents and nonresidents have been fully liberalized. The key components of these transactions are as follows: (1) equities and debt securities in the form of bonds or other loan stocks and (2) money market instruments and derivatives, such as options.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
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<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On capital market securities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Status</td>
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<tr>
<td>----------------------------------------------</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
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<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
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<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

Residents may freely contract loans in foreign currency from nonresident banks and international financial institutions to finance their activities, but they need to take into consideration the interest rate risks and ensure that the foreign exchange risk is mitigated. For statistical purposes, the loan agreement must be recorded with the BNR together with the following information: (1) contract.
identification number; (2) date of contract; (3) amount of loan; (4) loan currency; (5) reason for the loan; (6) interest rate; (7) commissions; (8) repayment period; (9) grace period; (10) maturity period; (11) frequency of payment; and (12) existence of guarantee. Licensed banks no longer need a certificate of loan registration from the BNR before they may transfer interest and reimburse capital (Regulation No. 05/2013 of October 21, 2013, Governing Foreign Exchange Operations).

Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>Guarantee</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on direct investment

<table>
<thead>
<tr>
<th>Type</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on liquidation of direct investment

<table>
<thead>
<tr>
<th>Type</th>
<th>No.</th>
</tr>
</thead>
</table>
| Repatriation of current income relating to local investments, as well as the net profit from liquidation of capital invested by transfers of foreign currency to the country, may be freely carried out by licensed banks with supporting documents.

Controls on real estate transactions

<table>
<thead>
<tr>
<th>Type</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls on personal capital transactions

<table>
<thead>
<tr>
<th>Type</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
Gifts, endowments, inheritances, and legacies

- By residents to nonresidents: No.
- To residents from nonresidents: No.

Settlement of debts abroad by immigrants: No.

Transfer of assets

- Transfer abroad by emigrants: No.
- Transfer into the country by immigrants: No.

Transfer of gambling and prize earnings: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes. Commercial banks’ borrowing is subject to the same provisions as borrowing by natural or legal entities, provided the prudential standards are observed. Banks may freely contract loans in foreign currency from abroad, but they need to take into consideration the interest rate and ensure that the foreign exchange risk is mitigated. For statistical purposes, a copy of the loan agreement must be registered with the BNR.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes. Commercial banks may open accounts abroad and maintain credit balances in accordance with prudential rules established by the BNR on the limits on foreign currency holdings. For statistical purposes, licensed intermediaries authorized to transfer foreign currency must provide the BNR information on the foreign currency transferred on overseas accounts.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes. Pursuant to Regulation No. 004/2015 of August 18, 2015, the governor of the BNR determines through directives the conditions for granting loans in foreign currency. Pursuant to Directive 09-2018, which entered into force on December 27, 2018, resident banks may grant loans in foreign currency to residents and nonresidents subject to the following conditions: (1) The eligible borrower is a legal entity with a turnover of over FRW 50 million or its equivalent in foreign currency; (2) the borrower’s income stream in foreign currency is derived from businesses permitted to generate foreign currency; (3) income stream generated by the business in foreign currency is not less than 150% of the annual or total installments; (4) repayment will be in the currency being borrowed until the maturity of the loan; (5) the foreign exchange risk is mitigated; (6) the collateral pledged by nonresidents is valued at 150% of the total amount of the loan; and (7) they comply with other prudential rules on related parties’ transactions, credit concentration, and large exposure limits.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes. The reserve requirement applies to local currency deposits. There is no reserve requirement for foreign currency deposits. Effective April</td>
</tr>
</tbody>
</table>
1, 2020, the BNR lowered the reserve requirement ratio from 5% to 4% as one of the measures taken to mitigate the economic impact of the COVID-19 pandemic.

**Liquid asset requirements** No. Banks must maintain high-quality liquid assets equal to at least 100% of the net outflow for the 30-day period and for significant foreign currency on a weekly basis.

**Interest rate controls** No.

**Credit controls** No.

**Differential treatment of deposit accounts held by nonresidents** No.

**Reserve requirements** No.

**Liquid asset requirements** No.

**Interest rate controls** No.

**Credit controls** No.

**Investment regulations** Yes. Commercial banks’ investments are subject to the prudential standards observed (foreign and local investment, exchange exposure limits, and the KYC principle).

**Abroad by banks** Yes. Regulation No. 2310/2019 – 00022 [614] of March 19, 2019, of the BNR on Major Investments and Placements of Banks applies effective April 12, 2019. All major equity investments domestically and abroad require approval. A major investment is defined as a holding by a bank in an entity that represents at least 5% of the equity capital of the entity or a shareholding that exceeds 5% of the core capital of the bank. The aggregate investment in equity shares of other companies by a bank may not at any time exceed 25% of bank’s core capital (previously 60% of core capital).

**In banks by nonresidents** Yes. Regulation No. 05/2013 of October 21, 2013, Governing Foreign Exchange Operations and Regulation No. 2310/2019 – 00023 [614] of March 19, 2019, of the BNR on Shareholding, Acquisition, and Amalgamation of Banks apply. The approval from the CB is required, and a natural person cannot exceed 25% of the shares.

**Open foreign exchange position limits** Yes. Long and short foreign exchange positions are subject to limits of ±20% of banks’ capital and reserves. Banks’ foreign exchange positions may not exceed the limit for two consecutive business days.

**On resident assets and liabilities** Yes. Open foreign exchange position limits apply for both resident and nonresident assets and liabilities. Long and short foreign exchange positions are subject to limits of ±20% of banks’ capital and reserves. Banks’ foreign exchange positions may not exceed the limit for two consecutive business days.

**On nonresident assets and liabilities** Yes. Open foreign exchange position limits apply for both resident and nonresident assets and liabilities. Long and short foreign exchange positions are subject to limits of ±20% of banks’ capital and reserves. Banks’ foreign exchange positions may not exceed the limit for two consecutive business days.

**Provisions specific to institutional investors** Yes.

**Insurance companies** No. There are no restrictions, provided they comply with Regulation No. 12/2009 of October 13, 2009, on Market Conduct Requirements for Insurers and Insurance Intermediaries and Regulation No. 001/2010 of October 28, 2010, relating to market capacity facilitation for foreign insurers apply.

**Limits (max.) on securities issued by** No. No applicable regulation.
| nonresidents | Limits (max.) on investment portfolio held abroad | No. | No applicable regulation. |
| Limits (min.) on investment portfolio held locally | No. | Regulation No. 05/2009 of July 29, 2009, on licensing requirements and other requirements for carrying out insurance business applies. Article 20 on investments operations sets limits on asset allocation for various investment classes as percentage of total assets. |
| Currency-matching regulations on assets/liabilities composition | No. | No applicable regulation. |
| Pension funds | Yes. | Regulation No. 05/2016 of September 26, 2016, of the BNR established operational and other requirements for pension schemes. |
| Limits (max.) on securities issued by nonresidents | Yes. | A pension scheme may not invest more than 15% of the total value of its assets outside Rwanda (Regulation No. 05/2016, of September 26, 2016, Article 26). |
| Limits (max.) on investment portfolio held abroad | Yes. | A pension scheme may not invest more than 15% of the total value of its assets outside Rwanda (Regulation No. 05/2016, of September 26, 2016, Article 26). |
| Limits (min.) on investment portfolio held locally | No. | No such limits apply. |
| Currency-matching regulations on assets/liabilities composition | No. | No currency-matching regulations apply. |
| Investment firms and collective investment funds | No. | No restrictions as long as they comply with Law No. 40/2011 of September 20, 2011, which regulates collective investment funds in Rwanda. Collective investment funds are regulated by the Capital Market Authority. Residents and nonresidents are treated the same. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Other monetary framework

01/01/2019 The National Bank of Rwanda shifted from monetary targeting to price-based monetary policy. The target is the seven-day interbank rate that must be within a band of ±1% around the Central Bank Rate.

Arrangements for Payments and Receipts

Controls on trade in gold (coins and/or bullion)

On external trade

07/01/2020 As part of a national initiative to ensure proper reporting, demand due diligence, and transparency in non-3T minerals, the Rwanda Mines, Petroleum, and Gas Board started issuing Rwanda Mineral Export Certificates for gold.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Differential treatment of deposit accounts in foreign exchange

 Reserve requirements  

 04/01/2020  

 The National Bank of Rwanda lowered the reserve requirement ratio from 5% to 4% as one of the measures taken to mitigate the economic impact of the COVID-19 pandemic.

Investment regulations

 Abroad by banks  

 04/12/2019  

 The aggregate investment in equity shares of other companies by a bank may not at any time exceed 25% of bank’s core capital (previously 60% of core capital).
SAMOA

(Position as of July 31, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance: October 6, 1994.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Samoa is the Samoan tala (SAT).

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes.

The CBS Act of 2015 states that the Central Bank of Samoa (CBS) is responsible for setting the exchange rate. The exchange rate arrangement is a conventional peg vis-à-vis a currency composite of currencies of its major trading partners. Currencies included in the Samoan tala basket are the US dollar, New Zealand dollar, Australian dollar, and euro. Annual reviews of the currency weights in the Samoan tala basket reflect the payment pattern of Samoa’s trade in goods and travel receipts in the previous calendar year. The Samoan tala fluctuates based on the movements of the currencies within the basket. The CBS stands ready to maintain the stability of the nominal value of the Samoan tala through a direct adjustment, if necessary and relevant. This is only considered when the authorities identify a significant adverse economic impact on the Samoan economy from any unforeseen major event (externally or domestically).
The Samoan tala continues to be pegged to a basket of the currencies of Samoa’s main trading partners – Australia, New Zealand, USA, and Euro. The currency weights are reviewed on an annual basis, taking into account Samoa’s distribution of trade and travel transactions between Samoa and its main trading partners. The CBS Board of Directors endorses the outcomes of these annual reviews within the first quarter of each year. A review of the 2019 currency basket weights was endorsed by the CBS Board of Directors, effective February 1, 2019. A review of the 2020 currency basket weights was endorsed by the CBS Board of Directors, effective February 7, 2020. Due to COVID-19 developments since March 2020, CBS monitored the impact of exchange rate developments on the Sāmoa Tala. A midyear review was undertaken for the first time, which saw changes to the currency basket weights as endorsed by the CBS Board of Directors June 26, 2020 and became effective July 1, 2020.

The exchange rate may be adjusted within a \( \pm 2\% \) range at the discretion of the governor; however for adjustments greater than \( \pm 2\% \), the approval of the CBS Board is necessary. Only the CBS may decide on a change in the exchange rate arrangement, if it is deemed necessary after extensive study. The official exchange rate is used for accounting and valuation purposes.

The primary monetary policy objective of the CBS is price stability, while ensuring sustained economic growth and adequate level of foreign exchange reserves. Operationally, the CBS targets reserve money (primarily, the commercial banks’ excess reserve level, that is, demand deposit balances of the commercial banks held at CBS, private sector credit growth, and M2), using the level of CBS securities to influence liquidity. Monetary policy is implemented through open-market operations with CBS securities that have tenors ranging from 14 days to 365 days. But the turnover is low. There is no secondary market for CBS securities. Interbank trading on securities and foreign exchange is very limited, and the local money market remains shallow. The CBS monitors inflation (to ensure it does not exceed 3%), private sector credit growth, and foreign
exchange reserves, with the exchange rate policy offering a complementary role to ensure imported inflation is contained and to ensure the competitiveness of Samoa’s external sector, where necessary given the small size of the economy.

**Inflation-targeting framework**

*Target setting body*
- Government
- Central Bank
  - Monetary Policy Committee
  - Central Bank Board
- Other

Government and Central Bank

*Inflation target*
- Target number
  - Point target
  - Target with tolerance band
  - Band/Range
- Target measure
  - CPI
  - Core inflation
- Target horizon

*Operating target (policy rate)*
- Policy rate
- Target corridor band
- Other

*Accountability*
- Open letter
- Parliamentary hearings
- Other

*Transparency*
- Publication of votes
- Publication of minutes
- Publication of inflation forecasts
- Other monetary framework
**Exchange tax**  No.

**Exchange subsidy**  No.

**Foreign exchange market**  Yes.

Authorized banks may freely determine their bid-ask spreads and foreign exchange commissions, except for the US dollar, with their clients. A bid-ask spread of 170 basis points is set for the US dollar by the CBS, within which commercial banks may determine their spreads and commissions.

Other participants in the foreign exchange market, namely authorized money changers, are allowed to freely determine their bid-ask spreads and foreign exchange commissions. The CB, however, collects and monitors these data to ensure the exchange rates offered to the general public are consistent with those by authorized banks.

**Spot exchange market**  Yes.

There are 4 commercial banks and 12 authorized foreign exchange dealers (AFEDs) as of December 31, 2019. Of the 12 AFEDs, 11 are authorized to provide both money exchange and money transfer services for their clients, and 1 is solely an authorized money changer authorized to purchase and sell foreign currency banknotes. In contrast to authorized commercial banks, the operations of authorized money transfer operators (MTOs) and money changers are limited in the types of transactions that can be carried out.

Authorized MTOs may conduct some foreign exchange transactions similar to authorized commercial banks (for example, make payments between Samoa and the rest of the world), while authorized money changers are licensed by the CBS to only buy and sell foreign currency banknotes (in exchange with Samoan tala) in Samoa. The minimum capital requirement placed on authorized money changers is SAT 30,000.

Authorized money exchange businesses may not conduct foreign exchange transactions directly with the CBS. Only the commercial banks may buy and sell US dollars directly with the CBS.

There is no capital market in foreign currencies yet.

**Operated by the central bank**  Yes.

When dealing with commercial banks, the CBS deals at the spot exchange rate valued two days later.

**Foreign exchange standing facility**  Yes.

The CBS sells and buys foreign currency, currently US dollars, in the foreign exchange market at the request of commercial banks. The bid-ask spread is 20 basis points around the official midrate. Aside from local commercial banks, the CBS also sells and buys US dollars from World Bank finance institutions (International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA)). The CBS also transacts with the government, as its bank: the CBS may buy foreign currency funds relating to government and sell the Samoan tala in exchange, and provide payment services for foreign exchange payments abroad.

**Allocation**  No.

The CBS does not allocate a specific amount of foreign currency to its AD banks; it buys and sells foreign exchange at the banks' request, mainly to cover for any short position in the banking system. For the purpose of foreign exchange reserves management, the CBS generally asks commercial banks the purpose and source of substantial sums of foreign exchange sold or bought. The CBS generally does not verify these major transactions—deemed normal foreign exchange flows for regular clients' large payments for imports, including for oil—according to any particular conditions. However, where a major transaction includes a CBS approved overseas capital payment, verification is made by reference to the Exchange Control approval, if any. Overseas capital payments are sometimes given a set payment date, so the actual timing and occurrence of these flows may be verified. However, most overseas
capital payments, including dividend repatriation (to parent companies or headquarters office abroad), may be made anytime within 30 days of CBS approval, so timing and occurrence cannot be verified. Commercial banks are sometimes able to service these flows with their own foreign currency holdings rather than by purchasing US dollars from the CBS. Some flows (for example, forward exchange contracts) are expected to be self-sourced and do not require US dollar purchases from the CBS.

Commercial banks may buy and sell foreign exchange among themselves. If they cannot obtain or sell their foreign exchange in the interbank market, they may buy from or sell (US dollars only) to the CBS. Interbank market participants are the four licensed commercial banks (ANZ Bank, Bank of South Pacific, National Bank of Samoa, and Samoa Commercial Bank). The CBS does not impose limits on the bid-ask spread for foreign exchange trade in the interbank market.

Commercial banks deal directly with each other on the interbank market; there is no broker between the buyer and seller.

The interbank market operates under an arrangement whereby the transacting participants mutually agree to a single exchange rate at which they may trade foreign exchange. For instance, commercial banks might agree to use the CBS midrate for US dollars to buy or sell US dollars among themselves.

Commercial banks are permitted to make forward exchange contracts. The CBS does not participate in the foreign exchange derivatives market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes.

Controls on the use of domestic currency No.

For current transactions and payments No.

For capital transactions No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents Yes. The domestic use of foreign exchange is subject to CBS approval.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.
Regional arrangements Yes. Samoa participates in PACER plus, PICTA, and the South Pacific Regional Trade and Economic Cooperation Agreement. Samoa is a member of the WTO.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control Yes. The CBS has overall responsibility for the administration of foreign exchange control: it delegates some authority to AD banks and selected foreign exchange dealers. In principle, all capital payments to nonresidents require CBS approval; however, commercial banks and foreign exchange dealers (MTOs) may approve most current payments without limits, with supporting documentation, usual due diligence, and compliance with anti-money-laundering requirements. There is no limit on money transfer companies’ transfers for current payments. Banks and money transfer companies may transfer unlimited amounts for advance payments and import payments, with documentation. Other current transactions are still subject to specified limits. For example, AFEDs and commercial banks may purchase and sell foreign exchange cash equivalent up to SAT 20,000 an individual for travel purposes. Larger amounts that are to be hand carried during travel abroad require CBS approval.

Payments arrears No.

Payments arrears Official No.

Payments arrears Private No.

Controls on trade in gold (coins and/or bullion) No. The CBS is permitted to trade in gold under the CBS Act 2015.

On domestic ownership and/or trade No. The CBS Act 2015 permits the CB to buy, sell, and deal in gold coins and/or bullion, but it does not regulate domestic ownership and/or trading of gold.

On external trade No. The CBS Act 2015 does not regulate external trade in gold.

Controls on exports and imports of banknotes Yes.

On exports Yes.

Domestic currency Yes. CBS Exchange Control approval is required for any amount of domestic currency to be exported.

Foreign currency Yes. Through AFEDs, residents may hand carry the equivalent of SAT 20,000 in foreign currency a person a trip for overseas travel purposes. Exporting amounts exceeding this limit requires prior CBS approval. Nonresidents may export as much foreign currency as they brought into Samoa. Commercial banks and authorized money changers require CBS approval to export excess foreign currency banknotes.

On imports No. Declaration is to be made to Customs if the amount exceeds SAT 20,000.

Domestic currency No.

Foreign currency No. Amounts in excess of the equivalent of SAT 20,000 must be declared at the port of entry.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Resident Accounts

<table>
<thead>
<tr>
<th></th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange accounts permitted</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Subject to CBS approval, residents who earn foreign exchange may open a foreign currency deposit account if there is a need to settle overseas commitments.

Residents who earn foreign exchange in the normal course of their business may open, with CBS approval, foreign currency deposit accounts with one of the four AD banks. CBS approval is granted only, subject to appropriate documentation, to those who are genuine earners of foreign exchange and have a genuine need to settle overseas commitments with foreign exchange.

Prior CBS approval is required for the transfer of funds abroad for capital transactions and some current payments (namely, management fees, dividends to foreign shareholders, and insurance and/or reinsurance premiums of CBS-licensed institutions). A Balance of Payments (BOP) form to be authorized by the CBS is required to be submitted to the commercial banks and/or MTOs for processing of payment. If funds are moved for the purpose of current payments (for example, imports), AD banks and MTOs delegated by the CBS may effect payment and, complete foreign exchange payment details on their respective telegraphic transfer (TT) form, for later submission electronically to the CBS with the appropriate supporting documentation at the beginning of the next month.

CBS approval is required to hold foreign exchange accounts abroad mainly if they relate to investments overseas by residents.

Exports of domestic currency are subject to exchange control regulations. However, there is no specific clause in the regulations indicating that accounts denominated in tala may or may not be held abroad.

CBS approval is required to convert from domestic currency account to foreign currency, only in relation to capital payment transactions. In other cases, funds from a domestic currency account in Samoa may be converted to foreign currency consistent with the delegated authorities granted to AD banks.

### Nonresident Accounts

<table>
<thead>
<tr>
<th></th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange accounts permitted</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Nonresidents who earn foreign exchange may open a foreign currency deposit account with any of the commercial banks without CBS approval.

Funds from these accounts may be freely transferred abroad for any current international transaction.

Prior CBS approval is required only when foreign exchange accounts of nonresidents held in Samoan banks are closed and funds are requested to be transferred overseas. Transfers up to the equivalent of SAT 50,000 from a closed foreign exchange account of a nonresident may be authorized and processed by the commercial banks. Amounts in excess of SAT 50,000 equivalent require prior CBS approval.

References to legal instruments and hyperlinks:

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Domestic currency accounts

Yes.  

External Accounts are accounts in Samoan tala held by individuals, organizations, or entities that are regarded as nonresident with authorized banks under Exchange Control purposes. Opening domestic currency accounts does not require CBS approval, but there are restrictions on the types of funds in Samoan tala that may be credited to these accounts as follows.

External Accounts may be credited with funds sourced from the following: (1) interest payable on the account; (2) payments from other External Accounts; (3) payments by residents of Samoa for which permissions have been given either under a delegated authority given to the banks in an Exchange Control notice or specifically by the CB; (4) the proceeds of sale of foreign currency by the account holder sourced externally or remaining from travel funds; (5) the proceeds of Samoan currency notes received from the account holder when he is leaving Samoa after a temporary visit, provided the authorized bank maintaining the account is reasonably satisfied that the notes were obtained in Samoa by the sale of foreign currency or by the debit of an External Account or were brought into the country by the traveler; (6) salaries and wages due from employment in Samoa.

External Accounts may be debited with: (1) payments to residents of Samoa; (2) payments to other External Accounts; (3) payments in cash in Samoa; (4) cost of foreign exchange facilities for travel purchased in accordance with EC Notice 9; (5) cost of foreign currency purchased by the account holder in accordance with EC Notice 5; and (6) payment in foreign currency to nonresidents.

Banks are authorized to debit an External Account without any limits within their delegated authority, except for capital transactions, which still requires CBS approval. An Exchange Control BOP2 form is to be completed at all times, as required by the CBS. There is an exemption from these exchange control requirements for official accounts of diplomatic corps (for example, embassies, delegations, consulates, and offices of high commissioners, UN agencies).

### Convertible into foreign currency

Yes.  

Balances may be freely converted for current international transactions. For capital transactions, they are referred to the CBS.

### Approval required

No.

### Blocked accounts

No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

#### Foreign exchange budget

No.

#### Financing requirements for imports

No.

#### Minimum financing requirements

No.

#### Advance payment requirements

No.

#### Advance import deposits

No.

#### Documentation requirements for release of foreign exchange for imports

Yes.

#### Domiciliation requirements

No.

#### Preshipment inspection

Yes.  

The following documents are required before a bank or a MTO may
process a payment of imports. For goods already arrived and cleared by the Samoa Customs: original suppliers’ invoices stating the value of imported goods, original bill of lading or airway bill with details of current shipment/cargo, and relevant original customs documents on receipt of goods in Samoa. There is no limit on the amount. For advance import payments, prior to shipment of goods: pro forma invoice from supplier stating request for payment prior to shipment of goods and original customs SAD documents for stamping within 30 days of arrival of goods in Samoa. There is no limit on the amount.

<table>
<thead>
<tr>
<th>Letters of credit</th>
<th>Yes.</th>
<th>Commercial banks may accept invoices from importers in addition to LCs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

There are some restrictions on the importation of meat and meat products from Asia, alcohol, cigarettes, some equipment used with animals/fish/plants, chemicals, and selected fresh/dried fruits. The importation of any pornographic material, drugs and firearms, narcotics, and unlawful weapons is also restricted. The importation of selected types of lights, air-conditioning units, and refrigeration appliances is now in place with the commencement of the Sāmoa Energy Efficiency Act 2017 as of December 21, 2017. The Energy Efficiency Regulation took effect at various times for different products.

Household refrigerators and freezers imported into Samoa must meet Minimum Energy Performance Standards (MEPS) and carry standard energy labels if they were ordered from importers after March 4, 2018. The test standards, MEPS, and energy labeling rules are set out in the Regulations.

Air conditioners imported into Samoa must meet MEPS and carry standard energy labels from September 5, 2018. The test standards, MEPS, and energy labeling rules are set out in the Regulations.

Lighting products (incandescent lamps, fluorescent lamps, and ballasts) imported into Samoa must meet MEPS, effective March 5, 2019. The test standards and MEPS rules are set out in the Regulations.

The importation of some products is prohibited or restricted for reasons of security or health or as a result of trade agreements. Importation of refrigerators that use chlorofluorocarbons is prohibited for environmental reasons. Honey is also prohibited for reasons of biosecurity and the protection of the local industry.

Effective January 30, 2019, single-use plastics have been banned or prohibited from importation.

There are prohibitions on the type of packaging that imported goods need to comply with such as for certain food items (such as tinned/canned fish and tinned/canned corned beef) consistent with government directives from time to time. For example, only boxes/cartons of 12 tinned fish in a box are allowed to be imported, instead of the previous 24 tinned fish a box.

Imports of meat, meat products, livestock, and plants and plant products in commercial consignments are usually covered under Open General Licenses (OGLs). Private consignments are limited,
but there is flexibility, depending on the reasons why an applicant requests for amounts more than necessary for private individual consumption.

<table>
<thead>
<tr>
<th>Licenses with quotas</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most licenses for general imports do not have quantitative limits. The government may allow importers to bring in goods up to a certain value free of duty. Imports exceeding this value are subject to the usual duty rates.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other nontariff measures</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports of motor vehicles more than 10 years old are prohibited as are imports of eggs without expiration dates on their carton. For regulated imports (for example, eggs, meat, meat products, livestock, plants, plant products), the exporting country must comply with Samoa Quarantine Service requirements. Regulated imports of meat and meat products must have a health certificate from the exporting country to obtain a Samoa Quarantine Service import permit. For plants and plant products, a phytosanitary certificate is required.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Import taxes and/or tariffs</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import duties are levied on an ad valorem basis on the c.i.f. value. There are four general rates of duty—0%, 5%, 8%, and 20%. Duty on machinery and agricultural imports is 8% and 5%, respectively; there is no longer duty on motor vehicles, but an excise tax is imposed according to the vehicle’s manufacture year and engine capacity. In addition, there is an import excise tax on imports of alcohol, soft drinks, tobacco, and petroleum. Companies that produce for export may receive full or partial exemption from duty and excise taxes on inputs and capital equipment. Amendments to the Customs Act of 1977 have been passed to ensure compliance with WTO requirements and for other related purposes. There is a Value Added Goods and Services Tax of 15%, which applies to both imported and locally produced goods and services and is added to the price of taxable goods and services. Businesses with annual turnover of SAT 78,000 or more from taxable activities must register with the Ministry for Revenue to pay the tax and submit tax returns at regular periods.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>State import monopoly</th>
<th>No.</th>
</tr>
</thead>
</table>

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export proceeds (of individuals or businesses) must be received no later than two months from shipment date if exporting to countries other than American Samoa, and within one month of shipment date if going to American Samoa. All export proceeds must be realized through an AFED (that is, authorized commercial bank or MTO). Export proceeds may not, for any purpose, be utilized and/or retained abroad for an extended period, without approval of the CBS. The CBS allows exporters (individuals or businesses) to credit their foreign currency accounts with export proceeds and to debit them to meet import payments and other business-related commitments as approved by the CB at the time of application for such accounts. The exporters have the discretion to sell to the banks any foreign currency from their accounts for Samoan tala. Confirmation of receipts of export proceeds can be in the form of a bank statement from the authorized banks stating credits of proceeds or receipts of funds received through a MTO.</td>
<td></td>
</tr>
</tbody>
</table>

| Surrender requirements | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Financing requirements** | No. |
| **Documentation requirements** | Yes. |
| **Letters of credit** | Yes. | In addition to LCs, commercial invoices, certificates of value and origin, and bills of lading are now accepted by commercial banks for documentation requirements. |
| **Guarantees** | No. |
| **Domiciliation** | No. |
| **Preshipment inspection** | Yes. | The Customs Department examines export documents. The Samoa Quarantine Service may inspect and certify items for export if a phytosanitary or a health certificate is required by the country to which the goods are exported. |
| **Other** | No. |
| **Export licenses** | Yes. |
| **Without quotas** | Yes. | Exporters must be registered with the CBS prior to any shipments departing from Samoa. Export of certain agricultural products may be prohibited by the Minister of Agriculture and Fisheries on grounds of low quality or by order of the Head of State to alleviate domestic shortages or for any reasons deemed necessary from time to time. |
| **With quotas** | No. |
| **Export taxes** | No. |
| **Collected through the exchange system** | No. |
| **Other export taxes** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

Yes. Prior CBS approval is required for certain current transaction payments abroad for services. These include payments overseas of management fees, insurance/reinsurance premiums by CBS-licensed institutions (for example, banks, MTOs, and insurance companies), and dividends.

**Trade-related payments**

Yes. ADs may approve these payments, provided applicants submit relevant documentary proof.

**Prior approval**

Yes. The remittance of a freight company’s excess receipts/income (from their operations in Sāmoa) to their overseas head office requires a prior CBS approval effective August 1, 2019 for amounts in excess of SAT$1.0 million. Any amounts to be remitted abroad that is less than SAT$1.0 million are delegated to the AFEDs.

**Quantitative limits**

Yes. Effective August 1, 2019, delegated limits for the remittance of a freight company’s excess receipts/income to their head office are SAT$1.0 million; any amounts in excess of this value require prior CBS approval.

**Indicative limits/bona fide test**

Yes. Applicants have to submit documentary proof.

**Investment-related payments**

Yes.
### Prior approval

<table>
<thead>
<tr>
<th>Prior approval</th>
<th>Yes.</th>
<th>There may be limits on the amount that may be remitted abroad, subject to prevailing liquidity and economic conditions in Samoa. Resident individuals or companies remitting investment-related payments abroad must obtain CBS approval and provide documentary proof for the amount of such payments. If a single transaction is so large that it would severely affect the CB’s level of foreign reserves, the payment must be made in instalments, instead of as a single large payment. The approval for transfer abroad of investment funds withdrawn by individuals from local nonbank financial institutions (for example, investments with the Unit Trust of Samoa, contribution funds with the Samoa National Provident Fund; as part of migration overseas) is delegated to commercial banks and MTOs for amounts up to SAT 30,000. Larger amounts still require CBS approval.</th>
</tr>
</thead>
</table>

### Quantitative limits

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

### Indicative limits/bona fide test

| Yes. | There are no indicative limits, and approval is granted if documentation requested by the CB is provided. If a single transaction is so large that it would severely affect the CB’s level of foreign reserves, the payment must be made in instalments, instead of as a single large payment. |

### Payments for travel

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

### Prior approval

<table>
<thead>
<tr>
<th>Yes.</th>
<th>Amounts exceeding SAT 20,000 (equivalent in foreign currency) a person a trip may be purchased with CBS approval, in the event the traveler is hand carrying the foreign funds during his or her travel across borders. No prior approval is required if travel funds are to be transferred through the banks or MTOs.</th>
</tr>
</thead>
</table>

### Quantitative limits

| Yes. | Residents and expatriates traveling overseas may purchase from commercial banks foreign currency equivalent to SAT 20,000 a person a trip. Larger amounts may be purchased with CBS approval in the event the traveler is hand carrying the foreign funds during his or her travel across borders. |

### Indicative limits/bona fide test

| Yes. | Valid travel documents, such as a return airline ticket, passport, and visa, are required. |

### Personal payments

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

### Prior approval

| Yes. | Prior approval is required only if payment for family support exceeds SAT 100,000 an applicant a year. Family support refers to assisting with daily living expenses for family overseas. It does not cover family alimony/maintenance. Prior approval for medical payments is required only when payments to be paid directly to the medical institutions exceed SATS100,000 per medical treatment, and/or payments to be paid directly to the patient exceed SATS10,000 per applicant per annum. |

### Quantitative limits

| Yes. | Effective August 1, 2019, payment for family support up to SAT 100,000 (previously SAT 50,000) an applicant a year does not require CBS approval. CBS approval is required for higher amounts. Family support refers to assisting with daily living expenses for family overseas. It does not cover family alimony/maintenance. Medical payments have been delegated to the AFEDs where payments are to be paid directly to the medical institutions up to SATS100,000 per medical treatment, and payments to be paid directly to the patient are up to SATS10,000 per applicant per annum. Any payments exceeding these limits require prior CBS approval. |

### Indicative limits/bona fide test

| Yes. | There is no specific limit on costs for study abroad, but the amount...
Foreign workers' wages  Yes.

*Prior approval*  Yes.  Expatriate workers with local contracts of one year and longer are considered residents; however, they are not required to obtain CBS approval if they wish to repatriate their net earnings during their contract period. Earnings not repatriated during the contract period may be repatriated at the end of the contract period.

Regulations on nonresident domestic currency accounts apply. Prior CBS approval is required when foreign exchange accounts of nonresidents held in Samoan banks are closed (for example, at the end of a foreign worker’s contract) and funds are requested to be transferred overseas. Transfers up to the equivalent of SAT 50,000 from a closed foreign exchange account of a nonresident may be authorized and processed by the commercial banks. Amounts in excess of SAT 50,000 equivalent require prior CBS approval.

*Quantitative limits*  No.

*Indicative limits/bona fide test*  Yes.  Foreign workers who wish to remit wages abroad must confirm to the AD banks that they are expatriates and provide supporting documents, such as an employment permit or visa, confirmation of the salary earned, other employment documents that verify the legitimacy of the source of the income, and documents to support the purpose of the remittance abroad.

Credit card use abroad  No.  The CBS does not regulate the use of credit cards, which is typically up to commercial banks.

*Prior approval*  No.  In the event that the credit card is used for a foreign capital payment, prior CBS approval would be required. However, because of known limits on credit cards, it would be unlikely that any capital payments would require the use of credit cards.

*Quantitative limits*  No.  The CBS places no quantitative limits on credit card use abroad. However, because AD banks issue the credit cards, it is their responsibility to ensure that their use complies with the foreign exchange limits on outward transfers under the Exchange Control regulations.

*Indicative limits/bona fide test*  No.  Verification of the use of credit cards is the responsibility of the commercial banks that issue them.

Other payments  Yes.  These are delegated to AD banks and MTOs to process and do not require prior CBS approval.

*Quantitative limits*  No.  There are no quantitative limits. However, the applicant must satisfy the CBS’ request for relevant supporting documentation.

*Indicative limits/bona fide test*  Yes.  There are no specific limits on subscriptions and membership fees; amounts requested must be supported by documentary evidence.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

*Repatriation requirements*  Yes.  There is no specific time limit before which proceeds from invisible transactions and transfers are to be repatriated back to Samoa. Generally, the export of services would require the receipt of funds into the Samoan banking system immediately following the service rendered. Otherwise, the same rules apply as in the export of goods. Specifically, export proceeds must be received no later than two months from shipment date if exporting to countries other than...
American Samoa, and within one month of shipment date if going to American Samoa. The CBS allows exporters (individuals or businesses) to credit their foreign currency accounts with export proceeds and to debit them to meet import payments and other business-related commitments as approved by the CB at the time of application for such accounts. The exporters have the discretion to sell to the banks any foreign currency from their accounts in Samoan tala.

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

On their return, resident travelers must sell to banks all unused foreign exchange they bring in to Samoa. There is no deadline for the sale of unused foreign exchange by resident travelers.

| Restrictions on use of funds | No. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There is no deadline for the repatriation of proceeds from capital transactions made abroad by a resident. However, any expected dividend flows that are due from the approved capital investment abroad are expected to be repatriated into Samoa.

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There is no deadline for the surrender of proceeds from capital transactions made abroad by a resident to AD. However, residents are required to sell their foreign exchange receipts to commercial banks or authorized money changers.

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shares or other securities of a participating nature</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Investments in banks by nonresidents are subject to CBS approval. These transactions are subject to CBS approval. These transactions are subject to CBS approval. These transactions are subject to CBS approval. These transactions are subject to CBS approval. These transactions are subject to CBS approval. There is no minimum holding period requirement for bonds. These transactions are subject to CBS approval. These transactions are subject to CBS approval.
On money market instruments
- Purchase locally by nonresidents: No.
- Sale or issue locally by nonresidents: No.
- Purchase abroad by residents: Yes. These transactions are subject to CBS approval.
- Sale or issue abroad by residents: Yes. These transactions are subject to CBS approval.

On collective investment securities
- Purchase locally by nonresidents: No.
- Sale or issue locally by nonresidents: No.
- Purchase abroad by residents: Yes. These transactions are subject to CBS approval.
- Sale or issue abroad by residents: Yes. These transactions are subject to CBS approval.

Controls on derivatives and other instruments
- Purchase locally by nonresidents: No.
- Sale or issue locally by nonresidents: No.
- Purchase abroad by residents: No.
- Sale or issue abroad by residents: No.

Controls on credit operations
- Commercial credits: No.
- By residents to nonresidents: No.
- To residents from nonresidents: No.
- Financial credits: Yes. These transactions are subject to CBS approval.
  - By residents to nonresidents: Yes. These transactions are subject to CBS approval.
  - To residents from nonresidents: Yes. These transactions are subject to CBS approval.

Guarantees, sureties, and financial backup facilities
- By residents to nonresidents: No.
- To residents from nonresidents: No.

Controls on direct investment
- Outward direct investment: Yes. These transactions are subject to CBS approval.
- Inward direct investment: Yes. The Ministry of Commerce, Industry and Labour exercises control over inward FDI and registers and monitors these investments.

Controls on liquidation of direct investment
- Yes. These transactions are subject to CBS approval.

Controls on real estate transactions
- Yes.

Purchase abroad by residents
- Yes. These transactions are subject to CBS approval.
**SAMOA**

*Purchase locally by nonresidents*  Yes. These transactions are subject to CBS approval.

*Sale locally by nonresidents*  Yes. These transactions are subject to CBS approval.

*Controls on personal capital transactions*  Yes.

*Loans*

- **By residents to nonresidents**  Yes. These transactions are subject to CBS approval. Approval of regular repayments of overseas debts by resident individuals (for example, overseas student loans, preexisting debts while resident in other countries) is delegated to authorized commercial banks and MTOs, subject to documentation requirements. The following exceptions apply, which still require prior CBS approval: (1) payment for the settlement of an overseas loan; (2) any refinancing of an overseas debt or mortgage; (3) repayment of foreign currency loans with local banks; and (4) new external loans while resident of Samoa.

- **To residents from nonresidents**  Yes. These transactions are subject to CBS approval.

*Gifts, endowments, inheritances, and legacies*

- **By residents to nonresidents**  Yes. Effective August 1, 2019, payments by individuals for gifts remitted to another individual abroad up to a limit of SAT$10,000 per applicant per calendar year is delegated to the AFEDs. Any amounts exceeding this delegated limit require prior CBS approval. Previously, such payments were not specifically classified, so this was reflected in the CBS Exchange Control Information Booklet 2019.

- **To residents from nonresidents**  Yes. These transactions are subject to CBS approval.

*Settlement of debts abroad by immigrants*  Yes. These transactions are subject to CBS approval.

*Transfer of assets*

- **Transfer abroad by emigrants**  Yes. These transactions are subject to CBS approval.

- **Transfer into the country by immigrants**  No.

*Transfer of gambling and prize earnings*  Yes. Individuals must provide documentary proof of the source and destination of funds. Remittance of any amount requires CBS approval because any capital transaction requires approval. This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**References to legal instruments and hyperlinks**

- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

*Provisions specific to commercial banks and other credit institutions*  Yes.

- **Borrowing abroad**  Yes. These transactions are subject to CBS approval.

- **Maintenance of accounts abroad**  Yes. These transactions are subject to CBS approval.

- **Lending to nonresidents (financial or commercial credits)**  Yes. These transactions are subject to CBS approval.

- **Lending locally in foreign exchange**  Yes. These transactions are subject to CBS approval.

- **Purchase of locally issued securities denominated in foreign exchange**  Yes. These transactions are subject to CBS approval.
Differential treatment of deposit accounts in foreign exchange | Yes. | The CBS does not impose reserve requirements, liquid asset requirements, or interest on foreign exchange deposit accounts at commercial banks and credit institutions. However, approval from the CBS is required for residents intending to open and hold domestically any foreign currency account, as well as in the case of foreign currency loans by residents.

Reserve requirements | Yes. | The CBS does not impose reserve requirements on foreign exchange deposit accounts at commercial banks and credit institutions, but it imposes a 4.5% reserve requirement on commercial banks’ domestic currency deposit accounts.

Liquid asset requirements | No. |

Interest rate controls | No. |

Credit controls | Yes. | The liberalization of the financial sector led to the elimination of all direct CBS controls on credit operations. Commercial banks now implement and monitor their own credit operations. However, prior CBS approval is required in the case of foreign currency loans by residents.

Differential treatment of deposit accounts held by nonresidents | Yes. | All domestic currency deposit accounts are captured in the 4.5% reserve requirement imposed by the CBS on commercial banks’ domestic currency deposit accounts, even if an account holder is a nonresident. However, foreign currency accounts of nonresidents are not included in the 4.5% reserve requirement.

Reserve requirements | Yes. |

Liquid asset requirements | No. |

Interest rate controls | No. |

Credit controls | No. | The liberalization of the financial sector led to the elimination of all direct CBS controls on credit operations. Commercial banks must now regulate and monitor their own credit operations.

Investment regulations | Yes. |

Abroad by banks | Yes. | These transactions are subject to CBS approval.

In banks by nonresidents | Yes. | These transactions are subject to CBS approval.

Open foreign exchange position limits | Yes. | Commercial banks generally set their own limits on open foreign exchange positions for each currency; however, these limits must be approved by the CBS. Commercial banks do not have different limits for resident and nonresident assets and liabilities.

On resident assets and liabilities | Yes. |

On nonresident assets and liabilities | Yes. |

Provisions specific to institutional investors | Yes. | The Insurance Act, 2007, authorizes the CBS to carry out prudential supervision of insurance companies.

Insurance companies | Yes. |

Limits (max.) on securities issued by nonresidents | Yes. | These limits are not specifically defined. However, investment involving the outflow of foreign exchange is subject to the Exchange Control Regulations, 1999, and may therefore require CBS approval and documentation.

Limits (max.) on investment portfolio held abroad | Yes. | Although the Insurance Act, 2007, does not specify a maximum for insurance companies’ investments held abroad, any investment involving the outflow of foreign exchange is subject to the Exchange
<table>
<thead>
<tr>
<th>Limits (min.) on investment portfolio held locally</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>These limits are not specifically defined. However, investment involving the outflow of foreign exchange is subject to the Exchange Control Regulations, 1999, and may therefore require CBS approval and documentation.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Investments held abroad require CBS approval under the Exchange Control Regulations, 1999. Documentation is required.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>These limits are not specifically defined. However, investment involving the outflow of foreign exchange is subject to the Exchange Control Regulations, 1999, and may therefore require CBS approval and documentation.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>These limits are not specifically defined; however, how much these investment firms are permitted to hold in portfolios abroad will depend on prevailing liquidity conditions in the financial system and are subject to CBS’ exchange control regulations.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>No.</td>
</tr>
<tr>
<td>Official exchange rate</td>
<td>02/01/2019</td>
</tr>
<tr>
<td></td>
<td>02/07/2020</td>
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<tr>
<td></td>
<td>07/01/2020</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>03/05/2019</td>
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<tr>
<td>Positive list</td>
<td>01/30/2019</td>
</tr>
<tr>
<td>Negative list</td>
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<tr>
<td>Payments for Invisible Transactions and Current Transfers</td>
<td>3020</td>
</tr>
<tr>
<td>©International Monetary Fund. Not for Redistribution</td>
<td></td>
</tr>
</tbody>
</table>
Trade-related payments

Prior approval 08/01/2019
The remittance of a freight company’s excess receipts/income (from their operations in Sāmoa) to their overseas head office requires a prior Central Bank of Samoa approval for amounts in excess of SAT $1.0 million. Any amounts to be remitted abroad that is less than SAT $1.0 million are delegated to the authorized foreign exchange dealers.

Quantitative limits 08/01/2019
Delegated limits for the remittance of a freight company’s excess receipts/income to their head office are SAT$1.0 million; any amounts in excess of this value require prior Central Bank of Samoa approval.

Personal payments

Quantitative limits 08/01/2019
Payment for family support up to SAT 100,000 (previously SAT 50,000) an applicant a year does not require Central Bank of Samoa approval.

Capital Transactions

Controls on capital transactions

Controls on personal capital transactions

Gifts, endowments, inheritances, and legacies
By residents to nonresidents 08/01/2019
Payments by individuals for gifts remitted to another individual abroad up to a limit of SAT$10,000 per applicant per calendar year is delegated to the authorized foreign exchange dealers. Any amounts exceeding this delegated limit require prior Central Bank of Samoa (CBS) approval. Previously, such payments were not specifically classified, so this was reflected in the CBS Exchange Control Information Booklet 2019.
SAN MARINO
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance: September 23, 1992.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
Yes. In accordance with EU regulations and the relevant UNSC resolutions, San Marino maintains exchange and/or payment restrictions for the preservation of national or international security.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes. Law No. 92 of June 17, 2008, and subsequent amendments, adopted, in compliance with the international obligations assumed by San Marino to combat money laundering, terrorism, financing of terrorism, and activities that threaten international peace and security, provides for the adoption of restrictive measures conforming to the resolutions of the UNSC or one of its Committees. The restrictive measures include the following: (1) the freezing of funds and economic resources held or controlled, directly or indirectly, by persons, entities, or groups included in the list drawn up by the appropriate UN Committee; (2) commercial restrictions, including commercial restrictions on imports or exports and arms embargoes; (3) restrictions of a financial nature, including financial restrictions or financial assistance and prohibition against providing financial services; and (4) restrictions of any other nature, including restrictions on technical assistance, flight prohibitions, prohibition against entry or transit, diplomatic sanctions, the suspension of cooperation, and the boycotting of sporting events.

Other security restrictions
Yes. Law No. 92 of June 17, 2008, and subsequent amendments, adopted, in compliance with the international obligations assumed by San Marino to combat money laundering, terrorism, financing of terrorism, and activities that threaten international peace and security, provides for the adoption of restrictive measures conforming to the resolutions of the UNSC or one of its Committees. The restrictive measures include the following: (1) the freezing of funds and economic resources held or controlled, directly or indirectly, by persons, entities, or groups included in the list drawn up by the appropriate UN Committee; (2) commercial restrictions, including commercial restrictions on imports or exports and arms embargoes; (3) restrictions of a financial nature, including financial restrictions or financial assistance and prohibition against providing financial services; and (4) restrictions of any other nature, including restrictions on technical assistance, flight prohibitions, prohibition against entry or transit, diplomatic sanctions, the suspension of cooperation, and the boycotting of sporting events.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of San Marino is the euro.

Other legal tender
Yes. Although the gold scudo is legal tender, it is not used in transactions because its numismatic value exceeds its defined legal value of €37.50 per scudo. Euro collector coins and gold scudi are not used in transactions because their numismatic value exceeds their nominal value.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification
The exchange rate arrangement is an exchange arrangement with no separate legal tender. On March 27, 2012, San Marino signed a monetary agreement with the EU repealing the previous monetary agreement of November 29, 2000. The agreement authorizes San Marino to use the euro as its official currency, grant legal tender status to euro banknotes and coins, and issue limited quantities of euro coins. San Marino is committed to adopting the relevant EU legislation (on euro banknotes and coins; combating fraud and counterfeiting; banking and financial legislation, including the prevention of money-laundering and statistical reporting requirements) within the time specified by that agreement. The list of legal acts to be implemented and the time limits for their transposition are reviewed each year by a “Joint Committee” as provided by Articles 8 and 11 of the Monetary Agreement.

**Official exchange rate**

No.

**Monetary policy framework**

Exchange rate anchor  Yes.

*U.S. dollar*

*Euro*  Yes.  The euro is legal tender and circulates freely in San Marino. Although the gold scudo is also legal tender, it is not used in transactions. San Marino does not have its own monetary policy – the use of euro as official currency is provided by the Monetary Agreement with the EU.

**Monetary aggregate target**

**Inflation-targeting framework**

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*
Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. Foreign exchange transactions are conducted through banks without restriction at rates quoted in international markets.

Spot exchange market Yes. No foreign exchange bureaus have been authorized.

Operated by the central bank No.

Foreign exchange standing facility No.

Allocation No.
A broker-based interbank foreign exchange market is in place. As of June 30, 2020, five banks have been authorized by the Central Bank of San Marino (CBSM) and are operating. The CBSM does not intervene with market participants.

The system is broker based; therefore, any bank authorized for exchange intermediation may trade currencies for its own account or on behalf of its clients. There are no limits on the bid-ask spreads and commissions of market participants.

Forward exchange transactions may be conducted through banks without restriction at rates quoted in international markets. The CBSM does not participate in the forward foreign exchange market.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Settlements with foreign countries on foreign accounts are made in convertible currencies or in euros.

Use of foreign exchange among residents No.

Payments arrangements No.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements No.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control Yes. Currently all Sammarinese banks are authorized to carry out cross border transactions. Authorized banks are required to provide statistical information to the CBSM. Residents of San Marino are allowed to freely conduct cross-border
The CBSM is the sole agency entitled to carry out transactions in unrefined gold. The CBSM may authorize operators to buy unrefined gold for manufacturing purposes under the necessary controls. Currently, there is no unrefined gold trade in San Marino.

The CBSM may authorize operators to buy unrefined gold for manufacturing purposes under the necessary controls. Once authorized, operators must report periodically to the CBSM details on the manufacturing activity.

San Marino economic operators may be authorized to purchase unrefined gold only for goods manufacturing purposes. Statistical reporting to the CBSM is requested. No economic operators have yet been authorized.

To combat money laundering, transactions in cash or bearer securities when the value of the transaction, even fractioned, is equal or higher than €10,000 must be made through banks. Moreover, a declaration system applies to the cross-border transportation of cash and similar instruments. Travelers, banks, and other FIs are required to declare the importations or exportations of banknotes or coins in euros or foreign currency in amounts greater than €10,000 or the equivalent value. Import and export control at the borders is generally handled by the police forces in conjunction with routine control operations. Banks must ask for the customers’ declarations of cross-border transportation, if they deem that the cash is of cross-border origins.

Exports exceeding the amount of €10,000 of cash and similar instruments must be declared.

Exports of foreign banknotes or coins or similar instruments when the amount exceeds €10,000 or the equivalent value must be declared.

Imports of cash and similar instruments exceeding the amount of €10,000 must be declared.

Imports of foreign banknotes or coins or similar instruments when the amount exceeds €10,000 or the equivalent value must be declared.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Residents may maintain any type of deposit account in national or foreign currency, locally or abroad without limitations or restrictions and without the prior authorization of the supervisory authority. FIs are prohibited from maintaining anonymous accounts or accounts in fictitious names.

Residents may have foreign exchange accounts in San Marino; transfers abroad of amounts and balances equal to or exceeding the equivalent of €15,500 must be reported to the CBSM for statistical purposes.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Residents may have foreign exchange accounts abroad; transfers to San Marino of amounts and balances equal to or exceeding the equivalent of €15,500 must be reported to the CBSM for statistical purposes.

Nonresidents may hold foreign exchange accounts in San Marino. FIs are prohibited from maintaining anonymous accounts or accounts in fictitious names (Article 30 of the AML–CFT Law, Law No. 92 of June 17, 2008).

Imports from the EU are not subject to restrictions; imports from non-EU countries are subject to EU regulations.
Positive list No.
Negative list No.
Open general licenses No.
Licenses with quotas No.
Other nontariff measures No.
Import taxes and/or tariffs Yes. Customs duties on imports from outside the EU are collected by EU customs authorities on behalf of San Marino. A tax is levied by San Marino on imports at the time of entry. The structure of this tax corresponds closely to the Italian VAT, but the average effective rate is about 5% lower. Taxes levied on imports are rebated when the goods are reexported. Aircrafts registered in San Marino are exempt from import duties or VAT if their maximum takeoff weight exceeds 5,700 kg. Ships over 10 meters long owned by foreign entities and stationed outside the territorial waters of countries with which San Marino has stationing and port usage agreements are not subject to import tax.
Taxes collected through the exchange system No.
State import monopoly Yes. The importation of tobacco, electricity, gas, and water is reserved for the public sector.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Financing requirements No.
Documentation requirements No.
Letters of credit No.
Guarantees No.
Domiciliation No.
Preshipment inspection No.
Other No.
Export licenses No. Only a general business license is required to engage in trade transactions. Exports to the EU are not subject to restrictions; exports to non-EU countries are governed by EU regulations.
Without quotas No. Customs clearance of exports of arms, works of art, and precursor and dual-use products must be carried out at the customs offices identified by the EU-San Marino Cooperation Committee.
With quotas No.
Export taxes No.
Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers** No. There are no controls on transfers; however, payments equal to or exceeding the equivalent of €15,500 must be reported to the CBSM for statistical purposes.

Trade-related payments No.

*Prior approval* No.

*Quantitative limits* No.

*Indicative limits/bona fide test* No.

Investment-related payments No.

*Prior approval* No.

*Quantitative limits* No.

*Indicative limits/bona fide test* No.

Payments for travel No.

*Prior approval* No.

*Quantitative limits* No.

*Indicative limits/bona fide test* No.

Personal payments No.

*Prior approval* No.

*Quantitative limits* No.

*Indicative limits/bona fide test* No.

Foreign workers’ wages No.

*Prior approval* No.

*Quantitative limits* No.

*Indicative limits/bona fide test* No.

Credit card use abroad No.

*Prior approval* No.

*Quantitative limits* No.

*Indicative limits/bona fide test* No.

Other payments No.

*Prior approval* No.
Quantitative limits No.

Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No. There are no controls; however, proceeds equal to or exceeding the equivalent of €15,500 must be reported to the CBSM for statistical purposes.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes. Any public offering of financial instruments must be authorized by the CBSM and may be carried out only by banks or other financial companies authorized for the activity, as provided by Annex 1, Letter D, of Law No. 165/2005.

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Controls on capital and money market instruments Yes.

On capital market securities Yes. Any public offering of financial instruments must be authorized by the CBSM and may be carried out only by banks or other financial companies authorized for the activity, as provided by Annex 1, Letter D, of Law No. 165/2005.

Shares or other securities of a participating nature Yes. In addition to the general rule, irrespective of the investor’s residence, the purchase of securities of a participating nature exceeding 2% of a Sammarinese bank’s capital and exceeding 5% of a Sammarinese financial company’s capital must be authorized by the CBSM.

Purchase locally by nonresidents No.

Sale or issue locally by nonresidents Yes. Any public offering of financial instruments must be authorized by the CBSM and may be carried out only by banks or other financial companies authorized for the activity, as provided by Annex 1, Letter D, of Law No. 165/2005.

Purchase abroad by residents No.

Sale or issue abroad by residents No.

Bonds or other debt securities Yes.

Purchase locally by nonresidents No.
Sale or issue locally by nonresidents: Yes. Any public offering of financial instruments must be authorized by the CBSM and may be carried out only by banks or other financial companies authorized for the activity, as provided by Annex 1, Letter D, of Law No. 165/2005.

Purchase abroad by residents: No.

Sale or issue abroad by residents: No.

On money market instruments: Yes.

Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: Yes. Any public offering of financial instruments must be authorized by the CBSM and may be carried out only by banks or other financial companies authorized for the activity, as provided by Annex 1, Letter D, of Law No. 165/2005.

Purchase abroad by residents: No.

Sale or issue abroad by residents: No.

On collective investment securities: Yes.

Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: Yes. Any public offering of financial instruments must be authorized by the CBSM and may be carried out only by banks or other financial companies authorized for the activity, as provided by Annex 1, Letter D, of Law No. 165/2005. In addition, Regulation No. 2006-03 issued by the CBSM applies.

Purchase abroad by residents: No.

Sale or issue abroad by residents: No.

Controls on derivatives and other instruments: Yes.

Purchase locally by nonresidents: No.

Sale or issue locally by nonresidents: Yes. Any public offering of financial instruments must be authorized by the CBSM and may be carried out only by banks or other financial companies authorized for the activity, as provided by Annex 1, Letter D, of Law No. 165/2005.

Purchase abroad by residents: No.

Sale or issue abroad by residents: No.

Controls on credit operations: Yes. The granting of financial credit to a person or a company is subject to the provisions of the banking law as well as to those of the CBSM. Under these provisions, banks and other credit institutions are required to periodically submit information on credit operations to the CBSM. This provision applies to all types of credit operations. In addition, the average interest rates applied by the financial system are monitored, and maximum rates are established to prevent usury (Article 207 of the Penal Code). Loans and guarantees granted by banks, financial companies, and loan funds, as well as collaterals received, should be reported to the Central Credit Registry held by the CBSM.

Commercial credits: Yes.

By residents to nonresidents: Yes. The granting of financial credit to a person or a company is subject to the provisions of the banking law as well as to those of the CBSM.
Under these provisions, banks and other credit institutions are required to periodically submit information on credit operations to the CBSM. This provision applies to all types of credit operations. In addition, the average interest rates applied by the financial system are monitored, and maximum rates are established to prevent usury. Loans and guarantees granted by banks, financial companies, and loan funds, as well as collaterals received, should be reported to the Central Credit Registry held by the CBSM.

<table>
<thead>
<tr>
<th>To residents from nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The granting of a financial credit to a person or a company is subject to the provisions of the banking law provisions as well as to those of the CBSM. Under these provisions, banks and other credit institutions are required to periodically submit information on credit operations to the CBSM. This provision applies to all types of credit operations. In addition, the average interest rates applied by the financial system are monitored, and maximum rates are established to prevent usury.

Loans and guarantees granted by banks, financial companies, and loan funds, as well as collaterals received, should be reported to the Central Credit Registry held by the CBSM.

<table>
<thead>
<tr>
<th>To residents from nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents and nonresidents may not establish companies in some specific economic sectors without the government’s approval. The Decree No. 176/2018 (December 2018), ratified effective March 26, 2019, by the Decree No. 50/2019, abolished the preliminary nonimpediment (“nulla osta”) of the Congress of State (Government), for any authorization by the supervisory authority, or any change in its authorization, for the exercise of reserved activities relates to activities in Sections A (banking), C (fiduciary activity), D (investment services), E (collective investment services), G (insurance), and H (reinsurance) of Attachment 1 of the Law No. 165/2005. Previously, authorization by the supervisory authority, or any change in its authorization, must be followed by a declaration of nonimpediment by the Congress of State (government) if authorization for the exercise of reserved activities relates to the abovementioned economic sectors.

The following sectors are also regulated and subject to specific authorization by the government or the authorities: (1) gambling (including entrepreneurial activities); (2) socio-health-care; (3) the economic and commodity sectors in accordance with Delegated Decree No. 116 of December 12, 2007, as amended and completed (Delegated Decree No. 17 of February 12, 2009, and Delegated Decree No. 122 of August 31, 2009), whose entrepreneurial activities are subject to government authorization.
### Controls on real estate transactions

- **Purchase abroad by residents**: No.
- **Purchase locally by nonresidents**: Yes. Effective June 18, 2019, purchases by domestic companies and foreign citizens (residents and nonresidents) no longer require approval of the Council of Twelve, following the Delegated Decree No. 105/2019. Previously, the purchase of real estate by domestic companies and foreign citizens required the approval of the Council of Twelve. Effective October 10, 2019, Law No. 154/2019 (from Articles 21 to 27) containing the same provision substituted Decree No. 105/2019 (which expired September 19, 2019). Currently, the limit of the number of real estate assets that can be purchased without Council of Twelve approval is 2 for physical persons and 10 for companies. Exclusions apply to real estate companies and purchases of properties classified as “monumental value.”
- **Sale locally by nonresidents**: No.

### Controls on personal capital transactions

- **Loans**: Yes.
  - By residents to nonresidents: Yes. San Marino regulations do not preclude the grant of loans to nonresidents. Sammarinese Banks and Financial Companies are allowed to grant loans to nonresidents. However, San Marino banks and financial companies are allowed to carry out and to offer financial services only within the territory of San Marino. This means that the granting of loan by a San Marino banks or financial companies to a nonresident may occur only in the event of a nonresident on its own initiative come directly to San Marino banks or financial companies requiring a loan. CBSM Regulation No. 2007-07 and CBSM Regulation No. 2011-03 govern, respectively, the collection of savings and banking activities and the financing operation of financial companies.
  - To residents from nonresidents: No.

- **Gifts, endowments, inheritances, and legacies**: Yes.
  - By residents to nonresidents: Yes. Foreign citizens (residents and nonresidents) in some cases are not allowed to accept real estate by inheritance, endowment, or legacy without approval of the Council of Twelve, according to Article 25 of Law No. 118/2010. However, the liberalization introduced by the Delegated Decree No. 105/2019 also applies in some cases. The approval of Council of Twelve is not necessary in the case of a foreigner, a direct descendant, or a foreign spouse of a San Marino citizen or of a deceased resident alien, that have become heirs by legitimate or testamentary succession, as provided by Article 25 of Law No. 118/2010.
  - To residents from nonresidents: No.

- **Settlement of debts abroad by immigrants**: No.
- **Transfer of assets**: No.
- **Transfer abroad by emigrants**: No.
- **Transfer into the country by immigrants**: No.
Provisions Specific to the Financial Sector

- **Provisions specific to commercial banks and other credit institutions**: Yes. CBSM Regulation No. 2007-07 governs the collection of savings and banking activities.
  - Delegated Decree No. 74/2009 and its amendments establish the rules for cross-border transportation of cash and other bearer instruments.
  - Decree No. 158/2009 provides for a public guarantee regarding CBSM lending of last resort.
  - Decree No. 162/2009 establishes requirements on liquidity reserves for banks. Operations for the protection of savings and tools to protect savings and banking system stability in case of banks’ compulsory liquidation are established by law. Deposits in banks under suspension of payment are also protected under the law. The Oversight Committee, at the behest of the commissioners and with the approval of the CBSM’s Supervision Committee, may permit banks in extraordinary administration whose payments are suspended to allow depositors to withdraw cash and/or make payment arrangements to satisfy essential and urgent needs.
  - Decree Law No. 111/2011 (issued July 22, 2011) on measures to guarantee the stability of the banking system sets up a guarantee fund for depositors. Decree Law No. 61/2012 on urgent measures to support the economy and various tax provisions introduced (1) tax benefits and credit facilities for banks, as part of the operations authorized by the CBSM, to acquire the liabilities of entities under extraordinary administration and (2) exemption from income tax on capital gains from the sale of investments in San Marino by foreign companies to affiliates to support intragroup reorganization.
  - Decree Law No. 63/2012 on urgent provisions concerning public guarantee of loans granted by the CBSM extended the provisions of Decree Law No. 158/2009 to the end of 2012, allowing the Excellency Room to guarantee loans of last resort paid during 2012.
  - Decree Law No. 67/2012 on urgent measures to support the financial system exempted from income tax capital gains from transfers of assets or businesses or business units to affiliates for San Marino companies. It also allowed deduction from taxable income in the 10 subsequent years of tax losses not yet taken by the operating company and matured over the three years before receipt of the assets or businesses or business units. The measures encourage reorganization, concentration, and aggregation of entities in the financial sector. Banks and FIs must publish on their website their “beneficial owners.” An extraordinary tax of 1.5% applies to the financial industry, calculated on the total accumulated losses of entities that opted to carry forward tax losses incurred in 2009–2012 without time limits, if the option was exercised by March 31, 2013 (Law No. 150/2012 on Financial Forecast of the State and Public Entities for the 2013 financial year and multiyear financial statements 2013/15).
  - Regulation No. 2012-01, titled Regulation No. 2007-07, Update III – Regulation No. 2011-03, Update I, revised certain prudential rules by (1) extending the deadline for the sale of property acquired for debt collection, taking into account the actual date of release of the goods; (2) repealing the risk weight of 200% for nonperforming loans and keeping the weight of 150%, except for leases already weighted at 50%, which, if nonperforming, are weighted at 100%; (3) defining restructured loans for reporting and budget purposes; (4) removing...
reference to the constraints of employment, with the secretary of labor; (5) simplifying requirements for periodic review of credit with a regular repayment plan; (6) extending the deadline to comply with the new standards of prudential supervision for companies with limited operating powers to December 21, 2012; and (7) extending the deadline for financial companies to adopt the new prudential supervision provisions when granting credit to December 21, 2012.

Regulation No. 2012-02, titled Regulation No. 2007-07, Update IV – Regulation No. 2011-03, Update II, updated the definition of nonperforming loans to reflect the notion of restructured loans introduced by Regulation No. 2012-01.

CBSM Regulation No. 2012-03 on miscellaneous measures reviewed the supervisory provisions currently in force. It (1) introduced the concept of “adjusted regulatory capital” by adjustments to the calculation of total regulatory capital and prudential limits at the group level; (2) simplified the use of centralization forms for certain intragroup business functions, in view of recent aggregation between financial intermediaries; and (3) harmonized regulations on the professional requirements of corporate banking and financial officers to facilitate integration between the financial systems of San Marino and Italy through mutual transfer of expertise.

Circular No. 2012-01 introduced a new obligation to detect changes in cash at banks exceeding the limit subject to registration in the Anti-Money-Laundering Computer Archive.

CBSM Circular No. 2013-01 requires nonbank financial companies, as of December 31, 2012, to report quarterly on (1) solvency and operational risk capital requirements, (2) large exposures, (3) lending with related parties, and (4) top 30 debtors. Reports differ according to the organization of the company.

CBSM Regulation No. 2013-01 on the Register of Authorized Entities – Update No. II (1) extended to authorized entities, other than banks, the requirement to publish in the registry financial statements and the identity of shareholders with more than 5% of capital stock; (2) extended the publication of balance sheets in the registry from the last one to the last three financial years; and (3) established a separate section of the registry, called List of Subjects Unsubscribed, for identification data of all companies previously entered in the registry and the reason for removal. Regulation No. 2013-04 implemented Law No. 101 of July 29, 2013 (collection of provisions of notes and coins), which governs the organizational requirements, procedures, terms, and forms applicable to the management of cash by banks, post offices, valuables transporters, money changers, etc., which must conform their treatment of cash, even withdrawal of banknotes or euro coins unfit for circulation or suspected of being counterfeit, to EU operational standards.

Regulation No. 2013-05 for entry into the Single Euro Payments Area (SEPA) aims to harmonize the national payment system with rules introduced at the EU level for SEPA implementation. SEPA’s goal is to provide services within the EU payment area that are secure, competitively priced, easy to use, and reliable through the introduction of common technical and business requirements for credit transfers and direct debits in euros. This regulation introduced rules governing the rights and obligations of the parties with regard to payment services, adopting European Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007.

Decree Law No. 82 of July 12, 2013, ratified by Decree Law No. 98 of July 25, 2013, amended the AML-CFT legislation, following the recommendations of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism. Law No. 101 of July 29, 2013, regarding euro banknotes and coins
aims to implement the monetary agreement between San Marino and the EU of March 27, 2012, with Council Chamber Decree No. 120 of August 7, 2012, particularly regarding euro banknotes and coins and measures to prevent fraud and forgery.


Law No. 100 of July 29, 2013, amends the criminal code, the criminal procedure code, and the provisions on civil procedure and judicial matters; it amended Article 199 bis of the Criminal Code, introducing the crime of “self-laundering.”

Delegated Decree No. 24 of March 4, 2014, ratified by Delegated Decree No. 77 of May 19, 2014 – “Provisions on administrative sanctions applied by the Central Bank of the Republic of San Marino and the Financial Intelligence Agency and on liabilities of corporate bodies,” amending several provisions regarding administrative sanctions applied by the CBSM and FIU is in force.

Delegated Decree No. 24/2014 amended several provisions regarding administrative sanctions applied by the CBSM and the FIU.

Law No. 219 of 2014 “Budget Law 2015” containing specific provisions to the financial sector introduced tax incentives to encourage disposal of assets between authorized parties, directly or through their prior contribution in mutual funds (Article 67) and integrated discipline on the service centralization of information on credit risks, to prepare a risk center able to exchange information with foreign central counterparties, under a waiver from the privacy and operating costs borne by users (Article 71).

Delegated Decree No. 178/2014 “Provisions relating to the status of politically exposed persons” and FIU Instruction 2014/04 “Politically Exposed Persons – Preventive measures” updated legislation regarding politically exposed persons to align it with the most recent FATF standards.

CBSM Regulation No. 2014-01 “Regulation on financial promotion and cold calling” governs the professional activities of financial promoters and cold calling regarding financial instruments and investment services in San Marino.

CBSM Regulation No. 2014-02 “Regulation on measurement of the anti-usury threshold rate pursuant to Article 207 of the Criminal Code” is in effect. The regulation updates the previous legislation with specific regard to the method of recording the actual rates, the statistical reporting to the supervisory authority, and the determination and publication of threshold rates.

CBSM Regulation No. 2014-03 “Regulation on the Register of Parent Companies” governs the On-line Register of Parent Companies, referred to in Article 56 of the Law on Companies and Banking, Financial and Insurance Services, where the composition of the banking and financial groups operating in San Marino and the main information about the parent and components (financial and nonfinancial) are recorded.

Regulation No. 2014-04 “Regulation on payment services and issuance of electronic money (payment institutions and electronic money institutions)” combines as a single comprehensive set of regulations governing the conduct of payment services and electronic money issuing services in San Marino and aims essentially at implementing the introduction and application of European laws on the purchase of electronic money and payment services, already achieved in part with the introduction of the SEPA regulation, and refers in particular to the following EU Directives: (1) 2007/64/CE – November 13, 2007 (so-called PSD (payment services directive)); (2)

CBSM Circular No. 2014-01 “Protest information service” is in force. The main purpose of this circular is to update the legislation in force, giving full implementation to Article 51 of the Law on Companies and Banking, Financial and Insurance Services, taking into account new features concerning the collection, recording, access, and transmission of such information.

Delegated Decree No. 22 of 26 February 2015 on ratification of Delegated Decree No. 212 of 5 December 2014 “Constitution of company Poste San Marino S.p.a.” that, given the transformation of San Marino Ente Poste into a limited company (named Poste San Marino S.p.a.), determines the times of that transformation and specifies that the Statute must be adopted during the constitution of the company.

Delegated Decree No. 99 of June 30, 2015, “Access of members of the Great and General Council to information on beneficial owners of authorized entities under the Law No. 165/2005” that, in implementation of Article 68, Paragraph 2 of Law No. 219/2014, regulates the conditions of access of counselors to information on beneficial owners of authorized entities, as well as measures to ensure the confidentiality of such information.

Law No. 189 of December 22, 2015, “Budget Law 2016,” that in particular: (1) relates to the guarantee fund for depositors, to put into effect the protection for depositors, the State will transfer to the fund €5 million, which will be added to banks’ contributions, and instructs the CBSM to prepare the regulatory changes according to the new European legislation; (2) amends Article 103 of Law 165/2005 (Relations with foreign supervisory authorities) to allow the CBSM to exchange information with foreign counterparties even in the absence of a memorandum in respect of reciprocity and confidentiality conditions.

Law Decree No. 198 of December 30, 2015, “Urgent provisions for financial operations” (ratified by Law Decree No. 4/2016) that, in particular: (1) introduces a discipline relating to dematerialization of stocks, to put into effect the protection for depositors, the State will transfer to the fund €5 million, which will be added to banks’ contributions, and instructs the CBSM to prepare the regulatory changes according to the new European legislation; (2) introduces the possibility to open passive online accounts. Government Regulation No. 5-2016 “Criteria, mode and timing for the transferring of amounts of cash to the Deposit Guarantee Fund with the Central Bank.” The regulation provides measures for transferring the amounts of money confiscated from the accounts noncompliant with the AML–CFT provisions in the matter of customer Due Diligence to the Deposit Guarantee Fund with the Central Bank. CBSM Regulation No. 2015-01 “Regulation on information supervision for banks,” which governs regulatory reporting for banks, defining a general and unified framework of rules in terms of preparation, control, approval, and forwarding to the CBSM of regulatory reporting for banks, is in force. The regulation merges into a single organic measure the general supervisory rules applicable to the reports prepared and sent to the CBSM by banks. CBSM Regulation No. 2015-02 “Regulation on the national payment system,” which updates the regulations on the management of the National Payment System and introduces measures to correct the provisions contained in Regulation Nos. 2014-04 and 2013-05 to ensure full transposition of Directives 2007/64/EC (so-called PSD) of 13 November 2007 and 2009/110/EC (so-called electronic money directive);
CBSM Regulation No. 2015-03 “Miscellany of measures aimed at reviewing the supervisory provisions currently in force,” which introduced, among others, the following changes to the current regulatory framework: (1) the special “moratoria” to the September 30, 2016, of the terms within banks and the financial companies must alienate the ownership interests and the immovable goods acquired for recovery credits; (2) the possibility, within certain time limits and on the occurrence of certain conditions, to permit mutual funds with a single participant/contributor, to facilitate the use of such structures in a special-purpose vehicle (SPV) according to the nonperforming loan; (3) reduction from 5% to 2% of the shareholding threshold for publication of shareholders in the Register of Authorized Subjects; (4) obligation for banks, financial company, payment institutions, and electronic money institutions, to set up a complaints office and to provide for, in contracts, the out-of-court forms of dispute resolution, if available.

CBSM Circular No. 2015-01 “Monthly information requirements to banks concerning the statement of accounts (monthly statement of accounts of banks),” that, according to Regulation No. 2015-01, involved reviewing the monthly and quarterly reporting requirements of banks in accounting. This Circular has improved the quality of information, simplified the signaling framework, and upgraded the information data sets available from the banking system also to achieve full compliance with the new reporting requirements by the ECB and the IMF.

CBSM Circular No. 2015-02 “Disclosure obligations concerning Risks Central” came into force. Article 50 of Law 165/2005 establishes and regulates Credit risk data centralization service providing technical measures and standards for the disclosure of the information.

CBSM Circular No. 2016-01 “disclosure obligations concerning Credit Registry – Update I” came into force. This amendment to CBSM Circular No. 2015-02 postpones the entry into force of some provisions concerning the exchange of information between FIs and the Credit Registry.

Law Decree No. 83 of June 2015 “Ratification of Decree Law No. 47 of April 10, 2015 – Urgent provision to combat terrorism” extends the scope of some provisions in matter of CFT.

CBSM Regulation 2016-01 on the guarantee fund depositor.

CBSM Regulation 2016-02 on the annual accounts and consolidated accounts of banks and other FIs.

CBSM Regulation 2016-03 on the Miscellany of measure reviewing other provision in force.

CBSM Circular No. 2016-01 on information requirement concerning the credit central registry (Update I).


CBSM Regulation No. 2017-02: Amending Regulation of Regulation No. 2006-01. Regulation No. 2017-03 on insurance and reinsurance mediation – Update No. V.


CBSM Regulation No. 2017-06 on various amendments to the supervisory rules in force.

CBSM Regulation No. 2017-07 on the provisions regulating life insurance agreements.

CBSM Regulations No. 2017-08 on electronic checks’ protest.

CBSM Circular No. 2017-01 – Method of determining contributions...
to the Guarantee Fund for Depositors.  
CBSM Circular No. 2017-02 – Circular on the information to submit about insurance agreements in force.  
CBSM Circular No. 2017-03 on compulsory information concerning financial statements. Circular No. 2017-04 on compulsory information concerning the situation of accounts (SC).  
Delegated Decree No. 15 of February 1, 2018 (Ratifying Delegated Decree No. 128 of October 31, 2017): Provisions aimed at encouraging the return of capitals and the emergence of assets held abroad.  
Law No. 102 of June 14, 2019, “Bank Resolution Law” (following principles of BRRD Directive, but with a Bail-Out criteria combine with a selective Bail-In).  
Regulation No. 2020-01 on Miscellany of measures aimed at reviewing the supervisory provisions currently in force, that, inter alia, regulates the fit and proper requirements for corporate managers of banks, implementing the provisions of Article 91 of CRD-IV.

| Borrowing abroad | No. |
| Maintenance of accounts abroad | No. |
| Lending to nonresidents (financial or commercial credits) | Yes. |
| Lending locally in foreign exchange | Yes. |
| Purchase of locally issued securities denominated in foreign exchange | No. |
| Differential treatment of deposit accounts in foreign exchange | No. |
| Reserve requirements | No. |
| Liquid asset requirements | No. |
| Interest rate controls | No. |
| Credit controls | No. |
| Differential treatment of deposit accounts held by nonresidents | No. |

Regardless of the borrower’s residence, limits apply to lending. In particular, pursuant to Part VII, Title IV, Article 2, of Regulation Nos 2007-07 and 2011-03, (1) banks and other credit institutions (financial companies) may not lend to any counterparty or group of related counterparties more than 25% of their regulatory capital (individual limit) and (2) such exposure may not exceed eight times regulatory capital.

These limits apply regardless of the currency denomination of the lending.

Lending activity in foreign exchange is not significant.

A Protocol, Parliament Decree No. 7 of 22 January 2016 – Ratification of the Protocol, amending the Agreement between the European Community and the Republic of San Marino providing for...
measures equivalent to those laid down in the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments entered into force. This has led to the termination of the application of the withholding tax on the EU residents’ account holder interest income. Previously, according to the Savings Tax Agreement and a 2004 memorandum of understanding with the EU, San Marino, like other countries that provided banking confidentiality protection and wanted to maintain it, applied a withholding tax on EU residents’ interest income.

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>n.r.</td>
</tr>
</tbody>
</table>

The acquisition of shares in the capital of a bank or financial company above certain thresholds requires CBSM authorization.

The purchase of securities of a participating nature exceeding 10% in foreign financial or nonfinancial companies by Sammarinese banks and financial companies must be authorized by the CBSM.

Regardless of the investor’s residence, the purchase of securities of a participating nature exceeding 2% of a Sammarinese bank’s capital or 5% of a Sammarinese financial company’s capital must be authorized by the CBSM.

The purchase of securities of a participating nature exceeding 10% in foreign financial or nonfinancial companies by Sammarinese banks and financial companies must be authorized by the CBSM.

Regardless of the investor’s residence, the purchase of securities of a participating nature exceeding 2% of a Sammarinese bank’s capital or 5% of a Sammarinese financial company’s capital must be authorized by the CBSM.

Insurance companies are regulated under CBSM Regulation No. 2008-01, which provides the general regulatory framework for life insurance business. Currently, it is not possible to conduct non-life-insurance or reinsurance business in San Marino.

There are no limits on the aggregate amount of investments in securities issued by nonresidents. CBSM Regulation No. 2008-01 provides for limits for specific categories of securities.

Financial assets representing technical provisions must be kept in a bank authorized by the CBSM to carry out banking activity in San Marino. The CBSM may allow insurance companies to hold investment portfolios abroad on request. These restrictions do not apply to portfolios that do not make up technical provisions (Article 83, CBSM Regulation No. 2008-01).

Financial assets representing technical provisions must be kept in a bank authorized by the CBSM to carry out banking activity in San Marino. The CBSM may allow insurance companies to hold investment portfolios abroad on request (Article 83 of CBSM Regulation No. 2008-01).

Exchange risk exposure must be reported to the CBSM.

Private pension funds are not regulated under Sammarinese law, so no Sammarinese private pension funds are active in San Marino. However, foreign private pension funds may be placed in San Marino. Law No. 191/2011 (on Reforming Social Security) established a mandatory public complementary pension fund.
Limits (max.) on securities issued by nonresidents
n.r.

Limits (max.) on investment portfolio held abroad
n.r.

Limits (min.) on investment portfolio held locally
n.r.

Currency-matching regulations on assets/liabilities composition
n.r.

Investment firms and collective investment funds
Yes.

Law No. 165/2005 provides for specific rules for investment firms, but these have not been issued yet.

CISs are regulated under CBSM Regulation No. 2006-03.

Limits (max.) on securities issued by nonresidents
Yes.

CISs have no limits on holding securities issued by nonresidents. CBSM Regulation No. 2006-03 determines limits on the allowed investments and diversification. These limits depend on the type of fund and are nondiscriminatory with respect to the residence of the issuer. Other limits may be autonomously established by fund rules approved by the CBSM.

Limits (max.) on investment portfolio held abroad
Yes.

Assets and securities of a CIS must be kept in a bank that is authorized by the CBSM. The depository bank must be a fully authorized bank in San Marino or an authorized bank in an OECD country that complies with the requirements in CBSM Regulation No. 2006-03. Other limits may be autonomously established by the fund rules approved by the CBSM.

Limits (min.) on investment portfolio held locally
Yes.

Assets and securities of a CIS must be kept in a bank that is authorized by the CBSM. The depository bank must be a fully authorized bank in San Marino or an authorized bank in an OECD country that complies with the requirements in CBSM Regulation No. 2006-03. Other limits may be autonomously established by the fund rules approved by the CBSM.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Capital Transactions

Controls on capital transactions

Controls on direct investment

Inward direct investment 03/26/2019

The Decree No. 176/2018, ratified by the Decree No. 50/2019, abolished the preliminary nonimpediment (“nulla osta”) of the Congress of State (Government), for any authorization by the supervisory authority, or any change in its authorization, for the exercise of reserved activities relates to activities in Sections A (banking), C (fiduciary activity), D (investment services), E (collective investment services), G (insurance), and H (reinsurance) of Attachment 1. Previously, authorization by the supervisory authority, or any change in its authorization, must be followed by a declaration of nonimpediment by the Congress of State (government) if authorization for the exercise of reserved activities relates to the abovementioned economic sectors.

Controls on real estate transactions

Purchase locally by nonresidents 06/18/2019

Purchases by domestic companies and foreign citizens (residents and nonresidents) no longer require approval of the Council of Twelve,
following the Delegated Decree No. 105/2019. Previously, the purchase of real estate by domestic companies and foreign citizens required the approval of the Council of Twelve. Law No. 154/2019 (from Articles 21 to 27) containing the same provision substituted Decree No. 105/2019 (which expired September 19, 2019).
SÃO TOMÉ AND PRÍNCIPE

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 30, 1977.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Exchange Measures

The IMF staff report for the Request for a 40-month Arrangement Under the Extended Credit Facility with São Tomé and Príncipe states that, as of September 9, 2019, São Tomé and Príncipe continues to avail itself of the transitional arrangements under Article XIV, but it does not maintain restrictions under Article XIV. However, it maintains restrictions subject to IMF approval under Article VIII. One exchange restriction regarding limitations on the transferability of net income from investment arises from Article 3(g) and Article 18 of the Investment Code (Law No. 19/2016). This restriction results from the requirement that taxes and other obligations to the government have to be paid/fulfilled as a condition for transfer, to the extent the requirement includes the payment of taxes and the fulfillment of obligations unrelated to the net income to be transferred. The second exchange restriction arises from limitations on the availability of foreign exchange through rationing of foreign exchange by the Bank of São Tomé and Príncipe (BCSTP). This exchange restriction also gives rise to a multiple currency practice as the rationing has channeled bona fide current transactions to the parallel market where the exchange rate is at a spread of more than 2% from the exchange rate in the formal market. (Country Report No. 19/315)

<table>
<thead>
<tr>
<th>Exchange measures imposed for security reasons</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary</td>
</tr>
<tr>
<td>Dual</td>
</tr>
<tr>
<td>Multiple</td>
</tr>
</tbody>
</table>

Classification

3043

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No separate legal tender

Currency board

Conventional peg Yes. The exchange rate arrangement is a conventional peg against the euro. Beginning February 1, 2009, the focus of the BCSTP switched from the US dollar to the euro, which became the new reference currency for the peg on January 1, 2010. The Organic Law of the BCSTP authorizes it to make decisions regarding exchange rate policy.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Official exchange rate Yes. The official exchange rate is Db 24.50 per euro, and the CB is committed to maintaining the peg of the dobra to the euro. Rates for other currencies are based on cross-rates between the euro and the currencies concerned in international markets (Article 2(2) of NAP No. 05/2017 – Regulations on the Foreign Exchange Coverage). The official euro–US dollar cross-rate is based on the ECB reference rate of the previous day. The official exchange rate is used for accounting and valuation. The official exchange rate of dobra against euro is also used to purchase and sell euro.

Monetary policy framework

Exchange rate anchor Yes.

U.S. dollar

Euro Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro.

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other
Government and Central Bank

**Inflation target**

- **Target number**

**Point target**

- **Target with tolerance band**

**Band/Range**

- **Target measure**
  - CPI
  - Core inflation

**Target horizon**

**Operating target (policy rate)**

- **Policy rate**

**Target corridor band**

**Other**

- **Accountability**
  - Open letter
  - Parliamentary hearings

- **Transparency**
  - Publication of votes
  - Publication of minutes
  - Publication of inflation forecasts

**Other monetary framework**

- **Exchange tax** No.
- **Exchange subsidy** No.
- **Foreign exchange market** Yes.

When commercial banks purchase and sell euro in transactions with their customers, they must use the fixed exchange rate published by the BCSTP (official exchange rate). In case of euro purchases, the charging of any commission is prohibited, while in case of euro sales, banks are allowed to charge a commission up to 2%. Purchase and sale by banks of other foreign currencies in transactions with their customers may be carried out at the exchange rates set by commercial banks, with the condition that the spread between buying and selling rates does not exceed 4%. In case of euro purchase from the public, exchange bureaus must use the fixed exchange rate published by the BCSTP, with no commission permitted to be charged. The BCSTP regulation does not impose any rule for exchange bureaus with regard to setting of selling exchange rate for
euro, as well as buying and selling exchange rates for other foreign currencies, except for the requirement to include all commissions in the exchange rates. In its sale transactions in euro with financial institutions, the BCSTP charges a 1.5% commission, while on its purchases of euros with financial institutions, the BCSTP charges a 0.5% commission.

**Spot exchange market**: Yes. De jure there is only one foreign exchange bureau authorized to deal in foreign exchange under NAP No. 24/2009, regulating foreign exchange bureaus. In practice, however, there are several foreign exchange bureaus and unregulated agents dealing in foreign exchange in the country without special and prior authorization from the CB, as required under Article 7(1) of Decree-Law No. 32/99, the Foreign Exchange Law. Under the terms of Article 12 of NAP No. 24/2009, foreign exchange bureaus can engage in the following transactions: purchase and sale of foreign exchange; foreign currency trading; purchase and sale of traveler’s checks, purchase and sale of banknotes and coins with the CB for foreign exchange transactions or the transfer of foreign exchange surpluses; and purchase and sale of banknotes and coins with commercial banks. Article 13 of the same NAP prohibits foreign exchange bureaus from transferring foreign exchange abroad and from all other transactions not specified in Article 12.

**Operated by the central bank**: Yes. Under NAP No. 05/2017 – Regulations on Foreign Exchange Coverage, the BCSTP applies a foreign exchange allocation system. Under Article 18(2) of the Foreign Exchange Law, the BCSTP purchases and sells foreign exchange “to the State” as its financial agent.

**Foreign exchange standing facility**: No.

**Allocation**: Yes. Under Article 18 of Decree-Law No. 32/99, the Foreign Exchange Law, the BCSTP may purchase and sell foreign exchange from and to commercial banks indiscriminately, depending on the external situation and need to control money supply, provided the latter cumulatively fulfill the requirements for applying for foreign exchange cover and eligibility specified in Articles 6 and 7 of NAP No. 05/2017 – Regulation on Exchange Coverage. Foreign exchange is made available to commercial banks for customer’s external payments through foreign exchange coverage provided by the BCSTP via two modalities laid down by the BCSTP regulations (1) through selling foreign exchange after customers’ import payments already made and (2) through direct foreign exchange coverage that means selling foreign exchange for making current international payments. The BCSTP finances current international transactions at the official exchange rate only after verification of the bona fide nature of the bank’s request. These include only completed goods’ import transactions fulfilling the specified requirements. Access to foreign exchange is limited to financial institutions whose net position in the transaction currency is less than 12% of their qualified capital and the net position in all foreign currencies is less than 25% of qualified capital. Financial institutions must be in compliance with the CB’s regulations on bank liquidity and capital adequacy. Financial institutions may have access to the CB’s facilities regardless of the above conditions (direct foreign exchange coverage) if the foreign exchange is for importation of goods during a crisis or for the importation of fuel.

**Auction**: No.

**Fixing**: No.

**Interbank market**: Yes. There is currently no legal provision in force governing the interbank
foreign exchange market (mercado cambial interbancário – MCI).

There is no regulation on this segment of the capital market in São Tomé and Príncipe.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Status</th>
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<tbody>
<tr>
<td>Over the counter</td>
<td>No.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>No.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

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### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
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<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

São Tomé and Príncipe has no official payment arrangement with the CB of any other country at the present time.

There is an inoperative payments agreement with Angola whose balance has been converted to outstanding Angolan debt with São Tomé and Principe and is still pending payment. According to information reported by the Debt Office, this debt was sold to a group and is currently being negotiated through the Angolan government.

Regional arrangements | No.  |
Clearing agreements    | No.  |
Barter agreements and open accounts                | No.  |

Administration of control | Yes.  |
Pursuant to Article 6(1) of Decree-Law No. 32/99, the Foreign Exchange Law, the CB, as the country’s foreign exchange authority, regulates the functioning of the foreign exchange market, supervises the entities authorized to deal in foreign exchange, and oversees foreign exchange transactions.

Payments arrears | Yes.  |
Official          | Yes.  |
As of end-2018, the government had pre-HIPC Initiative legacy arrears to Angola and Italy, totaling US$54.9 million. In addition, it had post-HIPC arrears to Angola, Brazil, and Equatorial Guinea, totaling US$10.7 million. Finally, a loan from Nigeria in the amount
of $30 million is under dispute.

There are no private payment arrears.

There are no legal restrictions on trading in gold.

Controls on exports and imports of banknotes
On exports

Domestic currency
Yes.

Foreign currency
Yes.

Travelers are entitled to remove dobra banknotes and coins up to the limit of 5 examples of each denomination up to a total of 1,944 in new dobras, and 944,692.50 in old dobras. Amounts in excess of these limits must be seized by the competent authority and handed over to the CB.

Residents traveling abroad are allowed to carry or transport with them foreign currency (in banknotes and coins) in an amount corresponding to Db 245,000, that is equivalent to € 10,000. Nonresidents leaving the country with more than Db 245,000 that is equivalent of € 10,000 in foreign currency or other foreign means of payment, except credit cards, payment cards, bank checks, or traveler’s checks issued abroad in their name, must, if and when asked to do so by the competent authorities, provide evidence that they entered the country with the same amount or higher. Evidence must be provided in the form of the original declaration, duly filled in on entry into the country, or in the form of a certificate of origin issued by a national financial institution in compliance with the existing legislation.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted
Held domestically

Domestic currency
No.

Foreign currency
No.

Pursuant to Article 16 of Decree-Law No. 32/99, the Foreign Exchange Law, deposit accounts in dobras or any foreign currency can be freely opened and operated, both by residents and by nonresidents, without restriction, subject to fulfillment of the legal procedures defined in NAP No. 10/11, on opening and operating accounts in foreign currency.

Residents and nonresidents may maintain bank accounts denominated in both domestic and foreign currency in São Tomé and Príncipe and abroad and may freely transfer amounts from their accounts abroad.

Even though the Foreign Exchange Law requires authorization by the BCSTP for transfers, in practice the system currently permits free movement.

Even though the Foreign Exchange Law requires authorization by the
**Accounts in domestic currency convertible into foreign currency**

Yes.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

**Foreign exchange accounts permitted**

Yes. These accounts may be opened freely and credited or debited, including for transfers abroad, as long as they are demand deposit accounts (Article 16 of Decree-Law No. 32/99, the Foreign Exchange Law).

**Approval required**

No.

**Domestic currency accounts**

Yes.

**Convertible into foreign currency**

Yes. These accounts may be converted and credited or debited, including for transfers abroad, as long as they are demand deposit accounts.

**Approval required**

No.

**Blocked accounts**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

**Foreign exchange budget**

Yes. The BCSTP determines its foreign exchange budget on the basis of information obtained in collaboration with the Treasury and major economic agents.

**Financing requirements for imports**

No.

**Minimum financing requirements**

No. Pursuant to Article 12(2) of Decree-Law No. 32/99, the Foreign Exchange Law, the BCSTP guarantees the convertibility and transfer abroad of the foreign exchange needed to pay for imports, provided the importer has the funds needed to cover the corresponding amount in the commercial banks.

**Advance payment requirements**

No.

**Advance import deposits**

No. The advance deposit requirement involving the opening of an LC depends on what was agreed between the bank and the importer. Normally an advance deposit is not required.

**Documentation requirements for release of foreign exchange for imports**

Yes.

**Domiciliation requirements**

No.

**Preshipment inspection**

No.

**Letters of credit**

No.

**Import licenses used as exchange licenses**

No.

**Other**

Yes. Foreign exchange is made available to commercial banks for customer’s import payments through foreign exchange coverage provided by the BCSTP via two modalities laid down by the BCSTP regulations (1) through selling foreign exchange after customers’
import payments already made and (2), in case of fuel imports and other imports of goods in period of crisis, through direct foreign exchange coverage that means selling foreign exchange for making current international payments. A bank application for foreign exchange cover must be supported by the following: (1) listing of the amounts of imports for which the foreign exchange is required; (2) documentary evidence of the money transfer (MT); (3) documentary justification of the operation, namely: (a) definitive invoices with dates no older than six months from the date of the application for foreign exchange cover; (b) documentary evidence of the shipment from point of origin or unloading of the merchandise from the national customs territory; (4) date of transfer request, by the client, and effective date of the operation; and (5) any other documents if the BCSTP considers they are necessary.

| Import licenses and other nontariff measures | Yes. |
| Positive list | No. |
| Negative list | No. |
| Open general licenses | No. |
| Licenses with quotas | No. |
| Other nontariff measures | Yes. |

Import licenses are granted freely by the General Directorate of Commerce. Certification of timely payment of tax liabilities must also be requested from the Ministry of Planning and Finance. Pursuant to Paragraph 2 of Article 13A of Decree-Law No. 11/2011, regulating commercial activity and its licensing, all private firms or collective entities that export and/or import merchandise, specified in Tables A1 and A2 of this instrument, are exempt from the requirement to register in the Commerce Department. Paragraph 3 of the same article establishes a requirement for licenses or endorsements for other commercial activities. Also, pursuant to Paragraph 3 of Article 13A of Decree-Law No. 11/2011, the reexportation of products that incorporate minerals, environmental reserves, and national security requires a license to be obtained from the Commerce Department.

| Import taxes and/or tariffs | Yes. |
| Taxes collected through the exchange system | No. |
| State import monopoly | No. De jure there is no state import monopoly per se. However, there is only one company (ENCO), which is not majority state-owned, that imports petroleum products. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exports and Export Proceeds**

| Repatriation requirements | No. Article 13(2) of Decree-Law No. 32/99, the Foreign Exchange Law provides that all foreign earnings received from exports must be delivered in full to the financial system; but in practice this article is not applied. |
| Surrender requirements | No. |
| Surrender to the central bank | No. Pursuant to Article 13 of Decree-Law No. 32/99, exporters may freely dispose of foreign exchange earnings from export activities, apart from the portion withheld by the BCSTP; but in practice this
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collect through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>Yes.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
</tbody>
</table>
Pursuant to Article 18 of Law No. 19/2016, the Investment Code, the State guarantees that investors have the right to transfer abroad the following: (1) dividends or distributed profits, after proper verification and certification of the respective vouchers on the payment of taxes owed, taking into account the amount of capital invested and its correlation with the respective equity shares in the corporation or company; (2) proceeds from liquidation of investments, including gains, after the payment of taxes owed; (3) any amounts that may be due, after deduction of the respective taxes, as provided in instruments or contracts that, under the terms of this law, constitute private investment; (4) royalties or other payments on income from indirect investments, associated with the concession of technology transfer.

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

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Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

No. There is no legal provision in force.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes. Even though Article 15 of Decree-Law No. 32/99, the Foreign Exchange Law, requires authorization by the BCSTP for transfers of capital transactions, in practice the system currently permits the free movement of capital. Residents and nonresidents may maintain bank accounts denominated in both domestic and foreign currency in São Tomé and Príncipe and abroad and may freely transfer amounts from their accounts abroad.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
No.

On capital market securities
No.

Shares or other securities of a participating nature
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

Bonds or other debt securities
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On money market instruments
No.

Purchase locally by nonresidents
No.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on derivatives and other</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>backup facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
<td>There is no legal provision in force.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
<td>Although in general there are no restrictions on FDI, there are some exceptions for reasons of security, and the protection of heritage, fauna, and flora.</td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct</strong></td>
<td>No.</td>
<td>Under Article 16(4) of the new Investment Code (DL No. 19/2016): The State guarantees the non-cancellation of licenses without due judicial or administrative process. Pursuant to Article 18 of Law No. 19/2016, the Investment Code, the State guarantees that investors have the right to transfer abroad proceeds from liquidation of investments, including gains, after the payment of taxes owed.</td>
</tr>
<tr>
<td>investment**</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Controls on real estate transactions</strong></td>
<td>Yes.</td>
<td>There is no legal provision in force for private land. For state land, both residents and foreigners can be granted the right to use the land, but it cannot be sold.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | Yes. |
| Borrowing abroad                                                     | n.r. |
| Maintenance of accounts abroad                                       | n.r. |
| Lending to nonresidents (financial or commercial credits)           | No. |
| Lending locally in foreign exchange                                  | Yes. |

São Tomé and Príncipe does not yet issue securities in foreign currency.

| Differential treatment of deposit accounts in foreign exchange      | Yes. |
| Reserve requirements                                                 | Yes. |
| Liquid asset requirements                                             | No. |
| Interest rate controls                                                | No. |
| Credit controls                                                      | No. |

São Tomé and Príncipe does not yet issue securities in foreign currency.

<p>| Differential treatment of deposit accounts held by nonresidents      | No. |</p>
<table>
<thead>
<tr>
<th><strong>Reserve requirements</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Investment regulations</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

Pursuant to Article 5 of NAP No. 05/2017, the CB may impose limits on the foreign exchange positions held by financial institutions and foreign exchange bureaus authorized to operate on the national financial market, but this is not strictly enforced. There are open position limits of 12% and 25% of the bank’s own funds set in Article 7(1) (a) and (b) of NAP No. 05/2017 as eligibility criteria for banks to have access to foreign exchange coverage provided by the BCSTP and not to mitigate the foreign exchange risk.

<table>
<thead>
<tr>
<th><strong>On resident assets and liabilities</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**Provisions specific to institutional investors**

<table>
<thead>
<tr>
<th><strong>Insurance companies</strong></th>
<th>n.r.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Investment firms and collective investment funds</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>n.r.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>n.r.</td>
</tr>
</tbody>
</table>

**References to legal instruments and regulations**

This information can be found at the AREAER ONLINE database:
Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
SAUDI ARABIA

(Status as of August 31, 2020)

Status under IMF Articles of Agreement

Date of membership
August 26, 1957.

Article VIII
Yes. Date of acceptance: March 22, 1961.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes.

In accordance with UNSC Resolution No. 1373, assets suspected of being involved in terrorism financing may be frozen or seized.

Other security restrictions
No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Saudi Arabia is the Saudi Arabian riyal.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes.

The exchange rate arrangement is a conventional pegged arrangement. The rate of the riyal against the US dollar is determined by the Saudi Arabian Monetary Authority (SAMA) and has been stable at 3.75 since June 1986. SAMA, in coordination with the minister of finance, decides on changes in the exchange rate arrangement. Historically, SAMA has not published its intervention data.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands
Other managed arrangement

Floating

Free floating

**Official exchange rate**  Yes.  The exchange rate of the riyal is pegged to the US dollar at the official rate of buying and selling that is 3.75 per US dollar. The official rate is used for accounting and valuation.

**Monetary policy framework**

**Exchange rate anchor**  Yes.

*U.S. dollar*  Yes.  The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**

*CPI*

*Core inflation*

**Target horizon**

**Operating target (policy rate)**

**Policy rate**

**Target corridor band**
Other

**Accountability**
- Open letter
- Parliamentary hearings

Other

**Transparency**
- Publication of votes
- Publication of minutes
- Publication of inflation forecasts

Other monetary framework

| Exchange tax | No. |
| Exchange subsidy | No. |
| **Foreign exchange market** | Yes. |
| Spot exchange market | Yes. | There are 29 banks and 75 money changers authorized to engage in foreign exchange transactions with the public. Money changers do not engage in transactions directly with the SAMA. Grade B money changers may conduct only spot transactions. Grade A money changers may also transfer foreign exchange in the domestic and international markets for their customers. Grade A money changers may have accounts outside Saudi Arabia. Money changers freely determine the bid-ask spread with their clients. Banks are allowed to determine freely their bid-ask spread in transactions with their clients. ADs are allowed to determine foreign exchange commissions with their clients within the SAMA limit. |

| Operated by the central bank | Yes. |
| Foreign exchange standing facility | Yes. | The SAMA provides foreign exchange to ADs at the official buying and selling rates, but does not engage in foreign exchange allocation, auctions, or fixing. Moreover, the SAMA deals directly with the government and other public entities. |

| Allocation | No. |
| Auction | No. |
| Fixing | No. |
| **Interbank market** | Yes. | There are 29 licensed banks (13 domestic banks and 16 foreign bank branches) to undertake interbank foreign exchange and money market transactions. The interbank market operates over the counter, with the participation of market makers and brokers and an active interbank market in riyals and US dollars quoted by commercial banks. There are no limits on the bid-ask spreads and commissions of market participants, except for US dollars where there is an internal limit on the volume of US dollars sold from the SAMA to local banks and branches of foreign banks. |

| Over the counter | Yes. |
| Brokerage | Yes. |
### Market making
Yes.

### Forward exchange market
Yes. The forward market operates over the counter. The commercial banking sector has an active forward market to cover exchange risk for up to 24 months. To discourage multi-leg USD/SAR forward structured product which speculates against the USD/SAR peg, local participants must seek SAMA prior approval before entering into these non-linear derivatives transaction.

### Official cover of forward operations
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on the use of domestic currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>For current transactions and payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>For capital transactions</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Use of foreign exchange among residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Bilateral payments arrangements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Regional arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Clearing agreements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Barter agreements and open accounts</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Official</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**The Precious Metals and Stones Law stipulates the following: (1) Imported gold coins must be purchased from either the country of origin or an accredited bank. (2) Copies of gold coins that have been withdrawn from circulation must be identical to the original issue coin in size, weight, design, appearance, and purity and must be**
Controlled on exports and imports of banknotes: No.

### Domestic currency
- On exports: No.
- On imports: No.

### Foreign currency
- On exports: No.
- On imports: No.

Controls on exports and imports of banknotes:

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td></td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks:

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

- **Foreign exchange accounts permitted**: Yes.
- **Held domestically**: Yes.
- **Held abroad**: Yes.
- **Approval required**: No.

#### Approval required

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td></td>
</tr>
</tbody>
</table>

Account operations follow usual business practices and are monitored according to Anti-Money-Laundering and Countering Financing of Terrorism regulations. Balances may be transferred abroad subject to relevant Anti-Money-Laundering and Countering Financing of Terrorism regulation provisions. Foreigners with temporary visas (for the first three months only) and invited by an organization or business may open bank accounts as a preliminary step toward obtaining a regular residence permit (iqama).

#### Approval required

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td></td>
</tr>
</tbody>
</table>

- **Accounts in domestic currency held abroad**: Yes.
- **Accounts in domestic currency convertible into foreign currency**: Yes.

#### Accounts in domestic currency held abroad

There is no provision that prevents residents from owning accounts in domestic currency abroad.

#### Accounts in domestic currency convertible into foreign currency

Balances are freely convertible into foreign currency.

### Nonresident Accounts

- **Foreign exchange accounts permitted**: Yes.
- **Approval required**: Yes.

No external approval is needed to open foreign exchange accounts, except the following individuals/entities:

1. Non-Saudi Arabia and non-GCC citizens, and nonresident of the Kingdom.
2. Nonresident nonbank corporations and businesses (other than GCC) with no contracts or projects in Saudi Arabia.
3. Nonresident investment companies, international mutual funds, and other financial institutions (including GCC).

- **References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
**Domestic currency accounts**  Yes.  Deposits and withdrawals may be done freely, as well as transfers abroad in accordance with the bank’s internal and risk management policies.

**Convertible into foreign currency**  Yes.  Saudi riyal needs to be converted to foreign currency to be transferred abroad freely. Local currency may be freely converted to foreign currency.

**Approval required**  Yes.  No external approval is needed to open foreign exchange accounts, except the following individuals/entities: (1) Non-Saudi Arabia and non-GCC citizens, and nonresident of the Kingdom. (2) Nonresident nonbank corporations and businesses (other than GCC) with no contracts or projects in Saudi Arabia. (3) Nonresident investment companies, international mutual funds, and other financial institutions (including GCC).

**Blocked accounts**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Item</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange budget</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes. Import restrictions on a few commodities are maintained for religious, health, and security reasons.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**State import monopoly**  No.

A maximum CET of 5% is applied on most dutiable goods. For a few goods, tariff rates of 12% and 20% apply. For tobacco products, the tariff is 100%. Imports from GCC members are exempt from duty.
Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Reexports of certain imported government-subsidized items are prohibited.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on these transfers</td>
<td>No.</td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
</tbody>
</table>
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender requirements

<table>
<thead>
<tr>
<th>Control</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Engaging in the securities business must be authorized by the CMA, unless the business is exempted pursuant to the Securities Business Regulations. Under the CMA Authorized Persons Regulations, applicants for authorization to engage in dealing, managing, or custodial business must be established in Saudi Arabia and be either (1) a subsidiary of a local bank, (2) a joint-stock company, (3) a subsidiary of a Saudi joint-stock company engaged in the financial services business, or (4) a subsidiary of a foreign financial institution licensed under the Banking Control Law issued by Royal Decree No. M/5 of 22/2/1386H (of June 11, 1966). Applicants for authorization to engage in advisory or business arrangement services may be of any legal type established in Saudi Arabia.

On capital market securities

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Purchasing securities locally by nonresidents is subject to the following.

For direct investment in these securities: (1) The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (Qualified Foreign Investor-QFI Rules) issued by the CMA Board on May 4, 2015, set out the procedures, requirements, and conditions for qualifying foreign investors to invest in listed securities in the Saudi market and specify their obligations and the obligations of authorized persons in this regard. The required minimum for assets under management or custody (AUM) is $500 million (SR 1.87 billion). Affiliates of QFIs or foreign portfolio managers and their managed funds do not need to submit separate applications. The requirements for the CMA’s review and approval of the qualification application and for investor experience have been removed. (2) Nonresident foreign investors may invest directly in the parallel equity market (Nomu).

For non-direct investment in these securities: (1) Nonresident foreigners, either institutions or individuals, may invest in such securities through access products ("swap agreements"), with authorized persons, which transfer economic benefits but not legal title, subject to the conditions and requirements set out in the CMA’s Board Resolution of August 17, 2008. The limit on the percentage of foreign investments via swap agreements in the Saudi capital market is 10% of the shares of the issuer whose shares are listed or convertible debt instruments of the issuer. The 10% limit is not calculated as an aggregate limit on the foreign investor and any affiliates together, that is, an affiliate of a foreign investor may invest to the 10% limit regardless of the investment of the foreign investor. Swap holders may open a QFI account while retaining the swap account for a grace period of one year, providing foreign investor with choice of channel for trading. (2) Nonresident foreigners may also hold units in mutual funds, including exchange-traded funds (ETFs), which may invest in Saudi listed securities. (3) Nonresident GCC citizens are treated equal to residents in Saudi Arabia and allowed to invest directly in the Saudi Stock Exchange.

The CMA Board issued the Investment Accounts Instructions of April 3, 2016, to regulate the opening and operation of investment accounts held by authorized persons licensed by the CMA (dealing, managing, or custody) and to define the related investment accounts.
controls and supervisory rules, such as the requirement to provide copies of identification documents of the owner of the QFI to open an investment account for foreign investors has been removed.

Complementary to the QFI rules, effective June 26, 2019, the CMA approved the “Instructions for the Foreign Strategic Investors’ Ownership in Listed Companies.” They are aimed at foreign legal persons who intend to own a strategic shareholding in listed companies, and for which the aim is to promote the financial or operational performance of the listed companies on the long term. Among the most prominent features of the Instructions is that foreign strategic investors are excluded from all requirements of QFI rules, including the investment limits stipulated in Article 14 of the QFI Rules that the maximum proportion of the shares of any issuer whose shares are listed or convertible debt instrument of the issuer that may be owned by all foreign investors in aggregate is 49%. However, foreign strategic investors may not dispose of any of the shares they own in accordance with the Instructions within a period of two years after the date of ownership of such shares, and limits by other regulators or a company’s own rules still apply. In addition, the procedures for opening accounts and owning shares through authorized persons were eased.

For investments in banks by nonresidents, there is a limit of 60% of capital, and permission of the authorities is required. Effective June 26, 2019, the overall limit was removed for foreign strategic investor ownership in listed companies, and they require SAMA’s approval for acquiring 50% or more of a bank’s capital. However, foreign strategic investors may not dispose of any of the shares they own within a period of two years after the date of ownership of such shares, and limits by other regulators or a company’s own rules still apply. In addition, the procedures for opening accounts and owning shares through authorized persons were eased.

Sale or issue locally by nonresidents

Yes. Issuances and offerings of securities are under the CMA’s jurisdiction and require its approval or notification depending on the offer type. Foreign issuers must comply with the Exchange Listing Rules and any foreign listing requirements that the CMA may issue in the future, which will detail the requirements that are imposed on the foreign issuers. All issuances and offerings must be conducted through a person authorized in Saudi Arabia. Effective October 6, 2019, the CMA Board amended the Rules on the Offer of Securities and Continuing Obligations to allow foreign issuers to cross-list their shares on the Saudi Stock Exchange and specified the listing rules. Foreign issuers may offer securities by way of private placement to selected investors in Saudi Arabia as per Part 3 of the Rules on the Offer of Securities and Continuing Obligations. In this regard, foreign issuers are not required to comply with the Listing Rules if such securities are not to be listed in the Saudi Stock Exchange.

Purchase abroad by residents

Yes. No restrictions apply, except that insurance companies may not invest more than 20% in foreign securities unless approved by the SAMA. In addition, a limit of 10% applies to foreign-currency-denominated investments. However, this limit may be changed according to the investment policy submitted by the insurance company and approved by the SAMA. SAMA approval is required for Saudi Arabian banks to acquire shares in foreign companies. However, any security issued abroad may only be advertised in Saudi Arabia through a person authorized in Saudi Arabia and subject to the provisions of Part 3 of the Securities Business Regulations.

Sale or issue abroad by residents

No. There are no restrictions on the sale or issuance of securities abroad by residents, which are subject to the laws where the sale or issuance takes place. However, pursuant to paragraph a/6 of Article 6 of the Capital Market Law, the CMA has the power to approve, cancel, or
suspend the listing of Saudi issuers’ securities traded on the Saudi Stock Exchange on stock exchanges abroad. Only authorized persons may conduct securities business in Saudi Arabia, unless exempt.

Rules on the Offer of Securities and Continuing Obligations (OSCO Rules) describe the requirements for issuance and offering of bonds and other debt securities either through public offering or through private placement. The OSCO Rules also contain provisions regulating the issuance and trading of securities through a special purpose entity. The Rules for Special Purpose Entities issued by the CMA Board regulate the establishment, licensing, and activities of the Special Purpose Entity (SPE) that is responsible for issuing debt instruments.

Yes.

Bonds or other debt securities

Purchase locally by nonresidents

Yes.

Purchasing securities locally by nonresidents is subject to the following.

For direct investment in these securities: (1) The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (QFI Rules) issued by the CMA Board on May 4, 2015, set out the procedures, requirements, and conditions for qualifying foreign investors to invest in listed securities in the Saudi market and specify their obligations and the obligations of authorized persons in this regard. The QFI Rules include: (a) The required minimum limit of asset under management or custody (AUM) for the financial institution is $500 million (SR 1.87 billion) (b) No requirement for the CMA’s review and approval of the qualification application; (c) No investor experience requirement; (d) Affiliates of QFIs or foreign portfolio managers and their managed funds do not need to submit separate applications. (2) Nonresident foreign investors may invest directly in the parallel equity market (Nomu).

For non-direct investment in these securities: (1) Nonresident foreigners, either institutions or individuals, may invest in such securities through access products (“swap agreements”), with authorized persons, which transfer economic benefits but not legal title, subject to the conditions and requirements set out in the CMA’s Board Resolution of August 17, 2008. The limit on the percentage of foreign investments via swap agreements in the Saudi capital market is 10% of the shares of the issuer whose shares are listed or convertible debt instruments of the issuer. The 10% limit is calculated as an aggregate limit on the foreign investor and any affiliates together, that is, an affiliate of a foreign investor may invest to the 10% limit regardless of the investment of the foreign investor. As of May 3, 2018, the Resolution was amended allowing swap holders to open QFI account while retaining the swap account for grace period of one year, providing foreign investor with choice of channel for trading. (2) Nonresident foreigners may also hold units in mutual funds, including ETFs, which may invest in Saudi listed securities. (3) Nonresident GCC citizens are treated equal to residents in Saudi Arabia and allowed to invest directly in the Saudi Stock Exchange.

The CMA Board issued the Investment Accounts Instructions of April 3, 2016, to regulate the opening and operation of investment accounts held by authorized persons licensed by the CMA (dealing, managing, or custody) and to define the related investment accounts controls and supervisory rules.

There are no controls on portfolio investment in government securities by foreign nationals. There is no minimum holding period requirement for such bonds.

Yes.

Sale or issue locally by nonresidents

The issuance and sale of securities, including debt securities, are under the jurisdiction of the CMA and require its approval or notification depending on the offer type. In all cases, foreign issuers...
must comply with the Exchange Listing Rules and any foreign listing requirements that the CMA may issue in the future, which will detail the requirements that are imposed on the foreign issuers. The issuer must be a Saudi joint-stock company, except where the provisions of Article 14 “cross listing” of the listing rules apply. All issuances and offerings must be conducted through a person authorized in Saudi Arabia.

Effective October 6, 2019, the CMA Board amended the Rules on the Offer of Securities and Continuing Obligations to allow foreign issuers to cross-list their shares on the Saudi Stock Exchange and specified the listing rules.

Foreign issuers may offer securities by way of private placement to selected investors in Saudi Arabia as per Part 3 of the Rules on the Offer of Securities and Continuing Obligations. In this regard, foreign issuers are not required to comply with the Listing Rules if such securities are not to be listed in the Saudi Stock Exchange.

Purchase abroad by residents  Yes. No restrictions apply, except that insurance companies may not invest more than 20% in foreign securities unless approved by the SAMA. In addition, a limit of 5% applies to foreign government bonds and bonds issued by foreign companies. However, any security issued abroad may only be advertised in Saudi Arabia through a person authorized in Saudi Arabia and subject to the provisions of Part 3 of the Securities Business Regulations.

Sale or issue abroad by residents  No. There are no restrictions on the sale or issuance of securities abroad by residents, which are subject to the laws where the sale or issuance takes place. However, pursuant to paragraph a/6 of Article 6 of the Capital Market Law, the CMA has the power to approve, cancel, or suspend the listing of Saudi securities of Saudi issuers traded on the Saudi Stock Exchange on stock exchanges abroad. Only authorized persons may conduct securities business in Saudi Arabia unless exempt.

On money market instruments  Yes.

Purchase locally by nonresidents  Yes. Purchasing securities locally by nonresidents is subject to the following.

For direct investment in these securities: (1) The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (QFI Rules) issued by the CMA Board on May 4, 2015, set out the procedures, requirements, and conditions for qualifying foreign investors to invest in listed securities in the Saudi market and specify their obligations and the obligations of authorized persons in this regard. The QFI Rules include: (a) The required minimum limit of asset under management or custody (AUM) for the financial institution is $500 million (SR 1.87 billion); (b) No requirement for the CMA's review and approval of the qualification application; (c) No investor experience requirement; (d) Affiliates of QFIs or foreign portfolio managers and their managed funds do not need to submit separate applications. (2) Nonresident foreign investors may invest directly in the parallel equity market (Nomu).

For non-direct investment in these securities: (1) Nonresident foreigners, either institutions or individuals, may invest in such securities through access products (“swap agreements”), with authorized persons, which transfer economic benefits but not legal title, subject to the conditions and requirements set out in the CMA’s Board Resolution of August 17, 2008. The limit on the percentage of foreign investments via swap agreements in the Saudi capital market is 10% of the shares of the issuer whose shares are listed or convertible debt instruments of the issuer. The 10% limit is calculated as an aggregate limit on the foreign investor and any affiliates together, that is, an affiliate of a foreign investor may invest...
to the 10% limit regardless of the investment of the foreign investor. Starting May 3, 2018, the Resolution was amended allowing swap holders to open QFI account while retaining the swap account for grace period of one year, providing foreign investor with choice of channel for trading. (2) Nonresident foreigners may also hold units in mutual funds, including ETFs, which may invest in Saudi listed securities. (3) Nonresident GCC citizens are treated equal to residents in Saudi Arabia and allowed to invest directly in the Saudi Stock Exchange.

The Investment Accounts Instructions regulate the opening and operation of investment accounts held by authorized persons licensed by the CMA (dealing, managing, or custody) and to define the related investment accounts controls and supervisory rules.

Sale or issue locally by nonresidents Yes. Issuance and sale of securities, including money market instruments, in Saudi Arabia are under the jurisdiction of the CMA and must require its approval or notification depending on the offer type. In all cases, foreign issuers must comply with the Exchange Listing Rules and any foreign listing requirements that the CMA may issue approve in the future, which will detail the requirements that are imposed on the foreign issuers. All issuances and offerings must be conducted through a person authorized in Saudi Arabia.

Purchase abroad by residents No. There are no restrictions on the purchase of securities abroad by residents. However, any security issued abroad may only be advertised in Saudi Arabia through a person authorized in Saudi Arabia and subject to the provisions of Part 3 of the Securities Business Regulations.

Sale or issue abroad by residents No. There are no restrictions on the sale or issuance of securities abroad by residents, which are subject to the laws where the sale or issuance takes place. However, pursuant to paragraph a/6 of Article 6 of the Capital Market Law, the CMA has the power to approve, cancel, or suspend the listing of any Saudi security of any Saudi issuer traded on the Saudi Stock Exchange on any stock exchange abroad. Only authorized persons may conduct securities business in Saudi Arabia unless exempt.

On collective investment securities Yes. The Capital Market Law defines investment funds as collective investment schemes. There is no distinction between collective investment schemes. Nonresidents may invest in CIS funds, including ETFs. The CMA Board of Commissioners issued the Real-Estate Investment Traded Funds Instructions, covering offering requirements, unitholders’ consent on the fundamental changes, unitholder meetings, disclosure requirements, trading halt and cancelation of listing, and termination of the Real-Estate Investment Traded Fund.

Effective June 30, 2019, the SAMA issued a circular allowing banks operating in the Kingdom to distribute collective investment schemes in accordance with the CMA’s circular that governs the contractual relationship between the bank and the authorized person.

Sale or issue locally by nonresidents Yes. Public offering of CIS investment is restricted to persons authorized by the CMA to conduct managing activities. However, foreign funds may offer units in foreign funds through a distributor (with a dealing as an agent activity license) as a private offer. All issuances and offerings must be conducted through a person authorized in Saudi Arabia and in accordance with the Investment Funds Regulations issued by the CMA (as amended).

Foreign issuers may offer securities by way of private placement to selected investors in Saudi Arabia as per Part 3 of the Rules on the Offer of Securities and Continuing Obligations. In this regard,
foreign issuers are not required to comply with the Listing Rules if such securities are not to be listed in the Saudi Stock Exchange.

There are no restrictions on the purchase of securities abroad by residents. However, any security issued abroad may only be advertised in Saudi Arabia through a person authorized in Saudi Arabia and subject to the provisions of Part 3 of the Securities Business Regulations.

There are no restrictions on the sale or issuance of securities by residents abroad.

The derivative market was launched effective August 30, 2020.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

Yes. Issuance and sale of securities, including derivatives and other instruments, in Saudi Arabia are under the jurisdiction of the CMA and require its approval or notification depending on the type of offer. In all cases, rules for residents and nonresidents are the same, unless such securities will be listed on the Saudi Stock Exchange, in which case the issuer must be a Saudi joint-stock company, except where the provisions of Article 10 “cross listing” of the Exchange listing rules apply. All issuances and offerings must be conducted through a person authorized in Saudi Arabia.

There are no restrictions on the purchase of securities abroad by residents. However, any security issued abroad may only be advertised in Saudi Arabia through a person authorized in Saudi Arabia and subject to the provisions of Part 3 of the Securities Business Regulations.

There are no restrictions on the sale or issuance of securities, including derivatives and other instruments, abroad by residents, which are subject to the laws where the sale or issuance takes place. However, pursuant to paragraph a/6 of Article 6 of the Capital Market Law, the CMA has the power to approve, cancel, or suspend the listing of Saudi securities of Saudi issuers traded on the Saudi Stock Exchange on stock exchanges abroad. Only authorized persons may conduct securities business in Saudi Arabia unless exempt.

Commercial credits

Yes.

SAMA permission is required for riyal-denominated loans made through Saudi Arabian banks. SAMA approval is required for banks and finance companies to borrow abroad except for interbank transaction.

Pursuant to Article 68 of the Implementing Regulation of the Law on the Supervision of Finance Companies, a SAMA non-objection letter is required for finance companies to obtain foreign loans or loans in a currency other than the Saudi riyal.

Financial credits

Yes. SAMA permission is required for all financial credit operations.

By residents to nonresidents

Yes.

SAMA permission is required for loans made through Saudi Arabian banks. Saudi Arabian banks and finance companies require a SAMA non-objection letter to lend to nonresidents, except for interbank transactions and commercial credits.

Pursuant to Article 68 of the Implementing Regulation of the Law on the Supervision of Finance Companies, a SAMA non-objection letter is required for banks and
finance companies to borrow abroad, except for interbank transactions.

Guarantees, sureties, and financial backup facilities

Yes. Pursuant to Article 12 of the Law on the Supervision of Finance Companies, finance companies may not extend any financing without guarantees, subject to certain exceptions, or finance or grant facilities guaranteed by its shares.

Pursuant to Article 60 of the Implementing Regulation of the Law on the Supervision of Finance Companies, finance companies may grant financing without guarantee when the following conditions are met: (1) The total amount of granted finance does not exceed 100,000 riyals based on the beneficiary’s credit record; (2) The beneficiary does not have any unresolved indebtedness, unresolved dispute, credit standing claim, insolvency, bankruptcy, or liquidation claim, in the previous ten years; and (3) The beneficiary is not a related party.

By residents to nonresidents

Yes. SAMA permission is required.

To residents from nonresidents

Yes.

Controls on direct investment

Yes.

Outward direct investment

Yes. Approved foreign investment enjoys the same privileges as domestic capital. The Foreign Investment Law allows foreign investors to invest directly in most economic sectors—with or without local participation, subject to sectoral limits—and imposes a tax rate of 20% on most foreign company profits, with two exceptions: (1) An 85% tax rate applies to profits of investment in the oil and hydrocarbon sector. (2) A basic tax rate of 30% applies to profits of investment in the natural gas sector as long as the internal rate of return of the project does not exceed 8%. For investments with an internal rate of return exceeding 8%, a sliding scale with higher tax rates applies, up to 85% for an internal rate of return exceeding 20%.

There is a list of economic sectors where foreign investors may not invest. The negative list includes the following:

Industrial Sector: (a) Oil exploration, drilling, and production, except the services related to the mining sector listed as CPC 5115+883 in international classification codes; (b) Manufacturing of military equipment, devices, and uniforms; (c) Manufacturing of civilian explosives. (2) Service Sector: (a) Catering to military sectors; (b) Security and detective services; (c) Real estate investment in Makkah and Madinah; (d) Tourist orientation and guidance services related to Hajj and Umrah; (e) Printing and publishing, except the following activities: Pre-printing services (internationally classified as CPC 88442), Printing Presses (CPC 88442), Drawing and calligraphy (CPC 87501), Photography (CPC 875), Radio and Television Broadcasting Studios (CPC 96114), Foreign Media Offices and Correspondents (CPC 962); Promotion and Advertising (CPC 871), Public Relations (CPC 86506), Publication (CPC 88442), Press Services (CPC 88442), Promotion, selling, and renting of computer software (CPC 88), Media consultancies and studies (CPC 853), Typing and copying (CPC 87505 + 87904), Motion picture and video tape distribution services (CPC 96113); (f) Commission agents (CPC 621); (g) Services provided by midwives, nurses, physical therapy services, and quasi-doctoral services (CPC 93191); (h) Fisheries; and (i) Poison centers, blood banks, and health quarantines.

The following sectors are open to foreign investors: (a) Recruitment and employment services; (b) Real estate brokerage; (c) Audiovisual and media services; (d) Commission agents; (e) Land transport...
services. To attract FDI, administrative procedures have been simplified including (a) Foreign investment license requirements amounting to two documents; (b) An instant license and renewal system; (c) Automated post services (license renewal, company activities amendment, adding branches), shorter time to issue new licenses (less than 3 hours). The validity of foreign investment licenses is five years.

For investments in banks by nonresidents, there is a limit of 60% of capital, and permission of the authorities is required. Effective June 26, 2019, the overall limit was removed for foreign strategic investor ownership in listed companies, and they require SAMA’s approval for acquiring 50% or more of a bank’s capital. However, foreign strategic investors may not dispose of any of the shares they own within a period of two years after the date of ownership of such shares, and limits by other regulators or a company’s own rules still apply.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |

In principle, the purchase of real estate is restricted to Saudi Arabian nationals, corporations, and institutions and nationals and institutions of GCC members. The Regulation of Ownership and Investment in Real Estate by Non-Saudis (Royal Decree No. M/15 of 17/4/1421H) allows foreign investors to purchase real estate as needed for their business, including housing for their staff. Further, with an appropriate foreign investment license, foreign investors may purchase real estate for investment purposes in all cities except Mecca and Medina, provided the investment is at least SRIs 30 million. Investment in Mecca and Medina is restricted to Saudi Arabian nationals, corporations, and institutions. Foreign residents may own real estate.

The conditions for foreign individuals are: (1) Non-Saudi natural persons legally residing in Saudi Arabia are allowed to acquire real estate for their private residence, following permission from the Ministry of Interior (Law of Real Estate Ownership and Investment by Non-Saudis, Article 2); (2) The property must be outside the perimeter of Makkah and Madinah Al-Munawarrah (Law of Real Estate Ownership and Investment by Non-Saudis, Article 5). The conditions for foreign companies are: (1) The approval of the body issuing the license (Law of Real Estate Ownership and Investment by Non-Saudis, Article 1); (2) The property must be outside the perimeter of Makkah and Madinah Al-Munawarrah (Law of Real Estate Ownership and Investment by Non-Saudis, Article 5). The conditions for foreign companies licensed to invest in land and buildings: (1) If the license includes purchasing buildings or land for the purpose of building on it and investing it by means of selling or renting, the total cost of the project, land and construction, may not be less than 30 million riyals. This amount may be amended by the Council of Ministers. Such real estate must be invested within five years from its acquirement (Law of Real Estate Ownership and Investment by Non-Saudis, Articles 1 and 5); (2) The property must be outside the perimeter of Makkah and Madinah Al-Munawarrah (Law of Real Estate Ownership and Investment by Non-Saudis, Article 5); (3) The approval of the body issuing the license (Law of Real Estate Ownership and Investment by Non-Saudis, Article 1).

| Purchase locally by nonresidents | Yes. |

| Sale locally by nonresidents | No. |
### Controls on personal capital transactions

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

### Loans

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>SAMA approval is required under the Banking Control Law.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Gifts, endowments, inheritances, and legacies

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Settlement of debts abroad by immigrants

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### Transfer of assets

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Transfer of gambling and prize earnings

<table>
<thead>
<tr>
<th>Activity</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

- Prize earnings are transferable; gambling is prohibited.

- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

- Provisions set by Finance Companies in line with IFRS 9 Requirements. SAMA may require Finance Companies to book additional provisions.

<table>
<thead>
<tr>
<th>Borrowing abroad</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

- SAMA approval is required for banks and finance companies to borrow abroad except for interbank transaction.

<table>
<thead>
<tr>
<th>Maintenance of accounts abroad</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lending to nonresidents (financial or commercial credits)</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

- Saudi Arabian banks and finance companies require SAMA permission to lend to nonresidents, except for interbank transactions and commercial credits.

- Provisions set by the Finance Companies regulation in line with IFRS 9 requirements apply. The SAMA may require finance companies to book additional provisions.

<table>
<thead>
<tr>
<th>Lending locally in foreign exchange</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

- SAMA approval is required for finance companies to lend locally in foreign exchange.

<table>
<thead>
<tr>
<th>Purchase of locally issued securities denominated in foreign exchange</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Differential treatment of deposit accounts in foreign exchange</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Differential treatment of deposit accounts held by nonresidents</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

- In the case of deposits originating from foreign banks, only domestic currency deposits are subject to SAMA reserve requirements. The
reserve requirement on demand deposits is 7% and on time and savings deposits, 4%.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>SAMA approval is required for Saudi Arabian banks to acquire shares in foreign companies.</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>There is a limit of 60% of capital, and permission of the authorities is required. Effective June 26, 2019, the overall limit was removed for foreign strategic investor ownership in listed companies, and they require SAMA’s approval for acquiring 50% or more of a bank’s capital. However, foreign strategic investors may not dispose of any of the shares they own within a period of two years after the date of ownership of such shares, and limits by other regulators or a company’s own rules still apply.</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange positions are monitored by means of prudential reports.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>According to the Insurance Implementing Regulations, companies working in the insurance industry must maintain a minimum investment locally in riyals. Moreover, there is a limit on investment in foreign securities, such as foreign government and corporate bonds, and they must adhere to Articles 59 and 61 of the regulations. The SAMA issued the Investment Regulation for Insurance Companies, which requires insurers to submit investment policies outlining, among other things, their objectives and asset allocation. The policy must be approved by the SAMA; limitations in the Implementing Regulation may be waived in light of certain technical standards, such as the company’s size, structure, business complexity, insurance portfolio, and capital structure. The SAMA has set rules of licensing and operation of branches of foreign insurance and reinsurance companies in Saudi Arabia which require the following: (1) The foreign branch must ensure that its liabilities – excluding the reinsurance share – equal its assets in Saudi Arabia. (2) There should be no transfer of money from the branch to the foreign company unless it is under a service provision arrangement between the company and the branch that has been approved by SAMA, or retained profits shown in the annual financial position of the branch after receiving SAMA’s approval, provided the branch is in compliance with the solvency margin requirements.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>The limit is 20% unless approved by the SAMA. In addition, a limit of 10% applies to foreign-currency-denominated investments and 5% to foreign government bonds and bonds issued by foreign companies. However, these limits may be changed according to the investment policy submitted by the company and approved by the SAMA.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>The limit is 20% unless approved by the SAMA. In addition, a limit of 10% applies to foreign-currency-denominated investments and 5% to foreign government bonds and bonds issued by foreign companies.</td>
<td></td>
</tr>
</tbody>
</table>
However, these limits may be changed according to the investment policy submitted by the company and approved by the SAMA. With respect to local investments, the minimum is 80%, which applies to all types of insurance companies. In addition, the minimum for investments in Saudi riyal is 50%. Moreover, unless otherwise approved by the SAMA, general insurance and health insurance companies must keep 20% of their investments in authorized local banks and 20% in Saudi Arabian government bonds. As for protection and saving companies, the limits are 10% of deposits in authorized local banks and 10% in Saudi Arabian government bonds. Furthermore, there are limitations for other assets class, such as equities, real estate, and mutual funds. However, these limits may be changed according to the investment policy submitted by the company and approved by the SAMA.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Capital Transactions

Complementary to the QFI rules, the CMA approved the “Instructions for the Foreign Strategic Investors’ Ownership in Listed Companies.” They are aimed at foreign legal persons who intend to own a strategic shareholding in listed companies, and for which the aim is to promote the financial or operational performance of the listed companies on the long term. Among the most prominent features of the Instructions is that foreign strategic investors were excluded from all requirements of QFI rules, including the investment limits stipulated in Article 14 of the QFI Rules that the
maximum proportion of the shares of any issuer whose shares are listed or convertible debt instrument of the issuer that may be owned by all foreign investors in aggregate is 49%. However, foreign strategic investors may not dispose of any of the shares they own in accordance with the Instructions within a period of two years after the date of ownership of such shares, and limits by other regulators or a company’s own rules still apply. In addition, the procedures for opening accounts and owning shares through authorized persons were eased.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/26/2019</td>
<td>The overall limit of 60% ownership in a bank’s capital was removed for foreign strategic investor ownership in listed companies, and they require Saudi Arabian Monetary Authority’s approval for acquiring 50% or more of a bank’s capital. However, foreign strategic investors may not dispose of any of the shares they own within a period of two years after the date of ownership of such shares, and limits by other regulators or a company’s own rules still apply.</td>
<td>The CMA Board amended the Rules on the Offer of Securities and Continuing Obligations to allow foreign issuers to cross-list their shares on the Saudi Stock Exchange and specified the listing rules.</td>
</tr>
<tr>
<td>10/06/2019</td>
<td>Sale or issue locally by nonresidents</td>
<td>The CMA Board amended the Rules on the Offer of Securities and Continuing Obligations to allow foreign issuers to cross-list their shares on the Saudi Stock Exchange and specified the listing rules.</td>
</tr>
<tr>
<td>10/06/2019</td>
<td>Bonds or other debt securities</td>
<td></td>
</tr>
<tr>
<td>10/06/2019</td>
<td>Sale or issue locally by nonresidents</td>
<td></td>
</tr>
<tr>
<td>06/30/2019</td>
<td>On collective investment securities</td>
<td>The Saudi Arabian Monetary Authority issued a circular allowing banks operating in the Kingdom to distribute collective investment schemes in accordance with the CMA’s circular that governs the contractual relationship between the bank and the authorized person.</td>
</tr>
<tr>
<td></td>
<td>Purchase locally by nonresidents</td>
<td></td>
</tr>
<tr>
<td>08/30/2020</td>
<td>Controls on derivatives and other instruments</td>
<td>The derivative market was launched.</td>
</tr>
<tr>
<td>06/26/2019</td>
<td>Inward direct investment</td>
<td>The overall limit of 60% ownership in a bank’s capital was removed for foreign strategic investor ownership in listed companies, and they require Saudi Arabian Monetary Authority’s approval for acquiring 50% or more of a bank’s capital. However, foreign strategic investors may not dispose of any of the shares they own within a period of two years after the date of ownership of such shares, and limits by other regulators or a company’s own rules still apply.</td>
</tr>
</tbody>
</table>
SENEGAL

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: August 31, 1962.
Article VIII: Yes. Date of acceptance: June 1, 1996.

Exchange Measures

Restrictions and/or multiple currency practices: No.
Exchange measures imposed for security reasons: Yes.
In accordance with IMF Executive Board Decision No. 144-(52/51): Yes.
Other security restrictions: Yes.

A regional framework to fight money laundering (AML) and the financing of terrorism (AFT) was created at the regional level through two WAEMU Directives in 2002 (AML) and 2007 (AFT). This comprehensive framework facilitates the implementation of UNSC resolutions based on a list of persons and entities prepared by the Committee. It was updated in 2015 at the regional level through a new WAEMU Directive which was incorporated into Senegal’s corpus in 2018.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Senegal is the CFA franc (XOF).
Other legal tender: No.

Exchange rate structure

Unitary: Yes.
Dual
Multiple

Classification

No separate legal tender
Currency board
Conventional peg: Yes. The exchange rate arrangement of the WAEMU is a conventional peg. Senegal participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The Monetary Cooperation Agreement between the WAEMU member countries and France was concluded December 4, 1973. It was maintained after the French franc was replaced by the euro by the Council of the European Union decision of November 23, 1998. The Monetary Cooperation Agreement is based on three pillars: (1) a
common issuing institution, (2) fixed parity with the euro, and (3) a guarantee of unlimited convertibility. In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings to the operations account with the French Treasury in accordance with the Amendment to the Operations Account Convention signed by France and the BCEAO on September 20, 2005.

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate**

Yes. The CFA franc is officially pegged to the euro, the intervention currency, at the fixed rate of CFAF 655.957 per euro. Exchange rates for other currencies are derived from the rates for the currency concerned in the Paris foreign exchange market vis-à-vis the euro. The official rate is used for accounting and valuation. The Conference of Heads of State and Government may decide to amend the Monetary Cooperation Agreement between the WAMU member countries and France.

**Monetary policy framework**

Exchange rate anchor

Yes.

*U.S. dollar*

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized Consumer Price Index is the benchmark rate to measure inflation.

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank
**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**

**CPI**

**Core inflation**

**Target horizon**

**Operating target (policy rate)**

**Policy rate**

**Target corridor band**

**Other**

**Accountability**

**Open letter**

**Parliamentary hearings**

**Other**

**Transparency**

**Publication of votes**

**Publication of minutes**

**Publication of inflation forecasts**

**Other monetary framework**

**Exchange tax** Yes. A commission of 0.6% is levied on transfers to all countries that are not members of the WAEMU. This commission is surrendered to the Treasury and constitutes a portion of its tax revenue.

**Exchange subsidy** No.

**Foreign exchange market** Yes. Authorized intermediaries (authorized intermediary banks and authorized nonelectronic exchange dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which must be traded at the official fixed rate of CFAF 655.957 per euro. The commission on foreign exchange transactions may not exceed 2%.

Instruction No. 013-11-2015 on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU is in force.

**Spot exchange market** Yes. The entities authorized to conduct nonelectronic foreign currency transactions are authorized intermediary banks and individuals or companies authorized to conduct nonelectronic transactions by decision of the minister of finance, with the consent of the BCEAO.
Authorized intermediaries must comply with the provisions in effect on the financial conditions for executing banknote foreign exchange transactions that involve foreign currencies and issue a transaction slip for all transactions with a client. Moreover, to provide satisfactory information to clients, they are required to (1) permanently post at their windows the rates actually charged for the different currencies and (2) post notification that a transaction slip must be issued for all foreign exchange transactions on presentation of the requestor’s identity document. Banks and registered banknote exchange houses are intermediaries authorized by the minister of finance to conduct foreign exchange transactions with the public. Entities authorized to conduct cash exchange transactions, of which there were 641 on December 31, 2019, are authorized to procure travelers’ checks and foreign banknotes from licensed intermediaries for their customers. They are authorized to accept travelers’ checks denominated in foreign currencies from their customers and to sell them to licensed intermediaries. Licensed exchange dealers are not authorized to make payments or transfers in foreign currencies abroad or to hold accounts abroad.

In their operations with customers, authorized intermediaries (authorized intermediary banks and authorized OTC dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which is traded at the official fixed rate of CFAF 655.957, and may be subject to a maximum commission of 2.0%.

Operated by the central bank  Yes. The BCEAO supplies at the official rate the foreign currency that each authorized intermediary needs to make payments abroad.
Foreign exchange standing facility  Yes. The BCEAO exchanges foreign currency for CFA francs on commercial banks’ demand at the rates published on the international markets, without commission, with the exception of the euro, which is traded at the official fixed rate of 655.957 per euro. The nonelectronic currency exchange windows are open to owners of accounts on the BCEAO books and to the general public. A commission of 0.5% is charged on all transactions with the public (purchases and sales) and all withdrawals by banks and financial institutions (including euro withdrawals). However, no commission is charged for the following operations: (1) OTC foreign banknote exchanges conducted by state entities, government employees of WAEMU Member States on mission abroad, and officials of the CB and their beneficiaries, and (2) the CB purchases foreign exchange in exchange for CFA francs at the daily rate, without a commission, at the request of commercial banks that present such foreign exchange at its windows, for purposes of their payments.
Allocation  No.
Auction  No.
Fixing  No.
Interbank market  Yes. Transactions in CFA francs between authorized intermediaries are allowed. However, there is no regulated interbank foreign exchange market in the WAEMU.
Over the counter  Yes.
Brokerage  No.
Market making  No.
Forward exchange market  Yes. Residents of the WAEMU zone are permitted to conduct the following transactions in the foreign exchange derivatives market
with authorized intermediary banks established in the WAMU or with foreign banks: outright forward foreign exchange contracts (over the counter), foreign exchange options, foreign exchange swaps, and cross-currency swaps.

Transactions in foreign exchange options are limited to the following two types of transactions: options to purchase foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign bank, or options to sell foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAMU or from a foreign credit institution.

Authorized intermediary banks are required to simultaneously cover the exchange risk they incur in respect of derivative instruments traded with their customers.

The underlying commercial and financial operations must relate to imports and exports of goods and services by a resident, foreign borrowing operations by a resident (drawings and repayments), or direct foreign investment in a resident company.

All legitimate foreign currency needs are ultimately met by the BCEAO.

Official cover of forward operations No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes.

Senegal is linked to the French Treasury via the BCEAO through an operations account, through which settlement of transactions with France, Monaco, and other operations account countries (WAEMU and CEMAC members and the Comoros) is made mainly in euros. Payments with countries outside the WAEMU are made in foreign currencies. Trade with other WAEMU countries is settled in CFA francs.

Controls on the use of domestic currency Yes.

The CFA franc may not be used for the payment of current international transactions or capital transactions with countries outside the WAEMU.

For current transactions and payments Yes.

The CFA franc may not be used for the payment of current international transactions with countries outside the WAEMU. However, the CFA franc is guaranteed unlimited convertibility through an open operating account with the French Treasury.

For capital transactions Yes.

The CFA franc may not be used for capital transactions with countries outside the WAEMU. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

Transactions in capital and money market instruments Yes.

The CFA franc may not be used for capital transactions with countries outside the WAEMU. Foreign investment by residents of the WAEMU zone is subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members do not require Ministry of Economy and Finance (MEF) authorization.

Transactions in derivatives and other instruments Yes.

Residents of WAEMU member countries may engage in the following operations on derivatives and other instruments with accredited banks established in the WAEMU or foreign banks: (1)
Forwards, foreign exchange swaps, and options. When the transaction is backed by an operation other than the importation of goods and services, the CFA franc is the counterparty currency of the foreign exchange spot forward, foreign exchange option, or foreign exchange swap operation.

Credit operations

Yes.

Loans of any kind, CFA franc overdrafts, and, in general, any advances granted by authorized intermediaries to nonresidents of the WAEMU zone are subject to prior authorization by the Directorate of External Financial Relations of the MOF, after BCEAO approval.

Use of foreign exchange among residents

Yes.

The CFA franc is the only legal tender, and residents of the WAEMU zone may not use foreign exchange for domestic transactions.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

Yes.

An operations account is maintained with the French Treasury that links operations account countries. All purchases and sales of foreign currencies or euros against CFA francs are settled through a debit or credit to the operations account.

Clearing agreements

Yes.

There is a multilateral clearing agreement between the WAEMU countries and the other ECOWAS member countries (Cabo Verde, the Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone) as part of the WAMA. All payments for current transactions between countries whose CBs are WAMA members may be made under the clearing agreement. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.

Barter agreements and open accounts

No.

Administration of control

Yes.

The institutional reform of the WAMU and the BCEAO establishes the following new basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. Exchange control is administered jointly by the minister of finance and the BCEAO. Most of the authority to supervise foreign exchange transactions is delegated to authorized banks, which are required to report these operations to the minister of finance. The BCEAO is also authorized to collect – either directly or through banks, financial institutions, the postal administration, or judicial agents – information necessary to compile balance of payments statistics. Customs officers monitor outflows of foreign exchange and confirm imports and exports of goods. All WAEMU residents are treated as residents of Senegal for the purposes of preparing the external position of banks, domiciliation and repatriation of export revenue, issuance and sales of securities, gold imports and exports, investment and lending transactions, and physical exports of means of payment and securities by postal package or ordinary mail. However, for statistical purposes with regard to the balance of payments, all countries other than Senegal are considered foreign countries. Moreover, all transfers with other countries must be made through registered intermediary banks, the postal service, or the BCEAO.

Payments arrears

No.

Official

No.
### Private

No.

### Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Gold imports and exports require MOF authorization, except (1) imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.

### Controls on exports and imports of banknotes

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Domestic currency

Yes.

Travelers may freely export CFA franc (XOF) banknotes from one WAEMU member country to another. Resident individuals (that is, from a WAEMU member country) and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving CFA franc (XOF) banknotes issued by the BCEAO.

#### Foreign currency

Yes.

Reexports of foreign banknotes by nonresident travelers are allowed up to the equivalent of CFA 500,000; reexports of foreign banknotes above this ceiling require documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposit accounts in local banks. Nonresident travelers must declare to customs foreign currency exceeding the equivalent of CFA 1 million on exit. Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess the equivalent of CFA 1 million. They are allowed to carry up to the equivalent of CFA 2 million a person in banknotes not issued by the BCEAO. Amounts in excess of this ceiling may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, or other means of payment. Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFA 2 million a person. The issue of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

### On imports

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Domestic currency

Yes.

Resident and nonresident travelers may freely import domestic currency (CFA franc–XOF). However, WAEMU resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from receiving banknotes in domestic currency.

#### Foreign currency

No.

There are no restrictions on resident and nonresident travelers’ importation of foreign-currency-denominated means of payment, which must be declared to customs authorities if they exceed the equivalent of CFA 1 million. Resident travelers must surrender foreign banknotes and other foreign-currency-denominated means of payment exceeding CFA 500,000 to an authorized intermediary within eight days of arrival in any WAEMU member country.

### References to legal instruments and

This information can be found at the AREAER ONLINE database:
### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Foreign exchange accounts in currencies other than the euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such an account. These accounts are valid for a renewable term of up to one year. They cannot be credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

| Held abroad                          | Yes. |
| Approval required                    | Yes. |

Individuals who are residents of the WAEMU temporarily staying or traveling outside of WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF authorization by after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any balance be repatriated to a WAEMU member country within eight days.

| Accounts in domestic currency held abroad | No. |
| Accounts in domestic currency convertible into foreign currency | No. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required                  | Yes. |

Nonresident accounts denominated in euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |

Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange. Accounts opened on behalf of nonresidents may not be replenished through payments.
in banknotes issued by the BCEAO or an issuing institution with a
transaction account in the French Treasury.

Approval required
No.

Blocked accounts
No.

References to legal instruments and
hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
Yes.

Minimum financing requirements
No.

Advance payment requirements
Yes. Payment of the total invoiced amount in the form of advance
payment is not allowed. Down payments as stipulated in the
commercial contract are authorized.

Advance import deposits
No.

Documentation requirements for
release of foreign exchange for imports
Yes. Importers may purchase foreign exchange for import payments after
establishing bank payment order accounts and submitting supporting
documents, but not earlier than eight days before shipment if a
documentary credit is opened, or on the payment due date if the
products have already been imported.

Domiciliation requirements
Yes. Import transactions from outside the CFA franc area exceeding CFAF
10 million must be made through an authorized bank.

Preshipment inspection
Yes. An inspection is required for the quantity, quality, and price of
merchandise imports exceeding CFAF 3 million f.o.b.

Letters of credit
No.

Import licenses used as exchange
licenses
No.

Other
Yes. Exchange authorization, invoices, and export–import cards are
required.

Import licenses and other nontariff
measures
Yes.

Positive list
No.

Negative list
Yes. Imports of narcotics and firearms are prohibited.

Open general licenses
No.

Licenses with quotas
No.

Other nontariff measures
Yes. Quantitative restrictions may be applied to products for public health
and security reasons.

Import taxes and/or tariffs
Yes. The WAEMU CET consists of four tariff brackets: 0%, 5%, 10%,
and 20%. Imports from countries other than WAEMU area countries
are also subject to a 1% statistical tax and a 0.8% community
solidarity levy. Moreover, a cyclical import tax (taxe conjoncturelle à
l’importation) and a degressive protection tax (taxe dégressive de
protection) may at certain times be charged on some products. Only
the first of these two taxes was applied as at end-2018. Imports from
non-ECOWAS members are subject to a 0.5% community levy
(CL/ECOWAS).

Taxes collected through the exchange
system
No.
State import monopoly

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Yes. Resident economic operators are required to collect and repatriate within one month of the payment due date the entire amount of sales of goods abroad in the country of origin with the bank with which the transaction is domiciled. The payment due date is specified in the trade agreement and normally falls within a period of 120 days after the goods are dispatched.

Surrender requirements

Yes.

Surrender to the central bank

Yes. Authorized intermediaries must surrender their customers’ foreign currency receipts to the BCEAO by transfer via the bank of issue. For purposes of covering its current foreign currency requirements, an authorized intermediary bank may hold a maximum of 20% of export receipts as own foreign exchange resources. However, it must ensure that its total foreign exchange resources to cover its requirements do not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.

Surrender to authorized dealers

Yes. Proceeds must be surrendered to authorized banks within 30 days of the payment due date. The export revenue may be surrendered to authorized intermediaries other than those with whom the transactions are domiciled subject to BCEAO authorization. Sales of foreign exchange by exporters to ADs other than the domiciling bank are permitted, provided they furnish the domiciling bank with the documents required for the domiciliation file to be closed. Authorized intermediaries must then surrender the foreign exchange to the BCEAO by transfer through the bank of issue.

Financing requirements

No.

Documentation requirements

Yes.

Letters of credit

No.

Guarantees

No.

Domiciliation

Yes. Export transactions of more than CFAF 10 million, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

Preshipment inspection

No.

Other

Yes. A customs declaration is required.

Export licenses

Yes.

Without quotas

Yes. Gold exports require authorization.

With quotas

No.

Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Payments</th>
<th>Controls on these transfers</th>
<th>Trade-related payments</th>
<th>Prior approval</th>
<th>Quantitative limits</th>
<th>Indicative limits/bona fide test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 500,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments abroad relating to freight and insurance (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees are permitted in general, subject to the presentation of supporting documentation to the authorized intermediary.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Payments for depreciation of direct investments require minister of finance authorization, because this type of depreciation is not specifically mentioned in the regulations.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Outward transfers of interest payments and proceeds from the liquidation of investments may be made by authorized banks, subject to presentation of supporting documents.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Residents of the WAEMU zone traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a person a trip; larger amounts may be taken out in the form of traveler’s checks, certified checks, or other means of payment and with supporting documentation for customary travel expenses.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident travelers must present a travel document and a valid passport or a national identity card to an authorized intermediary (bank or exchange bureau) before foreign exchange is issued.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approval is required for payment of family maintenance expenses abroad.</td>
<td>Yes.</td>
<td>Yes.</td>
<td>No.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All personal payments may be made through an authorized bank, subject to presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Indicative limits/bona fide test  Yes. Payments abroad related to wages, salaries, and honoraria; contributions and benefits; pensions and work-related activities; and service contracts are generally authorized on presentation of the appropriate documentation.

Credit card use abroad  Yes. The use of payment and withdrawal cards issued by authorized intermediaries or specialized agencies is permitted. The amounts debited from the accounts of residents who hold such cards must be strictly limited, by authorized intermediaries and issuing agencies, to the standard personal travel fee rules. Resident agencies that issue payment and withdrawal cards retain their customers’ expenditures abroad, in whatever form they might be. They transmit a summary statement of these amounts to the BCEAO Directorate of External Finance at the end of each quarter.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes. Allocations of foreign currency delivered by authorized intermediaries in the form of traveler’s checks, debit cards, or prepaid cards must be justified by requirements relating to ordinary personal travel expenses if they exceed the equivalent of CFAF 2 million.

Other payments  Yes.

Prior approval  No.

Quantitative limits  No. Purchases for purposes other than direct investment in a business, branch, or company do not require prior authorization. They require declaration to the MOF and the BCEAO for statistical purposes.

Indicative limits/bona fide test  Yes. As a general rule, payments abroad in amounts greater than CFAF 500,000 are subject to the presentation of supporting documentation to the relevant authorized intermediary.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  Yes. Proceeds from invisible transactions with non-WAEMU countries must be repatriated. Residents of the WAEMU zone are required to surrender to an authorized intermediary bank all foreign currency income or proceeds collected abroad or remitted by a nonresident. Resident economic operators are required to liquidate and repatriate all proceeds from the sale of merchandise abroad at the bank issuing payment within one month of the payment date.

Surrender requirements  Yes.

Surrender to the central bank  Yes. Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

Surrender to authorized dealers  Yes. All proceeds from invisible transactions with non-WAEMU countries must be surrendered to an AD within one month of the due date. Resident travelers must surrender to an authorized intermediary, within eight days of their arrival in Senegal, foreign banknotes and other means of payment denominated in foreign currency worth more
Restrictions on use of funds  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**  Yes.  Capital transactions between WAEMU countries are unrestricted. Outward capital transfers require minister of finance authorization, except (1) amortization of debts and repayment of short-term loans to finance industrial and commercial operations, (2) payments required on foreign exchange derivatives transactions or raw material or commodity derivatives transactions, and (3) transfers of the proceeds of liquidated investments or the sale of foreign securities by nonresidents of the WAEMU zone. Capital receipts from non-WAEMU countries are generally permitted.

Repatriation requirements  Yes.  Proceeds from the sale or liquidation of residents of the WAEMU zone’s investments abroad must be repatriated within one month through a registered intermediary, if the resident does not have a reinvestment authorization.

**Surrender requirements**  Yes.

Surrender to the central bank  Yes.  Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. However, all foreign exchange assets in excess of these requirements must be immediately surrendered to the BCEAO. Moreover, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

Surrender to authorized dealers  Yes.  Proceeds from the sale or liquidation of residents of the WAEMU zone’s investments abroad must be repatriated and surrendered within one month through a registered intermediary, except if the resident does have a reinvestment authorization. The surrender requirement applies to proceeds from all capital transactions.

**Controls on capital and money market instruments**  Yes.  RCPSFM authorization is required for the following operations: (1) issuance or marketing of securities and real assets of foreign entities, (2) canvassing, and (3) publicity or advertising for investment abroad. Securities and mutual funds issued outside the WAEMU by a private or public entity that is not a resident of a member country may not be listed on a regional securities exchange. Soliciting the public of the WAEMU by nonresident entities is subject to authorization by the BCEAO in its capacity as the authority responsible for regulating the external financial relations of WAEMU countries. The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

On capital market securities  Yes.  The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

Shares or other securities of a participating nature  Yes.

Purchase locally by nonresidents  No.  Purchases in the country by nonresidents of the WAEMU zone are
unrestricted. However, nonresidents are required to report these operations for statistical purposes to the MOF and the BCEAO.

**Sale or issue locally by nonresidents** Yes. The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to authorization from RCPSFM (Regional Council on Public Savings and Financial Markets), with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the minister of finance for approval, accompanied by supporting documentation.

**Purchase abroad by residents** Yes. The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to minister of finance authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

**Sale or issue abroad by residents** No. Residents of the WAEMU zone may sell local corporate securities abroad. The sale of securities to liquidate an investment abroad must be declared to the minister of finance for statistical purposes. Residents of the WAEMU zone may also issue securities abroad, except for those constituting a loan. Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone, unless otherwise specified by the minister of finance, must be carried out through authorized intermediaries for all cases in which the sums borrowed are made available to the resident. All foreign borrowing must be declared to the minister of finance and the BCEAO for statistical purposes.

**Bonds or other debt securities** Yes. The regulations governing shares or other securities of a participating nature apply.

**Purchase locally by nonresidents** No. These purchases are subject to declaration to the MOF for statistical purposes. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.

**Sale or issue locally by nonresidents** Yes. The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the minister of finance for approval, accompanied by supporting documentation (Article 8, Rule No. 09/10/CM/UEMOA).

**Purchase abroad by residents** Yes. The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to minister of finance authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries is authorized by the RCPSFM.

**Sale or issue abroad by residents** No. Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of resident
entities, foreign investors are required to make a declaration to the MOF. The sale of securities for liquidation of an investment abroad must be declared to the MOF for statistical purposes. Issuance of securities constituting a loan by residents of the WAEMU zone to nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.

<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Yes.</th>
<th>The regulations governing shares or other securities of a participating nature apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>Purchases in the country by nonresidents of the WAEMU zone are subject to declaration for statistical purposes only.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>The issuance and sale of money market instruments by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of money market instruments resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of money market instrument transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the minister of finance for approval, accompanied by supporting documentation (Article 8, Rule No. 09/10/CM/UEMOA).</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>The purchase of foreign money market instruments by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to minister of finance authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign money market instruments whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell money market instruments abroad. Sales liquidating an investment are subject to declaration to the minister of finance for statistical purposes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On collective investment securities</th>
<th>Yes.</th>
<th>The regulations governing shares or other securities of a participating nature apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the minister of finance for approval, accompanied by supporting documentation.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to minister of finance authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of resident</td>
</tr>
</tbody>
</table>
entities, foreign investors are required to make a declaration to the MOF. The sale of securities for liquidation of an investment abroad must be declared to the MOF for statistical purposes. Issuance of securities constituting a loan by residents of the WAEMU zone to nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.

**Controls on derivatives and other instruments**  Yes. Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial or financial operations: (1) imports and exports of goods and services by a resident; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Residents of the WAEMU zone may hedge risk using derivatives. They must be backed by the residents of the WAEMU zone’s imports or exports of raw materials and commodities. Residents of the WAEMU zone are not authorized to purchase raw materials or commodities on foreign markets for delivery within the framework of a derivatives transaction in raw materials or commodities.

**Purchase locally by nonresidents**  No. The purchase of derivatives by nonresidents of the WAEMU zone on the domestic market is treated as a loan contracted by a resident with a nonresident. As such, it is permitted. The purchase must be executed through an authorized intermediary and must be reported to the MOF and the BCEAO for statistical purposes.

**Sale or issue locally by nonresidents**  No. These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone are permitted to purchase foreign exchange derivatives from nonresidents of the WAEMU zone.

**Purchase abroad by residents**  Yes. These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone call or put options on primary commodities or securities transactions. Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign credit institution.

**Sale or issue abroad by residents**  Yes. Residents of the WAEMU zone are permitted to purchase foreign currency sell options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (nonresident of WAEMU) credit institution.

**Controls on credit operations**  Yes. Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the minister of finance.

**Commercial credits**  Yes.

**By residents to nonresidents**  Yes. There are no controls on credits related to exports of goods. The date on which payment falls due is agreed to in the contract (in principle no later than 120 days after the date of shipment).

**To residents from nonresidents**  No. There are no controls, and repayments of commercial credits are generally conducted without prior authorization, subject to the presentation of documents attesting to the validity of the commercial operation or of the services rendered, as well as the payment due date, to the licensed intermediary bank responsible for handling the repayment.
### Financial credits

**By residents to nonresidents**
Yes. These credits require minister of finance approval. Transfers abroad of funds to service these facilities require an exchange authorization, subject to approval of the minister of finance and substantiated by documentation.

**To residents from nonresidents**
No. There are no controls on these credits, but they must be reported for statistical purposes to the MOF and the BCEAO when granted and when repaid, except for the following credits: (1) mail overdrafts: CFA franc overdrafts for durations not to exceed the normal mail delivery times; (2) LCs available by acceptance, issued to exporters at the request of the authorized intermediaries’ foreign correspondent banks; and (3) credit provided pursuant to a financial agreement between a WAEMU member country and a foreign government or pursuant to an interbank arrangement approved by the Directorate of External Finance. The necessary funds must be transferred from abroad through an authorized agent. There are no controls on repayment of loans, provided the authorized agent handling the settlement is furnished with documentation attesting to the validity of the transaction. Borrowing abroad is unrestricted.

### Guarantees, sureties, and financial backup facilities

**By residents to nonresidents**
Yes. The granting of guarantees and sureties is subject to minister of finance approval. Transfers abroad of funds to service these facilities require the issuance of an exchange authorization, subject to minister of finance approval and the submission of supporting documents.

**To residents from nonresidents**
No. These facilities may be granted freely, although the funds required for servicing them must be transferred abroad by an authorized bank. If, however, these transactions take place between a resident direct investment company and its parent company located abroad, they are considered to be direct investments and therefore require declaration to the MEF and the BCEAO for statistical purposes.

### Controls on direct investment

Yes. Direct investment implies control of a company or enterprise. Mere participation is not considered direct investment unless it exceeds 10% of the capital of a company. All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of WAEMU residents and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MEF authorization.

### Outward direct investment

Yes. All investment abroad by residents of the WAEMU zone is subject to minister of finance authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

### Inward direct investment

No. FDI, including by resident companies that are directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the minister of finance for statistical purposes. A share is not considered a direct investment, unless it exceeds 10% of the capital of a company.

### Controls on liquidation of direct investment

No. The liquidation of investments abroad must be reported to the MOF and the CB for statistical purposes. Reinvestment of the proceeds of liquidation is subject to MOF authorization. If reinvestment is not authorized, the liquidation proceeds must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents of the WAEMU zone is unrestricted but must be reported to the MOF and the CB for statistical purposes.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Authorization Required</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These purchases require minister of finance authorization.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>Purchases for purposes other than direct investment in a business, branch, or company are allowed. They require a declaration to the minister of finance and the BCEAO for statistical purposes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
<td>Sales by nonresidents of the WAEMU zone to residents of the WAEMU zone require the submission of supporting documentation to the authorized intermediary that handles the settlement and must be declared to the minister of finance.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td>Personal capital transactions between residents of the WAEMU zone and nonresidents of the WAEMU zone must be made through the BCEAO, the postal service, or an authorized intermediary bank, unless authorization is obtained from the minister of finance.</td>
</tr>
<tr>
<td>Loans</td>
<td>Yes.</td>
<td>The regulations governing securities and investments apply. Adam Smith may not engage in such operations as a professional occupation without first being licensed and included on the list of approved financial institutions.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>These transactions require minister of finance authorization. The individuals concerned may not engage in such operations as a professional occupation without first being licensed and included on the list of approved financial institutions.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>These transactions may be made freely but are subject to declaration for statistical purposes to the MEF and the BCEAO when disbursed and when repaid.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>Yes.</td>
<td>Inheritances and dowries are generally allowed. Gifts and endowments, however, are subject to MOF and BCEAO authorization. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Inheritances and dowries are generally allowed. Gifts and endowments, however, are subject to MOF and BCEAO authorization. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td>These transactions do not require authorization but are subject to declaration to the minister of finance and the BCEAO for statistical purposes.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>Yes.</td>
<td>Immigrants with resident status must obtain minister of finance authorization to settle debts contracted abroad, while they were nonresidents of the WAEMU zone.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>Yes.</td>
<td>These transactions are subject to minister of finance authorization if the value exceeds CFAF 500,000 a person. There are no restrictions on transfers of amounts below this threshold.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes.</td>
<td>These transfers are conducted freely through authorized intermediaries, subject to the presentation of supporting documents and compliance with the relevant provisions on combating money laundering and financing of terrorism.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes.</td>
<td>These transfers are conducted freely through authorized intermediaries, subject to the presentation of supporting documents and compliance with the relevant provisions on combating money laundering and financing of terrorism.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions**

Yes. The Uniform Law on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU by the Council of Ministers of the Union took effect September 28, 2012. Decision No. CM/UMOA/023/2012 sets the deadline...
(December 31, 2013) for including this law in the domestic legislation of the WAMU members. The National Assembly of Senegal adopted Uniform Act No. 2014-01 on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the WAMU, which was enacted January 6, 2014. The Uniform Act No. 2014-12 governing disputes over violations of the regulations on external financial relations of WAEMU Member States was enacted February 28, 2014.

Borrowing abroad

No. Foreign borrowing is unrestricted. For statistical purposes, these transactions must be declared to the minister of finance and the BCEAO when granted and when repaid.

Maintenance of accounts abroad

Yes. Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions for their own account or the accounts of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements. In accordance with Regulation No. 09/2010/CM/UEMOA on the External Financial Relations of the WAEMU Member States, to cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency. The total amount of these assets may not exceed 5% of the clients’ outstanding demand deposits. Assets in excess of foreign currency requirements must be surrendered to the BCEAO.

Lending to nonresidents (financial or commercial credits)

Yes. Commercial lending is allowed. Financial credits are subject to minister of finance authorization following BCEAO approval.

Lending locally in foreign exchange

Yes. These operations are properly provided for in the laws and regulations and are subject to the approval of the minister of finance following the approval of the BCEAO.

Purchase of locally issued securities denominated in foreign exchange

Yes. These purchases require minister of finance authorization if their issuance was not approved by the RCPSFM.

Differential treatment of deposit accounts in foreign exchange

Yes. A reserve requirement of 3% applies to WAEMU banks on March 16, 2017. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes the following four items: demand deposits; short-term loans; gross claims abroad, including customer foreign currency deposits; medium- and long-term loans. Reserve requirements are therefore established on a standard and/or settlement and/or securities account based on eligibility for calculation of reserves allocated by the MPC.

Liquid asset requirements

Yes. The Basel II/Basel III liquidity requirements are yet to be transported to the WAEMU. The 75% minimum liquidity standard and the standard for minimum 50% for banks to fund their activities with more stable sources of funding on an ongoing basis are temporarily maintained.

Interest rate controls

Yes. The wear rate in WAEMU member countries is set at 15% for banks and at 24% for decentralized financial systems.

Credit controls

Yes. Loans of any kind, CFA franc overdrafts, and, in general, any advances granted to nonresidents of the WAEMU zone are subject to
minister of finance authorization, after BCEAO approval. These claims are included in the external position of banks and financial institutions, which is subject to special monitoring.

Differential treatment of deposit accounts held by nonresidents

Yes. Banking regulations make no distinction among resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

Yes. Any overdraft or advance granted to a nonresident requires authorization by the minister of finance with the approval of the BCEAO.

Investment regulations

Yes. The regulations governing direct investments apply.

Abroad by banks

Yes. All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPNF.

In banks by nonresidents

Yes. The banking law stipulates that investment by any person in a bank that would have the effect of changing the minority and/or majority voting rights requires authorization by the minister of finance. This applies to resident and nonresident investors.

Open foreign exchange position limits

Yes. No prudential ratios apply. Banks may not maintain open foreign exchange positions because of the surrender requirement. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments, up to the equivalent of 5% of total customer demand deposits. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries assets to be allocated to current customer operations, listed as follows: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency. Limits apply to residents' foreign currency positions.

On resident assets and liabilities

Yes. No prudential ratios apply. Banks may not maintain open foreign exchange positions because of the surrender requirement. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries assets to be allocated to current customer operations, listed as follows: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

On nonresident assets and liabilities

Yes. No prudential ratios apply. Banks may not maintain open foreign exchange positions because of the surrender requirement. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts for the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries assets to be allocated to current customer operations, listed as follows: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.
institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

<table>
<thead>
<tr>
<th>Provisions specific to institutional investors</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
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<td>Limits (max.) on securities issued by nonresidents</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

Controls are imposed by the Inter-African Conference on Insurance Markets (CIMA Code).

The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

The Code of the Inter-African Conference on Insurance Markets (CIMA Code) requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.

The issuance, presentation, and floating of securities of any kind by foreign governments, local authorities, foreign companies, or international institutions are subject to authorization by the RCPSFM.

With the exception of foreign securities issued or sold with RCPSFM authorization in WAEMU member countries, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Changes during 2019 and 2020
No significant changes occurred in the exchange and trade system.
SERBIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance, May 15, 2002.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
Yes.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Other security restrictions
Yes.

As a member of the UN, Serbia observes and implements all mandatory measures of UNSC resolutions.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Serbia is the Serbian dinar.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement
Yes. In accordance with the revised IMF classification system of exchange rate arrangements, the de jure exchange rate arrangement is

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floating. The current Decision on the Dinar Exchange Rate Regime stipulates “managed floating.” Since the introduction of this exchange rate regime in 2001 and in accordance with its commitment to liberalization of the foreign exchange market, the NBS has tried to reduce its participation in the foreign exchange market and to adjust the features of the existing exchange rate regime in the direction of soft managed floating. This exchange rate regime enables the NBS to balance, when necessary, foreign exchange demand and supply and moderate excessive daily fluctuation of the exchange rate in either direction (appreciation or depreciation) that may occur under the influence of external or internal shocks to the national economy. The de facto exchange rate arrangement is classified as stabilized.

On January 1, 2020, the NBS changed the practice of publishing data on its activities in the interbank foreign exchange market from publishing daily data at the end of the day to publishing aggregated monthly data on the net purchase or net sale. Aggregated monthly data on the NBS net purchase/net sale are published in the regular press release on foreign exchange Reserves and Interbank Foreign Exchange Market Movements, which is published in the first half of the following month (usually between 10th and 15th). The NBS also publishes (1) a spreadsheet once in every quarter when the Inflation Report is published, with aggregated monthly data on the NBS net purchase/net sale in the interbank foreign exchange market, as part of the statistics related to the Inflation Report, and (2) aggregated monthly data on its purchase and sale in the interbank foreign exchange market (purchased plus sold), as part of the statistical set of data, approximately with the three-week time lag (there is a Release Calendar available on the same page).

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate** Yes.

The official middle exchange rate of the dinar against the euro is calculated at the end of each business day as the weighted average of the exchange rates applied in all individual euro transactions in the interbank spot foreign exchange market and in all individual euro transactions in the interbank foreign exchange market with a settlement date earlier than the spot value date (concluded from 9:00 a.m. to 4:00 p.m.), including transactions between the NBS and the banks (interventions). To ensure the conditions that the official middle exchange rate of the dinar against the euro reflects, as much as possible, the real trends in foreign exchange market, the NBS has precisely defined time frame – from 9:00 a.m. to 4:00 p.m. for transactions which will be included in calculation of the official middle exchange rate of the dinar against the euro. The NBS publishes information on the official middle rate of the dinar against the euro by 6:00 p.m. to take effect at 8:00 a.m. on the following business day. Five currencies are included in the list of currencies against which the official middle exchange rates of the dinar are quoted in the NBS list of official exchange rates and with which banks, public postal operators, and exchange bureaux may trade – the Chinese renminbi (since January 2015), Turkish lira (since December
Since the public postal operator was given the authorization to perform exchange operations by the amendments to the legislation that regulates postal services in Serbia, the NBS adopted the new Decision on Terms and Manner of Performing Exchange Operations and the Guidelines Implementing the Decision on Terms and Manner of Performing Exchange Operations. These regulations were adopted to regulate exchange operations not only for banks and authorized exchange dealers, but also for the public postal operator. This was done for the purpose of expanding the scope of money exchange market to include even the territories where no exchange bureaus and banks operate, which may increase the level of competition in this segment of the foreign exchange market and result in more favorable buying/selling rates of exchange for citizens. The official middle exchange rates are used for bookkeeping, statistics, and calculation of customs duty and other import fees, as provided by Article 41 of the Law on Foreign Exchange Operations. Exchange rates of the dinar against, effective September 30, 2019, with the inclusions of the Belorussian ruble, 22 currencies quoted in the NBS list of foreign exchange rates are used in trade between the NBS and residents with foreign exchange accounts at the NBS. According to Article 36 of the Law on Foreign Exchange Operations, resident beneficiaries of budget funds, beneficiaries of funds of mandatory social insurance organizations and local government budgets, and other public funds beneficiaries included in the consolidated treasury account system may have foreign exchange accounts only within the consolidated treasury account system maintained by the NBS, unless otherwise stipulated by a special law or international agreement. The Decision on the manner of performing transactions between the NBS and the Treasury Administration through the consolidated treasury account system for foreign exchange funds has been in force, since February 27, 2017. Exchange rates of the dinar against three currencies quoted in the NBS exchange rate list for foreign cash are used in cash trade between the NBS and banks. The NBS trades only in cash euros, US dollars, and Swiss francs. The NBS does not conduct foreign exchange cash operations with resident and nonresident natural persons or with foreign exchange bureaus. Exchange rates for foreign cash are also used for calculation and payments of foreign cash to residents with foreign exchange accounts with the NBS in connection with official travel. The Decision on Operating Terms and Procedures in the Foreign Exchange Market allows the NBS to publish by 2:00 p.m. each business day information on the indicative exchange rate of the dinar against the euro based on banks’ reported data on direct spot trade and trade with execution dates before spot currency dates of euros with other banks concluded from 9:00 a.m. to 12:30 p.m.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework Yes.
### Target setting body

| Yes. | Government |
| Yes. | Central Bank |
| **Monetary Policy Committee** |
| **Central Bank Board** |
| **Other** |

| Yes. | Government and Central Bank |

Inflation targets will be set by the NBS, in cooperation with the government, on the basis of an analysis of current and expected macroeconomic movements and the medium-term plan of changes in prices under direct or indirect regulation of the government. In principle, the NBS has operational freedom to set the target, on consulting the government. The decision within the Executive Board can be taken by majority vote, but in practice, they are reached by consensus.

### Inflation target

| Yes. | Target number |

| Yes. | Point target |

| Yes. | Target with tolerance band |

The inflation target is set at 3% with a tolerance band of ±1.5 percentage points (pps). The target is for now set at that level until end-2022.

### Band/Range

| Yes. | Target measure |

| Yes. | CPI |

Inflation targets will be set for several years ahead as point targets with a tolerance band and defined in terms of the annual percentage change in the CPI (NBS’s Memorandum on Inflation Targets until 2022 adopted by the NBS Executive Board in 2019).

### Core inflation

| Yes. | Target horizon |

The target is continuous, meaning it is set for every month of the monetary policy horizon.

| Yes. | Operating target (policy rate) |

Key policy rate is the main monetary policy instrument applied in the main open market operations which are currently one-week reverse repo transactions (liquidity absorbing operations). Auctions are held once a week by the variable multiple rate method with the key policy rate as a maximum rate which can be offered by banks.

| Yes. | Policy rate |

The policy rate is the interest rate on (reverse) repo transactions with a one-week maturity. The key policy rate is a maximum rate which can be offered by banks on the one-week reverse repo auctions and it has been currently fixed at 1.25% as of June 11, 2020.

| Yes. | Target corridor band |

Lower bound of the band is the rate on (overnight) deposit facilities (currently set at 0.25%: reference rate −1 percentage point). Upper bound of the band is the rate on (overnight) standing facilities (currently set at 2.25%: reference rate +1 percentage point).

| n.a. | Other |

| Yes. | Accountability |

| No. | Open letter |
Parliamentary hearings  No.

Other  Yes.  If the projected inflation deviates from the target, the NBS undertakes measures to bring it back to the target in the medium term. If the departure of inflation from the set target tolerance bands (below 1.5% or above 4.5%) lasts for six consecutive months, the NBS is obliged to notify the government about the reasons for such departure, measures to be taken, and the time needed for inflation to return to the target level.

Transparency  Yes.

Publication of votes  n.a.  Decisions of the Executive Board as a whole are published, without specifying individual votes or number of votes in favor of or against the decision. Typically, decisions are made by consensus.

Publication of minutes  No.  The NBS does not publish minutes.

Publication of inflation forecasts  Yes.  Inflation forecasts are published quarterly in the Inflation Reports. The Inflation Report contains information on the current and expected inflation, analysis of underlying macroeconomic developments, explanation of the reasoning behind the decisions of the Executive Board, and an assessment of the monetary policy efficiency as implemented during the previous quarter. Integral parts of this report are inflation projection for eight quarters ahead, assumptions on which such projection is based, and an analysis of the basic risks involved in the achievement of target inflation.

Other monetary framework

Exchange tax  No.  Exchange subsidies have been removed.

Exchange subsidy  No.

Foreign exchange market  Yes.  In the first years of the implementation of the managed floating exchange rate regime (2001–04), the highest volume of trade was performed at the fixing sessions organized by the NBS in which the NBS and banks participated. Banks could also trade among themselves at the fixing session, and the NBS, to reduce its share, encouraged banks to satisfy, as much as possible, their demand for foreign exchange in mutual trade. The interbank foreign exchange market outside the fixing session has been under development in these years. During the following years, the interbank trade outside the fixing session increased and when the total volume of trade at this market segment exceeded the total trade at the fixing session, the NBS decided to eliminate its regular daily fixing sessions (in June 2007). The NBS started to gradually withdraw from the market and participated only when necessary for stabilization. However, with the beginning of the international financial crisis, in October 2008, the NBS was forced again to increase its participation in the interbank foreign exchange market to moderate excessive daily fluctuation of the exchange rate in the direction of the depreciation of the dinar.

As of July 31, 2020, there were 2,487 foreign exchange dealers licensed by the Tax Administration and the NBS, which perform activities at 3550 exchange points, in addition to the currently 28 banks licensed by the NBS and one public postal operator which performs foreign exchange activities based on a separate law governing its activities. The NBS undertakes the activities of supervising exchange offices and issuing and revoking authorizations for the performance of exchange operations as well as the activities of supervising the foreign exchange operations of residents and nonresidents, as stipulated by the Law on Amendments and Supplement to the Law on Foreign Exchange operations. As of
December 31, 2018, there were 27 banks licensed by the NBS. As of July 11, 2019, there are 26 banks licensed by the NBS. As of December 31, 2019, there were 26 banks licensed by the NBS and the same as of June 30, 2020.

Once a day, at the start of each business day, banks freely set and announce their exchange rates for foreign exchange and foreign cash based on cross-currency relations in foreign markets. Banks apply the rates that fall within the range of the quoted buying and selling rates for foreign exchange and/or foreign cash in trade with residents and nonresidents. Public postal operator and licensed foreign exchange dealers also freely set their foreign exchange rate lists at the start of each business day in line with the foreign exchange rate lists applicable to foreign cash of the bank and/or banks with which they entered into an agreement. They purchase and sell foreign cash by applying current buying and selling rates specified in their foreign exchange rate list, but they may not exceed the quoted range.

Effective January 1, 2019, the buying rate per unit of foreign currency – the euro – cannot be lower than the official middle rate of the dinar against the euro applicable on that day by more than 1.25%, and/or selling rate per unit of foreign currency – the euro – cannot be higher than the official middle rate of the dinar against the euro applicable on that day by more than 1.25%. This ±1.25% range around the official middle rate of the dinar against the euro applies only to postal operators and authorized exchange dealers transacting with natural persons, while it is not prescribed for commercial banks.

Effective January 1, 2019, when the public postal operator and authorized exchange dealers purchase foreign cash from natural persons, their commission may not exceed 1% of the value of undamaged banknotes from natural persons, and/or circulating banknotes within the meaning of the provisions of Decision on Terms and Manner of Performing Exchange Operations. Previously, the maximum commission limit was 3%.

Since January 2015, the renminbi is included in the list of foreign exchange and foreign cash that banks may trade with and in the list of foreign cash that licensed exchange dealers may buy and sell. Turkish lira (since December 2017), Bulgarian lev and Romanian leu (since February 2018), and Belarusian ruble (effective September 30, 2019) are included in the list of foreign exchange and foreign cash that banks may trade with and in the list of foreign cash that licensed exchange dealers may buy and sell. The public postal operator was given the authorization to perform exchange operations by the amendments to the legislation that regulates postal services in Serbia. To comply with that, the manner of setting the public postal operator’s exchange rate list for foreign cash was prescribed, as well as the method of applying that exchange rate list. Also, types of foreign cash that could be purchased and sold by the public postal operator were prescribed. Public postal operator has been performing foreign exchange operations based on a separate law governing its activity under conditions similar to the conditions prescribed for foreign exchange dealers. Also, the public postal operator may trade with the renminbi (since July 2015) and Turkish lira (since December 2017). The Decision on the Types of Foreign Exchange and Foreign Cash to be Purchased and Sold in the Foreign Exchange Market added two new currencies in the list of foreign currencies that may be traded in the foreign exchange market in the Republic of Serbia, in the form of foreign exchange and foreign cash – the Bulgarian lev and Romanian leu (since February 2018). In addition, since February 2018, trading in the form of foreign exchange was enabled for those
currencies for which until then was allowed to trade only in the form of foreign cash, namely the Hungarian forint, Polish zloty, Czech koruna, convertible mark, and Croatian kuna. Also, the Kuwaiti dinar was introduced in the NBS exchange rate list for foreign exchange.

To improve the bank’s reporting system and raise the efficiency of monitoring the foreign exchange market, banks were obliged to submit data on the nonresidents’ dinar accounts. To further improve the bank’s reporting system, banks were obliged to submit data on payment card transactions impacting the bank’s foreign exchange position (transactions under payment cards issued abroad and used for dinar payments in the country and transactions under payment cards issued in the country and used for foreign exchange payments abroad). To further improve the bank’s reporting system, the NBS obliged banks to submit data on foreign exchange-indexed loans and deposits.

Effective May 8, 2020, in relation to the COVID-19 pandemic, the NBS applies the official middle exchange rate of the dinar as specified in the current exchange rate list when buying and selling foreign exchange and foreign cash from and to residents who have foreign exchange accounts with the NBS. Previously, the provision was limited to specific accounts for disaster assistance and applied to commercial banks as well.

In the spot exchange market, the purchase or sale of foreign currency in exchange for dinars takes place two business days following the day of conclusion of the purchase or sale agreement. As of December 31, 2018, 27 banks and a huge number of nonresidents and residents participate in the spot foreign exchange market. As of July 11, 2019, 26 banks participate in the spot foreign exchange market.

As of December 31, 2019, 26 banks participate in the spot foreign exchange market. The same figure stood as of June 30, 2020.

The spot foreign exchange market involves: transactions between commercial banks (excluding the NBS transactions) and transactions between banks and clients—residents and nonresidents.

As of December 31, 2018, there were 2,619 foreign exchange bureaus and one public postal operator which perform foreign exchange activities based on a separate law governing its activities which may purchase from and sell to natural persons only foreign cash. They may not have accounts abroad or make foreign currency payments or transfers on behalf of their clients. The period during which exchange bureaus must transfer any excess amount of dinars to their current account with a bank is seven working days. Effective January 1, 2019, the threshold that determines the excess amount of dinars exchange bureaus must transfer to their current account with a bank is triple the average daily amount of dinars used for the purchasing of foreign cash in the month with the highest purchase in the preceding 12 months. If the foreign exchange dealer works less than a month, the triple average daily amount of dinars is determined according to the week with the highest purchase. Previously, the threshold was double the average daily amount of dinars used for purchasing foreign cash in the month (week if exchange dealer worked less than a month) with the highest purchase in the preceding 12 months.

Resident humanitarian organizations may receive funds and donations for humanitarian purposes from abroad, which takes place through the electronic money issuer.

The NBS may participate in the interbank foreign exchange market in different ways: by selling and purchasing foreign exchange bilaterally (through Refinitiv foreign exchange Trading) and by organizing spot auction sales and purchases. Also, the NBS organizes, in accordance with its calendar of regular euro/Serbian
dinar swaps, auctions of swap sale, and purchase of euros for dinars with maturity of three months and two weeks. Only the banks can participate in these auctions.

<table>
<thead>
<tr>
<th>Foreign exchange standing facility</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

With the beginning of the international financial crisis and market disruptions, the NBS introduced spot auctions in December 2009 as a way of participating in the interbank foreign exchange market. Following its commitment to liberalize the foreign exchange market and decrease its market participation, the NBS organizes spot auctions only when necessary to stabilize the foreign exchange market. Spot auctions were organized as variable price auctions with the NBS purchasing/selling foreign exchange at the multiple rate – exchange rates offered by the banks whose bids are accepted at the auction or at the single rate – at the same exchange rate from each bank whose bid was accepted at the auction. The NBS last organized auctions in 2012.

To encourage development of the interbank swap market and support euro and dinar liquidity management of the banks, the NBS organizes weekly swap auction sales and purchases of foreign exchange for dinars with maturity of three months (from March 2011, every Tuesday) and two weeks (from March 2013, every Friday).

The regular swap auctions are organized in the variable method – with multiple swap points. However, effective March, 31, 2020, until the end of May 2020, the NBS organized them in the fixed method with preannounced fixed swap points at favorable rates to give support to the domestic financial system in the conditions of COVID-19.

<table>
<thead>
<tr>
<th>Fixing</th>
<th>No.</th>
</tr>
</thead>
</table>

With amendments to the Law on Foreign Exchange Operations, the NBS has abolished the possibility of organizing the fixing sessions. The NBS has not intervened by organizing fixing sessions since February 2009.

| Interbank market           | Yes. |

Banks are free to set their own buying and selling rates for foreign exchange based on supply and demand but must observe the cross-rates prevailing in the international market. Banks may buy and sell foreign exchange on the interbank market at mutually agreed rates. The NBS generally intervenes by selling or purchasing foreign exchange as a price taker, at the best-quoted rate of market participants through the Refinitiv foreign exchange -Trading. There is no brokerage or market-making system. As of December 31, 2018, there were 27 banks that participated in foreign exchange market. As of July 11, 2019, there are 26 banks that participated in foreign exchange market. The interbank foreign exchange market involves transactions between banks (excluding the NBS transactions)—transactions with value date shorter than spot, spot, forward, and swap transactions.

| Over the counter            | Yes. |

As of December 31, 2019, there were 26 banks that participated in the interbank foreign exchange market. The same figure stood on June 30, 2020.

<table>
<thead>
<tr>
<th>Brokerage</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Forward exchange market    | Yes. |

Forward purchases and sales of foreign exchange are permitted, provided their terms of delivery are longer than spot dates. Forward and swap foreign exchange interbank markets are not developed and...
banks rarely conclude forward and swap transactions. The forward and swap foreign exchange market involves: transactions between banks and transactions between banks and clients—residents and nonresidents, excluding the NBS transactions. Banks conclude forward sales to residents (such as importers) in higher amounts than forward purchases from residents (such as exporters) in the forward market. Also, banks have important clients among nonresident banks, and they trade mostly through large numbers of foreign exchange swap transactions. The NBS participates in swap transactions. In early March 2011, the NBS reinstated its three-month foreign exchange swap auctions as a regular instrument for supplying foreign exchange/dinar liquidity. These weekly auctions are conducted under market conditions and without preannounced limits of quantities of liquidity, aim to bolster interbank swap trading and the development of foreign exchange hedging instruments. Further, in March 2013 the NBS started to organize weekly two-week foreign exchange swap auctions to supply additional euro and dinar liquidity.

Official cover of forward operations  No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.

Controls on the use of domestic currency  Yes.

For current transactions and payments  Yes. Payments for current international transactions in Serbia may be made and received in dinars under the conditions prescribed by the decision of the NBS on the conditions and manner of conducting international payment transactions.

For capital transactions  Yes. Payments in Serbia may be made and received in dinars for all capital transactions allowed by the Law on Foreign Exchange Operations, under the conditions prescribed by the decision of the NBS on the conditions and manner of conducting international payment transactions.

Transactions in capital and money market instruments  Yes.

Transactions in derivatives and other instruments  Yes.

Credit operations  Yes. Credits in dinars granted by resident banks to nonresidents and borrowing in dinars by residents from international financial organizations, development banks, and financial institutions founded by foreign states are considered foreign credit transactions and may be carried out as prescribed by the NBS. Banks may grant credits in dinars to nonresident legal entities and natural persons by crediting a payment card account with a bank in Serbia and by crediting the account of a resident seller and/or lessor to whom the nonresident owes payment under current or capital transactions permitted by the Law on Foreign Exchange Operations. Banks may also grant credits in dinars to an international financial organization and development bank or a financial institution founded by a foreign state without any limitation on the maturity. Dinar loans by international financial organizations, development banks, and financial institutions founded by foreign states to residents may be granted without a foreign currency clause and with maturity longer than one year; credits for agricultural financing or export financing may have a shorter term (longer than three months). Dinar loans may be granted with a possibility of prepayment and change of currency in accordance with
the lending program/business standards of an international financial organization whose articles of agreement or an agreement regulating its activities in Serbia has been ratified. Dinar loans may be granted from the proceeds of current and capital transactions, including the proceeds of the primary sale of long-term dinar debt securities, issued by the foreign creditor.

<table>
<thead>
<tr>
<th>Use of foreign exchange among residents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Payments among residents must be effected in dinars. In exceptional cases, payments may be effected in foreign exchange, according to the Law on Foreign Exchange Operations.

Exchange control is carried out by the government authorities and the NBS. The NBS supervises foreign exchange operations of banks, electronic money institutions with their head office in Serbia, and payment institutions—by following a procedure laid down in the law governing their operations as well as international payment transactions carried out by the public postal operator—by following a procedure laid down in the law governing payment services. Effective January 1, 2019, the NBS took over from the Tax Administration the supervision of foreign exchange operations of residents and nonresidents, as well as supervision of exchange operations under the Law on Amendments and Supplement to the Law on Foreign Exchange Operations. Customs authorities control the exportation and importation of foreign and local currency, securities, and gold taken out or brought into Serbia or transmitted by mail or other means. They also control the exportation of foreign exchange by authorized banks.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Official</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

An agreement has been reached with Paris Club creditors to reduce the debt to official bilateral creditors and with London Club creditors to reduce the debt to commercial banks. Agreements have been reached with China and Kuwait to restructure the debt to these creditors. Agreements have been also reached with the Czech Republic and Slovak Republic on the settlement of the debt of the Republic of Serbia toward these countries. Discussions are ongoing with other official bilateral creditors.

<table>
<thead>
<tr>
<th>Controls on trade in gold (coins and/or bullion)</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Only gold producers may engage in domestic trade in unrefined gold. Exports and imports of gold by residents are subject to the regime for goods exports and imports. The ministry in charge of foreign trade issues licenses on the request of legal persons or entrepreneurs. Exports and imports of dinars and foreign currency are allowed under the conditions prescribed by the decision on personal and physical
transfer of means of payment to and from abroad. Banks may freely export and import dinars and foreign currency.

**On exports**

*Domestic currency*

Yes. Resident and nonresident natural persons may freely take out of Serbia dinars in amounts up to the equivalent of €10,000 a person. In addition, resident natural persons may take out of Serbia up to three sets of dinars for numismatic purposes. Additionally, residents may take out dinars from the Republic of Serbia for the purpose of testing automated teller machines (ATMs) with NBS approval issued on the basis of elaborated request submitted by the evidence of using such machines in the performance of a registered activity and along with the guarantee of foreign company that the dinars so received will be returned after the testing but not later than three months from the day they were received. Exportation of NBS-issued commemorative coins by residents requires written NBS permission, and foreigners may take these commemorative coins out of the Republic based on a certificate issued by an authorized seller certifying that such coins have been purchased in the Republic, or based on a certificate issued by the customs authority certifying that such coins have been brought into the Republic. Banks may freely take dinars out of Serbia for sale to foreign banks on the condition that they submit to the customs authority two copies of the payment order, one of which is retained for supervision purposes.

*Foreign currency*

Yes. Resident natural persons may freely take abroad foreign currency and checks up to €10,000. Emigrants may freely take abroad foreign cash up to €10,000; for an amount exceeding €10,000, evidence of emigration is required. A nonresident natural person may freely take abroad foreign cash in the amount of up to €10,000. If a nonresident takes dinars and foreign cash abroad at the same time, the sum of these must not exceed €10,000. Nonresident natural persons may take abroad more than €10,000 foreign cash if the amount was declared on entering Serbia, if the amount was withdrawn from a foreign exchange account or foreign exchange passbook in a local bank, or if the amount was acquired by selling dinars obtained through the use of a payment card in Serbia as evidenced by prescribed documents. Authorized banks may freely export foreign currency for replenishing their accounts with foreign correspondent banks. However, the bank must submit to the customs authority two copies of the order for the transfer of foreign currency for certification and must file one certified copy of the order for control purposes.

**On imports**

*Domestic currency*

Yes. Residents and nonresidents may freely bring in dinars up to the equivalent of €10,000 a person. In exceptional cases, residents and nonresidents may import domestic banknotes exceeding this amount, provided the banknotes were purchased at a foreign bank and the purchase receipt is presented to the customs office for inspection on entering the country. Banks may import dinars that have not been sold abroad; the customs authority restamps the originally stamped dinar export order.

*Foreign currency*

No. Resident and nonresident natural persons may freely import foreign cash. However, a resident natural person must declare to the competent customs authority any amount of foreign cash that exceeds the amount specified in the law on the prevention of money laundering, while nonresidents must report amounts exceeding €10,000 to the customs authorities, which issue the respective certificate. Banks may freely import foreign currency.
Foreign exchange accounts permitted  Yes.  Resident natural persons, legal entities, entrepreneurs, and branches of foreign legal entities may hold current and deposit foreign exchange accounts freely and perform all kinds of current and permitted capital transactions abroad. In addition to a current and deposit foreign exchange account, a bank may open other foreign exchange accounts for a resident for specific purposes. Additionally, resident legal entities and natural persons may open joint current accounts in terms of the law governing payment services, while natural persons may open joint deposit accounts too. Per the Decision on the Conditions of Opening and Manner of Maintaining Foreign Exchange Accounts of Residents and Dinar and Foreign Exchange Accounts of Nonresidents entered into force, bank after closing the foreign exchange account issues the account closing certificate, including the information that all obligations toward the bank in relation to opening, maintaining, and closing the account were settled.

Banks must submit to the NBS data on foreign exchange accounts of residents’ legal entities, entrepreneurs as well as natural persons. The NBS uses these data for a single register of accounts, which is published on its website, while data on foreign exchange accounts of natural persons are not publicly available. Resident beneficiaries of the budget funds of Serbia, of funds of mandatory social insurance organizations, and of local government budgets, as well as other public funds beneficiaries included in the consolidated treasury account system, must hold their foreign exchange accounts with the Treasury Administration within the consolidated treasury account system maintained by the NBS, unless stipulated otherwise by a separate law or an international agreement, and they may sell to the NBS foreign exchange and foreign cash generated by their operations. As an exception, these residents may open a foreign exchange account with an authorized bank, with MOF approval, for payments that cannot take place through the NBS, or perform individual foreign payment operations through an electronic money issuer or payment institution, provided specific characteristics of the beneficiary’s activities make this necessary. Banks may hold foreign currency only with other authorized banks and the NBS. According to the Law on Foreign Exchange Operations, and the NBS Decision on the Manner of Performing Transactions Between the NBS and the Treasury Administration through the Consolidated Treasury Account System for Foreign Exchange Funds (RS Official Gazette No. 78/2015), the NBS must perform foreign exchange operations, on behalf of the Treasury Administration, through the consolidated Treasury account system for foreign exchange funds—for the public funds beneficiaries of Serbia.

Approval required  No.

Held abroad  Yes.  Banks may, without any restrictions, keep foreign exchange in bank accounts abroad. Other residents may hold foreign currency in accounts with foreign banks freely in certain cases prescribed by the NBS. These residents are: diplomatic, consular, and other representative offices of the Republic of Serbia abroad and domestic nationals employed in these representative offices, persons sent abroad for professional training and education; persons appointed to

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
work in a government mission abroad; persons emigrating from Serbia; and persons selling real estate abroad. In addition, resident Serbians with dual citizenship, resident Serbian citizens who stay abroad no longer than one year (with a work visa, leave to remain, and so on), and those entitled to foreign pensions in countries without an international treaty covering pension payments may hold foreign exchange in accounts with banks abroad.

Subject to the approval of the NBS, residents may maintain foreign exchange in accounts abroad for (1) performing construction work; (2) covering current costs of representative offices and branches of legal entities; (3) financing exploration work; (4) settling tax and other liabilities under public law to a foreign state—concessor, in respect of concession revenue, if the regulations of the foreign state stipulate that these liabilities are to be settled exclusively through a bank account in that state; (5) investments of insurance companies; (6) making guarantee deposits for participation in bidding or tender procedures and/or sending bids for the acquisition of shares; (7) making a guarantee deposit under a guarantee issued by a foreign bank to a resident who performs construction work abroad; the deposit may be up to the amount specified in the bank’s request for guarantee deposit and/or guarantee agreement; (8) using foreign financial credits for payments abroad, if the disbursement of such credits is conditional on holding funds with a foreign bank; (9) purchasing securities abroad in accordance with the Law on Foreign Exchange Operations if the regulations of the foreign state stipulate that this purchase may be performed exclusively through a bank account in that state; (10) collecting payments against court decisions; (11) covering costs of medical treatment abroad as well as the costs of residing abroad for medical treatment; (12) collecting grants and cash donations from abroad for scientific, cultural, and humanitarian purposes; (13) making collections in respect of tax refund in foreign state if a regulation of that state stipulates that refund be effective exclusively via an account with the bank in that state; (14) making collections in respect of the sale of securities purchased abroad and revenue from securities purchased abroad in accordance with the Law on Foreign Exchange Operations if regulations of the foreign state prescribe that holding foreign exchange in a bank account abroad is a condition for such collections. For all the above-mentioned cases, residents must submit to the NBS supporting documents prescribed by the NBS. Insurance companies may deposit and invest up to 25% of prescribed core capital abroad, with the prior NBS approval.

Effective February 22, 2020, residents may hold foreign exchange abroad subject to approval of the NBS on two new grounds: (1) making collections based on the refund of funds invested in a company established abroad (the sale of a company, wind-down of a company, profit from investment in a company, etc.) if regulations of the foreign state prescribe that holding foreign exchange in a bank account abroad is a condition for such collections, and (2) for settlement of liabilities abroad arising in relation to the resident’s balance responsibility as a participant in the energy transport system—based on an excerpt from the regulation of the relevant country envisaging that these liabilities can be settled only through the account with a bank in that country and the document proving this liability.

Accounts in domestic currency held abroad No.
Accounts in domestic currency convertible into foreign currency No.
Nonresident Accounts

Foreign exchange accounts permitted  Yes. Nonresident natural persons and legal entities may hold foreign exchange accounts with authorized banks as current, deposit, and other accounts opened for a specific purpose. Nonresident natural persons and legal entities may open joint current accounts, while natural persons may open joint deposit accounts too. Deposit accounts may be demand or time deposit accounts. Deposits may be held in currencies traded on the domestic foreign exchange market. Deposits to foreign exchange accounts of nonresident legal entities may be made by transfers; deposits to foreign exchange accounts of nonresident natural persons may be made by transfers or in cash. Account holders may use the foreign exchange in their accounts to make dinar payments in Serbia, transfer foreign exchange abroad, and make foreign exchange payments abroad or domestically, in accordance with existing regulations. Domestic payments, collections, and transfers in foreign currency involving these accounts are permitted only in cases specified in the Law on Foreign Exchange Operations. At the request of a nonresident, banks may purchase dinars from the nonresident’s dinar account and transfer foreign exchange to a nonresident’s foreign exchange account abroad based on proof of competent tax authorities that all tax liabilities to the Republic have been settled, except in case when banks transfer foreign exchange from deposit accounts of nonresidents, natural persons when the proof on the settlement of tax liabilities to the Republic of Serbia is not conditioning for this transfer.

Per the Decision on the Conditions of Opening and Manner of Maintaining Foreign Exchange Accounts of Residents and Dinar and Foreign Exchange Accounts of Nonresidents, bank after closing the foreign exchange account issues the account closing certificate, including the information that all obligations toward the bank in relation to opening, maintaining, and closing the account were settled.

Citizens of Serbia who have resided abroad for more than one year are considered nonresidents.

Approval required  No.

Domestic currency accounts  Yes. Nonresidents may hold domestic currency acquired through authorized transactions in current, deposit, or other accounts with authorized banks. Nonresidents may hold joint current, while nonresident natural persons may hold joint deposit accounts, too. Nonresidents may open accounts based on a written request, a contract with a bank, and prescribed documentation which has been simplified.

Per the Decision on Amendments and Supplements to the Decision on the Conditions of Opening and Manner of Maintaining Foreign Exchange Accounts of Nonresidents, bank after closing the dinar nonresident account issues the account closing certificate, including the information that all obligations toward the bank in relation to opening, maintaining, and closing the account were settled.

Convertible into foreign currency  Yes. Nonresidents may freely convert to foreign currency dinars acquired in accordance with the Law on Foreign Exchange Operations.

Approval required  No.

Blocked accounts  No.
**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for imports of goods and services are free of restrictions, provided documentary proof is submitted. International payment transactions may be executed without documentation in case when the bank and the order issuer conclude a written agreement stipulating that the order issuer is not required to submit to the bank, along with the foreign payment order, the documentation against which payment is to be made, except if it is required under other regulations.</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>There are no restrictions on advance payments for imports of goods and services. Goods and services paid for in advance but not imported for more than one year are considered foreign commercial credit transactions and reported to the NBS.</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may make international payments not only through banks but also through payment institutions and public postal operator providing payment services, in accordance with the law on payment services. Furthermore, residents may make international payments through domestic and foreign e-money institutions for electronic purchase of goods and services. Additionally, resident humanitarian organizations may receive funds from abroad, which takes place through the electronic money issuer, regarding humanitarian purposes donations. Residents may pay for imports with their own foreign exchange funds held with an authorized bank and may freely purchase foreign exchange in the foreign exchange market through an authorized bank. Residents must provide the bank with the standard import documentation. International payment transactions do not require documentation in case when the bank and the order issuer conclude a written agreement stipulating that the issuer is not required to submit to the bank, along with the foreign payment order, documentation, unless required under other regulations.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may pay for imports with their own foreign exchange funds held with an authorized bank and may freely purchase foreign exchange in the foreign exchange market through an authorized bank. Residents must provide the bank with the standard import documentation. International payment transactions do not require documentation in case when the bank and the order issuer conclude a written agreement stipulating that the issuer is not required to submit to the bank, along with the foreign payment order, documentation, unless required under other regulations.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Decision on Determining Goods Subject to the Issuance of Specific Documents on Exportation, Importation, or Transit provides lists of goods for whose import, the issuance of specific documents is required. Licenses are required for imports of sport and hunting arms and ammunition, firearms, explosives and raw materials used in explosives, certain precious metals (gold and silver), narcotics and their precursors, certain products for environmental protection purposes, as well as arms and military equipment, dual-use items, goods which could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment or punishment and other goods.</td>
<td></td>
</tr>
</tbody>
</table>
### Positive list

No. Goods not covered by the Decision on Determining Goods Subject to the Issuance of Specific Documents on Exportation, Importation, or Transit, the National Control List of Dual-Use Items and National Control List of Arms and Military Equipment or by the List of goods which could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment or punishment may be freely imported and exported.

### Negative list

Yes. Used motor vehicles may be imported if they are produced in accordance with the requirements prescribed by EU standard “Euro 3,” in particular with regard to the vehicles’ exhaust emissions and noise levels. Imports of specific types of hazardous waste, certain poisons, and substances damaging the ozone layer are prohibited. The import licensing requirement for specific groups of products (poisons, pesticides, fertilizers, seeds, seedlings, planting material) was abolished in 2009.

### Open general licenses

No.

### Licenses with quotas

Yes. The relevant ministries issue licenses administering quotas for imports of narcotics and substances damaging the ozone layer, in accordance with obligations arising from relevant international agreements. Ministry of Trade, Tourism and Telecommunications issues licenses for import of cigarettes from EU on tariff quota established in the Stabilisation and Association Agreement (SAA).

### Other nontariff measures

Yes. Annexes of the Decision on Determining Goods Subject to the Issuance of Specific Documents on Importation, Exportation, and Transit (RS Official Gazette No. 78/2018) contain lists of goods grouped by the relevant authority. Annex 1 lists goods licensed for importation, exportation, and transit by the Ministry of Trade, Tourism and Telecommunications. Annex 2 lists goods licensed by the Ministry of Health for importation, exportation, and transit of narcotics and psychotropic substances, and herbal product (importation and exportation of narcotic and psychotropic substances, and herbal product). Annex 3 lists goods licensed by the Ministry of Environmental Protection, such as substances that deplete the ozone layer, fluorinated gases, and plant and animal species whose importation and exportation are subject to documentation. Annex 4 lists goods (sources of ionizing radiation) whose exportation, importation, and transit are licensed by the Serbian Radiation and Nuclear Safety and Security Directorate. Annex 5A lists goods subject to certificates of conformity on importation. These certificates are issued by the appointed agencies and state administration authorities. Annex 5B of the same decision prescribes certificates of homologation (for imports of vehicles, parts, and equipment thereof). Certificates of homologation are issued by the Road Traffic Safety Agency. Domestic products are also subject to certificates of conformity and certificates of homologation. Annex 6 lists goods whose importation requires a document of compliance issued by the agency for electronic communication or another designated agency. Annex 7 lists chemicals and products whose imports or exports are prohibited. Imports of specific types of hazardous waste, certain poisons, and substances damaging the ozone layer are prohibited. Prescribed documents are required on importation of these items for sanitary, phytosanitary, and veterinary purposes. According to the decision, animals and animal products imported or in transit must comply with the Veterinary Law. All lists of goods comply with relevant international conventions and obligations.

### Import taxes and/or tariffs

Yes. The import tariff schedule has a maximum import duty of 30% and a simple average rate of less than 10%.
Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements: No. Exports of goods or services for which payments are not collected for more than one year are considered foreign commercial credit transactions and reported to the NBS.

Surrender requirements: No.

Surrender to the central bank: No.

Surrender to authorized dealers: No.

Financing requirements: No.

Documentation requirements: Yes.

Letters of credit: No.

Guarantees: No.

Domiciliation: Yes. Residents may make collections not only through banks, but also through payment institutions and public postal operator providing payment services, in accordance with the law on payment services. Furthermore, residents may make collections through domestic and foreign e-money institutions for electronic sale of goods and services. Per the Decision on Amendment to the Decision on Cases and Conditions of Payment, Collection of Payment, Pay-in and Pay-out in Foreign Cash, resident legal entities, entrepreneurs, and branches of foreign legal entities may receive funds from exports of goods and services in foreign cash up to €10,000 a transaction, provided this collection cannot take place through a bank. The foreign cash must be deposited in the resident’s foreign currency account with a bank no later than three business days from collection. In the event of force majeure (war, natural disasters, political events, government orders, and other similar circumstances), residents who hold foreign exchange abroad in accordance with the regulation on keeping foreign exchange in bank accounts abroad (for example, residents performing construction work abroad) may receive payment in foreign cash or withdraw foreign cash from their bank accounts abroad and may deposit that cash in the foreign currency account with a bank.

Preshipment inspection: No.

Other: No.

Export licenses: Yes. The Decision on Determining Goods Subject to the Issuance of Specific Documents on Exportation, Importation, or Transit provides lists of goods for whose export, the issuance of specific documents is required. Licenses are required for exports of sport and hunting arms and ammunition, firearms, explosives and raw materials used in explosives, certain precious metals (gold and silver), narcotics and their precursors, certain products for environmental protection purposes, as well as arms and military equipment, dual-use items, goods which could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment or punishment and other...
Export licenses (Annexes to the Decision on Determining Goods Subject to the Issuance of Specific Documents on Exportation, Importation, or Transit) are required for exports of sport and hunting arms and ammunition, firearms, explosives and raw materials used in explosives, certain precious metals (gold and silver), narcotics and their precursors, certain products for environmental protection purposes, cultural goods. The export license requirement was eliminated for poisons, which are subject to the provisions of the new Law on Chemicals and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. Export licenses are required for exports of goods listed on the national control list of weapons and military equipment (RS Official Gazette No. 102/2020) and list of dual-use goods (RS Official Gazette No. 88/2020) and list of goods that could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment or punishment (RS Official Gazette No. 3/2019). Those lists are completely harmonized with the EU Military List for 2020, the EU list of dual-use items for 2020, and the EU list of goods which could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment or punishment.

The relevant ministry issues licenses administering quotas for exports of narcotics, in accordance with obligations arising from the relevant international agreement. Ministry of Trade, Tourism and Telecommunications issues licenses for export of sugar to EU on tariff quota established in SAA.

Export taxes
No.

Collected through the exchange system
No.

Other export taxes
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
Yes. Documentary requirements must be satisfied. Natural persons are permitted to make payments for current transactions, including imports of goods and services that are permitted by law.

Trade-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Investment-related payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Payments for travel
Yes. Resident natural persons may take abroad, for the purpose of travel, a total of €10,000 in foreign cash or traveler’s checks and payment cards in unlimited amounts. Payments for travel may also be effected through a bank with supporting documentation (for example, hotel invoice), a payment institution, a public postal operator providing...
payment services, in accordance with the law governing payment services, and an e-money institution, for the purpose of making payments under electronic purchase of travel services.

Prior approval
No.

Quantitative limits
Yes. Resident natural persons may take abroad, for the purpose of travel, a total of €10,000 in foreign cash or traveler’s checks and payment cards in unlimited amounts.

Indicative limits/bona fide test
Yes. Payments for travel may be effected through a bank, payment institution, a public postal operator providing payment services, in accordance with the law governing payment services, and an e-money institution, under conditions permitted by law, up to the amount specified in the supporting documentation (for example, hotel invoice).

Personal payments
Yes.

Prior approval
No.

Quantitative limits
Yes. Personal transfers of means of payment for the purpose of supporting family members up to €10,000 a month may be effected freely.

Indicative limits/bona fide test
Yes. Personal transfers of means of payment for the purpose of supporting family members exceeding €10,000 a month may be effected on the basis of evidence that the family member lives abroad (residence permit, work visa, student visa, etc.) and that he or she is a relative within the third degree of kinship (based on birth certificate, marriage certificate, etc.).

Foreign workers’ wages
Yes. These transactions may be made freely after payment of the appropriate taxes.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes. For transfer of foreign workers’ wages abroad, evidence of payment of taxes must be submitted to the bank.

Credit card use abroad
No. The use of credit cards is not restricted.

Prior approval
No.

Quantitative limits
No. There is no prescribed limit for credit card use abroad other than the amount approved on the credit card account.

Indicative limits/bona fide test
No.

Other payments
Yes.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
Yes. Legal entities operating abroad are not required to repatriate their profits. The repatriation requirement applies to residents holding foreign exchange in accounts abroad in line with the decision governing holding foreign exchange in bank accounts abroad. Residents holding foreign exchange freely in bank accounts abroad
must repatriate the remaining funds and close the account within 30
days of cessation of the activity that permitted foreign exchange to be
held abroad. Residents holding foreign exchange in bank accounts
abroad, on NBS approval, must repatriate the means of payment on
completion of the activity for which the NBS approval was issued.
Residents holding foreign exchange in bank accounts abroad, on
NBS approval, for collecting tax returns executed in foreign state,
collecting payments from the sale of securities abroad and on the
basis of income from securities purchased abroad, and collecting
payments against court decisions, must after each collection
repatriate the means of payment to their bank account in Serbia –
within 30 days of this collection, as well as to inform the NBS. Per
the Decision on Amendment and the Supplement to the Decision on
Terms and Conditions Under Which Residents May Hold Foreign
Exchange in Bank Accounts Abroad, these residents may hold
foreign exchange in a bank account abroad even after 30 days of the
collection on approval from NBS for holding foreign exchange in a
bank account abroad on other permitted grounds, up to the amount of
foreign exchange and until deadline approved by the NBS, of which
residents will inform the NBS.

Surrender requirements

<table>
<thead>
<tr>
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<th>No.</th>
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<tbody>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**Restrictions on use of funds**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**
Yes.

**Repatriation requirements**
Yes.

Residents who trade with debt securities abroad through the account
of a foreign broker are required to repatriate to Serbia proceeds
arising from sales of these securities only in the case when they
complete the investment process. If they trade with debt securities
abroad through the own accounts with the bank abroad, on approval
of the NBS for holding foreign exchange in a bank account abroad,
the proceeds up to the amount of foreign exchange and until deadline
approved by the NBS may be held in the bank account abroad. There
are no restrictions on the repayment of debt securities at maturity.

<table>
<thead>
<tr>
<th><strong>Surrender requirements</strong></th>
<th>No.</th>
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</thead>
<tbody>
<tr>
<td><strong>Surrender to the central bank</strong></td>
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</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on capital and money market instruments**
Yes.

**On capital market securities**
Yes.

The Securities Commission (SC) supervises the activities of
securities market participants at the national level.

**Shares or other securities of a participating nature**
Yes.

The SC controls the issuance of and trading in shares and other
securities of a participating nature.

**Purchase locally by nonresidents**
Yes.

These transactions are permitted, except for shares of domestic
cmpanies involved in weapons production or trading activities,
unless the majority of shares of a joint-venture company are owned
by a resident investor.
These transactions are permitted in accordance with the Law on the Capital Market.

**Purchase abroad by residents**

Yes. Resident legal entities, entrepreneurs, and natural persons may effect payments for the purpose of buying equities abroad. Payments must be remitted through the bank. These transactions are not controlled and are reported to the NBS. Insurance companies may invest assets covering technical reserves in EU or OECD countries’ government or CB securities, or securities issued by international institutions, as well as in shares of foreign legal entities listed on the financial market, up to 25%, and of one issuer, up to 5% for life insurance and non-life insurance, but also in investment funds, only for unit-linked products. An insurance company may invest insurance funds abroad, observing the following limitations:

1. that assets acquired abroad cannot be acquired under the same or more favorable terms in the Republic of Serbia (an insurance company cannot invest in assets abroad if the same type of assets already exists in the Republic of Serbia and if it would be the same or more favorable to invest in it in the Republic of Serbia than abroad);

2. those assets which are not acquired in countries whose credit rating was degraded over the last year by Standard & Poor’s, Fitch IBCA, or Moody’s to a level equal to or lower than the credit rating awarded to the Republic of Serbia by the same agencies.

**Sale or issue abroad by residents**

No. These transactions are not controlled, but the procedures are regulated and the transactions are reported to the NBS. Resident legal entities, entrepreneurs, and natural persons may receive payments for sales of legitimately acquired equity abroad.

**Bonds or other debt securities**

Yes. The SC controls the issuance of and trading in debt instruments.

**Purchase locally by nonresidents**

No. Nonresidents may purchase bonds and other debt securities in accordance with the Law on the Capital Market and the Law on Foreign Exchange Operations. These transactions are reported to the NBS.

**Sale or issue locally by nonresidents**

Yes. Nonresidents may sell and issue bonds and other debt securities in accordance with the Law on the Capital Market.

**Purchase abroad by residents**

Yes. Residents may effect payment for the purchase of long-term debt securities issued by EU as well as EU and OECD member states, international financial organizations and development banks or financial institutions founded by foreign states, as well as those issued by legal entities with a head office in EU member states, and other long-term debt securities whose risk rating and issuer are prescribed by the decision of the NBS (the issuer of those securities must be domiciled in a member state of the OECD, and the long-term credit rating of those securities should not be less than “A” as graded by Standard & Poor’s or Fitch IBCA and/or no less than “A2” as graded by Moody’s). Banks may invest in these long-term debt securities abroad without restriction; investment and voluntary pension funds management companies and insurance companies may invest in these securities in accordance with their own regulations, adopted according to sector legislation (laws and bylaws). Insurance companies may invest assets covering technical reserves in EU or OECD countries’ government or CB securities, or securities issued by international institutions, as well as in shares of foreign legal entities listed on the financial market, up to 25%, and of one issuer, up to 5% for life insurance and non-life insurance, but also in investment funds, only for unit-linked products. An insurance company may invest insurance funds abroad, observing the following limitations:

1. that assets acquired abroad cannot be acquired under the same or...
more favorable terms in the Republic of Serbia (an insurance company cannot invest in assets abroad if the same type of assets already exists in the Republic of Serbia and if it would be the same or more favorable to invest in it in the Republic of Serbia than abroad);

(2) those assets which are not acquired in countries whose credit rating was degraded over the last year by Standard & Poor’s, Fitch IBCA, or Moody’s to a level equal to or lower than the credit rating awarded to the Republic of Serbia by the same agencies. Residents may effect payment for purchases of domestic securities denominated in foreign currency and issued abroad.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
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</thead>
</table>
| These transactions are not controlled, but related payments are regulated. Residents may receive payments for sales of legitimately acquired long-term debt securities issued by EU as well as EU and OECD member states, international financial organizations and development banks or financial institutions founded by foreign states, as well as those issued by legal entities with a head office in EU member state and of other long-term debt securities abroad whose level of risk and issuer country are prescribed by the NBS. If residents trade securities abroad through their bank accounts abroad, subject to the approval of the NBS, they are not obliged to transfer the funds collected in respect of the sale of securities abroad and revenue from those securities, in the envisaged deadline of 30 days from the day of collection. These residents may reinvest that funds in securities abroad or use them for other purposes for which residents may hold foreign exchange abroad, based on the approval of the NBS.

<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Per the Law on Amendments and Supplement to the Law on Foreign Exchange came into the force, nonresidents with a head office and/or permanent residence in EU member states may make or receive payments for the purpose of buying and selling short-term securities in Serbia, in accordance with the law governing the capital market.

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Per the Law on Amendments and Supplement to the Law on Foreign Exchange, resident legal entities, entrepreneurs, and natural persons may make or receive payment for the purpose of buying and selling short-term securities issued by the EU, EU member states, international financial organizations and development banks or financial institutions in which EU member states participate, as well as those issued by legal entities with a head office in these states.

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<tr>
<th>Sale or issue locally by nonresidents</th>
<th>Yes.</th>
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</table>
| These transactions are not explicitly controlled, but related payments are regulated.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
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</thead>
</table>
| Banks may freely make or receive payment based on the purchase and sale of short-term securities issued by the EU as well as EU and OECD member states, international financial organizations and development banks or financial institutions in which EU and OECD member states participate, as well as those issued by legal entities with a head office in these states.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Per the Law on Amendments and Supplement to the Law on Foreign Exchange, resident legal entities, entrepreneurs, and natural persons may make or receive payment for the purpose of buying and selling short-term securities issued by the EU, EU member states, international financial organizations and development banks or financial institutions in which EU member states participate, as well as those issued by legal entities with a head office in these states.

Resident investment and voluntary pension funds and insurance companies may invest in foreign short-term securities in accordance with their own regulations, adopted according to sector legislation (laws and bylaws). Insurance companies may invest assets covering technical reserves in EU or OECD countries’ government or CB securities, or securities issued by international institutions, as well as in shares of foreign legal entities listed on the financial market, up to 25%, and of one issuer, up to 5% for life insurance and non-life insurance, but also in investment funds, only for unit-linked products. An insurance company may invest insurance funds abroad, observing
the following limitations:
(1) that assets acquired abroad cannot be acquired under the same or more favorable terms in the Republic of Serbia (an insurance company cannot invest in assets abroad if the same type of assets already exists in the Republic of Serbia and if it would be the same or more favorable to invest in it in the Republic of Serbia than abroad);
(2) that assets are not acquired in countries whose credit rating was degraded over the last year by Standard & Poor’s, Fitch IBCA, or Moody’s to a level equal to or lower than the credit rating awarded to the Republic of Serbia by the same agencies.

Sale or issue abroad by residents
Yes.
These transactions are prohibited.

On collective investment securities
Yes.
These transactions are permitted according to the Law on open-ended investment funds subject to public offering, the Law on alternative investment funds and the Voluntary Pension Fund Law.

Purchase locally by nonresidents
Yes.
Nonresidents must be registered according to the Law on open-ended investment funds subject to public offering, the Law on alternative investment funds and the Voluntary Pension Fund Law to issue collective investment securities. Sale of these securities is permitted according to the Law on open-ended investment funds subject to public offering, the Law on alternative investment funds and the Voluntary Pension Fund Law.

Sale or issue locally by nonresidents
Yes.

Purchase abroad by residents
Yes.
Resident legal entities, entrepreneurs, and natural persons may effect payments for purchase abroad of collective investment securities only through resident investment firms and investment fund management companies, according to the Law on Foreign Exchange Operations. Insurance companies may invest assets covering technical reserves in EU or OECD countries’ government or CB securities, or securities issued by international institutions, as well as in shares of foreign legal entities listed on financial market, up to 25%, and of one issuer, up to 5% for life insurance and non-life insurance, but also in investment funds, only for unit-linked products. An insurance company may invest insurance funds abroad, observing the following limitations:
(1) that assets acquired abroad cannot be acquired under the same or more favorable terms in the Republic of Serbia (an insurance company cannot invest in assets abroad if the same type of assets already exists in the Republic of Serbia and if it would be the same or more favorable to invest in it in the Republic of Serbia than abroad);
(2) those assets which are not acquired in countries whose credit rating was degraded over the last year by Standard & Poor’s, Fitch IBCA, or Moody’s to a level equal to or lower than the credit rating awarded to the Republic of Serbia by the same agencies.

Sale or issue abroad by residents
No.
The Law on open-ended investment funds subject to public offering and the Law on alternative investment funds regulate the issuance of collective investment securities only in Serbia. The listed laws do not regulate the issuance of the investment units abroad by residents; hence, it is nor forbidden nor explicitly approved. As it is not forbidden, the issuance of investment units abroad by resident investment funds can be undertaken.
The Law on Foreign Exchange Operations prescribes that residents legal entities, entrepreneurs, and natural persons may make collection under investment into foreign investment funds through intermediation of resident investment companies and investment fund management companies, within the meaning of the law.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Control Status</th>
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<tbody>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments traded on regulated markets and multilateral trading facilities are under the supervision of the SC. Payments on financial derivatives transactions are regulated by the Law on Foreign Exchange Operations and the NBS Decision on Performance of Financial Derivatives Transactions. Banks and other residents may effect payments on financial derivatives transactions abroad under the conditions prescribed by the NBS. Financial derivatives transactions between nonresidents and local banks in the OTC market are unrestricted. Derivatives transactions are allowed for other residents for hedging against specific risks prescribed by the NBS without restriction. The regulations are provided for a master agreement on financial transactions, netting, and detailed reporting on these transactions.</td>
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</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Nonresidents may freely effect payments for the purpose of purchasing financial derivatives that are standardized and traded in regulated markets and/or multilateral trading facilities as well as for transactions outside these markets with local banks.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Nonresidents may sell and issue standardized derivatives and other instruments in accordance with the Law on the Capital Market.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Banks may perform financial derivatives transactions freely. Residents may freely effect payments for purchases of financial derivatives in regulated markets and multilateral trading facilities abroad, as well as transactions outside these markets to hedge against risk as prescribed by the NBS in accordance with the foreign payment regulations. An insurance company may invest insurance funds abroad, observing the following limitations: (1) that assets acquired abroad cannot be acquired under the same or more favorable terms in the Republic of Serbia (an insurance company cannot invest in assets abroad if the same type of assets already exists in the Republic of Serbia and if it would be the same or more favorable to invest in it in the Republic of Serbia than abroad); (2) those assets which are not acquired in countries whose credit rating was degraded over the last year by Standard &amp; Poor’s, Fitch IBCA, or Moody’s to a level equal to or lower than the credit rating awarded to the Republic of Serbia by the same agencies.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Issuance of derivatives abroad by residents is regulated by Law on the Capital Market and therefore can be undertaken.</td>
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</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Under the Law on Foreign Exchange Operations, foreign credit transactions include borrowing and lending by residents in foreign currency and in dinars. Resident banks, legal entities, and entrepreneurs may borrow in dinars from international financial organizations and development banks or financial institutions founded by foreign states under terms and conditions specified by the NBS. Resident banks may lend in dinars to nonresident legal entities and natural persons, as well as to international financial organizations and development banks or financial institutions founded by foreign states under terms and conditions specified by the NBS. Foreign loans in foreign currency and dinars are reported to the NBS.</td>
<td></td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Resident legal entities and entrepreneurs may grant commercial credits in foreign currency and dinars to nonresidents without restrictions. Banks may also grant commercial credits to nonresidents in dinars under conditions specified by the NBS. Exports of goods or services not collected for more than one year and goods and services paid in advance but not imported for more than one year are...</td>
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</tr>
</tbody>
</table>
considered foreign commercial credits. These transactions are reported to the NBS only if their value is above the prescribed threshold (individual value over 100,000 dinars and/or its equivalent in another currency or aggregate value a resident a quarter over 1.5 million dinars). Compensation deals and vendor tooling are exempt from reporting. These transactions are reported to the NBS quarterly, on an aggregate basis, by direct electronic submission of data.

Claims and liabilities under foreign credit transactions may be transferred between residents (except natural persons), nonresidents, and residents (except natural persons) and nonresidents, while resident public enterprises and legal entities with state-owned capital require government consent. Offsetting of claims and liabilities under foreign credit transactions in foreign exchange may be performed by resident banks, legal entities, entrepreneurs, and branches of foreign legal entities in the manner prescribed by the NBS.

To residents from nonresidents No.

Resident legal entities and entrepreneurs may obtain commercial credits in foreign currency and dinars from nonresidents without restrictions. Banks, resident legal entities, and entrepreneurs may borrow in dinars from international financial organizations and development banks or financial institutions founded by foreign states under the terms and conditions specified by the NBS. Imports of goods and services not paid for more than one year after the import date and goods and services not exported within one year of advance payment are considered foreign commercial credits. These transactions are reported to the NBS only if their value is above the prescribed threshold (individual value over 100,000 dinars and/or its equivalent in another currency or aggregate value a resident a quarter over 1.5 million dinars). Compensation deals are exempt from reporting. These transactions are reported to the NBS quarterly, on an aggregate basis, by direct electronic submission of data. Claims and liabilities under foreign credit transactions may be transferred between residents (except natural persons), nonresidents, and residents (except natural persons) and nonresidents, while public enterprises and legal entities with state-owned capital require government consent. Offsetting of claims and liabilities under foreign credit transactions in foreign exchange may be performed by resident banks, legal entities, entrepreneurs, and branches of foreign legal entities as prescribed by the NBS.

Financial credits Yes.

By residents to nonresidents Yes.

Resident legal entities other than banks may grant financial loans in foreign currency to nonresidents in accordance with the provision of the Law on Foreign Exchange Operations, which stipulates the NBS may prescribe conditions and manner of performing these operations which may be subject to limitations justified on grounds of public policy and macrofinancial stability, and the NBS bylaw was adopted which prescribes these limitations in cases where they are assessed as justified (case-by-case assessment principle) and taking into account the fulfillment of the objectives of the limitations (targeting principle) and that limitations are proportional. A resident legal entity other than a bank may grant a financial loan to a nonresident debtor with the seat in an EU member state. A resident legal entity may also grant a financial loan to a nonresident debtor without the seat in an EU member state provided the resident is the majority owner of the nonresident debtor. When granting the financial loan to a nonresident, a resident legal entity contracts and obtains collateral instruments from a nonresident.

Banks may grant financial loans in foreign currency to nonresidents without any restrictions, provided they contract and acquire collateral instruments for the payment from a nonresident. Banks may also
grant dinar loans to an international financial organization, a
development bank, or a financial institution founded by a foreign
state without any limitation. Claims and liabilities under foreign
credit transactions may be transferred between residents (except
natural persons), nonresidents, and residents (except natural persons)
and nonresidents, while resident public enterprises and legal entities
with state-owned capital require government consent. Offsetting of
claims and liabilities under foreign credit transactions in foreign
exchange may be performed by resident banks, legal entities,
entrepreneurs, and branches of foreign legal entities as prescribed by
the NBS.

To residents from nonresidents Yes.

Resident banks, legal entities, and entrepreneurs may borrow in
foreign currency for purposes other than imports of goods and
services and financing construction works abroad (settlement of
obligations in the local currency, bank liquidity, etc.) in the manner
and under the conditions specified by the NBS. The maturity of such
loans to residents other than banks must exceed 12 months (with an
obligatory grace period of six months) from each disbursement,
except for loans intended for agriculture financing and for export
financing, which may have a maturity exceeding three months from
each disbursement. Funds from nonresidents may also be borrowed
for direct investment abroad. Banks may borrow short-term financial
loans in foreign currency from nonresidents. Resident legal entities
and entrepreneurs may borrow short-term financial credits and loans
from nonresidents with the head office and/or permanent residence in
an EU member state. Resident branches of foreign legal entities may
borrow from a nonresident founder in foreign currency at maturities
longer than a year, provided the loans are disbursed to a foreign
exchange account with a domestic bank. Resident branches of
foreign legal entities may borrow from a nonresident founder with
the head office in an EU member state at maturities shorter than a
year, provided the loans are disbursed to a foreign exchange account
with a domestic bank. Resident natural persons may borrow from
nonresidents financial loans at maturities longer than a year for
imports of goods and services and other purposes, provided the loans
are disbursed to a foreign exchange account with a domestic bank.
Resident natural persons may borrow from nonresidents financial loans at maturities longer than a year for
imports of goods and services, provided the loans are disbursed to a foreign exchange account with a domestic bank.
Resident natural persons may borrow from nonresidents financial loans at maturities longer than a year for
imports of goods and services, provided the loans are disbursed to a foreign exchange account with a domestic bank.
Resident natural persons may borrow from nonresidents financial loans at maturities longer than a year for
imports of goods and services, provided the loans are disbursed to a foreign exchange account with a domestic bank.
may be performed by resident banks, legal entities, entrepreneurs, and branches of foreign legal entities as prescribed by the NBS. Banks are subject to minimum reserve requirements on foreign borrowing (credits and deposits).

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

Guarantees and sureties deemed to be foreign credit transactions in line with the Law on Foreign Exchange Operations are reported to the NBS. Resident banks, legal entities, and entrepreneurs may issue warranties and other means of collateral under credits granted by nonresidents to residents without any restrictions. Resident legal entities other than banks may issue warranties and other means of collateral under credit operations between nonresidents abroad in accordance with the provision of the Law on Foreign Exchange Operations, which stipulates the NBS may prescribe conditions and manner of performing these operations which may be subject to limitations justified on grounds of public policy and macrofinancial stability, and the NBS bylaw was adopted which prescribes these limitations in cases where they are assessed as justified (case-by-case assessment principle) and taking into account the fulfillment of the objectives of the limitations (targeting principle) and that limitations are proportional. A resident legal entity other than a bank may issue warranties and provide other collaterals in favor of a nonresident creditor under credit operations between nonresidents with the seat in an EU member state. A resident legal entity may also issue warranties and provide other collaterals in favor of a nonresident creditor under credit operations between nonresidents without the seat in an EU member state provided the resident is the majority owner of the nonresident debtor. When issuing warranties and providing other collaterals in favor of a nonresident creditor under credit operations between nonresidents, a resident legal entity contracts and obtains collateral instruments from a nonresident. Banks may issue guarantees to nonresidents under credit operations between nonresidents abroad without any restrictions, provided they contract and acquire collateral instruments for the payment from a nonresident. In addition to guarantees and warranties, which are considered foreign credit transactions, banks and resident legal entities are allowed to issue guarantees and warranties not deemed to be foreign credit transactions. In that sense, banks may issue guarantees, sureties, warranties, and other means of collateral in accordance with banking regulations. Resident legal entities founded by the Republic of Serbia by a separate law for export financing purposes may perform guarantee operations in accordance with that separate law. A resident legal entity may issue a guarantee to a nonresident against claims from another resident in connection with imports of goods and services, as well as to a nonresident performing construction work in Serbia. A resident public enterprise and legal entity with government-owned capital or a legal entity in the process of restructuring or privatization may issue a guarantee to a nonresident under these operations only under the terms and conditions prescribed by the government.

To residents from nonresidents

Nonresidents may issue guarantees and sureties to residents under credits granted by residents to nonresidents. Nonresidents may also issue guarantees and sureties to other nonresidents under credits granted by nonresidents to residents. These transactions are deemed to be foreign credit transactions and reported to the NBS. In addition to these guarantees, banks and resident legal entities may obtain guarantees and warranties, which are not deemed to be foreign credit transactions. In that sense, banks may obtain guarantees, sureties,
warranties, and other means of collateral in accordance with banking regulations. A resident legal entity may obtain guarantees and warranties from a nonresident against claims from another nonresident in connection with exports of goods and services and construction work abroad, as well as against claims arising from the operations between that resident and another resident legal entity in Serbia.

Per the Law on Amendments and Supplement to the Law on Foreign Exchange Operations entered into the force, a resident legal entity may obtain guarantees and warranties from a nonresident against imports of goods and services and construction works of the nonresident in the Republic.

Controls on direct investment Yes. Investments may be in the form of (1) foreign exchange, (2) capital in kind, (3) intellectual property rights, and (4) securities and other property rights.

Outward direct investment No. A nonresident foreign investor may invest in assets in a domestic enterprise to acquire a share in the fixed capital of the enterprise. A foreign investor may exchange established claims against a share of capital and/or stock of a debtor company.

Inward direct investment Yes. Proceeds from liquidation of direct investment may be transferred abroad without restriction, provided all tax liabilities have been settled.

Controls on liquidation of direct investment No. A nonresident foreign investor may invest in assets in a domestic enterprise to acquire a share in the fixed capital of the enterprise. A foreign investor may exchange established claims against a share of capital and/or stock of a debtor company.

Controls on real estate transactions Yes. Payments for the purpose of acquiring ownership of real estate by residents abroad may be made freely in accordance with the law on legal ownership relations.

Purchase abroad by residents Yes. Payments for the purpose of acquiring ownership of real estate by residents abroad may be made freely in accordance with the law on legal ownership relations.

Purchase locally by nonresidents Yes. Payments for the purpose of acquiring ownership of real estate by nonresidents may be made freely in accordance with the law on legal ownership relations.

Sale locally by nonresidents No. Proceeds from these transactions may be transferred abroad freely, provided tax liabilities have been settled.

Controls on personal capital transactions Yes. Loans Yes. Resident natural persons are not allowed to lend to nonresidents.

By residents to nonresidents Yes. Resident natural persons may borrow in foreign currency from nonresidents at maturities longer than a year for imports of goods and services and other purposes, provided the loans are disbursed to a foreign exchange account with a domestic bank. Resident natural persons may borrow from nonresidents with the head office and/or permanent residence in an EU member state at maturities shorter than a year, provided the loans are disbursed to a foreign exchange account with a domestic bank. These transactions are reported to the NBS.

Gifts, endowments, inheritances, and legacies Yes. All personal transfers of means of payment (including gifts and assistance, assistance to family members, inheritance, etc.) up to €10,000 a month are allowed without any restrictions. Moreover, personal transfers of means of payment exceeding €10,000 a month may be effected if the transfer is considered to be one of the following in nature: (1) a gift, subject to presentation of documentation certified by the appropriate authority; (2) assistance to family members, subject to presentation of evidence that the
family member lives abroad (residence permit, work visa, student visa, etc.) and that he or she is a relative within the third degree of kinship (birth certificate, marriage certificate, etc.); or (3) inheritance, subject to presentation of an effective decision on inheritance.

| To residents from nonresidents | No. | These transactions are not restricted but are subject to anti-money-laundering regulations. |
| Settlement of debts abroad by immigrants | Yes. | Immigrants who have resided in the country for up to one year may freely transfer payments abroad to settle debt in their home country. Immigrants who are residents may freely transfer means of payment abroad up to €10,000 a month for the purpose of settling debt in their home country. Transfers exceeding €10,000 are subject to presentation of evidence on the debt settlement obligation in the home country, provided an application has been filed for residence registration with the relevant body in Serbia. |
| Transfer of assets | Yes. | Emigrants may freely transfer abroad foreign exchange up to €10,000; for an amount exceeding €10,000, evidence of emigration is required. |
| Transfer abroad by emigrants | Yes. | Immigrants may freely transfer assets into the country. |
| Transfer into the country by immigrants | Yes. | Earnings from lotteries may be transferred abroad after payment of all tax obligations. |
| Transfer of gambling and prize earnings | Yes. | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Provisions Specific to the Financial Sector**

| Provisions specific to commercial banks and other credit institutions | Yes. | Bylaws and other regulations in effect include provisions on the classification of balance sheet assets and off-balance-sheet items, capital adequacy, risk management (including a more detailed definition of bank compliance risk), preliminary approvals for bank founding and subsequent issuing of full operating licenses, approvals for acquiring bank shares, bank resolution, details regarding the conditions and manner of conducting bank supervision by the NBS, and regulations on external bank audits. The NBS Executive Board implemented the following decisions (published in the RS Official Gazette No. 103/2016) which introduce Basel III standards in the Republic of Serbia:  
| • Decision on Capital Adequacy of Banks.  
| • Decision on Disclosure of Data and Information by Banks.  
| • Decision on Reporting on Capital Adequacy of Banks.  
| • Decision Amending the Decision on Reporting Requirements for Banks.  
| • Decision on Liquidity Risk Management by Banks.  
| • Decision Amending the Decision on Risk Management by Banks.  
| In addition to ensuring alignment with relevant acquis communautaire in the field of banking, implementation of Basel III standards introduced significant and numerous novelties, in terms of both capital adequacy and the liquidity ratio. In accordance with the Decision on the Classification of Bank Balance Sheet Assets and Off-balance Sheet Items (RS Official Gazette Nos. 94/2011, 57/2012, 123/2012, 43/2013, 113/2013, 135/2014, 25/2015, 38/2015, 61/2016, 69/2016, 91/2016, 101/2017, 114/2017, 103/2018, and 8/2019), the requirements on the classification of banks’ balance sheet assets and off-balance-sheet items (1) harmonize the specifications and conditions for the recognition of prime and adequate collateral with the Decision on Capital Adequacy; (2) minimize the prescribed indicators of financial condition as criteria for classification, with a |
required commitment to banks’ internal policies and procedures, and
define the criteria for assessing the financial condition and method of
classification into Categories A through E based on that assessment;
(3) set the percentages for calculation of reserves for Categories B at
2%, C at 15%, D at 30%, and E at 100%; (4) set the materially
signficant threshold for determining the delay in settlement of
obligations of debtors at 1% of the individual claims of the debtor’s
legal entity (the same level as for individuals); and (5) detail the due
process of calculating the allowance and provisions for losses.
According to Section 461 of the Decision on Capital Adequacy of
Banks (RS Official Gazette No. 103/2016), a bank may assign, until
the date of its accession to the EU, the weight of the risk of
exposures to the Republic of Serbia and the NBS, including
exposures to EU member states and their CBs which are expressed
and settled in the currency of any member state, in the same manner
as it assigns the weight of the risk of exposures to these persons
which are expressed and settled in their national currencies. In this
regard, Paragraph 3 of Section 41 of this Decision stipulates that
exposures to the Republic of Serbia, the NBS, and central
governments and CBs of EU member states denominated and funded
in their domestic currency must be assigned a risk weight of zero.
Banks may assign receivables from a legal entity, entrepreneur, and
farmer to another bank. Exceptionally, to reduce distressed assets, a
bank may assign the following receivables from a legal entity,
entrepreneur, and farmer also to another legal entity: – due
receivables; – receivables not yet due but considered non-performing
within the meaning of the decision governing the classification of
bank balance sheet assets and off-balance sheet items, and classified
as non-performing exposures on the cutoff classification date which
immediately precedes the submission of the notification. Banks may
assign receivables from a natural person – financial services
consumer in accordance with the law governing the protection of
financial services consumers. Banks are required to notify the NBS
of a planned receivable assignment at least 30 days before conclusion
of the assignment contract and to assess the effects of the planned
assignment on the bank’s credit risk-weighted assets, reserves for
estimated losses, and capital adequacy ratio; – the amount and
structure of the bank’s nonperforming loans (NPLs), within the
meaning of the decision on reporting requirements for banks; – the
bank’s expenses and financial result; (Decision on Risk Management
by Banks (RS Official Gazette Nos. 45/2011, 94/2011, 119/2012,
123/2012, 23/2013 – other decision, 43/2013, 92/2013, 33/2015,
and 27/2020)). On August 13, 2015, the government adopted the
national NPL Resolution Strategy and on the same day, the NBS
Executive Board adopted Decision on the adoption of Action Plan for
Implementation of the NPL Resolution Strategy to fulfill strategic
objectives. The Decision Amending the Decision on Risk
Management by Banks (RS Official Gazette No. 61/2016) was
adopted to regulate money laundering and the financing of terrorism
risk, as well as to implement Action Plan for Implementation of the
NPL Resolution Strategy, by introducing the concept of bad assets
and regulation of risk management relating to the management of
bad assets, and with the aim of complying with Law on Payment
Services. For the purpose of implementing the Action Plan for
Implementation of the NPL Resolution Strategy, on June 29, 2016,
the NBS Executive Board implemented the Decision Amending the
Decision on the Classification of Bank Balance Sheet Assets and
Off-Balance-Sheet Items (RS Official Gazette No. 61/2016) which
has changed the definition and treatment of the restructured
receivables, taking into account definitions and treatment of the forborne receivables as envisaged by the European Banking Authority’s implementing technical standard on supervisory reporting on forbearance and non-performing exposures. The Decision envisages the introduction of new definitions of non-performing (NPE), performing, and forborne exposure (in line with technical standards published by the European Banking Authority), prescribes additional requirements for classification for the purpose of additional monitoring of asset quality, so that banks would be obliged in addition to assigning exposures into categories (A, B, C, D, E), to mark the exposures as non-performing, performing, and forborne exposure, with no impact on the calculation of the amount of required reserves for estimated losses, and defines the conditions and the time required for the transition of receivables from one category to another. The Decision Amending the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance-Sheet Items (RS Official Gazette No. 69/2016) introduced the model of reducing the amount of required reserve, which is conditional on the level of NPL ratio, earlier than Basel III standards implementation date (applied as of January 1, 2019) to have a longer implementation period for this model and thus to give banks stronger incentive to reduce the level of NPLs and/or increase the lending activity. Given that the adopted amendments to the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance-Sheet Items, among others, envisage that banks, which had an NPL ratio of non-state and non-financial sector equal to or lower than 10% on June 30, 2016, and they still have this ratio equal to or lower than 10% on reporting date, can calculate their required reserve, treated as deductible from regulatory capital and credit-risk-weighted assets, to the level of zero. With additional aim to stimulate banks to increase lending activity, the adopted amendments to the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance-Sheet Items prescribe possibility for the banks to change the percentage from 2% to 0% applicable to the base for the calculation of reserves for estimated losses for the receivables classified in category B which were created on the basis of contracts signed after September 30, 2016, provided their aim is not refinancing or restructuring. NBS Executive Board implemented the Decision Amending the Decision on the Classification of Bank Balance Sheet assets and Off-Balance-Sheet Items (RS Official Gazette No. 91/2016) to equalize the treatment of bank refinanced exposure to borrower (forborne exposure on earlier valid solution), and the treatment of “refinancing” exposure of another legal entity other than a bank to whom the receivable from that borrower was assigned to (which was not treated as forborne exposure on earlier valid solution). Consequently, the definition of refinancing of exposures has been changed.

The Decision Amending the Decision on Consolidated Supervision of Banking Group (RS Official Gazette No. 58/2017) enabled introduction of Basel III standards on consolidated basis with simultaneous harmonization with Basel III standards implemented on individual level. The minimum prescribed level of capital adequacy ratio of the banking group is reduced from 12% to 8%, which is equal to the requirement for individual banks. Capital requirement for other risks has been introduced (capital requirement for credit valuation adjustment (CVA) risk and a capital requirement for large exposures for each member of the banking group). Obligations for the ultimate parent company to establish a system for liquidity risk management at the level of the banking group are stipulated, as well as the obligation to calculate the LCR and accordingly apply the
appropriate restrictions relating to a bank’s exposure to liquidity risk. Guidelines for the identification of default (RS Official Gazette No. 69/2017) were adopted in July 2017. The maturity of the exposures is specified in such a way that, for the purposes of determining that status, the bank considers the exposure to be past due if any amount of the principal amount, interest, or fees was not paid at due date, and that the counting of days past due for exposures with changed terms of repayment is based on the changed repayment schedule. Guidelines also prescribe the manner of calculating a materially significant amount, indications of unlikeliness to pay, conditions for return to a non-defaulted status and the new occurrence of default, application of the definition of default, monitoring of the fulfillment of conditions for classification into non-defaulted status, the risk management process as well as requirements regarding the principles of management for banks applying the internal ratings-based (IRB) approach. Provisions that regulate the manner of calculating a materially significant amount must apply as of January 1, 2019.

Decision on the accounting write-off of bank balance sheet assets (RS Official Gazette No. 77/2017) applies as of September 30, 2017. In accordance with this decision, banks are obliged on direct write-off of NPLs which are fully impaired if the calculated amount of loan impairment recorded by the bank in favor of allowances equals 100% of its gross book value.

In February 2018, the Decision on Guidelines for the Application of the Provisions of the Law on the Prevention of Money Laundering and Terrorism Financing for Obligors Supervised by the NBS (RS Official Gazette No. 13/2018, 103/2018 and 57/2019) is introduced. These Guidelines regulate the manner in which an obligor supervised by the NBS carries out an analysis of the money laundering and terrorism financing risk, the procedure to determine whether the customer or the beneficial owner of the customer is an official, as well as the manner of applying other provisions of the law regulating the prevention of money laundering and the financing of terrorism.


Borrowing abroad

Yes.

Credit agreements concluded by banks with nonresidents in foreign currency and dinars must meet the requirements set by the regulations governing banking operations and foreign credit transactions. Banks may borrow short-term financial loans in foreign currency from nonresidents and may also borrow in dinars from international financial organizations, development banks, and financial institutions founded by foreign states under conditions specified by the NBS. Borrowing from nonresidents in dinars and foreign currency is deemed a foreign credit transaction and reported to the NBS. Claims and liabilities under foreign credit transactions may be transferred between residents (except natural persons), nonresidents, and residents (except natural persons) and nonresidents, while resident public enterprises and legal entities with state-owned capital require government consent. Offsetting of claims and liabilities under foreign credit transactions in foreign currency may be performed by resident banks, legal entities, entrepreneurs, and branches of foreign legal entities as prescribed by the NBS.

Maintenance of accounts abroad

Yes.

Authorized banks may hold foreign currency abroad only in accounts with banks.

Lending to nonresidents (financial or commercial credits)

Yes.

Banks may grant credits in dinars to nonresidents in the manner and under the conditions specified by the NBS. Banks may grant commercial credits in foreign currency to nonresidents and short-term bank credit facilities as well as short-term bank deposits in
Foreign currency to foreign banks without any restrictions and may also grant financial loans in foreign currency to nonresidents, provided they contract and acquire from a nonresident payment collateral instruments. Banks may also grant dinar loans to an international financial organization, a development bank, or a financial institution founded by a foreign state without any limitation; other dinar lending by banks to nonresidents is subject to conditions specified by the NBS. Lending to nonresidents in dinars and foreign currency is deemed a foreign credit transaction and reported to the NBS. Claims and liabilities under foreign credit transactions may be transferred between residents other than natural persons, nonresidents, and residents other than natural persons and nonresidents, except for resident public enterprises and legal entities with state-owned capital, which requires government consent. Offsetting of claims and liabilities under foreign credit transactions in foreign currency may be performed by resident banks, legal entities, entrepreneurs, and branches of foreign legal entities in the manner prescribed by the NBS.

Lending locally in foreign exchange Yes.

Banks may extend to resident legal entities and entrepreneurs credits in foreign currency for payment for imports of goods and services from abroad and to resident natural persons for the purchase of real estate in the country. Banks may approve loans to natural persons that are indexed to a foreign currency, provided the currency is the euro and the borrower has made a down payment or deposit of at least 30% of the loan amount. Banks may approve a mortgage to a natural person, provided the loan amount does not exceed 80% of the value of the property (reduced by the amount of other receivables secured by the first-rank mortgage on the same property). This requirement does not apply to loans in dinars that are not indexed to foreign currency. Banks were required to treat the amount overcharged by unilateral raising of variable indefinable elements of the interest rate as early loan repayment and notify each borrower with a modified loan repayment schedule within 30 days. With respect to Cooperative Housing Foundation-indexed housing loans, banks were required to offer their borrowers, within 30 days, four sample annex proposals containing modified terms of loan repayment while keeping the existing loan collateral. Borrowers must be given at least three months to decide on the offer and may accept it at any time before the deadline. Banks may not offer conversion, under any of the modalities envisaging such an option for the extension of euro-indexed loans if such terms are less favorable than the terms applied on December 31, 2014, and may not charge any fees for undertaking these measures and carrying out these activities nor obtain compensation for costs related to such measures and activities (NBS Decision on Measures for Preserving Stability of the Financial System in the Context of Foreign Currency-Indexed Loans). The NBS Executive Board adopted the Decision Amending Decision on the Classification of Bank Balance Sheet Assets and Off-Balance-Sheet Items (RS Official Gazette No. 25/2015), with the aim of aligning with the Decision on Measures for Preserving Stability of the Financial System in the Context of Foreign Currency-Indexed Loans, by providing more precise conditions for the calculation of default in accordance with the subsequently agreed maturity date. The Executive Board of the NBS adopted the Decision on Intra-Group Financial Support.

Purchase of locally issued securities Yes.

Purchases of locally issued debt securities are permitted in accordance with the Law on the Capital Market.

Differential treatment of deposit accounts Yes.

Purchase of locally issued securities denominated in foreign exchange

Yes.
**Reserve requirements**

Yes.  
Banks are subject to a minimum reserve requirement on sources of banking funding. Local currency (dinar) liabilities are treated differently from foreign currency liabilities. There is no reserve requirement for local currency (dinar) liabilities with maturity of more than two years and on banks’ dinar and foreign currency liabilities from international financial institutions, governments, and financial institutions of foreign states through intermediation of the governments as the main debtor and/or owner of these funds or received directly. When banks reinvest these funds, the loan margins must be lower than the average margins on loans approved by the bank from other sources of funds. A 5% reserve ratio applies to local currency liabilities with maturity of up to two years. A 100% reserve requirement ratio applies to the portion of the foreign exchange base composed of liabilities under foreign-exchange-indexed dinar liabilities regardless of the maturity. The mandatory reserve requirement ratio on foreign currency liabilities differs according to maturity. The reserve requirement ratio on foreign currency liabilities was 20% on liabilities with maturity of up to two years; and it was 13% on liabilities with maturity of more than two years. A portion of the required reserves must be allocated in foreign exchange. The allocation differs according to maturity: for debt with maturity of up to two years effective 62% of the reserve requirement must be allocated in foreign exchange and for debt with maturity of more than two years the ratio is 70%.

**Liquid asset requirements**

No.  
Liquidity ratios are transferred in the Decision on Liquidity Risk Management by Banks (RS Official Gazette No. 103/2016), which must be applied as of that day. The Decision on Liquidity Risk Management by Banks introduced the liquidity coverage ratio. In accordance with this decision, the bank must maintain the LCR ratio at a level of at least 100%. According to provisions of this Decision, the liquid assets are the sum of level 1 liquid assets and level 2 liquid assets whereby level 1 liquid assets mean assets of extremely high liquidity and credit quality and level 2 liquid assets mean assets of high liquidity and credit quality comprising level 2A liquid assets and level 2B liquid assets. Level 1 liquid assets must include assets prescribed in Section 26 of this Decision, assets which could be included in Level 2A liquid assets are stipulated in Section 28 of this Decision and Section 30 determines what Level 2B liquid assets consist of.

**Interest rate controls**

No.

**Credit controls**

No.

**Differential treatment of deposit accounts held by nonresidents**

No.

**Reserve requirements**

No.  
Local currency (dinar) liabilities are treated differently from foreign currency liabilities; the differential treatment of liabilities depends on currency and maturity, not on residential/nonresidential status.

**Liquid asset requirements**

No.

**Interest rate controls**

No.

**Credit controls**

No.

**Investment regulations**

Yes.

**Abroad by banks**

Yes.  
NBS approval is required and issued under the conditions set forth in the decision on the granting of approval for capital investment in banks abroad.

**In banks by nonresidents**

Yes.  
NBS approval is required for the acquisition of 5%–20%, 20%–33%, 33%–50%.
33%–50%, and more than 50% of voting rights. NBS procedures for processing applications for bank founding permits and acquisition of ownership have been simplified. Criteria for the assessment of solvency of a potential founder/acquirer of ownership that is a legal entity with an investment grade credit rating are the same as for banks, and if the potential founder/acquirer is a special-purpose vehicle, the assessment of solvency is made for the persons financing the special-purpose vehicle’s investment in the bank’s capital rather than for the special-purpose vehicle itself.

The NBS must assess the business reputation of the bank founders, the acquirer of participation in the bank, or the persons nominated for membership in the management bodies of the bank when granting licenses or approvals.

Open foreign exchange position limits  Yes. The definition of total net open foreign exchange position is the higher of the absolute value of the total long or total short foreign exchange position. A bank’s total net open foreign exchange position (including the absolute value of its net open position in gold) limit is 20% of its capital. In accordance with the Decision on Bank Capital Adequacy (Section 368 Paragraph 2), foreign exchange assets and liabilities include all foreign exchange assets and liabilities denominated in foreign currency, assets and liabilities denominated in dinars with a currency clause, where the currency clause is a contractual provision indexing the agreed amount to some other currency.

On resident assets and liabilities  Yes. There are no specific open foreign exchange limits on resident assets and liabilities, the only limit is the one described in Point 9 above.

On nonresident assets and liabilities  Yes. There are no specific open foreign exchange limits on resident assets and liabilities, the only limit is the one described in Point 9 above.

Provisions specific to institutional investors  Yes. Securities transactions by institutional investors are regulated in accordance with the Law on the Capital Market, which has been applied since November 2011 and bylaws of the SC.

Insurance companies  Yes. Insurance companies as institutional investors are regulated by the Insurance Law. The Insurance Law and bylaw of December 26, 2014, and June 27, 2015, and amendments introduced in December 2017 are respectively in effect.

Limits (max.) on securities issued by nonresidents  Yes. Insurance companies may invest technical reserves in EU or OECD countries’ government or CB securities, or securities issued by international institutions, as well as in shares of foreign legal entities listed on financial market, up to 25%, and of one issuer, up to 5% for life insurance and non-life insurance, but also in investment funds, only for unit-linked products. In addition, these securities must fulfill certain qualitative criteria.

Limits (max.) on investment portfolio held abroad  Yes. Insurance companies may deposit and invest up to 25% of prescribed core capital abroad, with prior approval of the NBS.

Limits (min.) on investment portfolio held locally  Yes. Technical provisions may be invested in types of assets designated in Article 131 of the Law, separately for life insurance and non-life insurance, while observing the following limitations: (1) Securities and money market instruments issued by Serbia, member states of the EU or OECD, CBs of member states of the EU or OECD, and securities and money market instruments underwritten by any of the above – without limitation; (2) Securities issued by international financial organizations in which Serbia is a member of – without limitation; (3) Debt securities issued by autonomous provinces and local self-government units, as well as debt securities underwritten by any of the above – up to 35% of technical provisions and in securities of the same issuer – up to 10% of technical provisions; (4) Debt securities traded in the securities market in compliance with law where the issuer is a legal person with the head office in Serbia – up to 35% of technical provisions and in securities of the same issuer.
– up to 5% of technical provisions; (5) Debt securities not traded in the securities market if issued by a legal person having the head office in Serbia – up to 3% of technical provisions and in securities of the same issuer – up to 0.5% of technical provisions; (6) Shares traded in the securities market in compliance with law – up to 25% of technical provisions and in securities of the same issuer – up to 5% of technical provisions; (7) Shares not traded in the securities market if issued by a legal person whose head office is in Serbia – up to 5% of technical provisions and in securities of the same issuer – up to 1% of technical provisions; (8) Equity interests of companies having the head office in Serbia – up to 5% of technical provisions and in equity interests in one legal entity – up to 1% of technical provisions; (9) Investment units of investment funds – up to the level of technical provisions calculated for a class of life insurance referred to in Article 8, item (5) of the Law, and in investment units of a single investment fund – up to 50% of those technical provisions; (10) Immovable property and other proprietary rights on immovable property – if entered in the land registry or other public register in Serbia, if they bring income, if their purchase price is determined in accordance with valuation by a certified appraiser, and if they are not encumbered by a lien – up to 30% of technical provisions of life insurance and/or 20% of technical provisions of non-life insurance, provided not more than 10% of technical provisions of life insurance and/or 7% of technical provisions of non-life insurance is invested in one and/or several spatially connected immovable properties which make up one whole. Up to 20% of technical provisions of life and or non-life insurance may be deposited with banks having a head office in Serbia, provided no more than 5% of those technical provisions are deposited with a single bank. Technical provisions may be held as cash in the insurance company’s cash box or in its bank account, in the amount of up to 7% of technical provisions of life insurance and/or 10% of technical provisions of non-life insurance, provided the sum of deposits and funds in the accounts of one bank does not exceed 5% of technical provisions of life and/or non-life insurance.

Other types of assets that may be acquired using technical provisions, apart from those specified in Articles 131 and 133 of the Law must be the following: (1) unearned premium reserves, outstanding claims reserves, and other technical provisions charged to coinsurer, reinsurer, and retrocessioner, up to the level of their book value, determined by taking into account the creditworthiness of the coinsurer, reinsurer, and retrocessioner; (2) unearned premium receivables under unexpired non-life insurance, coinsurance, and reinsurance – up to 10% of technical provisions of non-life insurance (until December 31, 2020). Up to 20% of mathematical reserves of life insurance may be invested in prepayments up to the amount of the total surrender value of concluded life insurance contracts.

Currency-matching regulations on assets/liabilities composition

Yes. Assets and liabilities of an insurance company must be considered currency matched if the insurance company’s total assets in all currencies equal its total liabilities in all currencies and the difference between assets and liabilities in any currency does not exceed 20% of the value of the assets and/or liabilities.

Pension funds

Yes. Pension funds are regulated by the Law on Voluntary Pension Funds and Pension Schemes. Investment limits are regulated by a supplementary regulation on more detailed conditions and maximum amounts of voluntary pension fund assets investment and the manner of investment of such assets abroad. Each pension fund must establish an investment policy statement that defines investment limits within the regulatory framework.

Limits (max.) on securities issued by nonresidents

Yes. Pension fund assets may be invested (1) up to 10% in (a) debt

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securities issued abroad by international financial institutions, (b) debt securities issued by foreign governments or foreign legal entities with a credit rating no less than A from Standard & Poor’s and Fitch IBCA or no less than A2 from Moody’s, (c) listed shares of foreign legal entities traded on stock exchanges of EU/OECD member countries, and (d) depository receipts issued by banks headquartered in EU/OECD member countries, based on deposited securities; and (2) up to 5% in investment units of open-end investment funds managed by investment fund management companies headquartered in Serbia and/or EU/OECD member countries.

Limits (max.) on investment portfolio held abroad
Yes. Up to 10% of the assets of a pension fund may be invested abroad. The maximum levels, conditions, and manner of investing voluntary pension fund assets are determined by regulation.

Limits (min.) on investment portfolio held locally
Yes. A pension fund’s assets may be invested without any limitations in debt securities issued by the NBS and Serbia, as well as in debt securities issued by legal entities and accompanied by the guarantee of Serbia. In addition, changes to the Voluntary Pension Fund Law (RS Official Gazette No. 31/11) allow investment in instruments such as (1) short-term debt securities issued or guaranteed by banks headquartered in Serbia, and (2) investment units of open-end investment funds managed by companies headquartered in Serbia and/or EU and OECD member countries. Detailed limits on investments are prescribed in the Decision on More Detailed Conditions and Maximum Amounts of Voluntary Pension Fund Assets Investment and Manner of Investing Such Assets Abroad (RS Official Gazette No. 43/11). Accordingly, the assets of a pension fund may be invested as follows: (1) up to 50% in (a) debt securities issued by autonomous provinces and local government units in Serbia, except securities with the guarantee of Serbia; (b) debt securities issued in Serbia by international financial institutions to which Serbia belongs; (c) mortgage bonds issued in Serbia; (d) debt securities issued by legal entities headquartered in Serbia and traded in the Serbian regulated market, except securities with the guarantee of Serbia; (e) short-term debt securities issued or guaranteed by banks headquartered in Serbia, as prescribed by the law governing the capital market; and (f) securities issued by nonresidents, such as debt securities issued abroad by international financial institutions and debt securities issued by foreign governments or foreign legal entities, provided their credit rating is no less than A from Standard & Poor’s and Fitch IBCA or no less than A2 from Moody’s; (2) up to 40% in (a) shares issued by legal entities headquartered in Serbia, traded in the Serbian regulated market; and (b) securities issued by nonresidents, such as listed shares of foreign legal entities, traded on stock exchanges of EU/OECD member countries; (3) up to 35% in money deposits in banks headquartered in Serbia; (4) up to 5% in investment units of open-end investment funds managed by investment fund management companies headquartered in Serbia and/or EU/OECD member countries; (5) up to 10% in (a) depository receipts of banks headquartered in Serbia, and (b) securities issued by nonresidents, such as depository receipts issued by banks headquartered in EU/OECD member countries, based on deposited securities; and (6) up to 5% in real estate in Serbia. Up to 10% of pension funds’ assets may be invested in securities of a single issuer or of two or more issuers that are related parties, with the exception of securities issued by Serbia or the NBS.

Currency-matching regulations on assets/liabilities composition
No.

Investment firms and collective investment funds
Yes. Investment firms are regulated by the Capital Market Law, and collective investment funds are regulated by the Law on open-ended
investment funds subject to public offering and the Law on alternative investment funds. Limited investment in units has been introduced, and limits on borrowing from investment funds’ assets have been relaxed.

**Limits (max.) on securities issued by nonresidents**

Yes. All of a fund’s assets may be invested abroad, according to the regulation of the Committee on Securities. All limits are given in accordance with the Law on open-ended investment funds subject to public offering and the Law on alternative investment funds. These securities must be traded on a regulated market in EU member states and third countries, and 50% must be on the official listing.

**Limits (max.) on investment portfolio held abroad**

Yes. All of a fund’s assets may be invested abroad, according to the regulation of the Committee on Securities. These securities must be traded on a regulated market in EU member states and third countries, and 50% must be on the official listing.

**Limits (min.) on investment portfolio held locally**

Yes. In accordance with the Law on open-ended investment funds subject to public offering and the Rulebook on UCITS funds collective investment funds may invest (1) 10% of their assets in securities of a single issuer or more issuers that are related parties; the total value of all individual investments exceeding 5% of the fund assets cannot exceed 40% of the total value of the fund’s assets; (2) 20% of their assets in bank deposits of a single bank or more banks that are related parties; and (3) 35% of their assets in debt securities issued by the NBS and Serbia, as well as in debt securities issued by legal entities and accompanied by the guarantee of Serbia or securities issued or guaranteed by EU member states, third countries, or international organizations to which EU member states belong. Funds may not be invested in mobile assets or in securities issued by the company that manages the fund or by a stockholder of a management company, fund managed by the same management company, or related parties to the above-mentioned persons and entities. A management company and its related parties may invest in shares of its own fund up to 20% of total assets. Borrowing is allowed up to 10% of the assets. Total exposure of a fund to a single person cannot exceed 20% of the fund assets except for the issuers in point (3) where the limit is 35%. No person may acquire shares valued at more than 20% of total assets of an open-end fund. The Law on Alternative Investment Funds is intended primarily for professional and semi-professional investors.

**Currency-matching regulations on assets/liabilities composition**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

#### Exchange Arrangement

**Official exchange rate**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/2019</td>
<td>The Belorussian ruble was added to the list of currencies, now 22, quoted in the National Bank of Serbia (NBS) list of foreign exchange rates used in trade between the NBS and residents with foreign exchange accounts at the NBS.</td>
</tr>
</tbody>
</table>

**Foreign exchange market**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>In the exchange rate list of the public postal operator and authorized exchange dealer, the buying rate per unit of foreign currency – the euro – cannot be lower than the official middle rate of the dinar against the euro applicable on that day by more than 1.25%, and/or</td>
</tr>
</tbody>
</table>
selling rate per unit of foreign currency – the euro – cannot be higher than the official middle rate of the dinar against the euro applicable on that day by more than 1.25%.

01/01/2019 When the public postal operator and authorized exchange dealers purchase foreign cash from natural persons, their commission may not exceed 1% of the value of undamaged banknotes from natural persons, and/or circulating banknotes within the meaning of the provisions of Decision on Terms and Manner of Performing Exchange Operations. Previously, the maximum commission limit was 3%.

09/30/2019 The Belorussian ruble was included in the list of foreign exchange and foreign cash that banks may trade with and in the list of foreign cash that licensed exchange dealers may buy and sell.

05/08/2020 In relation to the COVID-19 pandemic, the National Bank of Serbia (NBS) applies the official middle exchange rate of the dinar as specified in the current exchange rate list when buying and selling foreign exchange and foreign cash from and to residents who have foreign exchange accounts with the NBS. Previously, the provision was limited to specific accounts for disaster assistance and applied to commercial banks as well.

Spot exchange market

01/01/2019 The threshold that determines the excess amount of dinars exchange bureaus must transfer to their current account with a bank is triple the average daily amount of dinars used for the purchasing of foreign cash in the month with the highest purchase in the preceding 12 months. If the foreign exchange dealer works less than a month, the triple average daily amount of dinars is determined according to the week with the highest purchase. Previously, the threshold was double the average daily amount of dinars used for purchasing foreign cash in the month (week if exchange dealer worked less than a month) with the highest purchase in the preceding 12 months.

Operated by the central bank

Auction

03/31/2020 From this date until the end of May 2020, the National Bank of Serbia organized fixed-method swap auctions with preannounced fixed swap points at favorable rates to give support to the domestic financial system in the conditions of COVID-19. The regular swap auctions are organized in the variable method with multiple swap points.

Arrangements for Payments and Receipts

01/01/2019 The National Bank of Serbia took over from the Tax Administration the supervision of foreign exchange operations of residents and nonresidents, as well as supervision of exchange operations under the Law on Amendments and Supplement to the Law on Foreign Exchange Operations which entered into the force April 28, 2018.

Resident Accounts

02/22/2020 Residents may hold foreign exchange abroad subject to approval of the NBS on two new grounds: (1) making collections based on the refund of funds invested in a company established abroad (the sale of a company, wind-down of a company, profit from investment in a company, etc.) if regulations of the foreign state prescribe that holding foreign exchange in a bank account abroad is a condition for such collections, and (2) for settlement of liabilities abroad arising in relation to the resident’s balance responsibility as a participant in the energy transport system – based on an excerpt from the regulation of
the relevant country envisaging that these liabilities can be settled only through the account with a bank in that country and the document proving this liability.
SEYCHELLES

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance: January 3, 1978.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes.

The currency of Seychelles is the Seychelles rupee. Various commemorative coins issued on several occasions since 1976 are also legal tender. The Central Bank of Seychelles (CBS) launched a new family of banknotes and coins in December 2016.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Yes. The de jure exchange rate arrangement is floating. The rate of the
rupee is determined by supply and demand in the market. The CBS intervenes only to smooth excessive exchange rate volatility. The CBS occasionally participates in the foreign exchange market for reserve accumulation. The CBS discloses intervention data to the IMF on a weekly basis. On average, the Seychelles rupee depreciated vis-à-vis the dollar and appreciated with respect to the euro in 2019. A strong tourism performance (both in terms of high arrivals and spending) was observed in 2019. The trade balance worsened because of decreases in tuna and oil reexports. However, the magnitude of the decrease was partially offset by decrease in imports. For the year 2019, there was an increase in supply of foreign exchange, whilst there was a decrease in demand of foreign exchange relative to 2018. During 2019, the Bank intervened in the foreign exchange market for reserves accumulation purposes and purchased a total of US$65 million. The reserves accumulation policy was consistent with the Bank’s policy to boost safeguards against external shocks.

Free floating

**Official exchange rate** Yes. The reference exchange rate is calculated as a weighted average of all foreign currency buying and selling transactions by ADs (banks and exchange bureaus) and wire transfers and drafts and is used for accounting and conversion of payments in foreign currency.

**Monetary policy framework**

**Exchange rate anchor**

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

**Monetary aggregate target**

**Inflation-targeting framework** Yes. Effective January 1, 2019, the Monetary Policy Framework transitioned from reserve money targeting to an interest rate-based framework whereby the focus of monetary policy shifted from indirectly influencing the intermediate target of money supply growth to guiding short-term interest rates. This was done through the introduction of a Monetary Policy Rate (MPR). The MPR serves as the key policy variable used for signaling the prevailing monetary policy stance. Previously, the operational target of the monetary policy was reserve money. It was complemented by the overnight interest rate corridor which was used to provide clearer guidance to the financial market for appropriate evolution of short-term interest rates.

**Target setting body** Yes.

- **Government**
- **Central Bank** Yes.
  - **Monetary Policy Committee**
  - **Central Bank Board** Yes. The Central Bank Board approves the Monetary policy stance for each quarter.
  - **Other**
Government and Central Bank

**Inflation target**
Yes.

**Target number**
Yes.

**Point target**

**Target with tolerance band**
Yes. The target is based on the 12-month inflation path with the tolerance band set between 0% and 4% for 2019.

**Band/Range**

**Target measure**
Yes.

**CPI**
Yes. The 12-month inflation rate is monitored on a monthly basis.

**Core inflation**

**Target horizon**
n.a.

**Operating target (policy rate)**
Yes.

**Policy rate**
Yes. The MPR is set on a quarterly basis. It is supported by a corridor, whereby the Standing Deposit Facility and the Standing Credit Facility serve as the floor and ceiling, respectively.

**Target corridor band**
n.a.

**Other**
n.a.

**Accountability**
n.a.

**Open letter**
n.a.

**Parliamentary hearings**
n.a.

**Other**
n.a.

**Transparency**
Yes. The Monetary policy decision is presented to the media by the Governor, which allows for additional clarification and discussions.

**Publication of votes**
n.a.

**Publication of minutes**
n.a.

**Publication of inflation forecasts**
n.a.

**Other monetary framework**

**Exchange tax**
No.

**Exchange subsidy**
No.

**Foreign exchange market**
Yes. Commercial banks and exchange bureaus are free to set their exchange rates in transactions with their clients. The aforementioned ADs are also free to determine their foreign exchange commissions with their clients.

**Spot exchange market**
Yes. The spot foreign exchange market comprises commercial banks and bureaux de change (BDCs). These financial institutions are licensed and regulated by the CBS. There are two classes of BDCs: (1) Class B may engage only in purchases and sales of foreign currency in the form of banknotes, coins, and traveler’s checks. (2) Class A may also engage in the purchase and sale of foreign currency without the limitation that applies to a Class B BDC. However, Class A BDCs
may engage in services of money transmission and remittances subject to having a Payment Service Provider License as per the National Payment System Act of August 18, 2014. As of December 31, 2019, there were 33 institutions licensed under the Financial Institutions Act of 2004, to deal in foreign exchange with the public: 9 commercial banks and 13 Class A and 11 Class B BDCs. Only commercial banks may engage in foreign exchange transactions directly with the CBS. BDCs and commercial banks must comply with the Anti-Money-Laundering Act of 2006 and Prevention of Terrorism Act of 2004 and report transactions to the CBS. BDCs may open local and international bank accounts for themselves.

Operated by the central bank Yes.
Foreign exchange standing facility No.
Allocation No.
Auction Yes. The multiple price foreign exchange auction allows the CBS to buy and sell foreign exchange (US dollars, euros, and pounds sterling only) as part of its foreign exchange and monetary operations. Auctions are held as necessary in the context of foreign exchange and monetary policies as well as reserves management. The CBS determines and announces the amount of foreign exchange to be purchased or sold on the day of the auction through its web portal. Financial institutions that are liable to reserve requirements of the CB or as prescribed in the Monetary Policy Framework are eligible to participate in the auction. Successful bidders pay the price they bid. The Monetary Policy Technical Committee/Investment Committee may decide on the bids according to guidelines based on price and amount (buying or selling). Auctions are announced through an online portal with all relevant information (for example, auction date, time frame, reference number, foreign currency to be purchased or sold, amount intended to be purchased or sold by the CBS, and value and settlement date of the rupee equivalent). Auction results are sent via the web portal. If payment is delayed, the CBS imposes a fine as indicated in the Penalty Clause of the Monetary Policy Framework. There are no restrictions on the use of the foreign exchange purchased at the auction. Auction rules are included in the Monetary Policy Framework, Operational Guidelines and Procedures for Foreign Exchange Auction. Bids may not breach the MCP Rule stipulated in the Guidelines.

Fixing No.

Interbank market Yes. The CBS and nine commercial banks licensed under the Financial Institutions Act of 2004, excluding those that do business only with nonresidents, participate in the foreign exchange interbank market. Banks may trade among themselves. Currently, participation in the interbank market is less prominent. There are no limits on the bid-ask spread and commission of market participants. According to the interbank market regulations, the CBS may either intervene directly at the participants’ quoted rates or make its own quote (one-sided). The interbank market in Seychelles has been inactive as most banks are long on their foreign exchange positions.

Over the counter No.
Brokerage No.
Market making Yes. The following policies guide market operations through the Seychelles Interbank Foreign Exchange Market. The nine commercial banks provide two-way quotes (that is, buying and
selling rates) at regular intervals through an interbank blog administered and maintained by the CBS. Foreign exchange transactions may be concluded via telephone, but a written confirmation of each deal must always be sent by both parties to the counterparty immediately after conclusion of the transaction. The netting and settlement process is then undertaken by the CBS, and the rupee settlement is executed across the participants’ demand deposit accounts with the CBS on a T+0 basis (same day settlement). The seller undertakes delivery transfer using a correspondent banking arrangement on a T+0 basis.

Forward exchange market  No.

Official cover of forward operations  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  No.

Controls on the use of domestic currency  No.

For current transactions and payments  No.

For capital transactions  No.

Transactions in capital and money market instruments  No.

Transactions in derivatives and other instruments  No.

Credit operations  No.

Use of foreign exchange among residents  No.

Payments arrangements  Yes.

Bilateral payments arrangements  No.

Operative  No.

Inoperative  No.

Regional arrangements  Yes.

Seychelles does not currently have any inoperative bilateral payment arrangements.

Seychelles is a member of both COMESA and the SADC. It is a participant in the SADC payment arrangements and the SADC Real-Time Gross Settlement (RTGS) System; however, the country is not participating in COMESA’s payment systems.

Clearing agreements  No.

Barter agreements and open accounts  No.

Administration of control  No.

Payments arrears  No.

Official  No.

Seychelles has no official payment arrears or arrears on government or government-guaranteed debt to nonresident creditors.

Private  No.

Under its debt-restructuring program, in February 2010 the government closed the bond exchange offer on US$320 million in private sector debt. About 50% of the debt was canceled and the
remaining rescheduled over 16 years with a step-up interest rate structure and the six-year grace period on principal repayments. No external debt payment arrears are outstanding.

| Controls on trade in gold (coins and/or bullion) | Yes. |
| On domestic ownership and/or trade | Yes. | Residents may purchase, hold, and sell gold freely in any form; however, dealing in gold bullion is restricted to ADs. |
| On external trade | No. | The law does not address external trade in gold, implying that these transactions are not restricted. |

| Controls on exports and imports of banknotes | No. |
| On exports | No. |

**Domestic currency**

- **No.** There are no limits on the amount of domestic currency that may be exported. However, pursuant to the Anti-Money Laundering Act 2006, any amount above R50,000 must be declared.

**Foreign currency**

- **No.** There are no limits on the amount of foreign currency that may be exported. However, pursuant to the Anti-Money Laundering Act 2006, any amount above the equivalent of R50,000 in any currency must be declared.

**On imports**

| Domestic currency | No. |
| Foreign currency | No. |

- **Domestic currency**
  - **No.** There are no limits on the amount of domestic currency that may be imported. However, pursuant to the Anti-Money Laundering Act 2006, any amount above R50,000 must be declared.

- **Foreign currency**
  - **No.** There are no limits on the amount of foreign currency that may be imported. However, pursuant to the Anti-Money Laundering Act 2006, any amount above the equivalent of R50,000 in any currency must be declared.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**

- **Yes.**

**Held domestically**

- **Yes.** Foreign exchange accounts are permitted. Terms and conditions vary according to banks, but usually domestic foreign exchange accounts bear very low interest. Balances in these accounts may be transferred abroad freely.

**Approval required**

- **No.**

**Held abroad**

- **Yes.** Residents may freely open foreign exchange accounts abroad. No domestic laws prevent the transfer of balances from foreign exchange accounts abroad, but such transfers are subject to the laws of the foreign country.

**Approval required**

- **No.**

**Accounts in domestic currency held abroad**

- **Yes.** No laws prevent rupee-denominated accounts from being held abroad.

**Accounts in domestic currency convertible into foreign currency**

- **Yes.** Residents may freely convert the balances of their rupee accounts to foreign currency.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted**

- **Yes.** Foreign exchange accounts are permitted. Operation of these accounts is subject to the bank’s policy and the contractual
agreement between the bank and the customer. There are no restrictions on the transfer of balances abroad.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Requests for foreign exchange are handled by commercial banks and BDCs. Import payments may be made directly or through LCs; however, commercial banks normally ensure that payment orders are backed by the total equivalent in rupees.

<table>
<thead>
<tr>
<th>Documentation requirements for release of foreign exchange for imports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

An import permit is required for a few restricted goods (for example, some food items and chemicals).

<table>
<thead>
<tr>
<th>Import licenses and other nontariff measures</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Importers of restricted items must apply to the MOF Import Control Division for a permit. Permits are normally not granted for used vehicles.

All requests are submitted for examination by the Import/Export Permit Section to ensure that all information on the applications is correct prior to being forwarded to the respective competent authority for assessment. The import permit is thereafter issued on recommendation of the competent authority.

Permits are normally not granted for used vehicles with the
exception of the following: secondhand vehicles for the transportation of goods as well as vehicles for special purpose, and used passenger vehicles for personal use of a returning resident or returning graduate.

Import taxes and/or tariffs | Yes. | Imports are subject to taxes of up to 200%. Import duty rates on most imports range from 0% to 10%.
---|---|---
Taxes collected through the exchange system | No.
State import monopoly | No.
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

| Repatriation requirements | No.
| Surrender requirements | No.
| **Surrender to the central bank** | No.
| **Surrender to authorized dealers** | No.
| Financing requirements | No.
| Documentation requirements | No.
| Letters of credit | No.
| Guarantees | No.
| Domiciliation | No.
| Preshipment inspection | No.
| Other | No.
| Export licenses | No.
| Without quotas | No.
| With quotas | No.
| **Export taxes** | No.
| Collected through the exchange system | No.
| Other export taxes | No.
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

| Controls on these transfers | No.
| Trade-related payments | No.
| **Prior approval** | No.
| **Quantitative limits** | No.
| **Indicative limits/bona fide test** | No.
<table>
<thead>
<tr>
<th>Topic</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment-related payments</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Topic</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>
## Capital Transactions

### Controls on capital transactions

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Action</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Bonds or other debt securities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

### Controls on derivatives and other instruments

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Action</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Activity</td>
<td>Control</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Sales or issue locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sales or issue abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>FDI is permitted freely, provided such investment does not involve ownership of land.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Non-Seychellois wishing to purchase land in Seychelles must apply for permission under the Immovable Property (Transfer Restriction) Act to the Office of the Principal Secretary in the Ministry of Land Use and Habitat. The following criteria are used to consider applications for approval: (1) the character of the applicant; if the applicant is a company, the character of all company directors; (2) whether the applicant’s declared purpose in acquiring the land conforms to government policies on the use and development of land; and (3) whether the proposed acquisition is in the interest of Seychelles.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets No.

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) No.

Lending locally in foreign exchange No.

Purchase of locally issued securities denominated in foreign exchange No.

Differential treatment of deposit accounts in foreign exchange No.

Reserve requirements No. The minimum reserve requirement (MRR) is 13% for local currency deposits and foreign exchange deposits. The MRR on local and foreign currency deposit liabilities is not remunerated.

Liquid asset requirements No. Banks must maintain liquid assets in an amount, as a daily average each month, greater than or equal to 20% of their total liabilities.

Interest rate controls No.

Credit controls No. Credit controls are as follows: (1) For facilities that meet or exceed 25% of a bank’s core capital, CBS approval is required. The aggregate of such credits may not exceed 600% of a bank’s core capital. (2) Credit to administrators and their close relatives is limited to 10% of a bank’s core capital. (3) Credit to those holding substantial interest and their close relatives is limited to 20% of a bank’s core capital. (4) The combined aggregate of the above two may not exceed 25% of a bank’s core capital.

Differential treatment of deposit accounts held by nonresidents Yes. Nonresidents’ foreign exchange deposits are exempt. For residents, the MRR is 13% for local currency and for foreign exchange deposits. The MRR on local and foreign currency deposit liabilities is not remunerated.

Reserve requirements Yes.

Liquid asset requirements No.

Interest rate controls No.

Credit controls No.

Investment regulations No.
<table>
<thead>
<tr>
<th>Provision</th>
<th>Seychelles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework

Inflation-targeting framework 01/01/2019  The Monetary Policy Framework transitioned from reserve money targeting to an interest rate-based framework whereby the focus of monetary policy shifted from indirectly influencing the intermediate target of money supply growth to guiding short-term interest rates. This was done through the introduction of a Monetary Policy Rate (MPR). The MPR serves as the key policy variable used for signaling the prevailing monetary policy stance. Previously, the operational
target of the monetary policy was reserve money. It was complemented by the overnight interest rate corridor which was used to provide clearer guidance to the financial market for appropriate evolution of short-term interest rates.
SIERRA LEONE
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of membership</strong></td>
<td>September 10, 1962.</td>
</tr>
<tr>
<td><strong>Article VIII</strong></td>
<td>Yes. Date of acceptance: December 14, 1995.</td>
</tr>
<tr>
<td><strong>Article XIV</strong></td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions and/or multiple currency practices</td>
<td>No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.</td>
</tr>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No. There are no restrictions for security reasons.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No. There are no other exchange measures imposed for security restrictions.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Exchange Arrangement

<table>
<thead>
<tr>
<th>Type</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>Yes. The currency of Sierra Leone is the Sierra Leonean Leone.</td>
</tr>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
<tr>
<td>Exchange rate structure</td>
<td></td>
</tr>
<tr>
<td>Unitary</td>
<td>Yes. The exchange rate structure of Sierra Leone is unitary as the spread between the Bank of Sierra Leone’s (BSL’s) mid-exchange rate and the commercial banks’ mid-rate remained below the 2% threshold.</td>
</tr>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
<tr>
<td>Classification</td>
<td></td>
</tr>
<tr>
<td>No separate legal tender</td>
<td></td>
</tr>
<tr>
<td>Currency board</td>
<td></td>
</tr>
<tr>
<td>Conventional peg</td>
<td></td>
</tr>
<tr>
<td>Stabilized arrangement</td>
<td></td>
</tr>
<tr>
<td>Crawling peg</td>
<td></td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
<td></td>
</tr>
<tr>
<td>Pegged exchange rate within horizontal bands</td>
<td></td>
</tr>
<tr>
<td>Other managed arrangement</td>
<td>Yes. The de jure exchange rate arrangement is floating, as the exchange rate of the Leone is market determined. The BSL does not target a specific level of the exchange rate. The foreign exchange auction</td>
</tr>
</tbody>
</table>
data is published on the BSL website. Actual foreign exchange auction data is published as soon as the auction is concluded. Auction data includes amount offered, amount sold, and the auction weighted average exchange rate. The de facto exchange rate arrangement is classified as other managed.

Floating

Free floating

**Official exchange rate**

Yes. The BSL official exchange rate is market determined. The BSL determines the exchange rate used in official transactions, including transactions for customs valuation purposes. The official exchange rate is based on the weighted average of commercial banks’ and foreign exchange bureaus’ purchase transactions during the preceding five business days. The weighted average exchange rate derived is the BSL mid-rate to which a ±1% spread is applied to determine the selling and buying rates. The daily official BSL exchange rate is published on the Bank’s website and the Thomson Reuters platform.

**Monetary policy framework**

Exchange rate anchor

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

Monetary aggregate target

Yes. The monetary policy framework of the BSL is monetary targeting with reserve money as operational target with the ultimate goal of achieving price stability.

Inflation-targeting framework

**Target setting body**

- Government
- Central Bank
- **Monetary Policy Committee**
- **Central Bank Board**
- **Other**

Government and Central Bank

**Inflation target**

- **Target number**
- **Point target**
- **Target with tolerance band**
- **Band/Range**

**Target measure**
Foreign exchange market

Yes.

Commercial banks are free to determine their bid-ask spread and foreign exchange commissions with their clients. Commercial banks’ dealings represent the majority of foreign exchange transactions in the foreign exchange market. Foreign exchange bureaus are licensed to undertake retail cash spot transactions only. Foreign exchange bureaus are not allowed to participate in the interbank foreign exchange market and do not deal directly with the BSL; they may hold foreign exchange accounts with commercial banks used solely for their operations. Foreign exchange bureaus are permitted to undertake inward money transfer transactions.

Spot exchange market

Yes.

There are 14 commercial banks licensed as ADs by the BSL to deal in foreign exchange with the public and 62 foreign exchange bureaus licensed to undertake retail cash spot transactions. Foreign exchange bureaus are permitted to undertake inward money transfer transactions. Foreign exchange bureaus are not allowed to participate in the interbank foreign exchange market and do not deal directly with the BSL; they may hold foreign exchange accounts with commercial banks used solely for their operations.

Operated by the central bank

Yes.

Foreign exchange standing facility

No.

Allocation

No.

Auction

Yes.

The BSL conducts auctions of foreign exchange with the commercial banks to smooth excess volatility.
The amount put on offer is always announced via the print and electronic media one day before the auction is held. Commercial banks are free to determine the exchange rate they want to bid at and free to sell to their customers for the importation of goods. There is no restriction or limit to the exchange rates banks are to bid at. The maximum amount commercial banks are allowed to bid for is always announced.

The frequency of the foreign exchange auction is based on the monetary policy stance of the BSL and the conduct of the auction is approved by the executives. Foreign exchange auctions are undertaken primarily to smooth out volatility in the market and to mop up excess Leone liquidity.

There are no restrictions for the use of funds obtained at the auction. Auction funds are primarily to support importation of goods. Auction participants, which are commercial banks, have demand deposit accounts with the BSL. Settlement of the Leone leg of the foreign exchange transactions is done on a T+0 basis, same day. The auction results are published in both print and electronic media as well as the BSL’s website. The results are also broadcasted on the Reuters Auction platform.

Fixing

No.

Interbank market

Yes. Commercial banks may trade freely among themselves and with the BSL. There are 14 commercial banks that are participating in the interbank foreign exchange market. There are no limits on the bid-ask spread or commissions of market participants. Foreign exchange bureaus are not allowed to participate in the interbank foreign exchange market. Market participants are guided by the Sierra Leone Foreign Exchange Interbank Market Guidelines. As a result of liquidity and other structural constraints, the foreign exchange interbank market was inactive in 2019.

Over the counter

Yes. Licensed commercial banks may deal directly with each other in the foreign exchange market. With the introduction of the Thomson Reuters trading and dealing platform, the interbank foreign exchange market was automated, which enhanced the process to deepen and improve the foreign exchange interbank market. For trading foreign exchange among themselves, banks are required to use the Reuters trading platform and may not trade outside of it.

Brokerage

No.

Market making

No.

Forward exchange market

Yes. Forward transactions are limited to imports and exports undertaken with a commercial bank by an institution dealing in the underlying imports or exports. Forward transactions are capped at US$100,000 a transaction. The BSL may participate in the forward foreign exchange market.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes. Payments for imports may be made in Leones and credited to an external account in the currency of the exporting country, in US dollars, or in other international payment currency.

Controls on the use of domestic currency

Yes.

For current transactions and payments

No. There are no restrictions on domestic currency payments for current transactions.

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transactions between residents and nonresidents.

For capital transactions No. There are no controls on the use of domestic currency for capital market transaction done through the Sierra Leone Stock Exchange. Funds for capital account transactions must be channeled through the banking system. BSL approval is required for capital market transactions by residents to nonresidents. Money market transactions by residents to nonresidents are not permitted.

Transactions in capital and money market instruments No. 

Transactions in derivatives and other instruments No. There are no controls on transactions done in the banking system. However, these instruments are not yet available in the market.

Credit operations No. There are no controls on the use of domestic currency for credit operations between residents or for credits by nonresidents to residents. However, BSL approval is required for credits by residents to nonresidents.

Use of foreign exchange among residents Yes. Foreign exchange may not be used among residents for payments of goods and services. The Leone is the legal tender under Sections 26 (1) and (4) of the BSL Act of 2019. The Leone must be used for pricing and payment for all domestic transactions.

Payments arrangements Yes. Bilateral payments arrangements No. 

Operative No. 

Inoperative No. 

Regional arrangements No. 

Clearing agreements Yes. There is currently no clearing arrangement in WAMZ currencies through the banking system.

Barter agreements and open accounts No.

Administration of control Yes. Public Notice No. 38 of 1965 conferred the administration of the Exchange Control Act to the governor of the BSL. Under Sections 48 (1) and (2) of the BSL Act of 2019, exchange rate policy is formulated and executed by the BSL, which issues guidelines on the purchase, sale, holding, and transfer of foreign exchange.

Payments arrears No. Official No. 

Private No. 

Controls on trade in gold (coins and/or bullion) Yes. Licenses are required for the mining and exportation of gold.

On domestic ownership and/or trade Yes. Residents and nonresidents may freely purchase, hold, and sell gold coins in Sierra Leone for numismatic purposes.

On external trade Yes. Exports of gold require a license. Licenses are issued by the Ministry of Mines and Mineral Resources.

Controls on exports and imports of banknotes Yes. 

On exports Yes. 

Domestic currency Yes. On leaving Sierra Leone, travelers may take out up to the Leone equivalent of US$10,000. Larger amounts may be taken out through noncash transactions in the banking system.

Foreign currency Yes. Travelers may take out up to the amount of foreign currency banknotes brought in. Amounts exceeding US$10,000 must comply...
with anti-money-laundering regulations. Residents and nonresidents may take out up to US$10,000 in foreign currency banknotes for travel. Larger amounts must be transferred by Society for Worldwide Interbank Financial Telecommunication (SWIFT) and require travel documents, ticket/passport.

On imports  Yes.

**Domestic currency**  Yes. Travelers may import domestic currency banknotes up to the Leone equivalent of US$10,000. Importation of Leones exceeding US$10,000 must be done by licensed commercial banks.

**Foreign currency**  Yes. Licensed commercial banks may import foreign currency to meet their operational requirements subject to justification for the use of funds. The AML/CFT 2019 Law requires that a person who leaves or arrives in Sierra Leone with more than, effective June 20, 2019, USD10,000 or other foreign currency (previously Le 40 million) in cash or negotiable bearer instruments on his person or his luggage without declaration to the relevant authority, commits an offence and is liable on conviction to forfeit the entire amount.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**  Yes.

*Held domestically*  Yes. Residents may hold foreign currency accounts in any foreign currency. These accounts, whose minimum balances vary from bank to bank, earn interest at a rate determined by commercial banks. They may be credited with funds from abroad or from another foreign currency account in compliance with the AML/CFT Act or with foreign currency banknote deposits. Withdrawal of banknotes for current international account payments is limited to US$10,000 and must comply with anti-money-laundering regulations. Larger payments are permitted by SWIFT transfers supported by documentation and in compliance with the AML/CFT Act. OTC foreign currency banknote withdrawals from customer foreign currency accounts are permitted up to US$10,000 or its equivalent in other convertible foreign currencies a transaction. Holders of foreign currency accounts may withdraw up to US$10,000 cash a transaction for the purpose of travel and per diem allowances. Payments above US$10,000 for traveling are permitted via SWIFT transfer, if supported by underlying documents. Customer foreign currency accounts may be used to make payments and transfers for current international transactions supported by underlying documentation and in compliance with the AML/CFT Act. All documented inward transfers by nonresidents through the banking system done in compliance with that law to customer foreign currency accounts may be externalized without restriction. Payments of salaries and other emoluments in foreign currency banknotes to foreign expatriate staff of international organizations with valid work permits are permitted. Accredited foreign and diplomatic missions in Sierra Leone may withdraw foreign currency banknotes to meet their operations. Payments for capital account transactions by SWIFT transfers from residents’ foreign currency accounts require BSL approval. There is no restriction on foreign currency transactions done through the banking system in compliance with the Exchange Control regulations and the AML/CFT Act. The Leone remains the legal tender in Sierra Leone and must be used for the pricing of goods and services.

**Approval required**  No.
Held abroad
No. Only licensed commercial banks are allowed to hold correspondent banking accounts abroad to meet their operational requirements.

Approval required
No.

Accounts in domestic currency held abroad
No. Accounts in Leones may not be held abroad by residents or nonresidents.

Accounts in domestic currency convertible into foreign currency
Yes. These accounts may be converted to foreign currency for current international transactions. Conversion for capital account transactions requires BSL approval.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted
Yes. Nonresidents may hold foreign currency accounts in any foreign currency. These accounts, whose minimum balances vary from bank to bank, earn interest at a rate determined by commercial banks. They may be credited with funds from abroad or from another foreign currency account done in compliance with the AML/CFT Act or with foreign currency banknote deposits. Withdrawal of banknotes to make current international account payments is limited to US $10,000 and must comply with anti-money-laundering regulations. Larger payments are permitted by SWIFT transfers supported by documentation and in compliance with the AML/CFT Act. OTC foreign currency banknote withdrawals from customer foreign currency accounts are permitted up to US$10,000 or its equivalent in other convertible foreign currencies a transaction. Holders of foreign currency accounts may withdraw up to US$10,000 cash a transaction for the purpose of travel and for per diem allowances. Payments above US$10,000 for travel are permitted via SWIFT transfer, if supported by underlying documents. Customer foreign currency accounts may be used to make payments and transfers for current international transactions supported by the underlying documentation and in compliance with the AML/CFT Act. All documented inward transfers by nonresidents through the banking system done in compliance with the AML/CFT Act into customer foreign currency accounts may be repatriated without restriction. Payments of salaries and other emoluments in foreign currency banknotes to foreign expatriate staff of international organizations with valid work permits are permitted. Accredited foreign and diplomatic missions in Sierra Leone are permitted to withdraw foreign currency banknotes to meet their operations. Payments for capital account transactions by SWIFT transfers from residents’ foreign currency accounts require BSL approval. There is no restriction on foreign currency transactions done through the banking system in compliance with the Exchange Control regulations and the AML/CFT Act. The Leone remains the legal tender in Sierra Leone and is used for the pricing of goods and services.

Approval required
No.

Domestic currency accounts
Yes. Nonresidents may hold Leone accounts. Accounts in Leones held on behalf of diplomatic missions, UN agencies, and their accredited staff members are designated external accounts. Commercial banks may repatriate residual Leone deposits of non-Sierra Leoneans funded from documented inward remittances without BSL approval.

Convertible into foreign currency
Yes. Domestic currency balances of nonresidents may be converted to foreign currency for all current international transactions subject to compliance with regulations on payments for goods and services and the anti-money-laundering regulations.

Approval required
Yes. No approval is required for current international transactions.
Approval is required for capital account transactions.

Blocked accounts Yes.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

Minimum financing requirements No.

Advance payment requirements No.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports Yes.

As part of the anti-money-laundering measure Know Your Customer, payments for imports must be made for a registered business with a tax identification number. Payments for imports must be supported with (1) an original commercial invoice, (2) an original pro forma invoice in the case of LC, (3) an original bill of lading or airway bill, and (4) customs documents evidencing imports have arrived in Sierra Leone.

Domiciliation requirements Yes. Payments for imports must be done through the banking system.

Preshipment inspection Yes. Preshipment inspection is required.

Letters of credit Yes. As part of the anti-money-laundering measure Know Your Customer, payments for imports must be made for a registered business with a tax identification number. Payments for imports under LCs must be supported with a completed exchange control form (Form AI) and an original pro forma invoice. The following documents support the arrival of goods: (1) evidence of SWIFT payment, (2) original supplier invoice, (3) original bill of lading, and (4) customs entry form.

Import licenses used as exchange licenses No.

Other No.

Import licenses and other nontariff measures Yes.

Positive list No.

Negative list Yes. The importation of military goods, explosives, and cigarettes requires a license from the Ministry of Trade and Industry.

Open general licenses No.

Licenses with quotas No.

Other nontariff measures No.

Import taxes and/or tariffs Yes. The customs tariff rates are zero on rice, 20% on dairy products, 15% on onions, 30% on assorted soft drinks, 20% on luxury consumer goods, 5% on plastic raw materials and petroleum products, and US $4 a liter for alcohol with content above 10% and US$6 a liter for that below 10%. Certain goods are subject to a goods and services tax of 15%.

Taxes collected through the exchange system No.
State import monopoly

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements

Yes. There is a 100% repatriation requirement for all export proceeds on commodity goods above US$2,000. Exporters must repatriate export proceeds within 90 days of exportation. BSL approval is required for an extension beyond 90 days. Exporters are required to complete an Export Form issued by a licensed commercial bank in Sierra Leone. Commercial banks in endorsing the Export Forms are required to ensure that the export proceeds are repatriated and credited to the exporter’s foreign currency account. Compliance with the repatriation requirement is monitored by the National Minerals Agency.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Financing requirements

No.

Documentation requirements

Yes.

Letters of credit

Yes.

Guarantees

No. BSL approval is required for guarantees or any undertakings issued in foreign currency.

Domiciliation

Yes. Export-related transactions must be carried out through a commercial bank in Sierra Leone.

Preshipment inspection

Yes.

Other

Yes. Exporters of commodity goods worth more than US$2,000 must complete an export form endorsed by a commercial bank.

Export licenses

Yes. Licenses are required only for exports of gold and diamonds.

Without quotas

Yes. Licenses are required only for exports of gold and diamonds.

With quotas

No. There is no export quota on gold and diamonds.

Export taxes

Yes.

Collected through the exchange system

No.

Other export taxes

Yes. Licensed exporters of diamonds and gold are subject to an export tax of 3%. Licenses are valid for one year and are issued by the Ministry of Mines and Mineral Resources. Miners’ royalty fees are 6.5% for diamond (Koidu Holdings Kimberlite) and gold, and 7% for exploration. Proceeds on export taxes are paid into the consolidated revenue fund for alluvial and large scale mining companies.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. Commercial banks are authorized to provide foreign exchange for legitimate expenses.

Trade-related payments

Yes.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: Yes. Amounts up to the original invoice value are allowed.

Investment-related payments: No.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: No.

Payments for travel: Yes.
Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: Yes. Amounts up to the invoice value of the ticket are allowed. Residents and nonresidents may purchase from commercial banks cash, traveler’s checks, and drafts up to US$10,000. Amounts above US$10,000 are permitted through SWIFT transfer supported by travel documents such as a ticket/passport.

Personal payments: Yes. All personal payments must take place through SWIFT transfers supported by documentation.

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: Yes. Payment for medical treatment abroad must be remitted directly to a medical doctor or medical institution. Requests for payment must be supported by a medical recommendation for treatment abroad and a medical bill from the institution abroad. Payments are allowed for living expenses of bona fide students and dependents, up to US$10,000 or its equivalent (indicative limit). ADs may remit payment for bona fide expenses to students and dependents above the indicative limit without restriction; payments for education expenses must be remitted directly to the institution and supported by documentation.

Foreign workers’ wages: Yes. All payments with respect to foreign workers’ wages with a valid work permit must take place through SWIFT transfers.

Prior approval: No.
Quantitative limits: No.
Indicative limits/bona fide test: Yes. Commercial banks may remit foreign exchange through SWIFT transfers for nonresident employees of international institutions and agencies and foreign nongovernmental organizations up to the amount of the salary package and supported by a valid work permit, salary agreement, and tax clearance certificate.

Credit card use abroad: Yes. Commercial banks do not issue credit cards but only debit cards.
Prior approval: No.
Quantitative limits: Yes. The limit for cash withdrawal at home or abroad is US$10,000 or its Leone equivalent. Debit card holders may access funds up to their available balances and commercial banks set limits on withdrawals per transaction per day.
Indicative limits/bona fide test | Yes. | The maximum for cash withdrawal is US$10,000. Larger amounts must be paid by SWIFT transfers.
--- | --- | ---
Other payments | Yes. |  
Prior approval | No. |  
Quantitative limits | No. |  
Indicative limits/bona fide test | Yes. | Payments for all other invisible transactions must be made directly to the beneficiary’s account.
References to legal instruments and hyperlinks |  | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

| Repatriation requirements | No. |  
| Surrender requirements | No. |  
| Surrender to the central bank | No. |  
| Surrender to authorized dealers | No. |  
| Restrictions on use of funds | No. |  

References to legal instruments and hyperlinks |  | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

| Controls on capital transactions | Yes. | Capital account transactions are restricted or subject to authorization, except those that are explicitly allowed. All permissible capital account transactions must be effected through a licensed commercial bank in Sierra Leone. All permissible capital account transactions under the Exchange Control Act require the BSL approval.
| Repatriation requirements | Yes. | All funds accruing on foreign investments, as well as the capital on termination of the investment, must be repatriated to Sierra Leone through an AD. Proceeds from termination of permitted foreign investment must be repatriated within 90 days of termination. BSL approval is required for an extension beyond 90 days.
| Surrender requirements | No. |  
| Surrender to the central bank | No. |  
| Surrender to authorized dealers | No. |  
| Controls on capital and money market instruments | Yes. | The financial market is gradually being developed in Sierra Leone. Currently, there are three companies listed on the stock exchange.
| On capital market securities | Yes. |  
| Shares or other securities of a participating nature | Yes. | These transactions are permitted through the Sierra Leone Stock Exchange with funds transferred through the banking system for investment in a company incorporated in Sierra Leone.
| Purchase locally by nonresidents | Yes. | These transactions are permitted through the Sierra Leone Stock Exchange for a company incorporated in Sierra Leone.
| Sale or issue locally by nonresidents | Yes. | Permission of the BSL is required both to purchase securities abroad and to transfer funds abroad for the purchase.
| Purchase abroad by residents | Yes. | These transactions are allowed for a tradable investment in Sierra Leone done through an AD and all proceeds of funds raised must be
Bonds or other debt securities | Yes.  
---|---  
*Purchase locally by nonresidents* | Yes. These transactions are permitted through the Sierra Leone Stock Exchange with funds transferred through the banking system for a company incorporated in Sierra Leone. For government bonds, they should be held up to one year to maturity.  
*Sale or issue locally by nonresidents* | Yes. These transactions are permitted through the Sierra Leone Stock Exchange with funds transferred through the banking system for a company incorporated in Sierra Leone.  
*Purchase abroad by residents* | Yes. Permission of the BSL is required both to purchase securities abroad and to transfer funds abroad for the purchase.  
*Sale or issue abroad by residents* | Yes. These transactions are allowed for a permitted investment in Sierra Leone and all proceeds of funds raised must be repatriated through a licensed commercial bank in Sierra Leone. Permitted transactions are in the tradable and manufacturing sectors.  
*On money market instruments* | Yes.  
---|---  
*Purchase locally by nonresidents* | Yes. Nonresidents are not allowed to participate in the money market.  
*Sale or issue locally by nonresidents* | Yes. BSL authorization is required.  
*Purchase abroad by residents* | Yes. These transactions are not permitted.  
*Sale or issue abroad by residents* | Yes. These transactions are not permitted.  
*On collective investment securities* | Yes.  
---|---  
*Purchase locally by nonresidents* | Yes. Nonresidents may purchase securities in locally incorporated companies listed on the Sierra Leone Stock Exchange with collective investment funds brought in through the banking system for investment in a locally incorporated company.  
*Sale or issue locally by nonresidents* | Yes. These transactions are permitted when done through the Sierra Leone Stock Exchange for investment in a company incorporated in Sierra Leone.  
*Purchase abroad by residents* | Yes. These transactions are not permitted.  
*Sale or issue abroad by residents* | Yes. These transactions are permitted for transactions done through the banking system for investment in a company incorporated in Sierra Leone. All proceeds must be repatriated through a commercial bank.  
*Controls on derivatives and other instruments* | Yes. These instruments are not yet available in Sierra Leone.  
---|---  
*Purchase locally by nonresidents* | Yes.  
*Sale or issue locally by nonresidents* | Yes.  
*Purchase abroad by residents* | Yes.  
*Sale or issue abroad by residents* | Yes.  
*Controls on credit operations* | Yes.  
*Commercial credits* | Yes.  
---|---  
*By residents to nonresidents* | Yes. These transactions are limited to those done through the banking system for investments in a company incorporated in Sierra Leone. BSL approval is required.  
*To residents from nonresidents* | Yes. Transactions must be done through a commercial bank following BSL approval.
<table>
<thead>
<tr>
<th><strong>Financial credits</strong></th>
<th><strong>Yes.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td><strong>Yes.</strong> BSL authorization is required for these transactions.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td><strong>Yes.</strong> BSL authorization is required for these transactions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Guarantees, sureties, and financial backup facilities</strong></th>
<th><strong>Yes.</strong> BSL authorization is required for these transactions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td><strong>Yes.</strong> BSL authorization is required for these transactions.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td><strong>Yes.</strong> BSL authorization is required for these transactions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Controls on direct investment</strong></th>
<th><strong>Yes.</strong> BSL authorization is required for these transactions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outward direct investment</strong></td>
<td><strong>Yes.</strong> BSL authorization is required for these transactions.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td><strong>No.</strong> Inward direct investment in a locally incorporated company done through the banking system is permitted.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on liquidation of direct investment</th>
<th><strong>Yes.</strong> Transfer of funds from the liquidation of direct investment done through the banking system is permitted up to the documented inward transfer of funds brought through the banking system for that investment. BSL authorization is required.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on real estate transactions</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td><strong>Yes.</strong> These transactions are not permitted.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td><strong>No.</strong> Nonresidents may purchase real estate with funds transferred through ADs and in compliance with AML/CFT regulations.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td><strong>No.</strong> There are no restrictions on sale of real estate locally by nonresidents where the initial purchase was done with funds brought through the banking system.</td>
</tr>
</tbody>
</table>

| Controls on personal capital transactions | **Yes.** |
| **Loans**                                 | **Yes.** |
| By residents to nonresidents              | **Yes.** These transactions are not permitted. |
| To residents from nonresidents            | **Yes.** These transactions require the BSL approval. |

<table>
<thead>
<tr>
<th><strong>Gifts, endowments, inheritances, and legacies</strong></th>
<th><strong>Yes.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td><strong>Yes.</strong> These transactions are not permitted.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td><strong>No.</strong> These transactions are permitted.</td>
</tr>
</tbody>
</table>

| **Settlement of debts abroad by immigrants**    | **Yes.** BSL authorization is required for these transactions. |
| **Transfer of assets**                          | **Yes.** BSL authorization is required for these transactions. |
| **Transfer abroad by emigrants**                | **Yes.** BSL authorization is required for these transactions. |
| **Transfer into the country by immigrants**     | **No.** These transactions are permitted for transaction done through the banking system subject to compliance with AML/CFT regulations. |
| **Transfer of gambling and prize earnings**     | **No.** These transactions are permitted. |

| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

<table>
<thead>
<tr>
<th><strong>Provisions Specific to the Financial Sector</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial</strong></td>
</tr>
<tr>
<td>banks and other credit institutions</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Borrowing abroad</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
</tr>
<tr>
<td>Reserve requirements</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
</tr>
<tr>
<td>Interest rate controls</td>
</tr>
<tr>
<td>Credit controls</td>
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<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
</tr>
<tr>
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<tr>
<td>Credit controls</td>
</tr>
<tr>
<td>Investment regulations</td>
</tr>
<tr>
<td>Abroad by banks</td>
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<tr>
<td>In banks by nonresidents</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
</tr>
<tr>
<td>Insurance companies</td>
</tr>
</tbody>
</table>
which provides how investment of insurance funds should be allocated by various insurers. According to the Insurance Act, (1) with respect to life insurance fund, minimum 50% of investment should be held on government securities issued by the Government of Sierra Leone and 50% in such other investments as the insurer may determine; (2) with respect to the other business insurance fund, minimum portfolio (a) 25% in government securities issued by the Government of Sierra Leone and (b) 75% in such other investment as the insurer may determine.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

Yes.

These transactions are not permitted.

Limits (min.) on investment portfolio held locally

Yes.

According to the Insurance Act, (1) with respect to life insurance fund, minimum 50% of investment should be held on government securities issued by the Government of Sierra Leone and 50% in such other investments as the insurer may determine; (2) with respect to the other business insurance fund, minimum portfolio (a) 25% in government securities issued by the Government of Sierra Leone and (b) 75% in such other investment as the insurer may determine.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

Yes.

These transactions are not permitted.

Limits (min.) on investment portfolio held locally

No.

There is no limit on investments portfolio held locally done through the banking system.

Currency-matching regulations on assets/liabilities composition

n.a.

Pension funds

Yes.

Pension funds and insurance companies invest in government securities, equities, and real estate, but not in derivatives abroad. Large insurance companies, such as the National Insurance Company, have foreign equity investments in Ecobank Group and WAICA Re. There are specific laws and guidelines for investment including local purchase of securities by insurance companies and pension funds. In addition, there are recognized internal controls in place for placement of investment abroad which include the National Social Security and Insurance Trust statement of investment strategy and policy (2015–17). According to Section 8.3.5 on offshore investments, the Trust’s funds may be invested in offshore fixed-income securities or equity that is traded in regulated stock markets. In this regard, the trust will utilize the services of professional fund managers. The Board may periodically review the exposure limits in this area giving due regard to global economic trends. Specific investment limits for pension funds are outlined in the National Social Security and Insurance Trust investment policy.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

Yes.

These transactions are not permitted.

Limits (min.) on investment portfolio held locally

No.

There is no maximum limit on securities issued via the Sierra Leone Stock Exchange to finance a locally incorporated company.

Currency-matching regulations on assets/liabilities composition

n.a.

Investment firms and collective investment funds

Yes.

Investment by investment firms and collective investment funds done through the banking system to support a locally incorporated company is permitted.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

Yes.

These transactions are not permitted.

Limits (min.) on investment portfolio held locally

No.

No limits on investment portfolio held locally done through the banking system.

Currency-matching regulations on assets/liabilities composition

n.a.
Changes during 2019 and 2020

Arrangements for Payments and Receipts

Controls on exports and imports of banknotes
On imports

Foreign currency

06/20/2019

The declaration threshold was increased to US$10,000 from Le 40 million.
SINGAPORE

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>August 3, 1966.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: November 9, 1968.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes. Singapore’s exchange restrictions are in accordance with UNSC resolutions.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes. These include requirements for financial institutions to freeze the funds, financial assets, and economic resources of, and prevent financial transactions with, designated individuals and entities with respect to the Democratic Republic of the Congo (removed with effect from November 14, 2018), the Islamic Republic of Iran, the Democratic People’s Republic of Korea, Libya, Somalia, Sudan, South Sudan, and Yemen, pursuant to the relevant MAS Regulations and Variable Capital Companies (Sanctions and Freezing of Assets of Persons) Regulations.</td>
</tr>
</tbody>
</table>

In accordance with UNSC resolutions, Singapore also prohibits nonfinancial institutions from dealing with property or assets, providing certain services, and supplying certain items to designated entities and individuals with respect to the Democratic Republic of the Congo, Iran, the Democratic People’s Republic of Korea, Sudan, South Sudan, and Yemen.

In addition, all persons in Singapore have to freeze the assets and not deal with or provide financial assistance to individuals and entities associated with terrorism pursuant to the Terrorism (Suppression of Financing) Act. The freezing obligations and prohibitions include all persons designated pursuant to the UNSC 1267/1988/1989 and subsequent USNC.

<table>
<thead>
<tr>
<th>Other security restrictions</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>No. No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Singapore is the Singapore dollar.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No. Singapore and Brunei currency notes and coins are freely interchangeable at par without charge in Singapore and Brunei Darussalam.</td>
</tr>
<tr>
<td>Exchange rate structure</td>
<td>Unitary Yes.</td>
</tr>
</tbody>
</table>

Dual
The de jure exchange rate arrangement is other managed. The authorities manage the exchange rate as an intermediate target of monetary policy, with the objective of maintaining price stability as a sound basis for sustainable economic growth. The Singapore dollar is allowed to fluctuate within a targeted policy band and is managed against a basket of currencies of the country’s major trading partners. Currencies in the basket are assigned weights in accordance with the importance of the countries in Singapore’s trade relations with the world. The exchange rate policy is announced every six months in the Monetary Policy Statement, typically in terms of changes to the slope, central rate, and width of the policy band. In response to changing macroeconomic conditions, the policy parameters may also be adjusted outside the regular biannual cycle. The US dollar is the intervention currency. The de facto exchange rate arrangement is classified crawl-like. The MAS intervenes through agents and since April 2020 has published data on its foreign exchange intervention operations. The data comprise MAS’ net purchases of foreign exchange from its intervention operations on a six-month aggregated basis, and with a three-month lag from the end of the period.

The MAS publishes bilateral rates on its website, which are taken directly from Refinitiv.

The monetary policy framework is an exchange rate anchor vis-à-vis a composite.
Government
Central Bank

Monetary Policy Committee
Central Bank Board

Other

Government and Central Bank

Inflation target
Target number

Point target
Target with tolerance band

Band/Range

Target measure
CPI

Core inflation

Target horizon

Operating target (policy rate)
Policy rate
Target corridor band

Other

Accountability
Open letter
Parliamentary hearings

Other

Transparency
Publication of votes
Publication of minutes
Publication of inflation forecasts

Other monetary framework

Exchange tax No.
Exchange subsidy No.

Foreign exchange market Yes. Commercial banks freely set their exchange rates and foreign exchange commissions in transactions with their clients.
Spot exchange market Yes. Money-changing and cross-border money transfer service providers
are licensed by the MAS under the Payment Services Act. As of August 7, 2020, there are 346 and 140 licensed payment institutions providing money-changing and cross-border money transfer services respectively.

Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.
Interbank market  Yes.

No exchange control formalities or approvals are required for payments or capital transfers under MAS Notice No. 754 of May 1978. The MAS intervenes through agents at market rates. All licensed banks can operate in the interbank foreign exchange market (that is, there is no specific license for operating in the interbank market).

Over the counter  Yes.
Banks are free to purchase or sell foreign exchange to each other in the over-the-counter foreign exchange market.
Brokerage  Yes.
The foreign exchange market generally operates via brokers, with no restriction on bid-ask spreads or commissions.
Market making  Yes.
There is no designated market maker.
Forward exchange market  Yes.
Banks may hedge their exchange rate risk through forward foreign exchange transactions. The MAS participates in the foreign exchange derivatives market.

Official cover of forward operations  No.
The MAS covers its own forward positions fully; however, forward positions of other entities in the interbank foreign exchange market are managed without official cover.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  No.
Controls on the use of domestic currency  No.

For current transactions and payments  No.

For capital transactions  No.
Transactions in capital and money market instruments  No.
Transactions in derivatives and other instruments  No.
Credit operations  No.

Use of foreign exchange among residents  No.

Payments arrangements  Yes.
Bilateral payments arrangements  No.

Operative  No.
**Inoperative**
No.

**Regional arrangements**
Yes. Network for Electronic Transfers (NETS), Singapore’s domestic debit card network operator is a member of the Asian Payment Network.

**Clearing agreements**
No.

**Barter agreements and open accounts**
No.

**Administration of control**
Yes. Singapore has no exchange controls; however, the MAS is responsible for exchange control matters.

**Payments arrears**
No.

**Official**
No.

**Private**
No.

**Controls on trade in gold (coins and/or bullion)**
No.

**On domestic ownership and/or trade**
No.

**On external trade**
No.

**Controls on exports and imports of banknotes**
No. Singapore has implemented measures intended to detect and monitor the movement of physical currency and bearer negotiable instruments (collectively referred to as CBNI) into and out of Singapore. The threshold for reporting of cross-border movements of CBNI is S$20,000. Any person who moves CBNI exceeding S$20,000 or its equivalent in a foreign currency into or out of Singapore must submit a report. Any person who receives CBNI exceeding the prescribed amount from outside Singapore is also required to report it within five business days. These measures are set forth in the CDSA.

This is intended as an anti-money-laundering and counterterrorism financing measure in line with the FATF standards (see Recommendation 32) and is not an exchange control measure. There are no restrictions on the type or amount of CBNI that may be moved into or out of Singapore.

**On exports**
No.

**Domestic currency**
No. Any person who moves CBNI exceeding S$20,000 out of Singapore must submit a report to the appropriate authorities.

**Foreign currency**
No. Any person who moves CBNI exceeding the equivalent of S$20,000 in foreign currency out of Singapore is required to report it to the appropriate authorities.

**On imports**
No.

**Domestic currency**
No. Any person who moves CBNI exceeding S$20,000 into Singapore is required to report it to the appropriate authorities. Individuals who receive CBNI exceeding S$20,000 from outside Singapore must report it within five business days.

**Foreign currency**
No. Any person who moves CBNI exceeding the equivalent of S$20,000 in a foreign currency into Singapore is required to report it to the appropriate authorities. Individuals who receive CBNI exceeding the equivalent of S$20,000 in a foreign currency from outside Singapore must report it within five business days.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Resident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
<td>MAS Notice No. 754 of May 25, 1978, states that “all persons are exempt from the provisions, obligations, etc., imposed under the various sections of the Exchange Control Act (Chapter 245)” and “no exchange control formalities or approvals are required for any form of payment or capital transfer.”</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
<td>Balances in foreign exchange accounts held domestically may be transferred abroad/domestically freely.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
<td>Balances in foreign exchange accounts held abroad may be transferred freely.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
<td>MAS Notice No. 754 of May 25, 1978, states that “all persons are exempt from the provisions, obligations, etc., imposed under the various sections of the Exchange Control Act (Chapter 245)” and “no exchange control formalities or approvals are required for any form of payment or capital transfer.”</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
<td>There are no restrictions on the transfer of balances in domestic currency accounts by nonresidents.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Section</td>
<td>Status</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
</tbody>
</table>

There are several types of import permits, and certain situations do not require a permit (details can be found on the Customs website referenced below).

Singapore prohibits the importation of some products, mainly for health, safety, security, and environmental reasons, including those under UNSC resolutions or other international conventions and agreements.

Import restrictions and licensing are imposed to fulfill obligations under international agreements and/or for health, safety, environmental, and national security reasons.

Imports duties are levied on imports of beer, stout, samsu, and medical samsu.

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Export licenses are required for exports of certain items, including substances that deplete the ozone layer and rubber. Singapore prohibits the exportation of certain goods to (including...
goods in transit bound for) countries or territories prohibited under UNSC resolutions.

With quotas No.

Export taxes No.

Collected through the exchange system No.

Other export taxes No. Singapore does not impose export taxes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
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</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
</tbody>
</table>
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.

Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Controls on capital and money market instruments No.
On capital market securities No.

Shares or other securities of a participating nature No.
Purchase locally by nonresidents No.
Sale or issue locally by nonresidents No.

There are no restrictions on sales and issuance locally by nonresidents. However, in practice, nonresident financial entities must convert Singapore dollar proceeds in excess of S$5 million from Singapore dollar loans, equity listings, and bond issuances to foreign currency before using such funds to finance activities outside Singapore. Offers of capital market products as defined under the Securities and Futures Act (Cap. 289) (including shares, debentures, and collective investment schemes) to investors in Singapore require a prospectus, unless exempted. An offer may be exempt from prospectus requirements where the offer is a small offer that does not exceed S$5 million (or its equivalent in a foreign currency) within any 12-month period (subject to certain conditions); a private placement offer made to no more than 50 persons within any 12-month period (subject to certain conditions); and offer to accredited investors (subject to certain conditions); or an offer to institutional
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

There is no minimum holding period requirement for debt securities purchased locally by nonresidents. There are no restrictions on sales and issuance locally by nonresidents. However, in practice, nonresident financial entities must convert Singapore dollar proceeds in excess of S$5 million from Singapore dollar loans, equity listings, and bond issuances to foreign currency before using such funds to finance activities outside Singapore. Offers of capital market products as defined under the Securities and Futures Act (Cap. 289) (including shares, debentures, and collective investment schemes) to investors in Singapore require a prospectus, unless exempted. An offer may be exempt from prospectus requirements where the offer is a small offer that does not exceed S$5 million (or its equivalent in a foreign currency) within any 12-month period (subject to certain conditions); a private placement offer made to no more than 50 persons within any 12-month period (subject to certain conditions); and offer to accredited investors (subject to certain conditions); or an offer to institutional investors.
Banks may lend in Singapore dollars to nonresident financial institutions for any purpose in Singapore or elsewhere as long as the aggregate credit facilities do not exceed S$5 million an entity. For larger amounts, the following conditions apply: (1) If the proceeds in Singapore dollars are to be used outside Singapore, banks must ensure that they are swapped or converted to foreign currency on drawdown. (2) Banks may extend temporary overdrafts in any amount to vostro accounts of nonresident financial institutions to prevent settlement failure, but must make a reasonable effort to ensure that overdrafts are covered within two business days. (3) Banks must not extend credit facilities in Singapore dollars to nonresident financial institutions if there is reason to believe that the proceeds will be used for local currency speculation. Banks must report monthly to the MAS their aggregate outstanding lending in Singapore dollars to nonresident financial institutions. This requirement does not apply to lending in Singapore dollars to individuals and nonfinancial institutions (including corporate treasury centers).
landed property and public housing. Foreigners who wish to purchase landed properties must obtain approval from the Singapore Land Authority.

ABSD is imposed on certain categories of residential property purchases as follows: ABSD rate of, effective July 6, 2018, 12% (previously 7%) applies for Singapore citizens buying a second residential property; 15% (previously 10%) for citizens buying a third or subsequent property; 5% for permanent residents buying first residential property; 15% (previously 10%) for permanent residents buying a second or subsequent property; 20% (previously 15%) for foreign individuals buying any residential property; and 25% (previously 15%) for local and foreign nonindividuals (that is, entities) buying any residential property, as well as an additional ABSD of 5% was introduced for developers, which is nonremittable (that is, nonrefundable) and must be paid on purchase of the residential property. Developers who meet certain conditions may qualify for a refund from the government of the ABSD of 25%.

Sale locally by nonresidents: Yes.

There are no specific restrictions for foreigners on the sale of nonlanded private property. However, the seller stamp duty was introduced in February 2010 for all residential property and residential land sold within one year of purchase. Subsequently, the holding period was extended progressively from one to four years as of January 2011. The seller stamp duty rates were also raised to 16%, 12%, 8%, and 4% for residential property sold in the first, second, third, or fourth year of purchase, respectively. Foreigners who buy landed private property with approval may not sell it before five years from the date of purchase—if the property is under construction, before five years from the issuance of the temporary occupation permit or certificate of statutory completion, whichever is earlier. Foreigners may not buy or own public housing.

Controls on personal capital transactions: No.

Loans

By residents to nonresidents: No.

To residents from nonresidents: No.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents: No.

To residents from nonresidents: No.

Settlement of debts abroad by immigrants: No.

Transfer of assets

Transfer abroad by emigrants: No.

Transfer into the country by immigrants: No.

Transfer of gambling and prize earnings: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions: Yes.
Borrowing abroad  No.

Maintenance of accounts abroad  No.

Lending to nonresidents (financial or commercial credits)  Yes.  Singapore dollar credit facilities include loans, contingent credit lines, and foreign exchange swaps involving a sale of Singapore dollars to a nonresident financial institution in the first leg of the transaction. Banks may lend in Singapore dollars to nonresident financial institutions for any purpose in Singapore or elsewhere as long as the aggregate credit facilities do not exceed $5 million an entity. For larger amounts, the following conditions apply: (1) If the proceeds in Singapore dollars are to be used outside Singapore, banks must ensure that they are swapped or converted to foreign currency on drawdown. (2) Banks may extend temporary overdrafts in any amount to vostro accounts of nonresident financial institutions for the purpose of preventing settlement failure. However, banks must make a reasonable effort to ensure that the overdrafts are covered within two business days. (3) Banks must not extend credit facilities in Singapore dollars to nonresident financial institutions if there is reason to believe that the proceeds will be used for local currency speculation. Banks must report monthly to the MAS their aggregate outstanding lending in Singapore dollars to nonresident financial institutions. This requirement does not apply to lending in Singapore dollars to individuals and nonfinancial institutions (including corporate treasury centers).

Lending locally in foreign exchange  No.

Purchase of locally issued securities denominated in foreign exchange  No.

Differential treatment of deposit accounts in foreign exchange  Yes.

*Reserve requirements*  Yes.  Foreign currency deposits accepted by banks in Singapore are not subject to reserve requirements. Banks must maintain in its Current Account and Custody Cash Account, an aggregate minimum cash balance of at least an average of 3% of its average Qualifying Liabilities computed during a computation period.

*Liquid asset requirements*  Yes.  The liquid asset requirements for banks incorporated and headquartered in Singapore were revised, after January 1, 2015, in line with the global implementation of the LCR rules. For all other banks in Singapore, the requirements came into force January 1, 2016. Banks in Singapore must comply either with the LCR or with the minimum liquid assets (MLA) requirement. Banks complying with the LCR must ensure that they hold sufficient high-quality liquid assets in any currency to meet their expected net cash outflow in any currency. In addition, banks must ensure that they hold sufficient high-quality liquid assets in Singapore dollars to meet their expected net cash outflow in Singapore dollars. The expected net cash outflow also includes outflows expected from deposits.

As of January 1, 2019, banks incorporated and headquartered in Singapore must maintain at all times a Singapore dollar LCR of at least 100% and an all-currency LCR of at least 100%. Any other bank notified by MAS that it is a Domestic—Systemically Important Bank (D-SIB), or a bank that elects to comply with the LCR framework, must maintain at all times a Singapore dollar LCR requirement of 100% and an all-currency LCR requirement of 50%.

Effective October 1, 2019, any bank that has been notified by MAS...
that it is an internationally active bank must also maintain at all times a Singapore dollar LCR of at least 100% and an all-currency LCR of at least 100%. In addition, any bank that is not a D-SIB or an internationally active bank may choose to comply with either the MLA or the LCR requirement, regardless of whether the bank is incorporated and headquartered in Singapore.

Banks complying with the MLA requirement must ensure that they hold sufficient liquid assets in any currency to meet their qualifying liabilities (a subset of the bank’s liabilities) in any currency. In addition, banks must ensure that they hold sufficient liquid assets in Singapore dollars to meet their qualifying liabilities in Singapore dollars. Qualifying liabilities include, among others, amounts due to nonbank customers such as deposits.

<table>
<thead>
<tr>
<th>Interest rate controls</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Such investment is subject to prudential limits and approvals, but the provisions are not exchange related. No person may become a substantial shareholder (that is, 5%), 12% controller, 20% controller or indirect controller of (1) a bank incorporated in Singapore or (2) a financial holding company without approval of the minister. The minister may approve the application, if the authority is satisfied that (1) the person is a fit and proper person; (2) under the likely influence of the person, the designated financial institution will or will continue to conduct its business prudently and comply with the provisions of the law; and (3) if the minister is satisfied that the acquisition is in the national interest. These sections apply to all individuals, regardless of their residency or citizenship status, and to all bodies corporate and unincorporated, whether operating in Singapore or not.

Open foreign exchange position limits | No. |

No limits are set by the MAS, but it reviews the internal control systems of banks to ensure that adequate limits and controls are established for treasury activities.

| On resident assets and liabilities | No. |
| On nonresident assets and liabilities | No. |
| Provisions specific to institutional investors | Yes. |
| Insurance companies | Yes. |
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio | No. |
Risk requirements apply. Insurers are required to maintain sufficient financial resources to meet the total risk requirements at adjusted fund level and for the company as a whole. Effective March 31, 2020, the total risk requirement includes a risk requirement of 12% (previously 8%) on the foreign currency mismatch risk, which is calculated as the aggregate of net foreign currency open positions of the insurer minus 10% (or 20%) of the total value of assets in the insurance fund for Singapore policies (or for offshore policies). Foreign currency assets that match foreign currency liabilities are excluded from the calculation of the foreign currency mismatch risk. Insurers are required to fulfill a concentration risk requirement if the foreign currency mismatch exceeds 40% of total assets.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>The all-currency liquidity coverage ratio requirement for banks incorporated and headquartered in Singapore increased to 100% from 90%.</td>
</tr>
<tr>
<td>10/01/2019</td>
<td>Any bank that has been notified by Monetary Authority of Singapore that it is an internationally active bank must also maintain at all times a Singapore dollar liquidity coverage ratio (LCR) of at least 100% and an all-currency LCR of at least 100%. In addition, any bank that is not a Domestic—Systemically Important Bank or an internationally active bank may choose to comply with either the minimum liquid assets or the LCR requirement, regardless of whether the bank is incorporated and headquartered in Singapore.</td>
</tr>
</tbody>
</table>
The total risk requirement includes a risk requirement of 12% (previously 8%) on the foreign currency mismatch risk, which is calculated as the aggregate of net foreign currency open positions of the insurer minus 10% (or 20%) of the total value of assets in the insurance fund for Singapore policies (or for offshore policies).
SLOVAK REPUBLIC

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>January 1, 1993.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance: October 1, 1995.</td>
<td></td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |
| Other security restrictions | No. |

The Slovak Republic maintains certain exchange restrictions in accordance with EU Council regulations solely for national and international security reasons. These include the freezing of funds and economic resources of those responsible for the violation of international electoral standards in the presidential elections in Belarus on March 19, 2006, and the crackdown on civil society and democratic opposition and natural or legal persons, entities, and bodies associated with them; certain persons indicted by the International Criminal Tribunal for the Former Yugoslavia in Bosnia and Herzegovina; Democratic Republic of the Congo; certain persons who threaten the peace and national reconciliation process in Côte d'Ivoire; Egypt; Eritrea; Guinea (Conakry); Guinea-Bissau; and the Islamic Republic of Iran; certain persons and entities in Iraq; the Democratic People’s Republic of Korea; Lebanon; persons and entities associated with former President Charles Taylor in Liberia; listed persons, entities, and bodies of Libya; Russia; Somalia; former President Slobodan Milosevic and natural persons associated with him and certain persons indicted by the International Criminal Tribunal for the Former Yugoslavia in Serbia and Montenegro; Sudan; Syria; Tunisia; Ukraine (as amended); Zimbabwe; persons and entities associated with Osama bin Laden, Al-Qaida, and the Taliban; and certain other persons, groups, and entities, with a view to combating terrorism. On May 22, 2014, the authorities notified the IMF of certain exchange restrictions in accordance with EU Council regulations solely for national and international security reasons.

Other security restrictions | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

| Currency | Yes. |
| Other legal tender | No. |
| Exchange rate structure | Unitary, Yes. |
| Dual | |

The currency of the Slovak Republic is the euro.
Multiple

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

**Floating**

Free floating

Yes. The exchange rate arrangement of the euro area is free floating. The Slovak Republic participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

**Official exchange rate**

Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The reference rates are usually updated around 16:00 Central European Time on every working day, except on TARGET (Trans-European Automated Real-time Gross Settlement Express Transfer) closing days. They are based on a regular daily concertation procedure between CBs across Europe, which normally takes place at 14:15 Central European Time. The reference rate against the euro is the average of the buying and selling rates.

**Monetary policy framework**

Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

- Government
- Central Bank
- Monetary Policy Committee
To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is commonly defined as inflation rates at levels below, but close to, 2% over the medium term.
Foreign exchange market  Yes. ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.

Spot exchange market  Yes. As of December 31, 2019, 1112 bureaus had been licensed to provide foreign exchange services (for currency exchange activity, including the purchase and sale of funds in foreign currency for euros in cash) to the public. The National Bank of Slovakia (NBS) issues foreign exchange licenses for trading in foreign exchange assets and for foreign exchange services. Institutions licensed by the NBS may conduct noncash transactions in foreign currency and make payments and transfers on behalf of their clients.

Operated by the central bank  No.

Foreign exchange standing facility  No.

Allocation  No.

Auction  No.

Fixing  No.

Interbank market  Yes. As of December 31, 2019, there were 12 licensed credit institutions in the interbank market.

Over the counter  No.

Brokerage  No.

Market making  Yes. The interbank market operates on the basis of a market-making agreement, under which participants commit to a maximum spread and a minimum amount to trade.

Forward exchange market  Yes. The NBS conducts foreign exchange swaps and forwards for hedging currency risk and for managing foreign portfolios.

Official cover of forward operations  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  No.

Controls on the use of domestic currency  No.

For current transactions and payments  No.

For capital transactions  No.

Transactions in capital and money market instruments  No.

Transactions in derivatives and other instruments  No.

Credit operations  No.

Use of foreign exchange among residents  No.

Payments arrangements  No.

Bilateral payments arrangements  No.

Operative  No.

Inoperative  No.
Regional arrangements No.
Clearing agreements No.
Barter agreements and open accounts No.
Administration of control Yes. The foreign exchange authorities are the MOF and the NBS. The 
MOF has jurisdiction in matters relating to other ministries and 
central bodies of government administration, budgetary and 
subsidized government organizations, special-purpose government 
funds, legal entities established by separate legislation with financial 
ties to the national budget, and local communities and their 
budgetary and subsidized organizations. The MOF maintains foreign 
exchange records and documents pertaining to interstate negotiations 
on property claims and implements the results of these negotiations 
within the country. The NBS exercises jurisdiction over residents 
other than those specified above and over nonresidents.

Payments arrears No.
Official No.
Private No.
Controls on trade in gold (coins and/or 
bullion) No.
On domestic ownership and/or trade No.
On external trade No.
Controls on exports and imports of 
banknotes No.
On exports No. Natural persons leaving the EU to third countries and carrying cash of a value of €10,000 or more must declare that sum to the relevant authorities of the member through which they enter or leave the EU.

Domestic currency No.
Foreign currency No.
On imports No. Natural persons entering the EU from third countries and carrying cash of a value of €10,000 or more must declare that sum to the relevant authorities of the member through which they enter or leave the EU.

Domestic currency No.
Foreign currency No.
References to legal instruments and 
hyperlinks
This information can be found at the AREAER ONLINE database: 
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes. Foreign exchange accounts are permitted, and balances may be transferred abroad freely in accordance with the law.

Held domestically Yes. Foreign exchange accounts are permitted, and balances may be transferred abroad freely in accordance with the law.

Approval required No.

Held abroad Yes. Foreign exchange accounts are permitted, and balances may be transferred abroad freely in accordance with the law.

Approval required No.
### Accounts in domestic currency held abroad
- Yes.

### Accounts in domestic currency convertible into foreign currency
- Yes. Accounts in domestic currency are convertible into foreign currency in accordance with the law.

### References to legal instruments and hyperlinks
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes. Foreign exchange accounts are permitted, and balances may be transferred abroad freely in accordance with the law.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes. Accounts in domestic currency are convertible into foreign currency in accordance with the law.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes. The EU has the exclusive responsibility for applying the common commercial policy, including import licenses and other nontariff measures. The Slovak Republic accepted and fully implemented the EU regulations on common trade and agricultural policies on the date of its accession to the EU. Regulation (EU) No. 98/2013 of the European Parliament and Council of January 15, 2013, on the marketing and use of explosives precursors is in force.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes. Act No. 392/2011 Coll. on Trading with Defense Industry Product and on amendments and supplements to certain acts.</td>
</tr>
<tr>
<td>Topic</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>The EU import licensing system is in place to manage imports of specific products subject to quantitative restrictions, safeguard measures, or import surveillance. The EU currently maintains more than 130 tariff quotas, mostly on agricultural products, which allow certain goods to be imported into the EU at a lower level of duty than would usually apply. These quotas are administered through import licenses and apply to imports of certain items under the EU Common Customs Tariff related to beef, sheep, goats, chicken, turkey, fish, milk, eggs, potatoes, fruit and vegetables, wheat, barley, rice, maize, mushrooms, sausages, sugar, fruit juice, chocolate, pasta, and wine. The EU’s common licensing system and quotas apply to imports of textiles from the Democratic People’s Republic of Korea and wood from Russia. Commission Implementing Regulation (EU) No. 498/2012 on the allocation of tariff-rate quotas for imports of wood in the categories spruce or silver fir and pine is in effect (Annex I). The Commission allocates tariff quotas based on whether an importer is “traditional” or “new,” and the allocation of tariff quotas depends on when the importer submitted its application. Commission Implementing Regulation (EU) No. 2016/2148 of December 7, 2016, laying down rules for the management and distribution of textile quotas was established for the year 2017 under Regulation (EU) No. 2015/936 of the European Parliament and of the Council. Regulation (EU) No. 2015/936 of the European Parliament and of the Council of June 9, 2015, on common rules for imports of textile products from certain third countries not covered by bilateral agreements, protocols, or other arrangements, or by other specific Union import rules is in effect.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Certain measures are imposed for environmental, health, safety, sanitary, and phytosanitary reasons. Moreover, the EU imposes trade and economic sanctions in accordance with resolutions of the UNSC.</td>
<td></td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>The EU Common Customs Tariff system, including preferential tariffs, applies; the EU GSP applies to imports from developing economies. The availability and scope of tariff preferences within the GSP depend on the arrangement with the beneficiary country. The following arrangements are available under the GSP: (1) a general arrangement, (2) a special incentive arrangement for sustainable development and good governance, and (3) a special arrangement for the least developed countries. Imported goods are subject to VAT and excise duties (mineral oil, alcoholic beverages, tobacco products, electricity, coal, and natural gas, with certain exceptions). Tariffs are based on Commission Implementing Regulation (EU) No. 2019/1776 – Common Customs Tariff for 2020 and Council Regulation (EU) No. 1387/2013 as amended. Effective May 16, 2020, the system of prior surveillance of imports of certain aluminum products (introduced by Commission Implementing Regulation (EU) No. 2018/640) was abolished.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

- Repatriation requirements | No.  
- Surrender requirements | No.  
- Surrender to the central bank | No.  

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<table>
<thead>
<tr>
<th><strong>Surrender to authorized dealers</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export licenses are required for (1) dangerous chemicals, drug precursors; (2) firearms and ammunition; (3) dual-use goods and technologies; (4) certain goods that could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment; (5) military equipment; and (6) chemical warfare agents. Regulation (EU) No. 2019/125 of the European Parliament and of the Council of January 16, 2019, concerning trade in certain goods, which could be used for capital punishment, torture, or other cruel, inhuman, or degrading treatment or punishment, applies. The Arms Trade Treaty is in effect in the Slovak Republic. Ministry of Economy Decree No. 1/2016 amended the list of defense-related products. Decree No. 1/2012 of the Ministry of Economy – revised list of debased defense-related products that may become commodities of collecting activities applies.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Payments for Invisible Transactions and Current Transfers

- **Controls on these transfers** Yes.
- **Trade-related payments** No.
  - **Prior approval** No.
  - **Quantitative limits** No.
  - **Indicative limits/bona fide test** No.
- **Investment-related payments** No.
  - **Prior approval** No.
  - **Quantitative limits** No.
  - **Indicative limits/bona fide test** No.
Payments for travel: Yes. 
Prior approval: No. 
Quantitative limits: Yes. Official travel by employees of budgetary and subsidized organizations is subject to allowances, depending on the country of destination. The MOF is responsible for determining the allowances. 
Indicative limits/bona fide test: No.

Personal payments: No. 
Prior approval: No. 
Quantitative limits: No. 
Indicative limits/bona fide test: No.

Foreign workers’ wages: No. 
Prior approval: No. 
Quantitative limits: No. 
Indicative limits/bona fide test: No.

Credit card use abroad: No. 
Prior approval: No. 
Quantitative limits: No. 
Indicative limits/bona fide test: No.

Other payments: No. 
Prior approval: No. 
Quantitative limits: No. 
Indicative limits/bona fide test: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements: No.

Surrender requirements: No.

Surrender to the central bank: No.

Surrender to authorized dealers: No.

Restrictions on use of funds: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions: Yes.
Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
Yes.

In general, the sale or purchase of financial instruments in the Slovak Republic falls, if certain conditions are met, under the category of provision of investment services, which is a regulated activity. Nonresidents are allowed to provide investment services in the Slovak Republic, if they are granted a license issued by the NBS or after notification from another EEA member, if they are granted a license in that particular EEA member country. The provision of investment services in another EEA member country, by residents licensed by the NBS, is subject to notification from the NBS to that particular EEA member. The issuance of securities in the Slovak Republic is, as a general rule, regulated, whether this activity is carried out by residents or nonresidents.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
Yes.

Controls apply to the purchase of shares or other securities of a participating nature that may be affected by regulations on inward direct investment in airlines by nonresidents from non-EU countries and on gambling. A license for gambling operations by legal entities with foreign participation is granted only if the entity has a registered office or permanent residence in an EU or OECD country.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

Bonds or other debt securities
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On money market instruments
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.

On collective investment securities
Yes.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
Yes.
provision of investment services, which is a regulated activity. Nonresidents are allowed to provide investment services in the Slovak Republic, if they are granted a license issued by the NBS or after notification from another EEA member, if they are granted a license in that particular EEA member country. Specifically, nonresidents from EEA member countries selling UCITS-compliant products may engage in this activity after notifying the NBS. Nonresidents from non-EEA countries, and nonresidents from EEA countries selling non-UCITS products, may engage in this activity through establishment of a branch in the Slovak Republic or on an agreement basis without establishing a branch, provided they receive authorization from the NBS. The issuance of securities in the Slovak Republic is, as a general rule, regulated, whether this activity is carried out by residents or nonresidents.

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**Purchase locally by nonresidents**
No.

**Sale or issue locally by nonresidents**
No.

**Purchase abroad by residents**
No.

**Sale or issue abroad by residents**
No.

**Controls on credit operations**
No.

**Commercial credits**
No.

- **By residents to nonresidents**
  No.

- **To residents from nonresidents**
  No.

**Financial credits**
No.

- **By residents to nonresidents**
  No.

- **To residents from nonresidents**
  No.

**Guarantees, sureties, and financial backup facilities**
No.

- **By residents to nonresidents**
  No.

- **To residents from nonresidents**
  No.

**Controls on direct investment**
Yes.
**Outward direct investment**  
No.

**Inward direct investment**  
Yes. Controls apply to (1) gambling operations (lotteries and similar games). Effective March 1, 2019, Act No. 30/2019 Coll. on Gambling Games entered into force, creating a new license structure that covers online gambling and establishing the Gambling Regulatory Authority responsible for licensing, supervision, sanctioning, and levies management. Licenses may be issued to corporate entities domiciled in the Slovak Republic or in another EU Member State or domiciled in the Slovak Republic with foreign shareholders that are domiciled or have permanent residence in another EU Member State or in a Member State of the OECD. A corporate entity domiciled in a Member State other than the Slovak Republic may be issued a license if it has a representative registered with the Regulatory Office for Gambling. (2) Air services, which may be granted an operating license, provided EU members and/or nationals of EU members own more than 50% and effectively control it, directly or indirectly through one or more intermediate enterprises, except as provided for in an agreement with a third country to which the EU is a party; and (3) the extent that under Directive (EU) No. 2009/65, a depository of a UCITS must either have its registered office in the same EU country as that of the enterprise or be established in the EU country if its registered office is in another EU country.

Controls on liquidation of direct investment  
No.

Controls on real estate transactions  
Yes.

**Purchase abroad by residents**  
No.

**Purchase locally by nonresidents**  
Yes. Natural and legal persons from EU (including Slovak Republic) or EEA member countries and Switzerland may acquire agricultural land without any limitations, effective February 11, 2019, as the rules regarding the offering the agricultural land established by Act No. 140/2014 Coll. were cancelled by the Constitutional Court of the Slovak Republic. Previously, natural and legal persons from EU (including Slovak Republic) or EEA member countries and Switzerland could acquire agricultural land located outside town limits, provided they had been operating an agricultural production business for at least three years within the municipality where the land was situated. Residents in the Slovak Republic for longer than 10 years who were EU or EEA members and Swiss (natural or legal persons) could acquire agricultural land located outside town limits, provided they had been operating an agricultural production business for at least three years within the area adjacent to the municipality where the land was situated or without any regard to the place of providing agricultural production. If none of these persons acquired ownership of agricultural land, ownership could be acquired by physical or legal persons of the Slovak Republic, an EU or EEA member country, or Switzerland who had not been involved in agricultural production, provided they had been a resident for longer than 10 years. These restrictions did not apply to nonresidents who inherit property. These restrictions did not apply to agricultural land located within town limits, to agricultural land outside town limits where its management was limited by special regulations, to agricultural land outside town limits where its management was limited by the local plan, to agricultural land outside town limits under 2000 m2, to agricultural land outside town limits which was functionally connected with the adjacent building and to the gardens. The prohibition for acquirers from other states is not cancelled and is
still in effect. Acquisition of agricultural land by any physical or legal persons who are citizens or residents of other state than Slovak Republic, an EU or EEA member country, or Switzerland, is forbidden, provided the acquisition of agricultural land in this state is forbidden for Slovak citizens or residents. General rules remain against the fragmentation of the agricultural and forest land (prohibition of creating new land or new co-owner’s deal with smaller area than 2000 m² of agricultural land and 5000 m² of forest land; Act. No. 180/1995 Coll.) and the rules regarding the right of first refusal for the co-owners (Civil Code).

Sale locally by nonresidents
No.

Controls on personal capital transactions
No.

Loans

By residents to nonresidents
No.

To residents from nonresidents
No.

Gifts, endowments, inheritances, and legacies
No.

By residents to nonresidents
No.

To residents from nonresidents
No.

Settlement of debts abroad by immigrants
No.

Transfer of assets
No.

Transfer abroad by emigrants
No.

Transfer into the country by immigrants
No.

Transfer of gambling and prize earnings
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Yes.

Borrowing abroad
No.

Banks must conduct their activities in accordance with their banking license.

Maintenance of accounts abroad
No.

Lending to nonresidents (financial or commercial credits)
No.

Lending is permitted in accordance with a banking license.

Lending locally in foreign exchange
No.

Lending is permitted in accordance with a banking license.

Purchase of locally issued securities denominated in foreign exchange
Yes.

Purchases are allowed in accordance with the law.

Differential treatment of deposit accounts in foreign exchange
No.

Reserve requirements
No.

Liquid asset requirements
No.

Interest rate controls
No.
**Credit controls**  No.

**Differential treatment of deposit accounts held by nonresidents**  No.

**Reserve requirements**  No.

**Liquid asset requirements**  No.

**Interest rate controls**  No.

**Credit controls**  No.

**Investment regulations**  Yes.

**Abroad by banks**  Yes. Banks may not invest more than 15% of their eligible capital in a foreign company abroad, nor may the total of all investments in foreign companies abroad exceed 60% of a bank's eligible capital according to Article 89, Paragraphs 1, 2, and 3, letter b of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions and investment firms and Amending Regulation (EU) No. 648/2012 and Paragraphs 1 and 2 of the Decree of the NBS No. 9/2017.

**In banks by nonresidents**  Yes. The same regulations apply to residents and nonresidents. Three categories – 20%, 30%, and 50% – of investment are defined, for which investors are required to obtain NBS approval (Paragraph 28 of the Act on Banks No. 483/2001, as amended).


**On resident assets and liabilities**  Yes.

**On nonresident assets and liabilities**  Yes.

**Provisions specific to institutional investors**  Yes.

**Insurance companies**  Yes. Insurance companies must conduct their activities in accordance with their insurance license.

**Limits (max.) on securities issued by nonresidents**  No. There are no specific limits on investments in securities issued by nonresidents. Insurance companies must invest their technical provisions according to Article 178 of Act No. 39/2015 Coll. on Insurance. Limits for each asset are specified in NBS Decree No. 12/2015. These limits do not apply to insurance products whose policyholder bears all the insured risk (for example, unit-linked products).

**Limits (max.) on investment portfolio held abroad**  No. There are no specific limits on investments abroad. Insurance companies are required to invest their technical provisions according to Article 178 of Act No. 39/2015 Coll. on Insurance. Limits for each asset are specified in NBS Decree No. 12/2015. No such limits apply to insurance products whose policyholder bears all the insured risk (for example, unit-linked products).

**Limits (min.) on investment portfolio held locally**  No. Insurance companies must invest their technical provisions according to Article 178 of Act No. 39/2015 Coll. on Insurance. Limits for each asset are specified in NBS Decree No. 12/2015. No such limits apply to insurance products whose policyholder bears all the insured risk (for example, unit-linked products).

**Currency-matching regulations on assets/liabilities composition**  Yes. Currency-matching rules are applied to assets relating to technical provisions, except unit-linked provisions. An insurance company or
domestic branches of a foreign insurance company are required to invest a minimum of 80% of their liabilities in the given currency. This requirement does not apply if (1) assets in this currency do not exceed 7% of the assets in other currencies or (2) commitments are payable in a currency other than the currency of one of the EEA members. Reinsurance companies and domestic branches of foreign reinsurance companies must invest their technical provisions by matching assets at a minimum of 70% of their liabilities in a given currency.

Pension funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Imports and Import Payments

Import taxes and/or tariffs

05/16/2020

The system of prior surveillance of imports of certain aluminum products (introduced by Commission Implementing Regulation (EU) No. 2018/640) was abolished.

Capital Transactions

Controls on capital transactions

Controls on direct investment

Inward direct investment

03/01/2019

Act No. 30/2019 Coll. on Gambling Games entered into force, creating a new license structure that covers online gambling and establishing the Gambling Regulatory Authority responsible for licensing, supervision, sanctioning, and levies management. Licenses may be issued to corporate entities domiciled in the Slovak Republic or in another EU Member State or domiciled in the Slovak Republic with foreign shareholders that are domiciled or have permanent residence in another EU Member State or in a Member State of the OECD. A corporate entity domiciled in a Member State other than the Slovak Republic may be issued a license if it has a representative registered with the Regulatory Office for Gambling.

Controls on real estate transactions

Purchase locally by nonresidents

02/11/2019

Natural and legal persons from EU (including Slovak Republic) or
EEA member countries and Switzerland may acquire agricultural land without any limitations as the rules regarding the offering the agricultural land established by Act No. 140/2014 Coll. were cancelled by the Constitutional Court of the Slovak Republic. Previously, natural and legal persons from EU (including Slovak Republic) or EEA member countries and Switzerland could acquire agricultural land located outside town limits, provided they had been operating an agricultural production business for at least three years within the municipality where the land was situated. Residents in the Slovak Republic for longer than 10 years who were EU or EEA members and Swiss (natural or legal persons) could acquire agricultural land located outside town limits, provided they had been operating an agricultural production business for at least three years within the area adjacent to the municipality where the land was situated or without any regard to the place of providing agricultural production. If none of these persons acquired ownership of agricultural land, ownership could be acquired by physical or legal persons of the Slovak Republic, an EU or EEA member country, or Switzerland who had not been involved in agricultural production, provided they had been a resident for longer than 10 years. These restrictions did not apply to nonresidents who inherit property. These restrictions did not apply to agricultural land located within town limits, to agricultural land outside town limits where its management was limited by special regulations, to agricultural land outside town limits where its management was limited by the local plan, to agricultural land outside town limits under 2000 m², to agricultural land outside town limits which was functionally connected with the adjacent building and to the gardens. The prohibition for acquirers from other states is not cancelled and is still in effect.
# SLOVENIA

*(Position as of June 30, 2020)*

## Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 14, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance</td>
<td>September 1, 1995.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>No.</td>
</tr>
</tbody>
</table>

## Exchange Measures

| Restrictions and/or multiple currency practices | No.               |
| Exchange measures imposed for security reasons | Yes.              |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes.              |

In accordance with UNSC resolutions and/or EU regulations, Slovenia implements restrictive measures (freezing of funds and other economic resources and prohibition against making them available) with respect to Afghanistan, Al-Qaida members, groups associated with terrorism, and certain persons and entities with a view to combating terrorism and against certain people from Belarus, Bosnia and Herzegovina, Central African Republic, Democratic Republic of the Congo, Côte d’Ivoire, Eritrea, Guinea, Guinea-Bissau, the Islamic Republic of Iran (as amended), Iraq, the Democratic People’s Republic of Korea, Lebanon, Liberia, Libya, Myanmar, Russia (as amended), Serbia, Sudan, Syria, Tunisia, Ukraine, and Zimbabwe.

Other security restrictions | Yes. |

In accordance with UNSC resolutions and/or EU regulations, Slovenia implements certain restrictive measures (freezing of funds and other economic resources and prohibition against making them available) with respect to Democratic Republic of the Congo (as amended, OG RS 56/15); Egypt (OG RS 37/11 Decree on the implementation of Council Regulation (EU) No. 270/2011 of March 21, 2011, concerning restrictive measures directed against certain persons, entities, and bodies in view of the situation in Egypt); Russia (as amended in connection with the situation in Ukraine, OG RS 30/15); Somalia (OG RS 97/10 Decree on restrictive measures against Somalia and implementation of Council Regulation (EC) No. 147/2003 and Council Regulation (EU) No. 356/2010); South Sudan (as amended, OG RS 37/15); Sudan (OG RS 37/15); Iran (OG RS 74/16 Decree on restrictive measures against Iran and on the implementation of Council Regulation (EU) No. 267/2012); and Yemen (as amended, OG RS 37/15).

Effective September 28, 2019, Decree (OG RS No. 58/19) on restrictive measures against the Democratic People’s Republic of Korea was implemented, which is a consolidated version of Decree (OG RS 56/15).

## Exchange Arrangement

| Currency | Yes. |
| Other legal tender | No. |

The currency of Slovenia is the euro.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Exchange rate structure

Unitary

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

Yes. The exchange rate arrangement of the euro area is free floating. Slovenia participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Official exchange rate

Yes. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:30 Central European Time to around 16:00 Central European Time. The reference rates against the euro are the average of the buying and selling rates.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank
**Monetary Policy Committee**

**Central Bank Board**

**Other**

Government and Central Bank

**Inflation target**

Target number

**Point target**

**Target with tolerance band**

**Band/Range**

Target measure

**CPI**

**Core inflation**

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band

**Other**

**Accountability**

Open letter

Parliamentary hearings

**Transparency**

Publication of votes

Publication of minutes

Publication of inflation forecasts

<table>
<thead>
<tr>
<th>Other monetary framework</th>
<th>Yes.</th>
</tr>
</thead>
</table>

To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the EU, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and noninflationary growth.” Price stability is commonly defined as inflation rates at levels below, but close to, 2% over the medium term.
Exchange subsidy  No.

**Foreign exchange market**  Yes.  Slovenia is a member of the EMU and is part of an integrated money and foreign exchange market. No individual data for domestic institutions participating in the foreign exchange market are available.

Spot exchange market  Yes.  As of December 31, 2019, 14 of 15 banking institutions are licensed by the Bank of Slovenia (BOS) for operations in foreign exchange markets. Twenty foreign exchange bureaus are licensed to purchase and sell foreign banknotes with individuals only.

**Operated by the central bank**  No.

Foreign exchange standing facility  No.

Allocation  No.

Auction  No.

Fixing  No.

**Interbank market**  Yes.  There are no limits on the bid-ask spreads and commissions of interbank market participants. As of December 31, 2019, 14 of 15 banking institutions are licensed by the BOS for operations in the interbank market.

Over the counter  Yes.  Because Slovenia introduced the euro in 2007, the domestic banking institutions have been participating in the common over-the-counter foreign exchange market.

Brokerage  No.

Market making  No.

**Forward exchange market**  Yes.  The forward exchange market is not specifically regulated.

Official cover of forward operations  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**  Yes.

Controls on the use of domestic currency  Yes.  According to Article 68 of the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia No. 68/16 of November 4, 2016, and two amendments published in the Official Gazette of the Republic of Slovenia No. 81/19 of 27 December 2019 and No. 91/20 of 26 June 2020), listed institutions must report all transactions exceeding €15,000 remitted to accounts of (1) legal and natural persons of the countries referred to in Paragraph 3 of Article 50; and (2) legal and natural persons established and/or with permanent or temporary residence in the countries referred to in Paragraph 3 of Article 50 of this Act which are countries included on the list of high-risk third countries with strategic deficiencies where no suitable measures of preventing or detecting money laundering or terrorism financing apply or countries with the great possibility for money laundering or terrorism financing.

For current transactions and payments  Yes.  Article 67 of the Prevention of Money Laundering and Terrorist Financing Act stipulates that sellers of goods and services may not accept cash payments exceeding €5,000 from customers or third persons. The limitation on accepting cash payments shall also apply.
when the payment is effected by several linked cash transactions exceeding a total amount of EUR 5,000

<table>
<thead>
<tr>
<th>For capital transactions</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Use of foreign exchange among residents | No. |

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operative</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Inoperative</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Regional arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

| Administration of control | Yes. |

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on trade in gold (coins and/or bullion)</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>On exports</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>No.</th>
</tr>
</thead>
</table>

A cross-border trade agreement with Italy is inoperative.

Exchange control is exercised by (1) the BOS on the foreign exchange operations of banks and foreign exchange offices and (2) the customs authorities, who verify that the necessary conditions are met for cross-border transfers of cash. “Cash” refers to currency (banknotes and coins) and bearer/negotiable instruments (checks, promissory notes, money orders).

In accordance with EU Regulation No. 1889/2005 on Controls of Cash Entering or Leaving the EU, imports and exports of cash exceeding the equivalent of €10,000 must be reported to the customs authorities. Additional data may be requested in certain other cases in accordance with the money-laundering legislation. Sanctions for violations of EU Regulation No. 1889/2005 are determined by the Foreign Exchange Act.

In accordance with EU Regulation No. 1889/2005 on Controls of Cash Entering or Leaving the EU, imports and exports of cash exceeding the equivalent of €10,000 must be reported to the customs authorities.

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In accordance with EU Regulation No. 1889/2005 on Controls of Cash Entering or Leaving the EU, imports and exports of cash exceeding the equivalent of €10,000 must be reported to the customs authorities.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
</tbody>
</table>

Payment accounts opened abroad must be declared to the Financial Administration.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
</tbody>
</table>

All nonresidents may open and operate accounts without restriction, on proof of identity. Additional data may be requested in certain cases in accordance with the anti-money-laundering legislation.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Item</td>
<td>Requirement</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>As a member of the EU, Slovenia is committed to the common commercial policy of the EU, including the EU import licensing system. The EU does not maintain quantitative restrictions on imports from WTO members and countries with bilateral agreements. There are quantitative restrictions for certain textiles from the Democratic People’s Republic of Korea. EU import restrictions for security, technical, sanitary, phytosanitary, and environmental reasons are based on international conventions. Certain steel products are subject to safeguard measures, effective February 2, 2019. Previously since April 30, 2017, certain products were subject to surveillance to monitor the import trends but not to limit market access.</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses are required for imports of agricultural products subject to import quotas, including WTO tariff-rate quotas. See Section D above.</td>
<td></td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>As a member of the EU, Slovenia is committed to the common commercial policy of the EU, including common customs tariff. In addition to MFN treatment, the EU grants tariff preferences in the context of bilateral or regional preferential trade agreements or unilaterally on the basis of the autonomous measures. Effective May 15, 2020, the prior surveillance import licensing regime to monitor the imports of iron and steel products, and certain aluminum products was abolished. This is in accordance with the expiration of the Commission Implementing Regulation (EU) 2016/670 of April 28, 2016, introducing prior Union surveillance of imports of certain iron and steel products originating in certain third countries, and Commission Implementing Regulation (EU) 2018/640 of April 25, 2018 introducing prior Union surveillance of imports of certain aluminum products originating in certain third countries.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**
### Repatriation requirements
No.

### Surrender requirements
No.

#### Surrender to the central bank
No.

#### Surrender to authorized dealers
No.

### Financing requirements
No.

### Documentation requirements
No.

- **Letters of credit**: No.
- **Guarantees**: No.
- **Domiciliation**: No.
- **Preshipment inspection**: No.
- **Other**: No.

### Export licenses
**Yes.**

- **Without quotas**: Yes.
- **With quotas**: No.

### Export taxes
No.

- **Collected through the exchange system**: No.
- **Other export taxes**: No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

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### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers
No.

- **Prior approval**: No.
- **Quantitative limits**: No.
- **Indicative limits/bona fide test**: No.

#### Investment-related payments
No.

- **Prior approval**: No.
- **Quantitative limits**: No.
- **Indicative limits/bona fide test**: No.

#### Payments for travel
No.

- **Prior approval**: No.
SLOVENIA

Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions Yes.
Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers

No.

Controls on capital and money market instruments

Yes.

On capital market securities

Yes.

Shares or other securities of a participating nature

Yes.

Purchase locally by nonresidents

Yes. Controls apply to the purchase of shares and other securities of a participating nature that may be affected by the laws on inward direct investment and establishment.

Sale or issue locally by nonresidents

Yes. Authorization (that is, the approval of a prospectus) is required for residents and nonresidents for a public offering or listing of financial instruments.

Purchase abroad by residents

No.

Sale or issue abroad by residents

No. No special authorization or notification regarding the sale or issuance abroad by residents is required by the Market in Financial Instruments Act (ZTFI-1) compared to sale or issuance on the domestic market by residents.

Bonds or other debt securities

Yes.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

Yes. Authorization is required for residents and nonresidents for a public offering or listing of financial instruments.

Purchase abroad by residents

No.

Sale or issue abroad by residents

No. No special authorization or notification regarding the sale or issuance abroad by residents is required by the Market in Financial Instruments Act (ZTFI-1) compared to sale or issuance on the domestic market by residents.

On money market instruments

Yes.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

Yes. Authorization is required for residents and nonresidents for a public offering/listing of money market instruments.

Purchase abroad by residents

No.

Sale or issue abroad by residents

No. No special authorization or notification regarding the sale or issuance abroad by residents is required by the Market in Financial Instruments Act (ZTFI-1) compared to sale or issuance on the domestic market by residents.

On collective investment securities

Yes. The units of alternative investment funds, EU alternative investment funds, and non-EU alternative investment funds may be marketed in Slovenia only to professional investors (according to Directive 2011/61/EU). They may also be marketed to retail investors if the terms and conditions of the Investment Funds and Management Companies Act have been satisfied (option from Directive 2011/61/EU). The Act on Alternative Investment Fund Managers (Uradni list Republike Slovenije, No. 32/15, May 23, 2015) implemented the Directive 2011/61/EU on alternative investment fund managers, which aims at establishing common requirements governing the authorization and supervision of alternative investment fund managers to provide a coherent approach to the related risks and their impact on investors and markets in the Union. The current Investment Funds and Management Companies Act (Uradni list Republike Slovenije, Nos. 31/15, 81/15, and 77/16) implements provisions of Directive 2009/65/EC on the coordination of laws.
regulations, and administrative provisions relating to UCITS, Directive 2013/14/EU regarding amendments of Directive 2009/65/EC in respect of overreliance on credit ratings issued by credit rating agencies, and Directive 2014/91/EU regarding depository functions, remuneration policies, and sanctions.

<table>
<thead>
<tr>
<th></th>
<th>Purchase locally by nonresidents</th>
<th>Sale or issue locally by nonresidents</th>
<th>Purchase abroad by residents</th>
<th>Sale or issue abroad by residents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No.</strong></td>
<td></td>
<td>Yes.</td>
<td>No.</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The following may sell investment coupons to retail investors: (1) Slovene mutual funds; (2) mutual funds from EU member countries, if the company that manages the mutual fund in the member country is authorized to sell units of the mutual fund in Slovenia; and (3) Slovene alternative mutual funds.

No restrictions apply to sales of investment coupons in the EU. Domestic management companies may provide services for the management of investment funds (including marketing of investment funds and selling of investment coupons and/or investment fund shares) through either their branches or a person authorized by the management company to manage investment funds or directly, if the management company meets the conditions stipulated in the regulations of the EU member country. Securities Market Agency (SMA) permission is required for the establishment of a branch abroad.

Authorization is equally required for residents and nonresidents for a public offering or listing of derivatives and other instruments.

No special authorization or notification regarding the sale or issuance abroad by residents is required by the Market in Financial Instruments Act (ZTFI-1) compared to sale or issuance on the domestic market by residents.

No special authorization or notification regarding the sale or issuance abroad by residents is required by the Market in Financial Instruments Act (ZTFI-1) compared to sale or issuance on the domestic market by residents.

Pension companies may invest assets of long-term business fund in the entire territory of the EU Member States and in the Member States of the OECD. Investment in other countries is subject to the approval of the Insurance Supervisory Agency (Pension and Disability Insurance Act). Investments of insurance companies are not subject to quantitative regulatory limits.
Controls on direct investment Yes.

*Outward direct investment* No.

*Inward direct investment* Yes. Restrictions apply to (1) investment in financial services to the extent that under Directive No. 2009/65/EC a UCITS depository’s registered office must be either in the same EU country as the company or established in an EU country if its registered office is in another EU country; (2) majority ownership by non-EU residents of a Slovene flag maritime vessel, unless the operator is a citizen of an EU country; and (3) majority ownership of an airline by non-EU residents.

Under the Act Determining the Intervention Measures to Temporarily Mitigate and Remedy the Consequences of the COVID-19 Epidemic, effective May 31, 2020, a foreign investor or its subsidiary in Slovenia must report the foreign direct investment no later than 15 days after the establishment of the company in Slovenia. The ministry may review individual foreign investments in the field of activities in (1)-(6) below within five years at the latest from the conclusion of the merger agreement or from the publication of the takeover bid, and/or from the establishment of a company in Slovenia in which a foreign investor has a 10% share in the capital or in voting rights, or from the conclusion of the contract by which the investor acquired the right to dispose of land and real estate. The ministry determines the conditions for its implementation, prohibits or cancels it if it poses a threat to the security or public order of Slovenia. The field of activities referred to are:

(1) critical infrastructure, whether physical or virtual, including infrastructure in the fields of energy, transport, water, health, communications, media, data processing or storage, the aerospace sector, and defense, electoral or financial infrastructure and sensitive facilities, as well as land and real estate, which are essential for the use of such infrastructure or land and real estate located in the vicinity of such infrastructure; (2) critical and dual-use technologies including artificial intelligence, robotics, semiconductors, cybersecurity, aerospace and defense technology, energy storage technology, quantum and nuclear technology, nanotechnology and biotechnology, and health, medical and pharmaceutical technology; (3) the supply of critical resources, including energy or raw materials, food security, medical and protective equipment; (4) access to or control over sensitive information, including personal data; (5) freedom and pluralism of the media; (6) projects or programs in the interest of the European Union.

Controls on liquidation of direct investment No.

The transfer of proceeds is free of restrictions after all tax obligations in Slovenia have been met.

Controls on real estate transactions Yes.

*Purchase abroad by residents* Yes. Pension companies may invest assets of long-term business fund in the entire territory of the EU Member States and in the Member States of the OECD. Investment in other countries is subject to the approval of the Insurance Supervisory Agency (Pension and Disability Insurance Act). Investments of insurance companies are not subject to quantitative regulatory limits.

*Purchase locally by nonresidents* Yes. Foreigners may exercise the right to own real estate pursuant to the provisions of a law or an international agreement ratified by the national assembly. No restrictions apply to EU residents. Foreign countries may also exercise the right to own real estate used for diplomatic and consular purposes under the condition of reciprocity.

*Sale locally by nonresidents* No.
Controls on personal capital transactions  No.

Loans  No.

By residents to nonresidents  No.

To residents from nonresidents  No.

Gifts, endowments, inheritances, and legacies  No.

By residents to nonresidents  No.

To residents from nonresidents  No.

Settlement of debts abroad by immigrants  No.

Transfer of assets  No.

Transfer abroad by emigrants  No.

Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions  Yes.

Borrowing abroad  No.

Maintenance of accounts abroad  No.

Lending to nonresidents (financial or commercial credits)  No.

Lending locally in foreign exchange  No.

Purchase of locally issued securities denominated in foreign exchange  No.

Differential treatment of deposit accounts in foreign exchange  No.

Reserve requirements  No.  The required reserve ratios for deposits in foreign currency and in euros are unified at 1% for deposits with a maturity up to two years and 0% for longer maturities.

Liquid asset requirements  No.

Interest rate controls  No.

Credit controls  No.

Differential treatment of deposit accounts held by nonresidents  No.

Reserve requirements  No.

Liquid asset requirements  No.

Interest rate controls  No.
<table>
<thead>
<tr>
<th>Credit controls</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>BOS approval is required before acquisition of qualified holdings in a bank or any other financial organization headquartered outside Slovenia or the EU (Article 200 of the Banking Act).</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>BOS approval is required for the acquisition of qualified holdings (Article 60 of the Banking Act).</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are no limits on banks’ open foreign exchange positions. Article 351 of Regulation (EU) No. 575/2013 requires banks whose overall net foreign exchange position exceeds 2% of their own funds to calculate capital requirements for foreign exchange risk. The regulation is directly applicable in Slovenia.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Insurance companies are allowed to invest abroad and must follow the rule that investments are diminishing the risks (Article 236 of the Insurance Act).</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>There are no limits, as the insurance companies themselves determine investments in line with their underwriting risks.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Pension companies may invest assets of long-term business fund in the entire territory of the EU Member States and in the Member States of the OECD. Investment in other countries is subject to the approval of the Insurance Supervisory Agency in accordance with the Pension and Disability Insurance Act (Article 332.j).</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
<tr>
<td>An 80% currency-matching requirement applies to pension company (Article 332.k of the Pension and Disability Insurance Act).</td>
<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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<tr>
<td>Limits (min.) on investment portfolio held locally</td>
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<tr>
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<td>References to legal instruments and hyperlinks</td>
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</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>
Changes during 2019 and 2020

Exchange Measures

Exchange measures imposed for security reasons
09/26/2019
Decree (OG RS No. 58/19) on restrictive measures against the Democratic People’s Republic of Korea was implemented

Other security restrictions

Imports and Import Payments

Import licenses and other nontariff measures
02/02/2019
Certain steel products are subject to safeguard measures. Previously, certain products were subject to surveillance to monitor the import trends but not to limit market access.

Import taxes and/or tariffs
05/15/2020
The prior surveillance import licensing regime to monitor the imports of iron and steel products, and certain aluminum products was abolished.

Capital Transactions

Controls on capital transactions

Controls on direct investment

Inward direct investment
05/31/2020
Under the Act Determining the Intervention Measures to Temporarily Mitigate and Remedy the Consequences of the COVID-19 Epidemic, a foreign investor or its subsidiary in Slovenia must report the foreign direct investment no later than 15 days after the establishment of the company in Slovenia. The ministry may review individual foreign investments in the field of activities in (1)-(6) below within five years at the latest from the conclusion of the merger agreement or from the publication of the takeover bid, and/or from the establishment of a company in Slovenia in which a foreign investor has a 10% share in the capital or in voting rights, or from the conclusion of the contract by which the investor acquired the right to dispose of land and real estate. The ministry decides whether a foreign direct investment is approved, determines the conditions for its implementation, prohibits or cancels it if it poses a threat to the security or public order of Slovenia. The field of activities referred to are: (1) critical infrastructure, whether physical or virtual, including infrastructure in the fields of energy, transport, water, health, communications, media, data processing or storage, the aerospace sector, and defense, electoral or financial infrastructure and sensitive facilities, as well as land and real estate, which are essential for the use of such infrastructure or land and real estate located in the vicinity of such infrastructure; (2) critical and dual-use technologies including artificial intelligence, robotics, semiconductors, cyber security, aerospace and defense technology, energy storage technology, quantum and nuclear technology, nanotechnology and biotechnology, and health, medical and pharmaceutical technology; (3) the supply of critical resources, including energy or raw materials, food security, medical and protective equipment; (4) access to or control over sensitive information, including personal data; (5) freedom and pluralism of the media; (6) projects or programs in the interest of the European Union.
### SOLOMON ISLANDS

**(Position as of June 30, 2020)**

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article VIII</th>
<th>Yes.</th>
<th>Date of acceptance: July 24, 1979.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article XIV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exchange rate structure**

- Unitary: Yes.
- Dual:     
- Multiple:

**Classification**

- No separate legal tender
- Currency board

**Conventional peg**: Yes.

The exchange rate arrangement is a conventional peg. The Solomon Islands dollar (SBD) is pegged to an invoice-based basket of currencies consisting of the US dollar (with the weight of 58%), the Australian dollar (AUD) (32%), the New Zealand dollar (5%), the Japanese yen (3%), and the British pound (2%). The Central Bank of Solomon Islands (CBSI) sets the exchange rate vis-à-vis the US dollar in such a way as to maintain the value of the basket constant in SBDs given the movements of currencies in the basket relative to each other.
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate

Yes. The SBD per US dollar value is the value of the index multiplied by the SBD per US dollar value on the day the basket peg was introduced. The exchange rate (midrate) is expressed in SBDs per US dollar and is determined by the total index of the basket multiplied by the initial base rate expressed in SBDs. The midrate is then announced as the official rate. Commercial banks can exchange the SBD against other currencies and are free to set the bid-ask spread for all currencies, except the US dollar and AUD on which there is a spread limit of ±20 and ±25 basis points (bps), respectively. In addition, the CB maintains a standing facility through which it will buy and sell foreign exchange with commercial banks and the government at spot offer and sell rates. Customs uses a monthly average of commercial banks’ exchange rates for valuation of imports and exports.

Monetary policy framework

Exchange rate anchor

U.S. dollar
Euro
Composite
Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government
Central Bank

Monetary Policy Committee
Central Bank Board
Other

Government and Central Bank

Inflation target

Target number
Point target
Target with tolerance band
Band/Range
Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. The monetary aggregate target is mainly domestic price stability with limited monetary policy tools such as liquid asset ratios, CB bills, and the exchange rate policy/regime.

Exchange tax Yes. A tax of SI$3 is levied on sales of foreign exchange exceeding SI$3,000.

Exchange subsidy No.

Foreign exchange market Yes. Commercial banks may freely determine their bid-ask spread for all currencies (except the US dollar and AUD, for which a spread limit of ±20 and ±25 bps, respectively, around the midpoint applies) and foreign exchange commissions with their clients.

Spot exchange market Yes. Currently, 4 commercial banks, 3 money transfer companies, and 9 subagents for money transfer are licensed by the CBSI to deal in foreign exchange with the public. They can effect foreign currency transactions on behalf of their clients. The CBSI has licensed 10 companies as exchange bureaus for banknotes only. The four commercial banks may trade directly with the CBSI. Foreign exchange bureaus are not allowed to maintain accounts abroad, and they do not transact directly with the CBSI. Their operation is limited to purchase and sell of banknotes only. Money transfer companies and their subagents can do foreign currency payments and transfers on behalf of their clients.

Operated by the central bank Yes. The CBSI’s foreign exchange standing facility allows commercial banks and the government to buy and sell foreign exchange at the spot rate (CBSI offer and sell rates).

Foreign exchange standing facility Yes. The CBSI provides a standing foreign exchange facility to the commercial banks and the government at official spot buying and selling rates with a margin of ±12 bps around the midpoint. The same spot rate is applied to both the government and the commercial
There is an interbank foreign exchange market in which commercial banks may trade among themselves. Four commercial banks are licensed to participate. These banks may freely set their exchange rates for all foreign currencies except the AUD and the US dollar, for which the CBSI sets limits. The US dollar and AUD spread limit on commercial banks’ foreign exchange transactions is ±20 bps for the US dollar and ±25 bps for the AUD around the midpoint. The spread limit applies to interbank transactions as well as transactions with clients. The interbank market is generally active, and the CBSI can also provide foreign exchange to the commercial banks. As of June 30, 2020, three banks participated actively in the interbank foreign exchange market.

The market operates over the counter on the basis of market makers.

Commercial banks may enter into forward contracts with resident clients in any foreign currency but subject to CBSI approval if the deal is in US dollars and AUDs. The CBSI, however, does not participate nor provide guarantees in foreign exchange in the market for foreign exchange derivatives.

The CBSI does not provide official cover.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Contractual commitments in a foreign currency to nonresidents may be met by payments only in the currency specified in the contract. Exports are normally priced in foreign currency as agreed to between exporters and buyers; therefore, export proceeds are bought by commercial banks that deliver the SBD equivalent to the exporter’s local account. However, exporters with approved foreign currency accounts may receive foreign currency payments in their foreign currency account.

SBDs are used for domestic transactions only. The Foreign Exchange Control Regulations restrict the exportation of banknotes except with CBSI approval. Solomon Islands notes and coins may be exported up to SI$250. Domestic currency may be used to buy foreign currency to settle all trade and current transactions and payments. Commercial banks may effect without CBSI approval payments up to SI$30,000 for personal and travel remittances and up to SI$100,000 for trade and services payments. Larger payments require CBSI approval. All capital and financial repayments require CBSI assessment and approval.

Domestic currency may be used to buy foreign currency to settle foreign capital transactions only with CBSI approval. All capital and financial repayments require CBSI assessment and approval.

The use of domestic currency to buy foreign currency requires CBSI approval.
| **Transactions in derivatives and other instruments** | Yes. | For transactions in derivatives, such as forwards and swaps, CBSI approval is required. |
| **Credit operations** | Yes. | Borrowing abroad requires CBSI approval. The assessment is based on prudential debt equity requirements for exchange control purposes. |
| **Use of foreign exchange among residents** | Yes. | Residents may settle transactions in foreign exchange only with CBSI approval. |
| **Payments arrangements** | Yes. | |
| **Bilateral payments arrangements** | No. | |
| **Operative** | No. | |
| **Inoperative** | No. | |
| **Regional arrangements** | Yes. | The Solomon Islands participates in the Melanesian Spearhead Group Trade Agreement, PACER, and PICTA. |
| **Clearing agreements** | No. | |
| **Barter agreements and open accounts** | No. | |
| **Administration of control** | Yes. | Exchange Control Act is administered by the CBSI through the foreign exchange (exchange control) regulations. The CBSI delegates extensive power to commercial banks, which are appointed ADs in foreign exchange and may approve certain transactions. Commercial banks may approve applications for trade and service payments of up to SIS100,000 and SIS30,000 for travel and personal remittances. All capital-related payment approvals are not delegated to ADs and must be approved by the CBSI. Other legitimate requests for foreign exchange require CBSI approval. |
| **Payments arrears** | No. | |
| **Official** | No. | |
| **Private** | No. | |
| **Controls on trade in gold (coins and/or bullion)** | Yes. | Only licensed gold dealers and licensed gold producers and exporters are permitted to export and trade in gold. |
| **On domestic ownership and/or trade** | Yes. | Only Solomon Islands citizens may be granted a license to pan for alluvial gold. The CBSI may buy, sell, and hold gold and has participated in gold investments. A gold holding policy and trading agreement is in effect between the CBSI and the members of the London Bullion Market Association. Commercial mining companies are licensed by the Ministry of Mines, Energy and Rural Electrification to mine gold. Controls relating to domestic ownership of gold are subject to Ministry of Mines and Energy Act and other related laws; however, the CBSI exchange control restricts offshore investment in gold without CBSI approval. |
| **On external trade** | Yes. | Commercial banks and all other residents are required to obtain a permit issued by the Ministry of Mines, Energy and Rural Electrification to mine, buy, or export gold. Residents are obliged to get CBSI approval if they decided to buy and hold gold abroad. |
| **Controls on exports and imports of banknotes** | Yes. | |
| **On exports** | Yes. | |
| **Domestic currency** | Yes. | Travelers may not take out more than SIS250 without the approval of the CBSI, which is not normally given. The CBSI sells banknotes to collectors abroad. |
### Resident Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The CBSI permits eligible export companies and organizations to operate foreign currency accounts. There are 39 active foreign currency accounts of which 33 accounts are held onshore and 6 offshore, totaling about US$166 million as of June 30, 2020. Each account is approved with a foreign currency benchmark (maximum); it may hold at any one time within a renewable period of one year subject to CBSI approval.

At present, this facility is not available or permitted to individual accounts for both onshore and offshore.

Resident companies may obtain CBSI approval to hold these accounts when there is a genuine need. Exporters are allowed to hold 20% of their export proceeds in foreign exchange accounts. Such accounts may be opened in only one currency, chosen by the exporter. The balance of 80% of export proceeds must be sold to local commercial banks and the SBD equivalent deposited in a local bank account. The remainder may be transferred abroad freely.

Resident individuals are not permitted to hold foreign exchange accounts domestically.

The CBSI gives approval based on its assessment. Opening of accounts abroad by banks does not require CBSI approval.

These accounts are permitted for resident companies, but approval by CBSI is required. Resident individuals are not permitted to hold foreign exchange accounts abroad.

The CBSI gives approval based on its assessment.

These accounts are permitted, but approval is required.

These accounts are permitted, but approval is required. CBSI approval is required for conversion of local currency to foreign currency.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

These accounts are permitted, but approval is required. Personal and corporate nonresident accounts may be used for local transactions.

Approvals are granted in accordance with the Exchange Control Act.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Foreign currency**

Yes. Both resident and nonresident banks are obliged to get approval from the CBSI on the amount of foreign currencies to be exported. Travelers may carry with them foreign banknotes up to the equivalent of SI$50,000 without CBSI approval. Beyond this limit, travelers must provide evidence and explanation of the need of foreign exchange and approval can be granted.

**On imports**

Yes.

**Domestic currency**

No.

**Foreign currency**

Yes. Both resident and nonresident banks are obliged to get approval from the CBSI on the amount of foreign currencies to be imported. Nonresident travelers visiting the Solomon Islands may bring in foreign currency up to the equivalent of SI$50,000 without CBSI approval. Beyond this limit, travelers must provide evidence and explanation of the need of foreign exchange and approval can be granted.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Domestic currency accounts: Yes. CBSI approval is required for nonresidents to open domestic currency accounts. These accounts may be held only at authorized foreign exchange dealers. Only credit and debit transactions related to work performed locally are allowed.

Convertible into foreign currency: Yes. Balances may be converted to foreign currency and transferred abroad with the approval of the CBSI. ADs are not delegated approval authority.

Approval required: Yes. CBSI approval is required for these accounts to be credited from Solomon Islands sources.

Blocked accounts: No. CBSI approval is required for nonresidents to open domestic currency accounts, and any conversion of the account also requires CBSI approval. Currently, there are no blocked nonresidents accounts.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget: No. There is no foreign exchange budget for the allocation of a certain amount to specific imports.

Financing requirements for imports: No.

Minimum financing requirements: No.

Advance payment requirements: No. Advance payments may be made based on the contract between the supplier and the importer. There is no limit on prepayments for imports.

Advance import deposits: No. Banks may require advance import deposits, but under the current foreign exchange regulations, banks are not obliged to require advance import deposits.

Documentation requirements for release of foreign exchange for imports: Yes. Generally, required documents include invoices, customs clearance evidence, or a bill of lading or airway bill.

Domiciliation requirements: No.

Preshipment inspection: No.

Letters of credit: No. LCs are encouraged for all trades and are frequently used. They are not mandatory for imports.

Import licenses used as exchange licenses: Yes. Only the importation of ammunition requires licensing.

Other: Yes. Invoices, customs clearance evidence, a bill of lading, or an airway bill must generally be submitted.

Import licenses and other nontariff measures: Yes.

Positive list: No.

Negative list: Yes. The negative list includes prohibited goods, which may not be imported, and restricted goods, which require licenses or permits for importation, as specified in the Customs and Excise Regulation.

Open general licenses: No.

Licenses with quotas: No.

Other nontariff measures: No.

Import taxes and/or tariffs: Yes. The maximum import duty is 20%. There is no duty on imports from Melanesian countries.

Taxes collected through the exchange: Yes. A tax of SIS3 is levied on sales of foreign exchange exceeding SI
| **State import monopoly** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Exports and Export Proceeds

| **Repatriation requirements** | Yes. | Proceeds must be received within three months of the date of exportation. |
| **Surrender requirements** | Yes. |
| **Surrender to the central bank** | Yes. | Export proceeds are generally paid through respective commercial banks. Banks are obliged to sell any excess of their limits to the single foreign currency open position as provided for under Prudential Guideline No. 3 of the CBSI in effect since January 1, 2010. |
| **Surrender to authorized dealers** | Yes. | Export proceeds must be sold promptly to an AD; exporters may retain 20% of their export earnings in a foreign currency account. |
| **Financing requirements** | No. |
| **Documentation requirements** | Yes. | Exportation of round logs must be financed by an LC or an up-front deposit of at least 100% of export proceeds by the buyers. |
| **Letters of credit** | Yes. |
| **Guarantees** | No. |
| **Domiciliation** | No. |
| **Preshipment inspection** | Yes. | Goods for exportation are inspected by customs officers. The Specific Authority to Export Document may be used by customs officers to inspect for correct volumes of logs and beche-de-mer before shipment. |
| **Other** | No. |
| **Export licenses** | Yes. |
| **Without quotas** | Yes. | Residents may export goods, except round logs, without exchange control formalities, but they must comply with the terms of a general authorization administered and issued by the Customs Division. Exports of round logs require specific CBSI authorization and a market-price certificate from the Ministry of Forestry, Conservation, and Environment. |
| **With quotas** | No. |
| **Export taxes** | Yes. |
| **Collected through the exchange system** | No. |
| **Other export taxes** | Yes. | Exports are subject to taxes ranging from 5% to 25%, unless the specific goods are exempt from taxes by the MOF. The Customs Department collects all export taxes. |

### Payments for Invisible Transactions and Current Transfers

<p>| <strong>Controls on these transfers</strong> | Yes. |
| <strong>Trade-related payments</strong> | Yes. | Payments may be made through commercial banks. |</p>
<table>
<thead>
<tr>
<th>Service Type</th>
<th>Prior Approval</th>
<th>Quantitative Limits</th>
<th>Indicative Limits/bona fide test</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Commercial banks may approve applications for payments of up to SI$100,000 or the equivalent for all trade-related payments. CBSI approval is required for all trade-related payments exceeding SI $100,000.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Yes</td>
<td></td>
<td></td>
<td>EC requires applicants to submit supporting documentation to establish bona fide nature of the transactions.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes</td>
<td></td>
<td></td>
<td>Approval is readily granted for repayment of loans contracted overseas, payment for services and remittance of dividends and profits, and payment of other earnings accruing to nonresidents from companies in the Solomon Islands on submission of proof of the transaction.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Limits on the amortization of loans and depreciation of direct investments are based on the previously approved repayment schedule.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
<td></td>
<td></td>
<td>Supporting documentations when applying to transfer such related payments are a requirement under EC Act. Supporting documentations include audited financial statements and minutes of declaration of dividends, tax obligations receipts, and other related documents.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Approval is usually granted for purchases of foreign currency for travel. Commercial banks may effect without CBSI approval payments up to SI$30,000 for personal and travel remittances and up to SI$100,000 for trade and services payments. Larger payments require CBSI approval.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Applications for travel funds must be submitted to an AD, and passports and airline tickets must be presented.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Approval is readily granted. CBSI evaluation and approval are required for personal payments exceeding SI$30,000 a transaction a person a month. Commercial banks may process payments up to this limit without CBSI approval.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>CBSI approval is readily granted for the remittance of funds of temporary residents.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Foreigners may remit their salaries with CBSI approval of their residential status and any documents supporting the bona fide nature of this application.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Replenishment of credits exceeding SI$30,000 requires assessment and approval by the CBSI.</td>
</tr>
</tbody>
</table>
Indicative limits/bona fide test
Yes. EC requires applicants to provide supporting documents to establish the bona fide nature of the transaction.

Other payments
Yes.

Prior approval
Yes. EC approval is required but is readily granted on submission of supporting documents. Insurance companies must obtain permission from the commissioner of insurance to remit reinsurance premiums abroad.

Quantitative limits
No.

Indicative limits/bona fide test
Yes. Approval is granted after sighting Comptroller of Insurance endorsement, together with all supporting documents.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
Yes. Proceeds from invisible transactions must be repatriated within three months.

Surrender requirements
Yes.

Surrender to the central bank
No.

Surrender to authorized dealers
Yes. Proceeds from invisible transactions must be surrendered 100% to a local bank and promptly converted to local currency on receipt. Approval is required for the disposal of proceeds, except through sale to an AD.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes. CBSI approval is required for all outgoing capital transactions.

Repatriation requirements
Yes. The deadline for repatriation depends on the type of capital investment, but is usually within three months. The CBSI reserves the right to recall all capital investment into the country as and when required.

Surrender requirements
Yes.

Surrender to the central bank
No.

Surrender to authorized dealers
Yes. Proceeds must be surrendered 100% to a commercial bank and converted to local currency within three months.

Controls on capital and money market instruments
Yes. CBSI approval is required for all capital and money market transactions.

On capital market securities
Yes.

Shares or other securities of a participating nature
Yes.

Purchase locally by nonresidents
Yes. CBSI approval is required.

Sale or issue locally by nonresidents
Yes. CBSI approval is required.

Purchase abroad by residents
Yes. CBSI approval is required.

Sale or issue abroad by residents
Yes. CBSI approval is required.
Bonds or other debt securities
  Purchase locally by nonresidents Yes.
  CBSI approval is required.
  Sale or issue locally by nonresidents Yes.
  CBSI approval is required.
  Purchase abroad by residents Yes.
  CBSI approval is required.
  Sale or issue abroad by residents Yes.
  CBSI approval is required.

On money market instruments
  Purchase locally by nonresidents Yes.
  CBSI approval is required.
  Sale or issue locally by nonresidents Yes.
  CBSI approval is required.
  Purchase abroad by residents Yes.
  CBSI approval is required.
  Sale or issue abroad by residents Yes.
  CBSI approval is required.

On collective investment securities
  Purchase locally by nonresidents Yes.
  CBSI approval is required.
  Sale or issue locally by nonresidents Yes.
  CBSI approval is required.
  Purchase abroad by residents Yes.
  CBSI approval is required.
  Sale or issue abroad by residents Yes.
  CBSI approval is required.

Controls on derivatives and other instruments
  Purchase locally by nonresidents Yes.
  CBSI approval is required.
  Sale or issue locally by nonresidents Yes.
  CBSI approval is required.
  Purchase abroad by residents Yes.
  CBSI approval is required.
  Sale or issue abroad by residents Yes.
  CBSI approval is required.

Controls on credit operations
  Commercial credits No.
  By residents to nonresidents No.
  To residents from nonresidents No.
  Financial credits Yes.
  Financial credit transactions subject to interest or a commission require CBSI approval.
  By residents to nonresidents Yes.
  Financial credit transactions subject to interest or a commission require CBSI approval.
  To residents from nonresidents Yes.
  Financial credit transactions subject to interest or a commission require CBSI approval.
  Guarantees, sureties, and financial backup facilities Yes.
  Only the acceptance of guarantees, securities, and financial backup facilities from nonresidents is free of controls.
  By residents to nonresidents Yes.
  CBSI approval is required.
  To residents from nonresidents No.
  Controls on direct investment Yes.
**Outward direct investment**  Yes.
Investment by resident companies and other organizations operating in the Solomon Islands is subject to certain conditions, including the likelihood of benefit to the Solomon Islands. This is an EC approval and is given by CBSI as current EC and foreign exchange regulations restrict investment or capital transfer offshore.

**Inward direct investment**  Yes.
Approval by the Investment Division of the Department of Commerce, Trade and Industries is required for initial or increased foreign investment.

**Controls on liquidation of direct investment**  Yes.
Approval is readily granted for the transfer of proceeds. Sales of investments by nonresidents to either residents or nonresidents require exchange control approval by the CBSI.

**Controls on real estate transactions**  Yes.

**Purchase abroad by residents**  Yes.
CBSI approval is required.

**Purchase locally by nonresidents**  Yes.
CBSI approval is required to register share transfers of any real estates.

**Sale locally by nonresidents**  Yes.
CBSI approval is required to register share transfers.

**Controls on personal capital transactions**  Yes.
Controls apply to all personal and capital transactions, except the transfer of assets into the country by immigrants.

**Loans**  Yes.

**By residents to nonresidents**  Yes.
CBSI approval is required before loan contracts are concluded.

**To residents from nonresidents**  Yes.
CBSI approval is required.

**Gifts, endowments, inheritances, and legacies**  Yes.
Amounts exceeding SI$30,000 require CBSI approval for outward remittances.

**By residents to nonresidents**  Yes.
These transactions require CBSI approval for amounts exceeding SI $30,000.

**To residents from nonresidents**  No.

**Settlement of debts abroad by immigrants**  Yes.
Approval is required but readily given by the CBSI for immigrants’ debts and other personal commitments abroad.

**Transfer of assets**

**Transfer abroad by emigrants**  Yes.
Approval is required but readily given by the CBSI.

**Transfer into the country by immigrants**  No.

**Transfer of gambling and prize earnings**  Yes.
CBSI approval is required.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**  Yes.

**Borrowing abroad**  Yes.
Approval is required for commercial banks to borrow abroad, even from a parent company.

**Maintenance of accounts abroad**  No.

**Lending to nonresidents (financial or commercial credits)**  Yes.
Commercial banks must seek CBSI approval prior to lending to nonresidents.

**Lending locally in foreign exchange**  Yes.
CBSI approval is required.

**Purchase of locally issued securities denominated in foreign exchange**  Yes.
CBSI approval is required.
Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

Investment regulations

- **Yes.**
  - **Abroad by banks**
    - Banks need CBSI approval.
  - **In banks by nonresidents**
    - Controls on capital transactions are only applicable to outward investments and not inward investments.
  - **Open foreign exchange position limits**
    - All banks are required to maintain an open foreign exchange position on any single currency not exceeding 15% and an overall open foreign exchange position not exceeding 25% of the financial institution’s total capital (Prudential Guideline No. 3 of the Financial Institutions Act 1998).

- **On resident assets and liabilities**
  - Yes.

- **On nonresident assets and liabilities**
  - Yes.

**Provisions specific to institutional investors**

- **Yes.**
  - **Insurance companies**
    - No.
  - **Pension funds**
    - Yes.

- **Limits (max.) on securities issued by nonresidents**
  - No.
- **Limits (max.) on investment portfolio held abroad**
  - No.
- **Limits (min.) on investment portfolio held locally**
  - No.
- **Currency-matching regulations on assets/liabilities composition**
  - No.

- **Limits (max.) on securities issued by nonresidents**
  - No.
- **Limits (max.) on investment portfolio held abroad**
  - Yes. Offshore investments by pension funds are subject to CBSI approval.
  - **Limits (min.) on investment portfolio held locally**
    - No.
- **Currency-matching regulations on assets/liabilities composition**
  - No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

Offshore investments by investment firms and funds are generally not permitted, unless approval is granted by the CBSI.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
SOMALIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
August 31, 1962.

Article VIII
Yes.

Article XIV
Yes.

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. While the Somali shilling is the official currency, the de facto currency in use in Somalia is the US dollar. All government transactions are conducted and denominated in US dollars, and most financial transactions are settled in US dollars. Somali shillings are used for small payments between private parties (virtually all counterfeit). Such notes are used as sub-denominations to US dollar banknotes. Also, neighboring countries’ currencies are used in border areas.

To combat the existing counterfeiting, restore confidence in the national currency, and support access to financial instruments, the Central Bank of Somalia (CBS) is in the process of implementing a comprehensive currency reform program.

Other legal tender
Yes. All transactions are converted to US dollars.

Exchange rate structure

Unitary
Yes. The Somalia exchange market is composed of private money traders. The rate is a freely determined, market clearing rate. The CBS publishes a daily average US/SOS exchange rate. The CBS does not set this rate. Depending on local liquidity and demand conditions, exchanges rates can differ between Federal Member States markets. The CBS also does not conduct significant foreign exchange operations nor transactions in Somali shilling.

Dual

Multiple

Classification

No separate legal tender

Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating

Free floating Yes. The de jure exchange rate arrangement is undetermined. Due to the absence of administrative measures controlling the level of the exchange rate, and the inoperative status of the CBS in the foreign exchange market, the de facto exchange rate arrangement is classified as a free floating arrangement. The rate is a freely determined, market clearing rate.

Official exchange rate No. All public sector transactions are denominated in US dollar.

Monetary policy framework
Exchange rate anchor

U.S. dollar
Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework

Target setting body
Government
Central Bank

Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank

Inflation target
Target number
Point target
Target with tolerance band

Band/Range
The economy is de facto dollarized with no active monetary policy.

There is a foreign exchange market in which the exchange rate is negotiated freely among resident holders of foreign exchange accounts. The rate is a freely determined, market clearing rate. As of December 31, 2019, the CBS has licensed and supervises ten money transfer companies and thirteen commercial banks, including their capital base, liquidity, transparency, and accountability, in accordance with best practices.

There is no interbank foreign exchange market. The CBS is in the process of completing the National Payment Project which will facilitate the domestic interbank market. It consists of three sections: (1) Interbank ITI infrastructure; (2) Automated Transfer System, and (3) National Switch. The three components are expected to be
Over the counter | No.  
Brokerage | No.  
Market making | No.  
Forward exchange market | No.  
Official cover of forward operations | No.  
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange activities and foreign accounts for residents and nonresidents are free of restrictions, with the exception that residents may not engage in transactions with Israel.</td>
<td></td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>No restrictions exist except for authentication of the notes.</td>
<td></td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents use foreign exchange for imports and exports of goods and services and external payments.</td>
<td></td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>There are no restrictions on payments arrangements.</td>
<td></td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
<tr>
<td>There are currently no restrictions in the foreign exchange market.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>Currently, the trade in gold is free from any restrictions.</td>
<td></td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on exports and imports of</td>
<td>No.</td>
</tr>
<tr>
<td>banknotes</td>
<td>On exports</td>
</tr>
<tr>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td><em>Domestic currency</em></td>
</tr>
<tr>
<td></td>
<td><em>Foreign currency</em></td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td><em>Domestic currency</em></td>
</tr>
<tr>
<td></td>
<td><em>Foreign currency</em></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
<th>There are no restrictions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><em>Approval required</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><em>Approval required</em></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
<th>There are no restrictions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>No.</td>
<td>There are no restrictions.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
<th>No foreign exchange plan or prior allocation exists.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
<td>There are no restrictions.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
### Somaliland

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>There are no restrictions.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>There are no restrictions.</td>
<td></td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Export licenses from the Somali Ministry of Trade and Industry are required. Exports of female livestock are prohibited; charcoal trade is banned by the UNSC and the Somali government.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes/No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No</td>
<td>There are no restrictions.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Personal payments</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Indicative limits/bona fide test  
No.
Other payments  
No.
Prior approval  
No.
Quantitative limits  
No.
Indicative limits/bona fide test  
No.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  
No.  
There are no restrictions.
Surrender requirements  
No.
Surrender to the central bank  
No.
Surrender to authorized dealers  
No.

Restrictions on use of funds  
No.  
Transactions are subject to the Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT) Law of 2015 and its regulations.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  
No.  
Capital movements are not subject to restrictions.
Repatriation requirements  
No.
Surrender requirements  
No.
Surrender to the central bank  
No.
Surrender to authorized dealers  
No.
Controls on capital and money market instruments  
No.
On capital market securities  
No.
Shares or other securities of a participating nature  
No.
Purchase locally by nonresidents  
No.
Sale or issue locally by nonresidents  
No.
Purchase abroad by residents  
No.
Sale or issue abroad by residents  
No.
Bonds or other debt securities  
No.
Purchase locally by nonresidents  
No.
Sale or issue locally by nonresidents  
No.
Purchase abroad by residents  
No.
<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
</tr>
</tbody>
</table>

FDI is subject to an FDI law passed in 2015, and it does not impose controls on direct investments.
### Purchase abroad by residents
No.

### Purchase locally by nonresidents
No.

### Sale locally by nonresidents
No.

### Controls on personal capital transactions
No.

### Loans
No.

#### By residents to nonresidents
No.

#### To residents from nonresidents
No.

### Gifts, endowments, inheritances, and legacies
No.

#### By residents to nonresidents
No.

#### To residents from nonresidents
No.

### Settlement of debts abroad by immigrants
No.

### Transfer of assets
No.

#### Transfer abroad by emigrants
No.

#### Transfer into the country by immigrants
No.

### Transfer of gambling and prize earnings
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Provisions Specific to the Financial Sector

### Provisions specific to commercial banks and other credit institutions
No.

### Borrowing abroad
No.

### Maintenance of accounts abroad
No. All licensed commercial banks and remittance companies maintain accounts in overseas banks.

### Lending to nonresidents (financial or commercial credits)
No.

### Lending locally in foreign exchange
No.

### Purchase of locally issued securities denominated in foreign exchange
No.

### Differential treatment of deposit accounts in foreign exchange
No.

### Reserve requirements
No. Each licensed bank must at all times maintain a liquid asset ratio equal to or greater than 20% and LCR equal to or greater than 100%.

### Liquid asset requirements
No.

### Interest rate controls
No.

### Credit controls
No. Aggregate-related party transactions (credit) may not exceed 20% of banks’ core capital.

### Differential treatment of deposit accounts held by nonresidents
No.

### Reserve requirements
No.
| **Liquid asset requirements** | No. |
| **Interest rate controls** | No. |
| **Credit controls** | No. |
| **Investment regulations** | No. |
| **Abroad by banks** | No. |
| **In banks by nonresidents** | No. |
| **Open foreign exchange position limits** | No. |
| **On resident assets and liabilities** | No. |
| **On nonresident assets and liabilities** | No. |
| **Provisions specific to institutional investors** | No. |
| **Insurance companies** | No. |
| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio held abroad** | No. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |
| **Pension funds** | No. |
| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio held abroad** | No. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |
| **Investment firms and collective investment funds** | No. |
| **Limits (max.) on securities issued by nonresidents** | No. |
| **Limits (max.) on investment portfolio held abroad** | No. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Imports and Import Payments**

**Import taxes and/or tariffs**

04/16/2020 The tariffs on the import of flour and cooking oil were reduced by 50% until December 31, 2020, as policy to cope with the impact of
the COVID-19 pandemic.
SOUTH AFRICA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: December 27, 1945.


Article XIV: Yes.

Exchange Measures

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): No.

Other security restrictions: Yes.

The Financial Intelligence Centre Act (Act No. 38 of 2001, as amended) (FIC Act) imposes certain duties to accountable institutions (including banks, life insurance companies, and authorized dealers in foreign exchange with limited authority (ADLAs)) to provide for the implementation of financial sanctions and to administer measures pursuant to resolutions adopted by the UNSC. Sections 26A, 26B, 26C, and 28A deal with financial sanctions by UNSC. The Prudential Authority and the Financial Surveillance Department (FinSurv) of the South African Reserve Bank (SARB) conducted banks’ and ADLAs’ client screening systems’ examination in 2014 and again in 2017 to ensure that their screening and monitoring systems are capable of identifying persons and property listed in the UNSC lists (for example, UNSC lists 1267/1989/2253). South Africa maintains restrictions on payments and transfers to UNSC-listed persons and countries as well as on the transfer of funds to the Taliban, Al-Qaeda, and ISIL in accordance with UNSC resolutions. The Bank Supervision Department (now the Prudential Authority) issued Guidance Note 8/2008 (of June 17, 2008) regarding Section 6(5) of the Banks Act of 1990 in response to the FATF call for enhanced scrutiny of transactions with certain jurisdictions and to UN sanctions in relation to the proliferation of weapons of mass destruction. Because the FATF list of high-risk and non-cooperative jurisdictions was amended subsequent to Banks Act Guidance Note 8/2008, the Prudential Authority will, in addition to the aforementioned Banks Act Guidance Note, also issue a new Banks Act Guidance Note informing banks and mutual banks of the FATF list of high-risk and non-cooperative jurisdictions. Anti-money-laundering and combating the financing of terrorism on-site inspections by the Prudential Authority assess banks’ compliance with UNSC resolutions to prevent business relationships with sanctioned countries, entities, and individuals and dealing in sanctioned goods, etc. In addition, anti-money-laundering and combating the financing of terrorism on-site inspections by FinSurv assess ADLAs’ compliance with UNSC resolutions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
<th>The currency of South Africa is the South African rand (ZAR).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>Yes.</td>
<td>Certain gold coins, such as Krugerrands and the Natura and Protea Series, are legal tender.</td>
</tr>
</tbody>
</table>

### Exchange rate structure

<table>
<thead>
<tr>
<th>Yes.</th>
<th>Unitary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

### Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
<tr>
<td>Stabilized arrangement</td>
</tr>
<tr>
<td>Crawling peg</td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
</tr>
<tr>
<td>Pegged exchange rate within horizontal bands</td>
</tr>
<tr>
<td>Other managed arrangement</td>
</tr>
</tbody>
</table>

| Yes. | Floating |

The de jure exchange rate arrangement is free-floating. The exchange rate of the rand is determined by market forces (that is, demand and supply) in the foreign exchange market. The SARB has a publicly announced foreign exchange policy of purchasing foreign currency in the local foreign exchange market when market conditions permit. The main objective for conducting spot purchases is to accumulate foreign exchange reserves. However, in certain exceptional cases, the SARB’s involvement in the spot market is aimed at facilitating the smooth functioning of interbank foreign exchange market, for example, when there are relatively large foreign direct inflows into the country. In implementing its foreign exchange policy, the SARB does not seek to influence the level of the exchange rate. The SARB interacts with ADs as the price taker for official and commercial purposes. The market makers and brokers quote prices to other market participants; the SARB does not quote prices for market participants. The de facto exchange rate arrangement is classified as floating.

### Official exchange rate

| Yes. |

The SARB publishes rand exchange rates daily against most traded currencies, such as the US dollar, euro, and pound sterling, at about 10:30 a.m. on its website (www.resbank.co.za). The rates are based on the four big banks’ (Standard Bank, ABSA, FirstRand, and Nedbank) foreign exchange quotes on the Reuters electronic trading system. The SARB also calculates the nominal effective exchange rate (NEER) for the rand and publishes it at 10:30 a.m. daily. The NEER is calculated according to South Africa’s largest international trading partners in manufactured goods. The NEER is currently...
Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework Yes. South Africa formally introduced inflation targeting in February 2000, after announcing the intention to adopt the framework in August 1999.

Target setting body Yes. The inflation target is set by government after consultation with the Bank. Decisions are made by consensus. The Monetary Policy Statements make reference to the preferences of monetary policy members, but not on an individual member basis.

Inflation target Yes.

Target number Yes.

Point target

Target with tolerance band

Band/Range Yes. The inflation target range is 3%–6% for the year-on-year (y-o-y) increase in the headline CPI (CPI for all urban areas) on a continuous basis.

Target measure Yes.

CPI Yes. The inflation rate targeted is the CPI for all urban areas. CPI as published by Statistics South Africa (STATS SA) is used.

Core inflation

Target horizon No.

Operating target (policy rate) Yes.
<table>
<thead>
<tr>
<th>Policy rate</th>
<th>Yes.</th>
<th>The main refinancing operation is the weekly seven-day repurchase auction, which is conducted with the commercial banks, at the repo (policy) rate as determined by the MPC. The Bank lends funds to the banks against eligible collateral, which comprises assets that also qualify as liquid assets in terms of the prudential liquid asset requirement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target corridor band</td>
<td>Yes.</td>
<td>In addition to the main repo facility, the Bank offers a range of end-of-day facilities for the commercial banks to square off the daily positions on their settlement accounts, for example, access to their cash reserve balances held with the Bank, supplementary repos/reverse repos conducted at the repo rate, and an automated standing facility whereby the end-of-day balances on the banks’ settlement accounts are automatically settled at a rate of 100 basis points below or above the policy rate.</td>
</tr>
<tr>
<td>Other</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Open letter</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Parliamentary hearings</td>
<td>Yes.</td>
<td>The Governor of the Bank appears at least once a year in parliament before the Select Committee on Finance to explain the monetary policy stance adopted by the MPC.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>The Governor of the Bank is required to submit annually a report on the implementation of monetary policy to the Minister of Finance.</td>
</tr>
<tr>
<td>Transparency</td>
<td>Yes.</td>
<td>The Bank’s commitment to transparent monetary policy has resulted in several initiatives to improve the communication of its policies to the public. At the conclusion of every MPC meeting, an MPC statement is issued through a press conference by the Governor of the Bank explaining the reasons for the MPC’s policy stance. This press conference is broadcast live on national television and at the same time the MPC statement is released on the Bank’s website. Monetary Policy Forums are also held to develop a better understanding of monetary policy. These Forums are held twice a year in the major centers of South Africa, across all provinces.</td>
</tr>
<tr>
<td>Publication of votes</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Publication of minutes</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
<td>The Bank also publishes its Monetary Policy Review (MPR) twice a year. This Review is aimed at broadening the understanding of the intentions and conduct of monetary policy. Moreover, the Review analyzes the domestic and international developments that have impacted on inflation and motivates the monetary policy reaction to these developments. An assessment of the future outlook for the factors determining inflation as well as the Bank’s forecast of the future path of inflation is provided in the Monetary Policy Review. The Bank also publishes its inflation forecasts and assumptions simultaneous to the release of the monetary policy statement. Other materials are published from time to time, to increase awareness and understanding of its monetary policy function.</td>
</tr>
<tr>
<td>Other monetary framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange tax</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
<td>Commercial banks may freely set their exchange rates and commissions in transactions with their clients.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
<td>FinSurv is authorized by the National Treasury to appoint ADs and</td>
</tr>
</tbody>
</table>
ADLAs. As of June 30, 2019, there are 25 ADs, 3 restricted ADs, and 20 appointed ADLAs. ADLAs are classified as follows: Category one—(one ADLA in the market) authorized to operate as a bureau de change; Category two—(9 ADLAs in the market) authorized to operate as a bureau de change, to transfer gifts and study allowances within the single discretionary allowance (SDA) limit, to transfer earnings of migrant workers and foreign nationals, and to offer money remittance services in partnership with external money transfer operators; Category three—(seven ADLAs in the market) authorized to operate as an independent money transfer operator and/or value transfer service provider; and Category four (three ADLAs), which is a combination of Categories two and three. ADLAs must maintain minimum unimpaired capital in a savings or investment type bank account separate from their business and clients’ funds as follows: Category one: R 2 million; Category two: R 3 million; Category three: R 5 million; and Category four: R 8 million. All transactions undertaken by an AD or an ADLA must be reported to FinSurv. ADLAs may only maintain accounts abroad with approval from FinSurv.

Operated by the central bank
No.  The SARB conducts spot transactions and foreign exchange swaps in the foreign exchange market. The SARB conducts spot purchases to accumulate foreign exchange reserves and service foreign exchange obligations of its clients. In addition, the SARB conducts foreign exchange swaps for the purpose of liquidity management in the money market and to sterilize the money market impact of foreign exchange purchases for the accumulation of reserves.

Foreign exchange standing facility
No.

Allocation
No.

Auction
No.

Fixing
No.  The SARB does not conduct any ZAR fixings.

Interbank market
Yes.  Twenty-five ADs are authorized to participate in the foreign exchange market. There are no limits on the bid-ask spreads, and commissions vary between ADs and their clients. The SARB interacts with ADs as the price taker for official and commercial purposes. The market makers and brokers quote prices to other market participants; the SARB does not quote prices for market participants.

Over the counter
Yes.  Foreign exchange swaps, options, and outright forwards are the most important foreign exchange derivatives traded over the counter.

Brokerage
Yes.  The foreign exchange market operates based on a system of brokers (via brokers and electronic brokering systems).

Market making
Yes.  There is a market-making agreement between ADs and their clients.

Forward exchange market
Yes.  ADs are permitted to conduct forward exchange operations, including providing cover for transactions by nonresidents (subject to certain limitations). ADs are also permitted to provide forward exchange cover in any foreign currency to residents for firm and ascertained foreign exchange commitments and for accruals due to or from nonresidents arising from authorized trade and nontrade transactions. Forward exchange contracts may cover the entire period of the outstanding commitments or accruals. For the purpose of managing domestic money market liquidity, the SARB may conduct foreign exchange swaps in varying maturities with ADs for up to 12 months.

Official cover of forward operations
No.  The SARB does not participate in the provision of forward exchange
Arrangements for Payments and Receipts

Prescription of currency requirements  Yes. Countries outside the CMA constitute the nonresident area. The rand is legal tender in Eswatini, Lesotho, and Namibia. Lilangeni banknotes from Eswatini, loti banknotes from Lesotho, and Namibian dollar banknotes from Namibia are convertible to rand at par, but are not legal tender in South Africa.

Controls on the use of domestic currency  Yes. Rand may not be used in foreign exchange transactions; however, settlements between residents of the CMA and the nonresident area may be made in rand to and from a local nonresident account and in any foreign currency (except the currencies of Eswatini, Lesotho, and Namibia).

For current transactions and payments  Yes. There are no restrictions on current account transactions conducted within the ambit of the Exchange Control Regulations. Rand may be used freely for current transactions and payments inside of the CMA and up to the limit of R 1 million in terms of the SDA via the Vostro system for current account payments.

For capital transactions  Yes. Where parties wish to transact outside of the ambit of ADs, prior approval is required.

Transactions in capital and money market instruments  Yes. Certain types of transactions require FinSurv approval, such as outward direct investment if the total of the new investment exceeds R 1 billion a company a calendar year.

Transactions in derivatives and other instruments  Yes. Approval is required where the instruments are issued by nonresident parties.

Credit operations  Yes. Certain types of transactions will require FinSurv approval, for example, entities that are 75% or more nonresident owned who require to borrow funds from an AD for, for example, the purchase and sale of any securities, repurchase agreements, and any derivative transactions on securities and/or the acquisition of residential property in South Africa, where the funds that they wish to borrow exceed the 1:1 ratio.

Use of foreign exchange among residents  Yes. South African residents may invoice each other locally in foreign currency; however, settlement must be in rand.

Payments arrangements  Yes.

Bilateral payments arrangements  No.

Operative  No.

Inoperative  No.

Regional arrangements  Yes. South Africa is a member of the CMA. Payments within the CMA are unrestricted.

Clearing agreements  No.

Barter agreements and open accounts  No.

Administration of control  Yes. The Treasury has delegated the administration of exchange controls to FinSurv with the authority to appoint ADs and ADLAs. FinSurv permits ADs to handle most foreign exchange transactions within the prescribed authorities and limits identified in the Currency and Exchanges Manual for ADs and the Currency and Exchanges Manual for ADLAs. The Manuals are available on the SARB website.

Payments arrears  No.
Official No.

Private No.

**Controls on trade in gold (coins and/or bullion)** Yes.

- **On domestic ownership and/or trade** Yes.
  Residents may purchase, hold, and sell gold coins for numismatic purposes as well as minted gold bars in accordance with South African regulations, but only the monetary authorities, ADs, registered gold producers, and authorized parties may purchase, hold, or sell gold in any form other than jewelry. Gold producers may elect to sell their total output to approved buyers, with clearance from the South African Diamond and Precious Metals Regulator. The South African Mint strikes gold coins, such as the Krugerrand, Natura, and Protea, which are legal tender, without face value, and these are available in limited numbers to the local market.

- **On external trade** Yes.
  Exports of gold are subject to Exchange Control Regulations. Exchange Control Regulations pertaining to the repatriation of export proceeds remain applicable to gold exports. Export proceeds are required to be received not later than six months from the date of shipment. ADs may authorize South African exporters to grant credit up to a total of 12 months to foreign importers, provided the AD is satisfied that it is necessary. ADs are permitted by FinSurv to approve exports of jewelry up to an insurance value of R 200,000 constituting the personal effects of a traveler (with written declaration that it will be brought back on the traveler’s return or within six months). Exports of gold jewelry by manufacturing jewelers require a written declaration that the articles are in fully manufactured form and that the gold content of each does not exceed 85% of the selling price to the ultimate consignee. Export of gold jewelry by manufacturing jewelers should be referred to the Precious Metals Act of 2005 by South African Diamond and Precious Metals Regulator. With FinSurv approval, residents may export currency coins, including certain gold coins, for sale to numismatists.

**Controls on exports and imports of banknotes** Yes.

- **On exports** Yes.
  Visitors and residents may take with them up to R 25,000 a person, a trip, for incidental expenses. The amount is not considered part of the basic travel allowance, which is part of the SDA of R 1 million, an individual a calendar year. Residents who are under the age of 18 years may be accorded a travel allowance not exceeding an amount of R 200,000 a calendar year. This limit does not apply to migrant workers returning to neighboring countries, who are permitted to take with them reasonable amounts in banknotes representing their earnings in South Africa. There are no limits on the exportation of domestic currency to Eswatini, Lesotho, and Namibia. South African banknotes repatriated from Angola, Botswana, the Democratic Republic of the Congo, Madagascar, Malawi, Mauritius, Mozambique, Seychelles, Tanzania, Zambia, and Zimbabwe may be remitted on submission of documentary evidence that they were not exported from South Africa in violation of the Exchange Control Regulations. The consignment of banknotes must be accompanied with confirmation by the repatriating bank that they were acquired from bona fide travelers from South Africa in amounts not exceeding R 25,000 a traveler.

- **Domestic currency** Yes.
  Residents and contract workers leaving South Africa for destinations outside the CMA may take out their allowance in foreign banknotes.

- **Foreign currency** Yes.
This allowance forms part of the SDA of R 1 million, an individual, a calendar year. Residents who are under the age of 18 years may be accorded a travel allowance not exceeding an amount of R 200,000 a calendar year. Foreign visitors leaving South Africa may take with them any amount of foreign banknotes brought into the country or obtained through the disposal of instruments of exchange brought into and converted in South Africa. CMA residents in South Africa may be accorded foreign currency at local international airports to cover unforeseen incidental costs while in transit abroad, subject to viewing an air ticket confirming a destination outside the CMA.

**On imports**

Yes.

**Domestic currency**

Yes. The maximum amount of rand banknotes that may be imported from countries outside the CMA is R 25,000 an individual. There are no limits on such imports from Eswatini, Lesotho, and Namibia. FinSurv approval is required to import notes in excess of the prescribed amounts.

**Foreign currency**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**

Yes.

**Held domestically**

Yes. Natural persons may hold up to the equivalent of R 11 million a calendar year (R 1 million SDA and R 10 million foreign capital allowance in foreign currency deposits with ADs for foreign investment purposes, of which R 1 million a calendar year does not require a Tax Compliance Status (TCS) PIN letter, which replaced the Tax Clearance Certificate effective November 12, 2019). The proceeds of other approved foreign assets may also be held in such accounts. Legal persons involved in international trade may maintain a single customer foreign currency (CFC) account for trade- and services-related payments, as well as for a wider variety of permissible transactions. As temporary measures for the COVID-19 lockdown period, ADs were allowed, effective April 14, 2020, to open CFC accounts for government-related bodies to receive donations from abroad and South Africa and to retain foreign donations in the CFC account for overseas payments of personal protection equipment (PPE). Effective April 20, 2020, the 30-day period for matured forward exchange contracts credited in CFC accounts was temporarily extended to 90 days.

**Approval required**

Yes. Transfer of funds in excess of R 11 million (R 1 million SDA and R 10 million foreign capital allowance) by resident individuals requires FinSurv approval.

**Held abroad**

Yes. Businesses and individuals may hold such accounts abroad for the proceeds of permissible transactions. Only South African companies that have legal/bona fide sources of income abroad are permitted to open foreign bank accounts. All foreign credits to such bank accounts are subject to the provisions of Exchange Control Regulation 6, except in respect of foreign-earned dividends. Funds that accrue in foreign bank accounts must be in respect of transactions permissible in terms of the Manuals or a specific authority granted by FinSurv. Applicants must give written undertakings to ADs that no debits other than transfers to South Africa, debits permissible in terms of a specific authority from FinSurv or bank charges, will be passed over the account.

**Approval required**

No. South African companies may, without FinSurv approval, open
foreign bank accounts for the proceeds of permissible transactions. South African natural persons may keep their R 10 million foreign capital allowance, income earned abroad after July 1, 1997, and authorized foreign assets in a foreign bank account, without FinSurv approval.

### Accounts in domestic currency held abroad

<table>
<thead>
<tr>
<th>Accounts in domestic currency held abroad</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident rand accounts may not be held abroad but residents may open a foreign currency account offshore.</td>
<td></td>
</tr>
</tbody>
</table>

### Accounts in domestic currency convertible into foreign currency

<table>
<thead>
<tr>
<th>Accounts in domestic currency convertible into foreign currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident rand accounts may not be converted to foreign currency accounts.</td>
<td></td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADs are required to open separate accounts on behalf of nonresident clients to distinguish between regular clearing accounts and foreign exchange trading accounts. This requirement does not affect the transferability of funds.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts may be opened for nonresidents, and funds in these accounts may be transferred abroad without restriction. No approval is required for the opening of nonresident accounts.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Domestic currency accounts</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>These accounts may be credited with authorized payments by residents, proceeds of sales of foreign currency to ADs, redeposits of unused rand withdrawn during visits to the CMA, and payments from other nonresident accounts. They may be debited for payments to CMA residents for any purpose (except loans), transfers to a local nonresident account, remittance to countries outside the CMA, purchases of foreign currency, rand payments for investment in local debt instruments, and rand payments to account holders during visits to the CMA.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Convertible into foreign currency</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A foreign currency account may be opened for a nonresident in foreign currency but a nonresident rand account may not be converted to a foreign currency account.</td>
<td></td>
</tr>
</tbody>
</table>

| Approval required | No. |

<table>
<thead>
<tr>
<th>Blocked accounts</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts designated as emigrant accounts are opened for emigrants and used for statistical purposes. These accounts are not blocked. Cash and proceeds from South African assets held at the time of departure and subsequently sold are credited to these accounts whereafter these funds may be transferred in amounts of R 20 million a family a calendar year or R 10 million an individual a calendar year, without FinSurv approval. Emigrants may transfer abroad funds in excess of the aforementioned limits, on application to FinSurv. Emigrants' assets are released from these accounts without paying an exit levy and ADs may release funds from these accounts for local expenditures without restriction.</td>
<td></td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Foreign exchange budget</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Financing requirements for imports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADs may provide foreign exchange for advance payments and/or cash-with-order requests, without FinSurv approval, to cover the cost of imports.</td>
<td></td>
</tr>
</tbody>
</table>

| Minimum financing requirements | No. |

| Advance payment requirements | No. |

<table>
<thead>
<tr>
<th>Articles on this subject</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>
of permissible imports, not including capital goods, on presentation of an invoice stating that payment must be made in advance. ADs do not need FinSurv approval for advance payments of up to 100% of the ex-factory cost of capital goods to be imported—up to R 10 million. Advance payment for imports of capital goods exceeding R 10 million is limited to 50% of the ex-factory cost. Any amount in excess requires FinSurv approval. For advance payments up to R 50,000, ADs are not required to review the South African Revenue Service (SARS) customs declaration with the movement reference number for imports to ensure that the foreign exchange was used for the stated purpose and that the goods were actually imported. As a temporary measure for the COVID-19 lockdown period, the 4-month period for paid imports to be received in South Africa was extended to seven months effective March 30, 2020.

<table>
<thead>
<tr>
<th>Advance import deposits</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes. Supporting or supplementary documents may include, but are not limited to, LCs.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes. Importers are automatically permitted to buy foreign exchange to pay for current imports on presentation to their bank of the necessary transport and consignment documents (proof of importation) and an import permit, when required. An import verification system allows ADs to authenticate and view payment of electronic SARS customs declaration forms. A temporary measure was put in place for the duration of the COVID-19 lockdown period for import transactions of corporate clients with manual/bulk documentation whose operational processes have been affected. For outward transfer payments, the ADs may rely on schedules with certain information (for example, invoice and transport document details, amounts, FinSurv approval number, etc.), subject to certain conditions. Resident individual importers are not required to furnish import documentation for imports within their R 1 million SDA.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes. Imports from Botswana, Eswatini, Lesotho, Malawi, Namibia, and Zimbabwe that are grown, produced, or manufactured in these countries do not require a permit from the International Trade Administration Commission of South Africa (ITAC), except some categories of new goods, which are subject to import control regulations; used and secondhand goods; goods manufactured from used or secondhand goods, including waste and scrap imported from outside the SACU. New goods imported from Malawi and Zimbabwe that are grown, produced, or manufactured in Malawi or Zimbabwe are not interpreted to include new goods subject to import control regulations, used and secondhand goods, and goods manufactured from used and secondhand goods imported from outside Malawi and Zimbabwe.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes. The negative list includes most used goods, including waste and scrap; fish, crustaceans, and mollusks; mineral fuels; radioactive chemicals; new pneumatic tires; certain minerals; firearms; gambling machines; certain chemicals used in drug manufacturing; and ozone-</td>
</tr>
</tbody>
</table>
depleting substances. All importers requiring ITAC import permits for controlled goods for trade or manufacturing purposes must be registered with the Directorate of Import and Export Control of the ITAC. Permits are valid for imports from any country.

Open general licenses No.

Licenses with quotas Yes. Import quotas apply to certain agricultural and manufactured products, including clothing and textiles imported from Zimbabwe supported with a Quota and Origin Certificate issued by the Ministry of Industry and Commerce of Zimbabwe. No import quotas are administered by ITAC as a nontariff regime.

Other nontariff measures No.

Import taxes and/or tariffs Yes. Tariff rates vary from 0% up to the WTO bound rate of 50% for commercial goods. A 15% VAT is levied on imports from Botswana, Eswatini, Lesotho, and Namibia.

Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements Yes. Unless otherwise permitted, export proceeds must be remitted to South Africa not later than six months from the date of shipment and must be offered for sale to an AD within 30 days of receipt thereof. Exporters with CFC accounts may retain funds in such accounts without converting them to rand.

Surrender requirements Yes.

Surrender to the central bank No.

Surrender to authorized dealers Yes. Unless otherwise permitted, export proceeds must be received within six months of the date of shipment and offered for sale within 30 days or according to the rules governing CFC accounts. Except for exports made on a cash-on-delivery basis and those for which the full proceeds are received in advance, ADs may provide exporters forward cover for their export proceeds.

Financing requirements Yes. ADs may permit exporters to grant credit for up to 12 months, provided the credit is necessary in that particular trade or needed to protect an existing export market or capture a new one.

Documentation requirements Yes.

Letters of credit No.

Guarantees No.

Domiciliation No.

Preshipment inspection No.

Other Yes. Only an electronic SARS Customs Export Declaration Form (SAD 500) is required for exports. Exports are monitored through the Electronic Export Monitoring System.

Export licenses Yes.

Export without quotas Yes. Certain agricultural and manufactured goods exported outside the SACU require ITAC export permits. In addition to an ITAC export
permit, military equipment, firearms, and ammunition require an export license issued by the Department of Defence. The exportation of certain COVID-19 essential goods, such as medicines, masks, and alcohol-based hand sanitizers, was temporarily put under control by ITAC during the national state of disaster only effective March 27, 2020.

<table>
<thead>
<tr>
<th>With quotas</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most limits have been removed. Documentary evidence must be produced at the time of application for foreign currency. The SDA of R 1 million may be used at the discretion of residents (natural persons) without any documentary evidence, except for an Identity Document.</td>
<td></td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>No limits apply, but documentary evidence must be produced at the time of application for foreign currency confirming the amount involved, and ADs must be satisfied that the commission rate is customary for the particular trade. Payment for the importation of computer software and specific custom-made computer software products, including license fees, may be made by ADs against documentary evidence.</td>
<td></td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>ADs may permit the remittance of profits and dividends, provided there is no excessive use of local credit facilities. Income earned from securities held by nonresidents is freely transferable abroad.</td>
<td></td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>South African residents traveling abroad for business or pleasure are allowed a travel allowance within the overall limit of the SDA equivalent to R 1 million a calendar year for each person 18 years and older and R 200,000 a calendar year for each person under 18, without any daily limit, regardless of the country of destination. Residents whose visits overseas extend from the current year into the following year may be accorded foreign currency in respect of the next year’s facilities without returning to South Africa. Businesses qualify for a global travel allowance of R 20 million a calendar year at the discretion of the company. Residents may be allowed a cash float in foreign currency, not exceeding the equivalent of R 100,000</td>
<td></td>
</tr>
</tbody>
</table>
at any one time, if they must make cash payments related to the transportation of goods on a regular basis to nonresidents. Residents embarking on coastal cruises in South African territorial waters and cruises without a destination have access to foreign currency within the R 1 million SDA, provided a valid passenger ticket in their name has been issued in the South Africa. Exchange allowances in excess of the above limits may be provided with FinSurv approval. CMA residents in South Africa may be accorded foreign currency at local international airports to cover unforeseen incidental costs while in transit abroad, subject to viewing an air ticket confirming a destination outside the CMA.

**Indicative limits/bona fide test**
Yes. Exchange allowances in excess of the above limits may be provided with FinSurv approval.

**Personal payments**
Yes.

**Prior approval**
No.

**Quantitative limits**
Yes. Natural persons, who are 18 years and older, are permitted to avail of a SDA within an overall limit of R 1 million an individual a calendar year, without the requirement to obtain a TCS PIN letter, which may be used for any legal purpose (including for investment purposes abroad). This dispensation may be utilized solely at the discretion of the resident without any documentary evidence having to be produced to the AD, except for travel purposes outside the CMA where a passenger ticket needs to be produced. The resident individual must produce a valid green bar-coded South African Identity Document or Smart ID card for identification purposes and the identity number is mandatory when reporting the transaction. FinSurv approval is required for amounts in excess of the limit. An exemption from the Money Laundering and Terrorist Financing Control Regulations, 2002, made under the Financial Intelligence Centre Act, 2001, allows residents and nonresidents to transfer or remit funds to a destination outside of South Africa up to an amount of, effective June 21, 2019, R 5,000 (previously R 3,000) a transaction, a day, within a limit of R 25,000 (previously R 10,000) an individual, a calendar month, without the need for ADs and ADLAs to obtain and verify income tax numbers and residential addresses as well as exemption from various record-keeping provisions. It remains a requirement that the accountable institution still obtains, verifies, and records the names, date of birth, identity, or passport numbers as well as the transaction details.

**Indicative limits/bona fide test**
Yes. Monthly pension payments to former residents are permitted, provided their emigration was placed on record with FinSurv. South African residents temporarily abroad may receive transfers from their retirement pensions or annuities, as well as monetary gifts and loans.

**Foreign workers' wages**
Yes.

**Prior approval**
No.

**Quantitative limits**
No.

**Indicative limits/bona fide test**
Yes. Foreign nationals must complete a declaration and undertaking on taking up temporary residence in South Africa.

**Credit card use abroad**
Yes.

**Prior approval**
No. Approval is not required with respect to travel expenditures. Residents temporarily abroad may use their local debit/credit cards within the overall SDA of R 1 million an applicant during a calendar year.

**Quantitative limits**
Yes. Travel-related expenditures may not exceed 100% of the
**Corresponding allowance.**
Permissible transactions—for example, imports over the Internet—are limited. The limit for credit card payments relating to such imports is R 50,000 a transaction for individuals and resident corporates.

<table>
<thead>
<tr>
<th>Other payments</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>ADs may permit remittance of miscellaneous payments incurred outside the CMA, with documentary evidence confirming the amount involved. ADs may grant approval for royalty payments, provided the Department of Trade and Industry has approved the relevant royalty agreement.</td>
</tr>
</tbody>
</table>

**Quantitative limits**
No.

| Indicative limits/bona fide test | No. |

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

| Repatriation requirements | Yes. |
|                          | Corporate entities are required to repatriate earnings to South Africa within 30 days of receipt. South African residents (private individuals) may retain income earned abroad after July 1, 1997, except for the sale proceeds of South African assets received from nonresidents and export proceeds. |
| Surrender requirements    | Yes. |
| Surrender to the central bank | No. |
| Surrender to authorized dealers | Yes. |
| Resident must, unless exempt, sell foreign currency to ADs within 30 days of receipt. Business travelers are exempt from selling their foreign currency to ADs when the next business trip is to occur within 90 days from returning from a business trip. As a temporary measure during the COVID-19 lockdown period, effective April 20, 2020, residents returning from abroad may convert unused foreign currency within 30 days after the lockdown. Corporate entities are permitted to retain repatriated funds in their CFC accounts without converting them to rand. |
| Restrictions on use of funds | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

| Controls on capital transactions | Yes. |
|                                 | The individual limit for investments abroad without FinSurv approval is R 11 million a calendar year (R 1 million SDA and R 10 million foreign capital allowance). Residents temporarily abroad may avail of the R 1 million SDA and the R 10 million foreign capital allowance a calendar year without returning to South Africa. |
| Repatriation requirements       | Yes. |
| Surrender requirements          | Yes. |
| Surrender to the central bank   | No. |
| Surrender to authorized dealers | Yes. |
| Resident must, unless exempt, sell foreign currency to ADs within 30 days of becoming entitled thereto. As a temporary measure during the COVID-19 lockdown period, effective April 20, 2020, the conversion period was extended to within 30 days after the... |
lockdown. Corporate entities may keep repatriated funds in a CFC account without the obligation to convert them to rand.

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Purchase locally by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Sale or issue locally by nonresidents</em></td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Purchase abroad by residents</em></td>
<td>Yes.</td>
</tr>
<tr>
<td><em>Sale or issue abroad by residents</em></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are several exchanges in addition to the Johannesburg Stock Exchange (JSE) Limited such as 4AX, ZAR X, A2X, and Equity Express Securities Exchange.
<table>
<thead>
<tr>
<th><strong>On money market instruments</strong></th>
<th>Yes.</th>
<th>South Africa but may be assigned offshore subject to appropriate tax treatment.</th>
<th>The regulations governing shares or other securities of a participating nature apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Approval is required for foreign entities to list money market instruments on a South African exchange. The funds raised by the issuer are freely transferable. These instruments are classified as foreign.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>The individual limit for investments abroad without FinSurv approval is R 11 million an individual a calendar year (R 1 million SDA and R 10 million foreign capital allowance) or from the proceeds of any authorized foreign asset. South African institutional investors may invest in rand-denominated instruments issued abroad and in instruments issued by South African entities in the foreign market, subject to the foreign portfolio investment allowances.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Approval is not required for the sale of authorized foreign assets. For the issue of instruments abroad, FinSurv approval is required, depending on the type of instrument to be issued.</td>
<td></td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>Approval is required for foreign entities to list collective investment securities on a South African exchange. The sale of such securities by nonresidents does not require approval. The funds raised by the issuer are freely transferable. The classification of collective investment securities issued or sold locally by nonresidents depends on the reference assets and may be classified as domestic or foreign.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>The individual limit for investments abroad without FinSurv approval is R 11 million an individual a calendar year (R 1 million SDA and R 10 million foreign capital allowance) or from the proceeds of any authorized foreign asset.</td>
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<td></td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>Yes.</td>
<td>Currency and commodity derivatives as well as derivative instruments with a foreign underlying asset are included on the list of instruments that may be listed on a South African exchange. South African companies, trusts, partnerships, and individuals may participate without restriction in approved inward-listed instruments. Institutional investors and ADs may participate in currency and commodity derivatives as well as derivative instruments with a foreign underlying asset up to the applicable prudential limits. South African companies may obtain forward cover for up to 75% of budgeted import commitments or export accruals for the forthcoming financial year without reference to FinSurv.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>Nonresidents may freely purchase derivative instruments, options, and futures on the local formal market.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Approval is required for foreign entities to issue derivative and other instruments on a South African exchange. These instruments are classified as foreign. Investments in these instruments by institutional investors and ADs affect their prudential limits.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Residents who wish to hedge directly with an offshore counterparty require FinSurv approval.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Approval is not required for the sale of authorized foreign assets. For the issue of instruments abroad, FinSurv approval is required,</td>
<td></td>
</tr>
</tbody>
</table>
Controls on credit operations  
Yes.

**Commercial credits**  
Yes.

**By residents to nonresidents**  
Yes.  
Export credits may be granted for up to six months. ADs may, under certain circumstances, allow a further extension of six months. Longer-term credit requires approval of FinSurv. With respect to services, payment must be received under the terms of the contract between the parties within a reasonable period after the service is rendered.

**To residents from nonresidents**  
No.

**Financial credits**  
Yes.

**By residents to nonresidents**  
Yes.  
Financial credits, such as loans, may not be extended without approval, except within the annual discretionary limit—that is, R 1 million a resident lender to nonresident individuals and South African residents temporarily abroad. Foreign investors may borrow domestically, without restriction, to finance FDI. Nonresidents who use the funds for financial transactions and/or to acquire residential property in South Africa must adhere to the 1:1 ratio that currently applies to these transactions. Effective October 31, 2019, nonresidents living and working in South Africa may be granted local financial assistance in respect of the acquisition of residential property, in terms of normal lending criteria. Loans to emigrants or for the acquisition of residential property by nonresidents or affected persons and other financial transactions, such as portfolio investments by nonresidents, securities lending, hedging, and repurchase agreements, are limited to 100% of assets brought into South Africa.

**To residents from nonresidents**  
Yes.  
Approval is required and is generally granted, subject to specific criteria. Companies may borrow abroad to finance approved offshore investments using their South African balance sheets as collateral. Unlisted technology, media, telecommunications, exploration, and other research and development companies may apply to FinSurv for approval to raise loans abroad and operating capital.

**Guarantees, sureties, and financial backup facilities**  
Yes.

**By residents to nonresidents**  
Yes.  
Guarantees and sureties for financial loans require FinSurv approval, except for trade transactions. Performance bonds may be issued.

**To residents from nonresidents**  
No.

**Controls on direct investment**  
Yes.

**Outward direct investment**  
Yes.  
Approval is not required for outward FDI, if the total of such new investment does not exceed R 1 billion a company a calendar year. Investment exceeding the limit is subject to approval. Firms’ requests are considered in light of national interest—for example, according to the benefit to South Africa’s international reserves as a result of exports of goods and services. South African companies may make bona fide new outward FDI outside their current line of business and may acquire up to 40% equity and/or voting rights, whichever is the higher, in a foreign target entity that may hold investments and/or make loans to CMA countries. The requirement that South African companies investing outside the CMA must obtain at least 10% of the foreign target entity’s voting rights was abolished during the 2018 Budget Speech, from February 21, 2018. Companies with headquarters in South Africa may also make outward FDI into companies, branches, and offices outside the CMA that are outside...
their current line of business if the total cost does not exceed R 1 billion a company in a calendar year. FinSurv approval is required for re-domiciliation, that is, moving its base of operations from South Africa. Effective December 13, 2019, HoldCos were designated Domestic Treasury Management Companies (DTMCs). Entities listed on a South African exchange may authorize transfers from the parent company to the DTMC up to R 3 billion a calendar year (since February 21, 2018, previously R 2 billion). Up to this amount, there is no restriction on transfers in and out of the DTMC, provided such transfers are not undertaken to avoid tax. Additional amounts of up to 25% of the listed company’s market capitalization are considered on application to FinSurv, provided there are demonstrated benefits to South Africa. Unlisted entities may establish one DTMC for African and foreign operations, which is not subject to exchange control restrictions. Effective December 13, 2019, the DTMC dispensation was extended to the financial services sector (that is, registered banks and insurance companies). Unlisted technology, media, telecommunications, exploration, and other research and development companies may apply to FinSurv for approval for primary listing abroad or establishment of an offshore company to raise loans abroad and operating capital. Offshore companies mentioned above may in turn hold investments and/or make loans into South Africa and the intellectual property must remain registered in South Africa but may be assigned offshore, subject to appropriate tax treatment. Companies listed on a South African exchange may have a secondary listing and/or list depository receipt programs on foreign exchanges to facilitate local and FDI expansion. Treasury outsourcing companies (TOCs) and foreign exchange brokers (FEBs) in the domestic foreign exchange market must obtain FinSurv approval to conduct foreign exchange business. Such business must be conducted through an AD. The transfer of South African-owned intellectual property by way of sale, assignment, or cession, and/or the waiver of rights in favor of related nonresident parties in whatever form, directly or indirectly, is not allowed without the prior approval of FinSurv. ADs may, however, approve the outright sale, transfer, and assignment of intellectual property by South African residents, excluding mandated state-owned companies as defined in Schedule 2 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), to unrelated nonresident parties at an arm’s length and a fair and market-related price, provided ADs view the sale, transfer, or assignment agreement and an auditor’s letter or intellectual property valuation certificate confirming the basis for calculating the sale price. The above-mentioned dispensation excludes sale and leaseback agreements.

ADs may approve the licensing of intellectual property by South African residents to nonresident parties at an arm’s length and a fair and market-related price for the term of the agreement, provided ADs view the license agreement and an auditor’s letter confirming the basis for calculating the royalty or license fee. The sale, transfer, assignment, and/or licensing of intellectual property is subject to appropriate tax treatment. Exemption from Regulation 10(1)(c) is, however, granted to institutions as defined in terms of the Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 (Act No. 51 of 2008). Such institutions may transfer copyrighted material to an international publishing house when publishing an article in an international journal and/or transfer material in terms of a material transfer agreement, provided the value of the transaction does not exceed R 50,000. ADs must refer transactions in excess of the stipulated amount to FinSurv. The maximum individuals may, without FinSurv
Inward direct investment | No.  
---|---  
**The International Headquarters (IHQ) Company** rules eliminated the requirement for approval, adopted a reduction in shareholding to 10%, and streamlined reporting. IHQ shares and/or debt can be listed on a South African exchange and directly or indirectly held by a shareholder with shares or debt listed on a South African exchange. IHQ companies may raise and deploy capital abroad without Exchange Control approval, but must register with FinSurv for reporting purposes. The IHQ dispensation applies for nonresident companies. Listed entities on a South African exchange may establish one subsidiary in South Africa for African and offshore operations. This subsidiary is not subject to foreign exchange restrictions. This dispensation is extended to unlisted entities. Entities listed on a South African exchange may authorize transfers from the parent company to the “DTMC” up to R 3 billion a calendar year. Up to this amount, there is no restriction on transfers in and out of the DTMC, provided such transfers are not undertaken to avoid tax.

Controls on liquidation of direct investment | No.  
---|---  
Controls on real estate transactions | Yes.  
**Purchase abroad by residents** | Yes. The individual limit for investments abroad without FinSurv approval is R 11 million an individual a calendar year (R 1 million SDA and R 10 million foreign capital allowance) from the proceeds of authorized foreign assets. Applications to transfer more than the current R 10 million foreign capital allowance an individual a calendar year may be submitted to FinSurv. Such an application must be accompanied by a SARS TCS PIN letter.

Purchase locally by nonresidents | No. There are no controls on local purchases by nonresidents if they do not borrow domestically. Since October 27, 2009, foreign investors are allowed to borrow domestically, without restriction, to finance FDI. Affected persons and nonresidents who use the funds for financial transactions and/or to acquire residential property in South Africa are subject to a 1:1 ratio where funds introduced in South Africa by nonresidents, emigrants, and affected companies need to be utilized to pay for 50% of the value of the financial transaction or residential property and the remaining 50% may be raised locally. Local financial assistance to emigrants is also subject to the 1:1 ratio. As of October 31, 2019, nonresidents living and working in South Africa may be granted local financial assistance in respect of the acquisition of residential property in terms of normal lending criteria.
### Sale locally by nonresidents
No.

### Controls on personal capital transactions
Yes. The individual limit for investments abroad without FinSurv approval is R 11 million an individual a calendar year (R 1 million SDA and R 10 million foreign capital allowance). Applications to transfer more than the current R 10 million foreign capital allowance an individual a calendar year may be submitted to FinSurv. Such an application must be accompanied by a SARS TCS PIN letter.

### Loans
Yes.

- **By residents to nonresidents**
  Yes. Residents may lend to nonresidents through ADs within their overall discretionary limit of R 1 million an individual a calendar year. South African corporates may advance shareholders loans to approved subsidiaries within the FDI limits.

- **To residents from nonresidents**
  Yes. ADs may approve applications by residents to avail of inward foreign loans and foreign trade finance facilities from any nonresident, subject to certain criteria and the reporting of the loans to FinSurv. Any loan application that falls outside of the specific criteria or any amendments to approved loans must be submitted to FinSurv.

### Gifts, endowments, inheritances, and legacies
Yes.

- **By residents to nonresidents**
  Yes. ADs may allow the transfer of monetary gifts, including donations to missionaries, maintenance transfers, and travel allowances, within an overall discretionary limit of R 1 million a calendar year to a person 18 years and older. Cash bequests and the cash proceeds of legacies and distributions from resident estates may be remitted abroad subject to the Liquidation and Distribution Account bearing a Master of the High Court reference number. In cases where the total assets of the resident estate are less than R 250,000, cash bequests and the cash proceeds of legacies due to nonresident legatees, including emigrants, may be remitted abroad, provided the Last Will and Testament and Letter of Executorship/Authority have been viewed.

- **To residents from nonresidents**
  Yes. Any foreign asset received by a resident from a nonresident as a gift or donation is not exempt from the provisions of Regulations 6 and 7 and must be declared and repatriated to South Africa. Alternatively, a fully motivated application to retain the assets abroad must be submitted to FinSurv.

### Settlement of debts abroad by immigrants
Yes. ADs may provide immigrants with foreign exchange to repay loans received in their previous country of domicile, provided documentary evidence of the debt is available and the immigrant is not in possession of foreign currency to repay the debt.

### Transfer of assets
Yes.

- **Transfer abroad by emigrants**
  Yes. Emigrants may transfer up to the equivalent of R 20 million a family or R 10 million an individual a calendar year, including assets previously transferred abroad, without FinSurv approval. Emigrants may also transfer abroad funds in excess of the aforementioned limits, on application to FinSurv. Emigrants’ remaining assets may be released without an exit levy. ADs may export household and personal effects, motor vehicles, caravans, trailers, motorcycles, stamps, coins, and minted bars (excluding coins that are legal tender in South Africa) for an emigrating family unit or single person, within an overall insured value of R 2 million or its equivalent. FinSurv approval is required for exports of the above items valued at more than R 2 million.

- **Transfer into the country by immigrants**
  No.

### Transfer of gambling and prize earnings
Yes.

South African residents may not participate in any gambling activities not authorized by the National Gambling Act of 2004.
Residents may not participate in lotteries organized abroad, which is prohibited by Lotteries Act No. 57 of 1997.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Borrowing abroad

Yes. ADs may approve applications by residents to borrow abroad, subject to specific criteria and provided the loans are reported to FinSurv using the Loan Reporting System. Any application that falls outside of the specific criteria must be referred to FinSurv for approval.

Maintenance of accounts abroad

No. ADs may open nostro accounts at their discretion.

Lending to nonresidents (financial or commercial credits)

Yes. Foreign investors are allowed to borrow domestically, without restriction, to finance FDI. Affected persons and nonresidents who use the funds for financial transactions and/or to acquire residential property in South Africa are subject to the 1:1 ratio that currently applies to these transactions. Local financial assistance to emigrants remains subject to the 1:1 ratio. Effective October 31, 2019, nonresidents living and working in South Africa may be granted local financial assistance in respect of the acquisition of residential property in terms of normal lending criteria.

Lending locally in foreign exchange

Yes. These transactions are subject to specific FinSurv approval.

Purchase of locally issued securities denominated in foreign exchange

Yes. There are no securities denominated in foreign exchange in South Africa. As an exception to the rule, nonresidents may, however, apply to issue debt instruments on a South African exchange in foreign currency (for example, Zambian maize).

Differential treatment of deposit accounts held by nonresidents in foreign exchange

Reserve requirements

No. The minimum reserve requirement applies to deposit accounts held by residents and nonresidents denominated in rand or foreign currency. The requirement is 2.5% of total average liabilities, as adjusted for (1) amounts owed by banks, branches, and mutual banks in South Africa (including loans granted in connection with resale agreements); (2) funding received under repurchase agreements with a term of 31 days or less, with government securities, Treasury bills, and reserve bank securities qualifying as level one high-quality liquid assets as underlying security; (3) liabilities related to derivative contracts; and (4) amounts owed by banks rated investment grade or better located abroad in countries rated investment grade or better.

Liquid asset requirements

No. All banks are required to hold 5% of their total average liabilities, adjusted for (1) in the case of branches of foreign institutions for funding received from the head office or from other branches within the same group; and (2) amounts owed by banks, branches, and mutual banks in South Africa (including loans granted in terms of resale agreements), in level one high-quality liquid assets (as defined in the Banks Act, 1990).

Interest rate controls

No.

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents

Reserve requirements

No. The minimum reserve requirement applies to deposit accounts held by residents and nonresidents denominated in rand or foreign currency. The requirement is 2.5% of total average liabilities, as
adjusted for (1) amounts owed by banks, branches, and mutual banks in South Africa (including loans granted in connection with resale agreements); (2) funding received under repurchase agreements with a term of 31 days or less, with government securities, Treasury bills, and reserve bank securities qualifying as level one high-quality liquid assets as underlying security; (3) liabilities related to derivative contracts; and (4) amounts owed by banks rated investment grade or better located abroad in countries rated investment grade or better.

**Liquid asset requirements**

No.

All banks are required to hold 5% of their total average liabilities, adjusted for (1) in the case of branches of foreign institutions for funding received from the head office or from other branches within the same group; and (2) amounts owed by banks, branches, and mutual banks in South Africa (including loans granted in terms of resale agreements), in level one high-quality liquid assets (as defined in the Banks Act, 1990).

**Interest rate controls**

No.

**Credit controls**

No.

**Investment regulations**

Yes.

A bank that invests money in immovable property or shares of a company—or lends or advances money to its subsidiaries whose principal objective is acquisition and holding or development of immovable property—must manage its transactions in such investments, loans, or advances in such a way that the sum of the amounts does not at any time exceed the bank’s qualifying common equity Tier 1 capital and reserve funds, additional Tier 1 capital and reserve funds, and Tier 2 capital and reserve funds related to risks other than market risk. A bank must manage its business so that the aggregate amount of (1) its investments in debentures or preference shares of its associates, excluding subsidiaries whose main objective is the acquisition and holding or development of immovable property, a bank, or mutual bank whose debentures or preference shares are not convertible to ordinary shares; plus (2) advances to any such associates; plus (3) guarantees and/or other instruments related to its associates’ liabilities or contingent liabilities; minus (4) excess qualifying common equity Tier 1 capital and reserve funds, additional Tier 1 capital and reserve funds, and Tier 2 capital and reserve funds envisaged above does not at any time exceed 10% of the bank’s aggregate deposits, current accounts, and amounts owed to other creditors. Banks and their associates may not, without the Prudential Authority’s written approval, jointly or individually acquire or hold shares in a registered long-term insurer or in a registered short-term insurer as to the extent to which the nominal value exceeds 49% of the nominal value of all the insurer’s issued shares. Bank controlling companies investing money (a) in enterprises other than banks, institutions that conduct business similar to the business of a bank in a country other than South Africa, controlling companies or companies whose main objective is holding or developing property used or intended to be used mainly for the business of a bank or (b) in fixed property not used or intended to be used mainly for the purpose of conducting the business of a bank, providing loans and advances to (a) enterprises other than banks, institutions that conduct business similar to the business of a bank in a country other than South Africa, controlling companies or companies whose main objective is holding or developing property used or intended to be used mainly for the business of a bank or (b) in fixed property not used or not intended to be used mainly for the purpose of conducting the business of a bank, must manage transactions in such investments and loans and advances in such a way that the aggregate amount of such investments and loans and
advances does not at any time exceed 40% of the aggregate amount of the share capital and reserve funds of the controlling company, calculated on a consolidated basis as prescribed. Branches of foreign institutions must ensure that the value of their unencumbered assets as defined never amounts to less than 60% of their total reported liabilities in South Africa. “Foreign member funds” are not subject to the macroprudential limit on the amount that may be invested abroad. These funds, however, must be domiciled, managed, and tax compliant in South Africa and are subject to registration with FinSurv as well as with the Financial Sector Conduct Authority. ADs may participate in foreign syndicated loans regardless of whether the borrower is a resident, provided they are within their macroprudential limit.

Abroad by banks Yes. A bank may not, without written approval of the Prudential Authority and as determined by the Prudential Authority (1) establish or acquire a subsidiary within or outside South Africa or enter into an agreement leading to a company becoming its subsidiary within or outside South Africa; (2) invest in a joint venture within or outside South Africa if the investment, or the investment together with one or more previous investments by the bank in that joint venture, results in exposure to more than 5% of its capital and reserves. If a bank is exposed to the aforementioned extent, approval must be obtained whenever it seeks to make a further investment in that joint venture; (3) open or acquire a branch office outside South Africa; (4) acquire an interest in an enterprise whose registered office or principal place of business is outside South Africa; (5) establish or acquire outside of South Africa a trust of which the bank is a major beneficiary or establish or acquire a financial or other business enterprise under its direct or indirect control; (6) establish or acquire a representative office outside South Africa; or (7) establish or acquire a division within or outside South Africa under an arrangement or agreement with a person with the effect that such a person conducts/does business through or by means of that division. In addition to the current macroprudential limit of 25%, ADs may invest 5% of their total liabilities, for expansion in Africa.

In banks by nonresidents Yes. Approval is not required if the investment in shares amounts to less than 15% of the total nominal value or total voting rights with respect to all the bank’s issued shares. ADLAs are classified into four categories; Section III. Exchange Arrangement specifies the four types.

Open foreign exchange position limits Yes.

On resident assets and liabilities Yes. The effective net open foreign currency position of a reporting bank (difference between total foreign currency assets and liabilities and commitments to purchase minus commitments to sell foreign currency in any one foreign currency and in all foreign currencies taken together) may not exceed 10% of the net qualifying capital and reserve funds of the reporting bank.

On nonresident assets and liabilities Yes. The effective net open foreign currency position of a reporting bank (difference between total foreign currency assets and liabilities and commitments to purchase minus commitments to sell foreign currency in any one foreign currency and in all foreign currencies taken together) may not exceed 10% of the net qualifying capital and reserve funds of the reporting bank.

Provisions specific to institutional investors Yes. There is a system of quarterly reporting and monitoring of foreign exposures. South African institutional investors may invest in rand-denominated instruments issued abroad and in instruments issued by South African entities in the foreign market, subject to the respective prudential limits.
<table>
<thead>
<tr>
<th><strong>Insurance companies</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The non-linked business of life insurers may transfer up to 30% of total retail assets under management to acquire foreign portfolio investments. The linked business of life insurers may transfer up to 40% of total retail assets under management to acquire foreign portfolio investments. Institutional investors may invest an additional 10% of their total retail assets under management in Africa directly by acquiring foreign-currency-denominated portfolio assets in Africa through foreign currency transfers from South Africa or indirectly through approved inward-listed investments, excluding inward-listed shares, listed on a South African exchange and classified as African. All inward-listed shares on a South African exchange traded and settled in rand are classified as domestic for the purpose of trading on the exchange and inclusion on the indices; institutional investors and ADs may invest in such shares without affecting their permissible prudential limits.</td>
<td></td>
</tr>
</tbody>
</table>

| **Limits (max.) on investment portfolio held abroad** | Yes. |
| The non-linked business of life insurers may transfer up to 30% of total retail assets under management to acquire foreign portfolio investments. The linked business of life insurers may transfer up to 40% of total retail assets under management to acquire foreign portfolio investments. Institutional investors may invest an additional 10% of their total retail assets under management in Africa directly by acquiring foreign-currency-denominated portfolio assets through foreign currency transfers from South Africa or indirectly by acquiring approved inward-listed investments, excluding inward-listed shares, listed on a South African exchange and classified as African. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed prudential limit. |

| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |
| **Pension funds** | Yes. |
| **Limits (max.) on securities issued by nonresidents** | Yes. |
| Pension funds may transfer up to 30% of their total retail assets under management to acquire foreign portfolio investments. Institutional investors may invest an additional 10% of their total retail assets under management in Africa directly by acquiring foreign-currency-denominated portfolio assets in Africa through foreign currency transfers from South Africa or indirectly by acquiring approved inward-listed investments, excluding inward-listed shares, listed on a South African exchange and classified as African. All inward-listed shares on a South African exchange traded and settled in rand are classified as domestic for the purpose of trading on the exchange and included on the indices; institutional investors and ADs may invest in such shares without affecting their permissible prudential limits. |

| **Limits (max.) on investment portfolio held abroad** | Yes. |
| Pension funds may transfer up to 30% of their total retail assets under management to acquire foreign portfolio investments. Institutional investors may invest an additional 10% of their total retail assets under management in Africa directly by acquiring foreign-currency-denominated portfolio assets in Africa through foreign currency transfers from South Africa or indirectly by acquiring approved inward-listed investments, excluding inward-listed shares, listed on a South African exchange and classified as African. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed prudential limit. |
Collective investment scheme managers and discretionary financial services providers registered as institutional investors with FinSurv may transfer up to 40% of their total retail assets under management to acquire foreign portfolio investments. Institutional investors may invest an additional 10% of their total retail assets under management in Africa directly by acquiring foreign-currency-denominated portfolio assets in Africa through foreign currency transfers from South Africa or indirectly by acquiring approved inward-listed investments, excluding inward-listed shares, listed on a South African exchange and classified as African. All inward-listed shares on a South African exchange traded and settled in rand are classified as domestic for the purpose of trading on the exchange and included on the indices; institutional investors and ADs may invest in such shares without affecting their permissible prudential limits.

Collective investment scheme managers and discretionary financial services providers registered as institutional investors with FinSurv may transfer up to 40% of their total retail assets under management to acquire foreign portfolio investments. Institutional investors may invest an additional 10% of their total retail assets under management in Africa directly by acquiring foreign-currency-denominated portfolio assets in Africa through foreign currency transfers from South Africa or indirectly by acquiring approved inward-listed investments, excluding inward-listed shares, listed on a South African exchange and classified as African. Institutional investors that have exceeded their prudential limits are required to rebalance their portfolios within a period of 12 months. No further offshore investments are allowed until the institutional investor is within the prescribed prudential limit.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Resident Accounts**

**Foreign exchange accounts permitted**

<table>
<thead>
<tr>
<th>Held domestically</th>
<th>11/12/2019</th>
<th>Tax Compliance Status PIN letter replaced the Tax Clearance Certificate.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>04/14/2020</td>
<td>As a temporary measure for the COVID-19 lockdown period, ADs were allowed to open customer foreign currency (CFC) accounts for government-related bodies to receive donations from abroad and South Africa and to retain foreign donations in the CFC account for overseas payments of personal protection equipment.</td>
</tr>
<tr>
<td></td>
<td>04/20/2020</td>
<td>As a temporary measure for the COVID-19 lockdown period, the 30-day period for matured forward exchange contracts credited in</td>
</tr>
</tbody>
</table>
customer foreign currency accounts was temporarily extended to 90 days.

Imports and Import Payments

**Financing requirements for imports**
- Advance payment requirements

**Documentation requirements for release of foreign exchange for imports**

**Other**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/30/2020</td>
<td>As a temporary measure for the COVID-19 lockdown period, the 4-month period for paid imports to be received in South Africa was extended to seven months.</td>
</tr>
<tr>
<td>03/30/2020</td>
<td>A temporary measure was put in place for the duration of the COVID-19 lockdown period for import transactions of corporate clients with manual/bulk documentation whose operational processes have been affected. For outward transfer payments, the ADs may rely on schedules with certain information (for example, invoice and transport document details, amounts, FinSurv approval number, etc.), subject to certain conditions</td>
</tr>
</tbody>
</table>

Exports and Export Proceeds

**Export licenses**
- Without quotas

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/27/2020</td>
<td>The exportation of certain COVID-19 essential goods, such as medicines, masks, and alcohol-based hand sanitizers, was temporarily put under control by International Trade Administration Commission of South Africa during the national state of disaster only.</td>
</tr>
</tbody>
</table>

Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**
- Personal payments

**Quantitative limits**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/21/2019</td>
<td>The exemption from the Money Laundering and Terrorist Financing Control Regulations, 2002, made under the Financial Intelligence Centre Act, 2001, which allows residents and nonresidents to transfer or remit funds to a destination outside of South Africa without the need for ADs and authorized dealers in foreign exchange with limited authority to obtain and verify income tax numbers and residential addresses as well as exemption from various record-keeping provisions was increased to R 5,000 from R 3,000 a transaction, a day, within a limit that was also increased to R 25,000 from R 10,000 an individual, a calendar month.</td>
</tr>
</tbody>
</table>

Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**
- Surrender requirements

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/20/2020</td>
<td>As a temporary measure during the COVID-19 lockdown period, residents returning from abroad may convert unused foreign currency within 30 days after the lockdown. Previously, it was converted within 90 days from returning from a business trip.</td>
</tr>
</tbody>
</table>

Capital Transactions

**Controls on capital transactions**
- Repatriation requirements
  - Surrender requirements
    - Surrender to authorized dealers
As a temporary measure during the COVID-19 lockdown period, the conversion period was extended to within 30 days after the lockdown. Previously, it was 30 days of becoming entitled thereto.

<table>
<thead>
<tr>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/20/2020</td>
<td>As a temporary measure during the COVID-19 lockdown period, the conversion period was extended to within 30 days after the lockdown. Previously, it was 30 days of becoming entitled thereto.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>10/31/2019 Nonresidents living and working in South Africa may be granted local financial assistance in respect of the acquisition of residential property, in terms of normal lending criteria.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>10/31/2019 Individuals were permitted individually or collectively to acquire up to 40% equity and/or voting rights, whichever is the higher, in a foreign target entity, which may in turn hold investments and/or make loans into any CMA country (loop structures).</td>
</tr>
<tr>
<td>12/13/2019</td>
<td>HoldCos were designated Domestic Treasury Management Companies.</td>
</tr>
<tr>
<td>12/13/2019</td>
<td>The Domestic Treasury Management Company dispensation was extended to the financial services sector (that is, registered banks and insurance companies).</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/31/2019</td>
<td>Nonresidents living and working in South Africa may be granted local financial assistance in respect of the acquisition of residential property in terms of normal lending criteria.</td>
</tr>
</tbody>
</table>
SOUTH SUDAN
(Position as of August 31, 2020)

Status under IMF Articles of Agreement

Date of membership

April 18, 2012.

Article VIII

Yes.

Article XIV

Yes.

Exchange Measures

Restrictions and/or multiple currency practices

Yes.

The IMF staff report for the 2019 Article IV Consultation with South Sudan, states that as of May 15, 2019, South Sudan maintained exchange restrictions and an MCP under the transitional arrangements of Article XIV. The exchange restrictions arise from: imposing absolute ceilings on the availability of foreign exchange for certain invisible transactions (travel, remittances for living expenses of students and families residing abroad, transfers of salaries by foreign workers). The MCP, which also gives rise to an exchange restriction because of extra burden, arises from the spread of more than 2% between the parallel market exchange rate and the formal commercial exchange market rate. South Sudan also maintains the MCPs and exchange restriction subject to Fund’s approval under Article VIII. The MCPs arise from the spread larger than 2% between (1) the official (indicative) rate and commercial banks’ (market) rate and (2) between the official (indicative) rate and the parallel market rate. The exchange restriction arises because of prioritization of foreign exchange allocation by the Bank of South Sudan (BSS) for external government payments and payments for certain essential commodities. (Country Report No. 19/153)

Exchange measures imposed for security reasons

No.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of South Sudan is the South Sudanese pound.

Other legal tender

No.

Exchange rate structure

Unitary

Dual

Yes. The exchange rate structure is considered dual because of the spread of more than 2% between the parallel market exchange rate and the formal commercial exchange market rate.
No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

<table>
<thead>
<tr>
<th>Crawl-like arrangement</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The de jure exchange rate arrangement is floating. The BSS supplies foreign exchange to commercial banks in auctions, and an indicative market rate is determined from the auction rate and the rate charged by commercial banks. All government transactions are carried out using the indicative market rate. Since September 2017, the exchange rate followed a depreciating trend within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement is classified as a crawl-like arrangement.</td>
</tr>
</tbody>
</table>

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

<table>
<thead>
<tr>
<th>Official exchange rate</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>There is an “indicative rate” for foreign exchange purchases derived by averaging on daily basis, volumes and rates of foreign exchange transactions from commercial banks returns. The indicative rate is applicable for official government transaction at the BSS.</td>
</tr>
</tbody>
</table>

Effective August 19, 2020, special accounts were revoked by Circular No. DCB/2/2020. These accounts were intended for all the foreign diplomatic missions, UN agencies, and offices of other organizations established by international and regional treaties, International Non-Governmental Organizations (INGOs), Oil & Mining companies, and the accounts of projects funded by international and regional partner bodies. For the special account holders, the indicative rate (from the day before) was used, while for all other transactions, banks are free to set any rate.

Monetary policy framework

Exchange rate anchor

| U.S. dollar |
| Euro |
| Composite |
| Other |

Monetary aggregate target

Inflation-targeting framework

<table>
<thead>
<tr>
<th>Target setting body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
</tr>
<tr>
<td>Central Bank</td>
</tr>
</tbody>
</table>
On December 15, 2015, the BSS moved to a de jure flexible exchange rate arrangement, which requires the BSS to adopt a new nominal anchor and redesign its monetary framework. The BSS could adopt price stability as the primary objective and use reserve money as an intermediate target, given the undeveloped nature of the financial system.

There are 31 commercial banks in South Sudan licensed to conduct...
foreign exchange transactions. Foreign exchange bureaus are subject to licensing by the BSS. The number of authorized foreign exchange bureaus is 64. Foreign exchange bureaus’ operations involve purchases and sales of banknotes and foreign currency payments and transfers on behalf of their clients. The minimum required capital to establish an exchange bureau is US$600,000. Licensed foreign exchange bureaus do not participate directly in auction sessions conducted by the BSS. However, they may participate indirectly in auction sessions by submitting their applications through eligible banks.

Operated by the central bank: Yes.

The BSS supplies foreign exchange to the market in an attempt to mop up excess liquidity and support importation of essential commodities. Under the nominal anchor of the fixed exchange rate, the BSS supplies the foreign exchange market through weekly allocations.

Foreign exchange standing facility: No.

Allocation: No.

Auction: Yes.

Licensed foreign exchange bureaus may not participate directly in auction sessions conducted by the BSS. However, they may participate indirectly in auction sessions by submitting their applications through eligible banks.

Fixing: No.

Interbank market: No.

Over the counter: No.

Brokerage: No.

Market making: No.

Forward exchange market: No.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements: No.

Controls on the use of domestic currency: No.

For current transactions and payments: No.

For capital transactions: No.

Transactions in capital and money market instruments: No.

Transactions in derivatives and other instruments: No.

Credit operations: No.

Use of foreign exchange among residents: No.

Payments arrangements: n.a.

Bilateral payments arrangements: n.a.
<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operative</td>
<td>n.a.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>n.a.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>n.a.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>n.a.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>n.a.</td>
</tr>
<tr>
<td>Official</td>
<td>n.a.</td>
</tr>
<tr>
<td>Private</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>n.a.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>n.a.</td>
</tr>
<tr>
<td>On external trade</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>n.a.</td>
</tr>
<tr>
<td>On exports</td>
<td>n.a.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>On imports</td>
<td>n.a.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Approval required</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Balances may be transferred abroad freely. Effective August 19, 2020, Commercial banks are no longer required to surrender part of foreign exchange purchased to the central bank. Previously, commercial banks were required to immediately sell all the foreign exchange purchased from the special account holders to the BSS. Special accounts were revoked by Circular No. DCB/2/2020. These accounts were intended for all the foreign diplomatic missions, UN agencies, and offices of other organizations established by international and regional treaties, INGOs, Oil & Mining companies, and the accounts of projects funded by international and regional partner bodies.
Accounts in domestic currency held abroad | n.a.  
---|---  
Accounts in domestic currency convertible into foreign currency | n.a.  
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).  

### Nonresident Accounts

**Foreign exchange accounts permitted** | Yes.  
---|---  
Approval required | Yes.  
**Domestic currency accounts** | Yes.  
Convertible into foreign currency | Yes.  
Approval required | No.  
**Blocked accounts** | n.a.  
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).  

### Imports and Import Payments

**Foreign exchange budget** | n.a.  
---|---  
**Financing requirements for imports** | n.a.  
Minimum financing requirements | n.a.  
Advance payment requirements | n.a.  
Advance import deposits | n.a.  
**Documentation requirements for release of foreign exchange for imports** | Yes.  
Domiciliation requirements | Yes.  
Preshipment inspection | Yes.  
Letters of credit | Yes.  
Import licenses used as exchange licenses | Yes.  
Other | Yes.  
**Import licenses and other nontariff measures** | Yes.  
Positive list | Yes.  
Negative list | Yes.  
Open general licenses | Yes.  
Licenses with quotas | n.a.  
Other nontariff measures | n.a.  
**Import taxes and/or tariffs** | Yes.  

Effective August 19, 2020, importers are no longer required to submit supporting documents to the banks involving the import transactions.
| **Taxes collected through the exchange system** | n.a. |
| **State import monopoly** | n.a. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

| **Repatriation requirements** | n.a. |
| **Surrender requirements** | n.a. |
| **Surrender to the central bank** | n.a. |
| **Surrender to authorized dealers** | n.a. |
| **Financing requirements** | n.a. |
| **Documentation requirements** | n.a. |
| **Letters of credit** | n.a. |
| **Guarantees** | n.a. |
| **Domiciliation** | n.a. |
| **Preshipment inspection** | n.a. |
| **Other** | n.a. |
| **Export licenses** | n.a. |
| **Without quotas** | n.a. |
| **With quotas** | n.a. |
| **Export taxes** | n.a. |
| **Collected through the exchange system** | n.a. |
| **Other export taxes** | n.a. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

| **Controls on these transfers** | Yes. |
| **Trade-related payments** | n.a. |
| **Prior approval** | n.a. |
| **Quantitative limits** | n.a. |
| **Indicative limits/bona fide test** | n.a. |
| **Investment-related payments** | n.a. |
| **Prior approval** | n.a. |
| **Quantitative limits** | n.a. |
Payments for travel

Yes.

Quantitative limits

Yes. There is a limit of US$3,000 a month for travel abroad. For travel to Uganda and Kenya, a general ceiling equivalent to SSP 10,000 a payment applies in Ugandan and Kenyan shillings.

Personal payments

Yes.

Quantitative limits

Yes. There is a limit of US$3,000 a month for remittances to students and family members living abroad. In addition, a general ceiling equivalent to SSP 10,000 a payment applies to Ugandan and Kenyan shillings for medical, education, and family remittances to Uganda and Kenya.

Foreign workers’ wages

Yes.

Quantitative limits

Yes. Foreign workers paid in foreign exchange may transfer two-thirds of their salary in foreign exchange. Foreign workers paid in South Sudanese pounds may transfer up to US$500.

Credit card use abroad

n.a.

Quantitative limits

n.a.

Indicative limits/bona fide test

n.a.

Other payments

n.a.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

n.a.

Surrender requirements

n.a.

Surrender to the central bank

n.a.

Surrender to authorized dealers

n.a.

Restrictions on use of funds

n.a.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes.

Repatriation requirements
n.a.

Surrender requirements
Yes.

Surrender to the central bank
Yes.

Commercial banks are no longer required to immediately sell all the foreign exchange purchased from the special account holders to the BSS. Special accounts were revoked by Circular No. DCB/2/2020. These accounts were intended for all the foreign diplomatic missions, UN agencies, and offices of other organizations established by international and regional treaties, INGOs, Oil & Mining companies, and the accounts of projects funded by international and regional partner bodies.

Surrender to authorized dealers
n.a.

Controls on capital and money market instruments
n.a.

On capital market securities
n.a.

Shares or other securities of a participating nature
n.a.

Purchase locally by nonresidents
n.a.

Sale or issue locally by nonresidents
n.a.

Purchase abroad by residents
n.a.

Sale or issue abroad by residents
n.a.

On money market instruments
n.a.

Purchase locally by nonresidents
n.a.

Sale or issue locally by nonresidents
n.a.

Purchase abroad by residents
n.a.

Sale or issue abroad by residents
n.a.

On collective investment securities
n.a.

Purchase locally by nonresidents
n.a.

Sale or issue locally by nonresidents
n.a.

Purchase abroad by residents
n.a.
Sale or issue abroad by residents n.a.
Controls on derivatives and other instruments n.a.
  Purchase locally by nonresidents n.a.
Sale or issue locally by nonresidents n.a.
  Purchase abroad by residents n.a.
  Sale or issue abroad by residents n.a.
Controls on credit operations n.a.
  Commercial credits n.a.
    By residents to nonresidents n.a.
    To residents from nonresidents n.a.
  Financial credits n.a.
    By residents to nonresidents n.a.
    To residents from nonresidents n.a.
  Guarantees, sureties, and financial backup facilities n.a.
    By residents to nonresidents n.a.
    To residents from nonresidents n.a.
Controls on direct investment n.a.
  Outward direct investment n.a.
  Inward direct investment n.a.
Controls on liquidation of direct investment n.a.
Controls on real estate transactions n.a.
  Purchase abroad by residents n.a.
  Purchase locally by nonresidents n.a.
  Sale locally by nonresidents n.a.
Controls on personal capital transactions n.a.
  Loans n.a.
    By residents to nonresidents n.a.
    To residents from nonresidents n.a.
  Gifts, endowments, inheritances, and legacies n.a.
    By residents to nonresidents n.a.
    To residents from nonresidents n.a.
Settlement of debts abroad by immigrants n.a.
Transfer of assets n.a.
Transfer abroad by emigrants n.a.
Transfer into the country by immigrants n.a.
Transfer of gambling and prize earnings n.a.
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions n.a.
Borrowing abroad n.a.
Maintenance of accounts abroad n.a.
Lending to nonresidents (financial or commercial credits) n.a.
Lending locally in foreign exchange n.a.
Purchase of locally issued securities denominated in foreign exchange n.a.
Differential treatment of deposit accounts in foreign exchange n.a.
  Reserve requirements n.a.
  Liquid asset requirements n.a.
  Interest rate controls n.a.
  Credit controls n.a.
Differential treatment of deposit accounts held by nonresidents n.a.
  Reserve requirements No.
  Liquid asset requirements No.
  Interest rate controls n.a.
  Credit controls n.a.
Investment regulations n.a.
Abroad by banks n.a.
In banks by nonresidents n.a.
Open foreign exchange position limits n.a.
On resident assets and liabilities n.a.
On nonresident assets and liabilities n.a.
Provisions specific to institutional investors n.a.
Insurance companies n.a.
Limits (max.) on securities issued by nonresidents  n.a.
Limits (max.) on investment portfolio held abroad  n.a.
Limits (min.) on investment portfolio held locally  n.a.
Currency-matching regulations on assets/liabilities composition  n.a.
Pension funds  n.a.
Limits (max.) on securities issued by nonresidents  n.a.
Limits (max.) on investment portfolio held abroad  n.a.
Limits (min.) on investment portfolio held locally  n.a.
Currency-matching regulations on assets/liabilities composition  n.a.
Investment firms and collective investment funds  n.a.
Limits (max.) on securities issued by nonresidents  n.a.
Limits (max.) on investment portfolio held abroad  n.a.
Limits (min.) on investment portfolio held locally  n.a.
Currency-matching regulations on assets/liabilities composition  n.a.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Official exchange rate  08/19/2020

Special accounts were revoked by Circular No. DCB/2/2020. These accounts were intended for all the foreign diplomatic missions, UN agencies, and offices of other organizations established by international and regional treaties, International Non-Governmental Organizations, Oil & Mining companies, and the accounts of projects funded by international and regional partner bodies. For the special account holders, the indicative rate (from the day before) was used, while for all other transactions, banks are free to set any rate.

Resident Accounts

Foreign exchange accounts permitted
Held domestically  08/19/2020

Commercial banks are no longer required to surrender part of foreign exchange purchased to the central bank. Previously, commercial banks were required to immediately sell all the foreign exchange purchased from the special account holders to the Bank of South Sudan. Special accounts were revoked by Circular No. DCB/2/2020. These accounts were intended for all the foreign diplomatic missions, UN agencies, and offices of other organizations established by international and regional treaties, International Non-Governmental Organizations, Oil & Mining companies, and the accounts of projects funded by international and regional partner bodies.
Imports and Import Payments

Importers are no longer required to submit supporting documents to the banks involving the import transactions.

Capital Transactions

Commercial banks are no longer required to immediately sell all the foreign exchange purchased from the special account holders to the Bank of South Sudan. Special accounts were revoked by Circular No. DCB/2/2020. These accounts were intended for all the foreign diplomatic missions, UN agencies, and offices of other organizations established by international and regional treaties, International Non-Governmental Organizations, Oil & Mining companies, and the accounts of projects funded by international and regional partner bodies.
SPAIN

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: September 15, 1958.

Article VIII

Date of acceptance: July 15, 1986.

Article XIV

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): Yes.

Exchange Measures

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Spain maintains certain exchange restrictions in accordance with EU regulations solely for the preservation of national and international security. These measures include the provision (directly or indirectly) of financing or financial assistance or the freeze of funds and economic resources of certain individuals, groups, companies, and entities in several countries. Besides, it also includes the freezing of funds and economic resources of certain persons and entities associated with Al-Qaida and the Taliban, and certain other persons, groups, and entities with a view to combating terrorism.

Other security restrictions: Yes.

Spain maintains certain exchange restrictions in accordance with EU regulations solely for the preservation of national and international security. These measures include the freezing of funds and economic resources of certain individuals, groups, companies, and entities in several countries. Restrictive measures were amended on certain persons and entities associated with Al-Qaida and the Taliban and certain other persons, groups, and entities with a view to combating terrorism.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Spain is the euro.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
The exchange rate arrangement of the euro area is free floating. Spain participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks. The publication time of the euro foreign exchange reference rates is around 14:30 Central European Time to around 16:00 Central European Time. The reference rate against the euro is the average of the buying and selling rates.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band
**Band/Range**

- **Target measure**
  - CPI
  - Core inflation

**Target horizon**

**Operating target (policy rate)**

- Policy rate
- Target corridor band

**Other**

**Accountability**

- Open letter
- Parliamentary hearings

**Transparency**

- Publication of votes
- Publication of minutes
- Publication of inflation forecasts

**Other monetary framework** Yes.

---

*To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). “Without prejudice to the objective of price stability,” the Eurosystem will also “support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community.” These include a “high level of employment” and “sustainable and non-inflationary growth.” Price stability is defined as an inflation rate below but close to 2% over the medium term.*

---

**Exchange tax** No.

**Exchange subsidy** No.

**Foreign exchange market** Yes.

ADs may freely determine their exchange rates and foreign exchange commissions in transactions with their clients.

**Spot exchange market** Yes.

Foreign exchange bureaus may operate subject to the authorizations and regime established in Royal Decree No. 2660/1998 as amended by Royal Decree No. 84/2015. The authorization is granted by the Bank of Spain (BOS). Their operations are limited to the “purchase and sale” of foreign currency (or exclusively purchase if they are only authorized to make purchases). They cannot make payments and transfers in foreign currency on behalf of their clients (carrying out these operations requires authorization as a Payment Institution). The possibility of making foreign exchange transactions directly with the central bank is not specified. The number of authorized foreign exchange bureaus is 17 as of September 15, 2020. The number of
establishments whose business is exclusively the purchase of foreign currency is 2,835 as of December 31, 2019.

<table>
<thead>
<tr>
<th>Establishment Type</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operated by the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Interbank market**

There are no limits on the bid-ask spreads and commissions of market participants. The participants in the foreign exchange market may both operate on a broker-based system and in a market-maker agreement scheme.

As of December 31, 2019, 9 credit institutions executed the majority of trades done by credit institutions.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Official cover of forward operations**

The BOS may participate in the forward foreign exchange market.

**Official cover of forward operations**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

**Controls on the use of domestic currency**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

**For current transactions and payments**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

**For capital transactions**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**Transactions in capital and money market instruments**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**Transactions in derivatives and other instruments**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**Credit operations**

<table>
<thead>
<tr>
<th>No.</th>
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</thead>
</table>

**Use of foreign exchange among residents**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

**Payments arrangements**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**Bilateral payments arrangements**

<table>
<thead>
<tr>
<th>No.</th>
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</thead>
</table>

**Operative**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

**Inoperative**

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrangement</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>Regional arrangements</td>
</tr>
<tr>
<td>Clearing agreements</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
</tr>
</tbody>
</table>

**Administration of control**

No.  

Payments and receipts between residents and nonresidents may be made freely. For statistical and administrative purposes, all payments, receipts, and transfers between residents and nonresidents exceeding €50,000 and made through payment service providers (PSPs) must be declared to the Ministry of Economic Affairs and Digital Transformation and the BOS. However, under special circumstances, the Ministry may impose restrictions to protect the national interest or to comply with the rules of international organizations.

<table>
<thead>
<tr>
<th>Condition</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on trade in gold (coins and/or bullion)**

No.

On domestic ownership and/or trade

No.

On external trade

No.

**Controls on exports and imports of banknotes**

No.

In accordance with EC Regulation No. 1889/2005, cash controls have been implemented based on a mandatory declaration system for cash entering or leaving the EU with a value of €10,000 or more. The EU regulation does not apply to physical cross-border transportation from one EU member country to another (that is, intra-EU transportation). Such transportation is not considered “cross-border” for the purposes of EU regulation. Nonetheless, the regulation foresees that member countries may also decide to implement a declaration obligation related to movements of cash within the EU. According to Article 34 of Act 10/2010 on the prevention of money laundering and terrorism financing, a declaration must be made in any cross-border movement (both with EU and non-EU countries) of means of payment of €10,000 or more or its equivalent in foreign currency. This declaration is also mandatory for movements within the national territory of means of payment of €100,000 or more. The authorities must keep a record of such information and report it to their national financial intelligence unit. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or incomplete. To check compliance, customs authorities have the right to search natural persons, their baggage, and their means of transportation. In the event of failure to comply with the declaration obligation, cash is seized. Under Spanish legislation, there are administrative sanctions for those who fail to comply with the obligation to declare the movements of means of payment, under the terms of Article 34. The penalty for non-compliance with the obligation to declare cash movements above specific thresholds ranges from €600 (minimum fine) to 50% of the value of the means of payment. If there are indications that cash is related to illegal activity, the authorities of one member country may exchange information with the authorities in other member countries. Under the framework of existing agreements on mutual administrative assistance, information obtained under the EU regulation may also be communicated to a third country in
compliance with relevant national and EU provisions on the transfer of personal data to third countries.

On exports

**Domestic currency**

No. In accordance with Article 34 of Act 10/2010 of April 28, 2010, on the prevention of money laundering and terrorism financing, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving Spain with a value of €10,000 or more. Travelers entering or leaving Spain and carrying €10,000 or more are required to make a declaration to the customs authorities.

**Foreign currency**

No. In accordance with Article 34 of Act 10/2010 of April 28, 2010, on the prevention of money laundering and terrorism financing, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving Spain with a value equivalent in foreign currency of €10,000 or more. Travelers entering or leaving Spain and carrying €10,000 or more or its equivalent in foreign currency are required to make a declaration to the customs authorities.

On imports

**Domestic currency**

No. In accordance with Article 34 of Act 10/2010 of April 28, 2010, on the prevention of money laundering and terrorism financing, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving Spain with a value of €10,000 or more. Travelers entering or leaving Spain and carrying €10,000 or more are required to make a declaration to the customs authorities.

**Foreign currency**

No. In accordance with Article 34 of Act 10/2010 of April 28, 2010, on the prevention of money laundering and terrorism financing, cash controls have been implemented based on a mandatory declaration system for amounts of cash entering or leaving Spain with a value equivalent in foreign currency of €10,000 or more. Travelers entering or leaving Spain and carrying €10,000 or more, or its equivalent in foreign currency are required to make a declaration to the customs authorities.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Resident Accounts

**Foreign exchange accounts permitted** Yes.

**Held domestically**

Yes. There are no differences between operations allowed in these accounts and in domestic currency accounts.

**Approval required**

No.

**Held abroad** Yes.

Collections and payments between residents and nonresidents through credits or debits to these accounts may be made freely. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of
transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities. Controls apply to assets at credit entities outside the EU, if these assets form part of the cover of the technical reserves of an insurance company. Pension funds may not have direct exposure to deposits in non-EU banks.

**Approval required**

| Yes. | No. |
| Accounts in domestic currency held abroad | 
| Accounts in domestic currency convertible into foreign currency | 
| References to legal instruments and hyperlinks | 

The requirements for foreign exchange accounts abroad also apply to euro accounts abroad. Controls apply to assets at credit entities outside the EU if these assets form part of the cover of the technical reserves of an insurance company.

**Nonresident Accounts**

**Foreign exchange accounts permitted**

| Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. |
| Approval required | No. |
| Blocked accounts | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Nonresidents can hold accounts freely. For statistical and administrative purposes, PSPs report credits and debits to/from their nonresident customers (except for those nonresident customers that are foreign PSPs) monthly when the amount (flows) of the credit or debit converted in euro exceeds €50,000.

**Imports and Import Payments**

**Foreign exchange budget**

| No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Spain applies the EU common import regime. In addition, imports of certain defense materials require authorization from the general secretary of foreign trade.

In accordance with EU regulations, Spain requires licenses with quotas for certain imports, such as steel and textile products, depending on the country of origin.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
</tbody>
</table>
**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Payments for Invisible Transactions</th>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>
### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Purchase locally by nonresidents**  Yes.

Effective April 1, 2020, free direct foreign investment from non-EU residents is suspended and subject to prior authorization in a number of cases. This applies for the list of sectors included in Law No. 19/2003 (art.7bis.2) or if the investor meets certain criteria (for example, foreign government ownership or control). This control is in line with Regulation (EU) No. 2019/452 of March 19, 2019, establishing a framework for the screening of foreign direct investments into the Union.

**Sale or issue locally by nonresidents**  No.

**Purchase abroad by residents**  Yes.

Controls apply to the purchase of securities that are not admitted for trading on a regulated market, if these assets form part of the cover of the technical reserves of an insurance company, except (1) securities issued or guaranteed by international organizations to which an EU member country belongs and (2) fixed-income securities, provided they are guaranteed or have unconditional and several surety from a credit or insurance entity authorized to operate through a branch in an EU member country or if the shares of the issuer are traded on a regulated market. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the purchasing operations and balances held by residents in all types of securities (issued by residents and nonresidents) deposited in nonresident entities, if the sum of transactions during the immediately preceding year or stocks...
of assets and liabilities as of December 31 of the previous year equal or exceed €50 million. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

Pension funds may not have direct exposure in non-listed assets, only in those cases where the issuer is not based in an OECD country or where the issuer is based in a tax haven.

| Sale or issue abroad by residents | No. |
| Bonds or other debt securities | Yes. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |

Controls apply to the purchase of securities that are not admitted for trading on a regulated market, if these assets form part of the cover of the technical reserves of an insurance company, except (1) securities issued or guaranteed by international organizations to which an EU member country belongs and (2) fixed-income securities, provided they are guaranteed or have unconditional and several surety from a credit or insurance entity authorized to operate through a branch in an EU member country or if the shares of the issuer are traded on a regulated market. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the purchasing operations and balances held by residents in all types of securities (issued by residents and nonresidents) deposited in nonresident entities, if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

Pension funds may not have direct exposure in non-listed assets, only in those cases where the issuer is not based in an OECD country or where the issuer is based in a tax haven.

| Sale or issue abroad by residents | No. |
| On money market instruments | Yes. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |

Controls apply to the purchase of securities that are not admitted for trading on a regulated market and to operations in instruments and claims on a foreign market if the assets in question form part of the cover of the technical reserves of an insurance company, except (1) securities issued or guaranteed by international organizations to which an EU member country belongs; (2) fixed-income securities, provided they are guaranteed or have unconditional and several surety from a credit or insurance entity authorized to operate through
a branch in an EU member country or if the shares of the issuer are traded on a regulated market; (3) mortgage market assets and securities of companies established in the EU and traded on a regulated OECD market; (4) bills of exchange and notes, if issued, accepted, endorsed without a nonresponsibility clause, or secured by credit entities operating through a branch in the EU; these assets may also be secured by insurance provided by entities operating through a branch in the EU; and (5) shares of credit entities, brokerage companies and agencies, and insurance and reinsurance entities to the extent that they are authorized and supervised by an EU member control authority. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the purchasing operations and balances held by residents in all types of securities (issued by residents and nonresidents) deposited in nonresident entities, if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

Pension funds may not have direct exposure in non-listed assets, only in those cases where the issuer is not based in an OECD country or where the issuer is based in a tax haven.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to the holdings of collective investment companies established outside Spain, if the assets in question are to form part of the cover of the technical reserves of an insurance company. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the purchasing operations and balances held by residents in all types of securities (issued by residents and nonresidents) deposited in nonresident entities, if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million. Specifying in case of resident holdings in investment funds deposited abroad will only be reported when the trader is nonresident. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

Pension funds may not have direct exposure in non-listed assets, only in those cases where the issuer is not based in an OECD country or where the issuer is based in a tax haven.
Controls on derivatives and other instruments

<table>
<thead>
<tr>
<th>Activity</th>
<th>Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to operations in instruments and claims on a foreign market if the assets are to form part of the cover of the technical reserves of an insurance company, except for derivatives instruments, such as options, futures, and swaps in connection with assets representing the technical provisions, to the extent that they help reduce the investment risk or permit effective management of the portfolio if (1) the instruments are traded on a regulated derivatives market or (2) the counterparties are financial establishments controlled by the EU authorities or are subject to the prudential control of supranational bodies to which Spain belongs and they deal habitually and professionally with such transactions and are sufficiently solvent. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the operations and balances held on financial derivatives in organized and non-organized foreign markets, if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

Sale or issue abroad by residents

No. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the operations and balances held on financial derivatives issued by the resident in non-organized markets, if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

Controls on credit operations

Yes. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum on transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents...
would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

<table>
<thead>
<tr>
<th>By residents to nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to credits and loans by residents to nonresidents if the assets form part of the cover of the technical reserves of an insurance company, except (1) credits or quotas or parts thereof granted to companies domiciled in the EU whose shares are traded on a regulated OECD market; (2) credits secured by a credit entity or insurer authorized to operate through a branch in an EU member; (3) financing granted to public EU corporations, provided they offer a sufficient guarantee of the quality either of the borrower or of the guarantees; (4) mortgage credits, provided these are first mortgages on real estate in the EU; (5) pledge credits, provided the object of the guarantee is suitable for the cover of technical provisions; (6) credits with reinsurers for their participation in the claims provision, to the extent that deposits were not received because of them; and (7) credits for interest income and dividends accrued on instruments that have not matured and on those that have matured and are pending collection but are not likely to be collected, provided in all cases they originate in suitable assets.

For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

| To residents from nonresidents | No. |

For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.
<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td>For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.</td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls apply to investments (1) originating in non-EU member countries by governments, official institutions, and public enterprises and in the following sectors: (a) airlines established in Spain, which must be majority owned and effectively controlled by EU countries and/or nationals of EU countries, unless otherwise provided for through an international agreement to which the EU is a signatory; (b) broadcasting (including television); (c) strategic minerals; and (d) gaming, lotteries, lotto, and casinos, and (2) to the extent that, under EC Directive No. 85/611, a depository of a UCITS must either have its registered office in the same EU country as that of the establishment or be established in the EU country if its registered office is in another EU country. Controls on legal services establishments have been eliminated. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities. Effective April 1, 2020, free direct foreign investment from non-EU residents is suspended and subject to prior authorization in a number of cases. This applies for the list of sectors included in Law No. 19/2003 (art.7bis.2) or if the investor meets certain criteria (for example, foreign government ownership or control). This control is in line with Regulation (EU) No. 2019/452 of March 19, 2019, establishing a framework for the screening of foreign direct investments into the Union.</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
**Purchase abroad by residents** | Yes.  
For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities. Controls apply to the acquisition of real estate outside the EU, if the assets in question are to form part of the cover of the technical reserves of an insurance company. Pensions funds may not have direct exposure to real estate assets outside the EEA.

**Purchase locally by nonresidents** | Yes.  
Purchases of land by a foreign government are subject to controls. For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

**Sale locally by nonresidents** | No.  
**Controls on personal capital transactions** | No.  
**Loans** | No.  
For statistical and administrative purposes, every resident in Spain, other than payment services providers entered in the official register of the BOS, engaged in transactions with nonresidents or maintaining assets or liabilities overseas, is required to report the following if the sum of transactions during the immediately preceding year or stocks of assets and liabilities as of December 31 of the previous year equal or exceed €50 million: (1) any transactions they perform with nonresidents and (2) the balances of assets and liabilities, and any changes in those foreign positions. Furthermore, if the threshold of €50 million is exceeded during the current year, those residents would be required to perform the corresponding declaration of transactions and/or assets and liabilities in the current year. The frequency of reporting can be monthly, quarterly, or annually depending on the volume of transactions or the balances of assets and liabilities.

**By residents to nonresidents** | No.  
**To residents from nonresidents** | No.  
**Gifts, endowments, inheritances, and legacies** | No.
<table>
<thead>
<tr>
<th>Provisions Specific to the Financial Sector</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

EU investors—even authorized credit institutions in other EU countries—must give administrative notice. Non-EU institutions may be denied authorization if there is no reciprocity for corporate credit institutions in the investor’s country of origin.

There are no limits on banks’ open foreign exchange positions. Article 351 of Regulation (EU) No. 575/2013 requires banks whose
overall net foreign exchange position exceeds 2% of their own funds to calculate capital requirements for foreign exchange risk. The regulation is directly applicable in Spain.

<table>
<thead>
<tr>
<th>Provision Type</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls apply to (1) the purchase of securities that are not admitted for trading on a regulated market if the assets in question form part of the cover of the technical reserves of an insurance company, except for (a) securities issued or guaranteed by international organizations to which an EU member country belongs and (b) fixed-income securities, provided they have a real guarantee or unconditional and several surety from a credit or insurance entity authorized to operate through a branch in an EU member country, or when the shares of the issuing company are traded on a regulated market, and (2) holdings of collective investment companies established outside the EU if the assets in question are to form part of the cover of the technical reserves of an insurance company.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Controls apply to (1) assets deposited with credit entities outside the EU if the assets in question form part of the cover of the technical reserves of an insurance company; (2) operations in instruments and claims on a foreign market in connection with assets representing the technical provisions, except (a) mortgage market assets and securities issued by companies in the EU and traded on a regulated OECD market; (b) bills of exchange and notes when issued, accepted, endorsed without a nonresponsibility clause, or secured by credit entities authorized to operate through a branch in the EU; these assets may also be secured by insurance providers by insurance entities authorized to operate through a branch in the EU; (c) shares of credit entities, brokerage companies and agencies, and insurance and reinsurance entities, to the extent that they are subject to authorization and supervision by an EU member control authority; and (d) derivatives instruments, such as options, futures, and swaps, in connection with assets representing the technical provisions, to the extent that they help reduce the investment risk or permit effective management of the portfolio if (1) the instruments are traded on a regulated derivatives market or (2) the counterparties are financial establishments controlled by the EU authorities or subject to the prudential control of an EU member control authority and they deal habitually and professionally with such transactions and are sufficiently solvent; and (3) credits and loans by residents to nonresidents if the assets form part of the cover of the technical reserves of an insurance company, except (a) credits or quotas or parts thereof granted to companies domiciled in the EU whose shares are admitted for trading on a regulated OECD market; (b) credits secured by a credit entity or insurer authorized to operate through an establishment in an EU member country; (c) financing granted to public corporations of the EU, provided they offer sufficient guarantees of the quality either of the borrower or of the guarantees provided; (d) mortgage credits, provided these are first mortgages on real estate in the EU; (e) pledge credits, provided the object of the guarantee is suitable for the cover of technical provisions; (f) credits with reinsurers for their participation in the claims provision, to the extent that deposits were not received because of them; and (g) credits for interest income and dividends accrued on instruments that
have not matured and on instruments that have matured and are pending collection but are not likely to be collected, provided in all cases they originate in suitable assets.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
Yes. Regulations differ according to the type of institutional investor.

Pension funds
Yes.

Limits (max.) on securities issued by nonresidents
Yes. The following are prohibited: (1) direct exposure to deposits in non-EU banks; (2) direct exposure to real estate assets outside the EEA; and (3) direct exposure to non-listed assets, only in those cases where the issuer is not based in an OECD country or where the issuer is based in a tax haven.

Limits (max.) on investment portfolio held abroad
Yes. The following are prohibited: (1) direct exposure to deposits in non-EU banks; (2) direct exposure to real estate assets outside the EEA; and (3) direct exposure to non-listed assets, only in those cases where the issuer is not based in an OECD country or where the issuer is based in a tax haven.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No. There are no currency-matching regulations. However, a legal principle of monetary congruence must be followed and guide managers when designing a fund’s portfolio.

Investment firms and collective investment funds
No.

Limits (max.) on securities issued by nonresidents
No.

Limits (max.) on investment portfolio held abroad
No.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Capital Transactions

Controls on capital transactions
Controls on capital and money market instruments
On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

04/01/2020

Free direct foreign investment from non-EU residents is suspended and subject to prior authorization in a number of cases. This applies for the list of sectors included in Law No. 19/2003 (art.7bis.2) or if the investor meets certain criteria (for example, foreign government ownership or control). This control is in line with Regulation (EU) No. 2019/452 of March 19, 2019, establishing a framework for the screening of foreign direct investments into the Union.

Controls on direct investment
Inward direct investment

04/01/2020

Free direct foreign investment from non-EU residents is suspended and subject to prior authorization in a number of cases. This applies
for the list of sectors included in Law No. 19/2003 (art.7bis.2) or if the investor meets certain criteria (for example, foreign government ownership or control). This control is in line with Regulation (EU) No. 2019/452 of March 19, 2019, establishing a framework for the screening of foreign direct investments into the Union.
SRI LANKA

(Position as of October 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>August 29, 1950.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: March 15, 1994.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No restrictions as reported in the latest IMF staff report as of December 31, 2019. The IMF staff report for the Sixth Review under the Extended Arrangement under the Extended Fund Facility and Requests for Waiver of Nonobservance and Modification of Performance Criterion with Sri Lanka states that as of October 21, 2019, exchange restrictions introduced in 2018 were removed by April 2019 (effective March 26, 2019; see IMF Country Report No. 19/135) (Country Report No. 19/335).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange measures imposed for security reasons</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with the relevant UNSC resolutions, Sri Lanka maintains certain restrictions for reasons of national and international security against certain individuals and entities with connections to the Democratic People’s Republic of Korea, Liberia, and Sudan and with respect to Osama bin Laden, members of the Al-Quaida organization and the Taliban and other individuals, groups, and entities associated with terrorism. Sri Lanka maintains certain restrictions with respect to financial institutions that do not have a physical presence in any country, also referred to as “shell banks,” pursuant to the US Patriot Act of 2001, as well as restrictions against the Liberation Tigers of Tamil Eelam.</td>
<td></td>
</tr>
</tbody>
</table>

Other security restrictions n.a.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The currency of Sri Lanka is the Sri Lanka rupee.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other legal tender</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary</td>
<td>Yes.</td>
</tr>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
</table>

The de jure exchange rate arrangement is free floating since its introduction by the Central Bank of Sri Lanka (CBSL) on January 23, 2001. In 2019, the CBSL resumed foreign exchange purchases to rebuild reserves, having bought US$134 million in net terms by end-April 2019. The exchange rate appreciated against the US dollar during the first quarter of 2019 and stabilized from April 2019, with one realignment in August 2019. However, liquidity conditions in the domestic foreign exchange market improved subsequently, helping to stabilize the exchange rate. Consequently, the rupee recorded an appreciation of 0.6% against the US dollar by end-2019.

Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) to other managed from crawl-like, effective January 02, 2019, and (2) to stabilized from other managed, effective April 01, 2019. Meanwhile, the CB absorbed US dollars 387.0 million on a net basis during the year 2019. The Sri Lankan rupee, which remained broadly stable up to the second week of March 2020, depreciated significantly with the outbreak of the COVID-19 pandemic during the latter part of March up to mid-April 2020, reaching a peak of Rs. 199.75 per US dollar on April 09, 2020. However, the rupee stabilized thereafter and recorded a significant appreciation during May and June 2020. As a result, the rupee which depreciated by 9.1% against the US dollar up to April 09, 2020, reversed this trend and appreciated significantly, recording a depreciation of 2.47% by end-June 2020.

The CBSL intervention data in the foreign exchange market is published on a monthly basis with a two-week lag.

The CBSL computes the volume-weighted average interbank rate on a daily basis based on the US dollar/LKR spot transactions executed in the interbank market on the previous working day. This official exchange rate is used for legal, accounting, customs purposes, tender processes, etc. Effective June 01, 2020, onward, CBSL interventions in the spot market are also included in the calculation of the volume-weighted average interbank rate.

The official exchange rate for other foreign currencies is determined based on the above calculated rate and the cross-rates obtained from Reuters trading platform at 8.00 a.m. in the morning on each working day.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro
In line with the global tendency, the CBSL moved away from monetary targeting framework in 2015 and as an interim arrangement, the CB conducted its monetary policy within an enhanced monetary policy framework with features of both monetary targeting and flexible inflation targeting frameworks and has made a gradual progress since then toward conducting monetary policy in line with a flexible inflation targeting framework.

The CB sets the target range of inflation.

Currently, the inflation target range is 4%–6%.

Colombo Consumer Price Index (CCPI) base: 2013=100 covers consumption expenditure from all urban areas of Colombo District. CCPI basket contains 28.24% weight from food category and 71.76% from non food category. Inflation target is expressed in average change in CCPI.

The target horizon is medium term (1.5–3 years).

Operating target is average weighted call money rate (AWCMR).

The lower bound of the target corridor is the standing deposit facility rate (SDFR) and the upper bound is the standing lending facility rate (SLFR).
Parliamentary hearings  
n.a.

Other  
Yes.  
The CBSL provides a confidential report to the government.

Transparency  
Yes.

Publication of votes  
No.

Publication of minutes  
No.  
Monetary board minutes are not published. Only the monetary board decision and the considered factors for the monetary policy stance are published through the monetary policy review press release. A press conference is also taken place after each monetary policy decision to the media with the participation of the Governor along with senior CB officials.

Publication of inflation forecasts  
Yes.  
Inflation forecast is published in the monetary policy review press release four times a year.

Other monetary framework

Exchange tax  
No.

Exchange subsidy  
No.

Foreign exchange market  
Yes.  
Commercial banks freely set their exchange rates and commissions in transactions with their clients based on supply and demand.

Spot exchange market  
Yes.  
As of December 31, 2019, 26 Licensed Commercial Banks (LCBs) and two Licensed Specialized Banks (LSBs) were approved as ADs to deal in foreign exchange by the Minister of Finance. They have licenses to conduct foreign exchange transactions with the public. Permission has also been granted by the Department of Foreign Exchange (DFE) to 79 Restricted Dealers (RDs) to deal in foreign exchange for current transactions to the extent specified in the respective authorization/permit.

Of those RDs, 77 Limited Companies were permitted to engage in money changing business, that is, 20 were permitted to buy, sell, and exchange foreign currencies (including 9 Licensed Finance Companies (LFCs) and 11 Limited Companies), 54 Limited Companies were permitted only to buy and exchange foreign currencies, and 3 tourist hotels were permitted only to buy foreign currencies. RDs who have been permitted to engage in money changing business are not permitted to effect foreign currency payments on behalf of clients.

Two other entities were permitted as RDs, one to engage in money transfer business with reputed international money transfer companies (and has permission to effect inward remittance distribution (in LKR) to local beneficiaries through a Special Foreign Currency Account permitted to be maintained with an AD) and the other in respect of export credit insurance/guarantee services.

Operated by the central bank  
No.

Foreign exchange standing facility  
No.

Allocation  
No.

Auction  
No.

Fixing  
No.

Interbank market  
Yes.  
The interbank foreign exchange market operates freely. As of December 31, 2019, 26 LCBs and one LSB participate in the interbank market. The CBSL intervenes with market participants at their quoted rates.
There are no limits on the bid-ask spread and no commission of interbank market participants.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The foreign exchange market operates based on both a broker system and a market-making agreement.

All LCBs and one LSB may enter into forward contracts with their customers to hedge exposure to exchange rate risk in respect of current (international) transactions and permitted capital transactions under the FEA (Foreign Exchange Act) No. 12 of 2017. The maturity of the contract may not exceed that of the underlying transaction. Customers may choose the term of the contract. There is no maturity limit on forward contracts. Banks should make sure the underlying transactions meet with the bona fide test.

The CBSL did not intervene in the forward foreign exchange market in 2019.

Official cover of forward operations | No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Prescription of currency requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on the use of domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Payments to and receipts from member countries of the ACU (except Iran) with respect to trade and trade-related transactions among member countries, as well as payments mutually agreed between two or more participants within the region on net multilateral basis, are settled in US dollars.

The use of domestic currency in such transaction is not permitted.

The use of domestic currency in such transaction is not permitted.

The use of domestic currency in such transaction is not permitted.

These transactions are permitted in any currency.

Transactions among residents must be made in Sri Lanka rupees. However, persons in or resident in Sri Lanka who holds foreign exchange in a bank account in Sri Lanka may utilize such foreign exchange for making payments in respect of current transactions and capital transactions permitted to be carried out in foreign currency in terms of FEA.

Payments arrangements | Yes.

Bilateral payments arrangements | No.

Operative | No.

Inoperative | No.

Regional arrangements | Yes.

Sri Lanka is a member of the ACU. The CBSL facilitates payments for intraregional transactions of the nine member countries (except Iran) of the ACU through the ACU mechanism.
<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clearing agreements</strong></td>
<td>Yes. ACU settlements of net positions and accrued interest take place at the end of each two-month settlement period in accordance with Section 3 of Article VI (Chapter II) of the ACU agreement, Rules 6 and 12 of the Procedure Rules of the ACU on Clearing Operations and Settlement of Balances.</td>
</tr>
<tr>
<td><strong>Barter agreements and open accounts</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes. The CBSL as the agent of the government is responsible for the implementation of the provisions of the FEA No. 12 of 2017, to ensure proper promotion and regulation of foreign exchange in Sri Lanka. Any duty or function authorized or required to be exercised, performed, or discharged by the CBSL under the FEA is carried out by the DFE of the CBSL. Remittance of foreign exchange must be made through ADs and RDs in Sri Lanka in accordance with the Regulations, Orders, Directions, and Guidelines issued under the FEA. The Board of Investment of Sri Lanka handles applications relating to foreign investment when special concessions are sought. General permission is granted for investments by nonresidents in companies whose equity capital is in rupees, with certain exclusions and limitations, if such investment is made through Inward Investment Accounts (IIAs).</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Official</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No. Dealing in gold does not come under the purview of the CBSL in terms of the FEA of 2017. Accordingly, LCBs and eligible limited liability companies do not require special approval from the CBSL for importing gold on a consignment account basis or under any other payment in terms of the FEA of 2017.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes. Any person in, or resident in, Sri Lanka may take out of Sri Lanka up to the value of SL Rs. 20,000. Any special approval for a larger amount (that is, exceeding LKR 20,000) is to be granted by the Director of the DFE subject to an Order of the Hon-MOF in terms of Section 8 of FEA.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes. Any person in, or resident in, Sri Lanka may take out of Sri Lanka up to the value of SL Rs. 20,000. Any special approval for a larger amount (that is, exceeding LKR 20,000) is to be granted by the Director of the DFE subject to an Order of the Hon-MOF in terms of Section 8 of FEA.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No. Residents in Sri Lanka may take out foreign currency issued by an AD for travel subject to declaration requirements. Effective March 19, 2020, foreign currency notes may be issued up to US$5,000 (previously US$10,000) for travel purposes. Any person departing from Sri Lanka may carry out any amount of foreign exchange legitimately acquired by such person in the form of currency notes, bank drafts, checks, travel cards, etc., subject to the declaration requirements at the Sri Lanka Customs. If the total value of such foreign exchange exceeds US$15,000 or the value of foreign currency notes exceeds US$10,000 or its equivalent in other foreign currencies, it must be declared to Sri Lanka Customs at the time of departure. Unutilized rupee balances from foreign exchange sold by persons resident outside Sri Lanka may be reconverted to foreign currency only at ADs and RDs engaged in money changing business subject to...</td>
</tr>
</tbody>
</table>
documentary evidence of purchase of such foreign currency.

On imports  Yes.

**Domestic currency**  Yes. Any person in, or resident in, Sri Lanka may bring into Sri Lanka up to SL Rs. 20,000. Any special approval for a larger amount (that is, exceeding LKR 20,000) is to be granted by the Director of the DFE subject to an Order of the Hon-MOF in terms of Section 8 of FEA.

**Foreign currency**  No. Any amount of foreign exchange in the form of currency notes, bank drafts, checks, travel cards, etc., that has been legitimately acquired may be brought into Sri Lanka, subject to declaration requirements at the Sri Lanka Customs. Amounts exceeding US$15,000 or foreign currency notes exceeding US$10,000 or the equivalent in other foreign currencies that will be taken out of Sri Lanka must be declared to Sri Lanka Customs at the time of arrival.

**Resident Accounts**

Foreign exchange accounts permitted  Yes.

Held domestically  Yes. The types of foreign exchange accounts are amalgamated and categorized based on the purpose of maintaining such accounts, irrespective of the residential status of the person eligible to open such foreign exchange accounts, for simplification under the new FEA No. 12 of 2017.

Personal Foreign Currency Accounts (PFCAs): Individuals including minors who are Sri Lankan nationals and non-nationals resident in Sri Lanka are eligible to open and maintain PFCAs in the form of current (without check drawing facility), savings, or term deposit accounts in any designated foreign currency. PFCAs maintained by individuals may be held as sole or joint accounts with another eligible person. Holders of PFCAs are allowed for the following debits: (1) to make any outward remittances outside Sri Lanka; (2) to withdraw in foreign currency notes up to effective March 19, 2020, US$5,000 (previously US$10,000) or equivalent for travel purpose; (3) for disbursements in Sri Lanka in Sri Lanka rupees; (4) to transfer funds for any investment permitted to be made in Sri Lanka in foreign currency utilizing funds in PFCAs; (5) to transfer funds to other PFCAs or accounts maintained in the Offshore Banking Unit (OBU); (6) to withdraw foreign currency, where the account holder is a non-national resident outside Sri Lanka who is on temporary visit to Sri Lanka; (7) to transfer funds for uploading Foreign Travel Cards (FTCs); and (8) to transfer funds to an IIA of the same account holder who is a resident outside Sri Lanka.

Effective April 02, 2020, outward remittances (other than for those on current transactions) through PFCAs held by persons resident in Sri Lanka were suspended for three months.

Effective July 02, 2020, any outward remittances through PFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

These accounts may be credited with inward remittances, unutilized foreign currency obtained by the account holder by debiting the PFCAs for travel purpose, foreign currency brought into the country by the account holder on appropriate declaration, funds transferred from other PFCAs, Business Foreign Currency Accounts (BFCAs),...
Diplomatic Foreign Currency Accounts (DFCAs), or accounts maintained in the OBU, where the account holder is a resident outside Sri Lanka or a non-national resident in Sri Lanka—funds transferred from IIA of the same account holder, unutilized balance remaining in the FTC up to the amount that FTC had been loaded from the PFCA, capital, capital gains, and other receipts arising from investments made in Sri Lanka in foreign currency, if the original transfer had been made by debiting the PFCA; transfers from employer’s Sri Lanka rupee account as monthly salary, employment and other related benefits and amounts in Sri Lanka rupees authorized by the CBSL for remittance abroad converted at the rate of exchange obtained on the day of credit and interest payments on the accounts.

PFCA holders who are Sri Lankans employed abroad (other than emigrants) are also permitted to obtain loans and advances denominated in foreign currency or in Sri Lanka rupees from ADs for any purpose to be utilized in Sri Lanka.

BFCAs: BFCAs may be opened and maintained as current (without check drawing facility), savings, or term deposit accounts in designated foreign currency with ADs by the following persons resident in Sri Lanka who earn foreign exchange: (1) individuals resident in Sri Lanka; (2) sole proprietorships or partnerships registered in Sri Lanka where the proprietor or a majority of partners are resident in Sri Lanka; (3) companies incorporated in Sri Lanka; (4) companies incorporated outside Sri Lanka which are registered as overseas companies under the Companies Act No. 7 of 2007; (5) state institutions with the recommendation of the secretary to the relevant ministry or appropriate authority; and (6) persons authorized to carry on business as a shipping agent or a general sales agent in Sri Lanka on behalf of a foreign shipping line or airline (foreign principal) with a valid license or authorization letter issued by the Director General of Merchant Shipping and Director General of Civil Aviation Authority of Sri Lanka. However, a non-governmental organization is not permitted to open and maintain BFCAs. Further, under no circumstances Sri Lanka rupees may be converted to foreign currency and be credited into a BFCA.

Holders of BFCAs are permitted for the following debits: (1) to make any outward remittances outside Sri Lanka; (2) for disbursements in Sri Lanka in Sri Lanka rupees; (3) to withdraw in foreign currency notes up to, effective March 19, 2020, US$5,000 (previously US$10,000) (or equivalent in any other foreign currency) for travel purpose and up to US$50,000 by gem and jewelry dealers and shipping agents for such specific purposes; (4) to transfer funds for uploading FTCs; (5) to transfer funds in respect of any investment permitted to be made in Sri Lanka in foreign currency utilizing funds in the BFCA; (6) transfer of funds to an Outward Investment Account (OIA) of the same account holder; (7) transfer of funds to an IIA of a resident outside Sri Lanka for the purpose of repayment of a foreign currency loan obtained from such foreign lender by the account holder; (8) transfer funds to other BFCAs, PFCAs, and accounts in the OBUs; (9) transfer funds for any investment permitted to be made in Sri Lanka in foreign currency utilizing funds in BFCAs; and (10) make payments of claims to eligible customers and co-insurers in respect of foreign-currency-denominated policies, premia to local or overseas re-insurers and National Insurance Trust Fund and brokerage by insurance companies registered with the Insurance Board of Sri Lanka.

Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs held by persons resident in...
Sri Lanka were suspended for three months. Effective July 02, 2020, any outward remittances through BFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

Holders of BFCAs are permitted for the following credits: (1) inward remittances in respect of export of goods and services, entrepot trade, overseas projects undertaken by the account holder, investments made outside Sri Lanka, and goods supplied locally to a person resident outside Sri Lanka; (2) foreign currency in the form of traveler’s checks, bank drafts, or currency notes accepted by the account holder in Sri Lanka in respect of goods and services supplied by such person to a person resident outside Sri Lanka; (3) foreign currency brought into Sri Lanka by the account holder on appropriate declaration; (4) proceeds of foreign currency loans and advances obtained by the account holder from the Domestic Banking Unit (DBU) or OBU of an AD; (5) proceeds or any part thereof from sale of any foreign asset of the account holder, where the asset had been acquired by debiting the BFCA; (6) funds transferred from other BFCAs or accounts maintained in the OBU; (7) capital, capital gains, and other receipts arising from investments made in Sri Lanka in foreign currency, if the original transfer had been made by debiting the BFCA; (8) unutilized balance remaining in the FTC of the same account holder, up to the amount such FTC had been loaded from the BFCA; and (9) insurance premia received by the account holder on foreign-currency-denominated policies issued to eligible customers and co-insurers and claims received from re-insurers and National Insurance Trust Fund by insurance companies registered with the Insurance Board of Sri Lanka.

Further, persons’ residents in Sri Lanka who earn foreign exchange and maintain BFCAs are also permitted to obtain loans in foreign currency, to be utilized for any purpose in Sri Lanka, as may be decided by the ADs as part of their business decisions in the course of normal banking business.

OIAs: OIAs may be opened and maintained with an LCB for making payments in respect of permitted capital transactions outside Sri Lanka by persons resident in Sri Lanka (that is, shares and debt securities of companies incorporated outside Sri Lanka, units in regulated unit trusts and mutual funds and sovereign bonds issued by foreign governments rated at or above the sovereign credit rating of Sri Lanka at the time of the investment, branch, liaison, marketing, agency, project, representative, or other similar office in a foreign country (other than by an individual). Companies registered under the Companies Act No. 07 of 2007 other than a company limited by guarantee, partnerships registered in Sri Lanka, and individuals’ resident in Sri Lanka are eligible to open OIAs.

Effective April 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for three months, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) investments to be made to fulfill the regulatory requirement in that country.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.
Effective July 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Prospective investors and professionals who come to Sri Lanka under the “Resident Guest Scheme” implemented by the Department of Immigration and Emigration are required to maintain the following accounts: (1) Resident Guest Foreign Currency Accounts: Resident Guest Foreign Currency Accounts may be opened by prospective investors. They are required to remit or bring a minimum initial deposit of US$250,000 or its equivalent in other foreign currency for investment in Sri Lanka; (2) Resident Guest Rupee Current Accounts by Investors (RGRCA-Investors): current account with a minimum sum of US$35,000 (and converted to LKR) a person for living expenses in Sri Lanka of the investor and each accompanying dependent; and (3) Resident Guest Rupee Current Accounts by Professionals (RGRCA-Professionals): current account with a minimum sum of US$2,000 a month for the professional intending to reside in Sri Lanka and further US$1,000 a month for each accompanying dependent for living expenses in Sri Lanka.

Senior Foreign Nationals’ Fixed Deposit Accounts: Senior foreign nationals over 55 years of age who wish to obtain resident visas in Sri Lanka under “Sri Lanka—My Dream Home program” implemented by the Department of Immigration and Emigration may open and maintain Senior Foreign Nationals’ Fixed Deposit Accounts with LCBs. Under the said scheme, senior foreign nationals are required to remit into Sri Lanka a minimum of US$15,000 or its equivalent in other foreign currency and deposit the same in a fixed deposit foreign currency account as long as they stay in Sri Lanka.

Special Deposit Account (SDA): Effective April 08, 2020, the Government of Sri Lanka in consultation with the Monetary Board of the CBSL has introduced a SDA with a view to seek assistance for the national effort to overcome the effects of COVID-19 outbreak in the country. Any Sri Lankan individual resident in or outside Sri Lanka including Dual Citizens, Citizens of other States with Sri Lankan origin, and any person resident outside Sri Lanka including funds, corporate bodies, associations incorporated/registered outside Sri Lanka and other well-wishers are eligible to open SDAs with the following special features:

Minimum tenure: Six months.
Type of deposit: Fixed deposits only.
Interest payable: 1 percentage point and 2 percentage points per annum for SDAs with a tenure of 6 months and 12 months,
respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank.

Repatriation of Funds: Freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.

Source of Funds: (1) inward remittances through banking system during the six-month period from April 08, 2020; (2) fund transfers from IIAs or accounts in the OBU of the account holder during the subject period.

Currency type: in foreign currency or Sri Lanka rupees.

Effective July 01, 2020, regulations were issued informing the further measures taken to encourage opening of SDAs as stated below.

(1) Expansion of the sources of funding SDAs:

(a) Any person who has arrived in Sri Lanka from overseas on or after January 01, 2020, can open SDAs with any AD on or before October 07, 2020, out of foreign exchange legitimately acquired and brought into Sri Lanka by such person subject to:
   (i) a declaration made to the Sri Lanka Customs at the port of arrival where the amount of such foreign exchange exceeds US$15,000 or an equivalent amount in any designated foreign currencies.
   (ii) a declaration to the relevant AD where the amount of such foreign exchange is equal or less than US$15,000 or an equivalent amount in any designated foreign currencies.

(b) Any person in, or resident in, Sri Lanka can open SDAs with any AD on or before October 07, 2020, out of foreign currency notes in his possession up to the limit of US$15,000 and subject to such terms and conditions of the prevailing Regulations and Orders, subject to a declaration on the source of funds to the AD.

(2) SDA holders are permitted to obtain loans from ADs against SDAs (keeping as collateral) as follows:

(a) Residents in Sri Lanka rupees,

(b) Nonresident SDA holders who are eligible to obtain loans as per the prevailing regulations.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Except for the following persons, approval is required for any other category of persons to open, maintain, operate, and close foreign exchange accounts with a bank outside Sri Lanka: (1) residents of Sri Lanka who are outside Sri Lanka temporarily for business, educational, or medical purposes; (2) individuals or companies registered in Sri Lanka which provide professional or vocational services outside Sri Lanka; (3) individuals or companies registered in Sri Lanka permitted by the Monetary Board to invest outside Sri Lanka; (4) exporters of merchandise goods; (5) individuals who have obtained a valid permanent residency (PR) permit from another country; (6) dual citizens; and (7) residents in Sri Lanka who intend to proceed outside Sri Lanka for education in a country where such person is required by the visa granting authority to open and maintain an account with a bank in such country as a condition to grant visa. The approval granting authority is the CBSL on obtaining a direction from the Hon. Minister of Finance under Section 7 of the FEA.
### Accounts in domestic currency held abroad

No. Such accounts are not permitted in terms of the provisions under FEA.

### Accounts in domestic currency convertible into foreign currency

Yes. Funds held in the Sri Lanka Rupee Accounts can be converted to foreign currency in respect of payments for current and permitted capital transactions. Effective April 08, 2020, there were introduced SDAs in Sri Lanka rupees that can be freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

The types of foreign exchange accounts are amalgamated and categorized based on the purpose of maintaining such accounts, irrespective of the residential status of the person eligible to open such foreign exchange accounts, for simplification under the new FEA No. 12 of 2017.

**PFCAs:** Individuals of Sri Lankan origin including minors who are resident outside Sri Lanka or non-nationals either on temporary visit to Sri Lanka or intending to visit Sri Lanka may open and maintain PFCAs in the form of current (without check drawing facility), savings, or term deposit accounts in any designated foreign currency. PFCAs maintained by individuals may be held as sole or joint accounts with another eligible person.

These accounts may be credited with inward remittances, unutilized foreign currency obtained by the account holder by debiting the PFCA for travel purpose, foreign currency brought into the country by the account holder on appropriate declaration, funds transferred from other PFCAs, BFCAs, DFCAs, or accounts maintained in the OBU, where the account holder is a resident outside Sri Lanka or a non-national resident in Sri Lanka—funds transferred from IIA of the same account holder, unutilized balance remaining in the FTC up to the amount that FTC had been loaded from the PFCA, capital, capital gains, and other receipts arising from investments made in Sri Lanka in foreign currency, if the original transfer had been made by debiting the PFCA; transfers from employer’s Sri Lanka rupee account as monthly salary, employment and other related benefits and amounts in Sri Lanka rupees authorized by the CBSL for remittance abroad converted at the rate of exchange obtained on the day of credit and interest payments on the accounts.

Holders of PFCAs are allowed for the following debits: (1) to make any outward remittances outside Sri Lanka; (2) to withdraw in foreign currency notes up to, effective March 19, 2020, US$5,000 (previously US$10,000) or equivalent for travel purpose; (3) for disbursements in Sri Lanka in Sri Lanka rupees; (4) to transfer funds for uploading FTC; (5) to transfer of funds for any investment permitted to be made in Sri Lanka in foreign currency utilizing funds in PFCAs; (6) to transfer funds to other PFCAs or accounts maintained in the OBU; (7) to withdraw foreign currency, where the account holder is a non-national resident outside Sri Lanka who is on temporary visit to Sri Lanka; and (8) to transfer funds to an IIA of the same account holder who is a resident outside Sri Lanka.

**IIAs:** Accounts for nonresident Sri Lankan capital investments are titled as IIAs which can be held either in Sri Lanka rupees or in any designated foreign currency in the DBUs of LCBs. IIAs maintained by individuals may be held as sole or joint accounts with another eligible person. The following persons are eligible to open IIAs: (1)
non-national residents in or outside Sri Lanka; (2) non-nationals of Sri Lankan origin, who are residents outside Sri Lanka; (3) Sri Lankan citizens, resident outside Sri Lanka; (4) companies incorporated outside Sri Lanka; and (5) country and regional funds, mutual funds, unit trusts, and other institutional investors who are established outside Sri Lanka. IIAs may be used for the following types of permitted investments in Sri Lanka: (1) shares in companies (listed and unlisted); (2) units in unit trusts; (3) government securities (treasury bonds and bills); (4) securities issued by the CBSL or any other statutory body; (5) Sri Lanka Development Bonds; (6) deposits in licensed financial institutions; (7) loans and debt securities; and (8) immovable property.

DFCAs: DFCAs are permitted for foreign diplomatic missions, diplomatic personnel and their family members in Sri Lanka who have been exempted from the requirement of obtaining resident visa issued by the Department of Immigration and Emigration. DFCAs may be opened in designated foreign currency. Holders of DFCAs are permitted to make any outward remittances outside Sri Lanka and to withdraw in foreign currency or in Sri Lanka rupees for local expenses of the account holder.

SDA: Effective April 08, 2020, the Government of Sri Lanka in consultation with the Monetary Board of the CBSL has introduced a SDA with a view to seek assistance for the national effort to overcome the effects of COVID-19 outbreak in the country. Any Sri Lankan individual resident in or outside Sri Lanka including Dual Citizens, Citizens of other States with Sri Lankan origin, and any person resident outside Sri Lanka including funds, corporate bodies, associations incorporated/registered outside Sri Lanka and other well-wishers are eligible to open SDAs with the following special features:
Minimum tenure: Six months.
Type of deposit: Fixed deposits only.
Interest payable: 1 percentage point and 2 percentage points per annum for SDAs with a tenure of 6 months and 12 months, respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank.
Repatriation of Funds: Freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.
Source of Funds: (1) inward remittances through banking system during the six-month period from April 08, 2020; (2) fund transfers from IIAs or accounts in the OBU of the account holder during the subject period.
Currency type: in foreign currency or Sri Lanka rupees.

Effective July 01, 2020, regulations were issued informing the further measures taken to encourage opening of SDAs as stated below.

(1) Expansion of the sources of funding SDAs:
(a) Any person who has arrived in Sri Lanka from overseas on or after January 01, 2020, can open SDAs with any AD on or before October 07, 2020, out of foreign exchange legitimately acquired and brought into Sri Lanka by such person subject to:
(i) a declaration made to the Sri Lanka Customs at the port of arrival where the amount of such foreign exchange exceeds US$15,000 or an equivalent amount in any designated foreign currencies.
(ii) a declaration to the relevant AD where the amount of such foreign exchange is equal or less than US$15,000 or an equivalent amount in any designated foreign currencies.

(b) Any person in, or resident in, Sri Lanka can open SDAs with any AD on or before October 07, 2020, out of foreign currency notes in his possession up to the limit of US$15,000 and subject to such terms and conditions of the prevailing Regulations and Orders, subject to a declaration on the source of funds to the AD.

(2) SDA holders are permitted to obtain loans from ADs against SDAs (keeping as collateral) as follows:
(a) Residents in Sri Lanka rupees,
(b) Nonresident SDA holders who are eligible to obtain loans as per the prevailing regulations.

Approval required No.

**Domestic currency accounts**

Yes. The types of accounts are amalgamated and categorized based on the purpose of maintaining such accounts for simplification under the new FEA No. 12 of 2017.

Capital Transactions Rupee Accounts (CTRAs): ADs may open CTRAs for (1) Sri Lankan individuals, permanently residing outside Sri Lanka, (2) non-nationals of Sri Lankan origin, who are residents outside Sri Lanka, (3) Sri Lankan dual citizens, (4) non-nationals resident outside Sri Lanka, (5) Sri Lankan nationals residing outside Sri Lanka, and (6) foreign firms and companies registered outside Sri Lanka. CTRAs may be opened and maintained as current (without check drawing facility), savings, or term deposit accounts in Sri Lanka rupees in the DBU of LCBs and may be held jointly with another eligible person. Interest may be paid on the funds held in these accounts.

Emigrants as stated in (1), (2), (3), and (5) above may transfer their eligible migration allowance through a CTRA as follows: (1) an initial migration allowance of US$200,000 an individual aged 18 years and above; (2) an annual migration allowance of US$30,000 where first such annual allowance is transferable after lapse of 12 months from the full utilization of the initial allowance of US$200,000; and (3) an annual allowance of US$30,000 in respect of foreign nationals as proceeds from sale of inherited property and assets in Sri Lanka.

Effective April 02, 2020, the repatriation of funds under the migration allowance through CTRAs by the emigrants who have already claimed migration allowance under the general permission was suspended for three months.

Effective April 02, 2020, the eligible migration allowance for the emigrants who are claiming the migration allowance for the first time was limited up to a maximum of US$30,000 for the period of three months.

Effective July 02, 2020, eligible migration allowance for the emigrants who are claiming the migration allowance for the first time, up to a maximum of US$30,000 and repatriation of funds under the migration allowance by the emigrants who have already claimed migration allowance up to a maximum of US$20,000 were limited for six months.
Diplomatic Rupee Accounts (DRAs): DRAs can be opened by foreign diplomatic missions and diplomatic personnel and their family members in Sri Lanka who have been exempted from the requirement of obtaining resident visa issued by the Department of Immigration and Emigration in Sri Lanka rupees. Holders of DRAs are permitted (1) to make outward remittances of visa fees, refunds, reimbursements, and sale proceeds of motor vehicles owned by the account holder; (2) to transfer funds to IIA of the same account holder; (3) for disbursements in Sri Lanka in Sri Lanka rupees; (4) to transfer funds to other DFCAs and DRAs; and (5) to make any other transaction approved by the relevant ministry.

Resident Guest Rupee Current Accounts: Resident Guest Rupee Current Accounts may be opened for prospective investors and professionals who come to Sri Lanka under the “Resident Guest Scheme” implemented by the Department of Immigration and Emigration. Investors are required to remit or bring a sum of US$35,000 or its equivalent in other foreign currency a person for the upkeep in Sri Lanka of such investor and dependents. Professionals are required to remit or bring into Sri Lanka a sum of US$2,000 a month and a further sum of US$1,000 a month for each dependent.

Senior Foreign Nationals’ Rupee Accounts: Senior Foreign Nationals’ Rupee Accounts may be opened in the form of savings or current accounts with a minimum deposit of US$1,500 or its equivalent in any other foreign currency brought into the country on appropriate declaration, and converted to Sri Lanka rupees. Inward remittances or foreign currency brought into the country by the account holder on declaration for upkeep (US$1,500 a month) and for the upkeep of dependents (US$750 a dependent a month) must be deposited to Senior Foreign Nationals’ Rupee Accounts.

SDA can be maintained as Sri Lanka Rupee deposits: Effective April 08, 2020, the Government of Sri Lanka in consultation with the Monetary Board of the CBSL has introduced a SDA with a view to seek assistance for the national effort to overcome the effects of COVID-19 outbreak in the country. Any Sri Lankan individual resident in or outside Sri Lanka including Dual Citizens, Citizens of other States with Sri Lankan origin, and any person resident outside Sri Lanka including funds, corporate bodies, associations incorporated/registered outside Sri Lanka and other well-wishers are eligible to open SDAs with the following special features:

- Minimum tenure: Six months.
- Type of deposit: Fixed deposits only.
- Interest payable: 1 percentage point and 2 percentage points per annum for SDAs with a tenure of 6 months and 12 months, respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank.
- Repatriation of Funds: Freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.
- Source of Funds: (1) inward remittances through banking system during the six-month period from April 08, 2020; (2) fund transfers from IIA or accounts in the OBU of the account holder during the subject period.
- Currency type: in foreign currency or Sri Lanka rupees.

Effective July 01, 2020, regulations were issued informing the further measures taken to encourage opening of SDAs as stated below.
(1) Expansion of the sources of funding SDAs:

(a) Any person who has arrived in Sri Lanka from overseas on or after January 01, 2020, can open SDAs with any AD on or before October 07, 2020, out of foreign exchange legitimately acquired and brought into Sri Lanka by such person subject to:

(i) a declaration made to the Sri Lanka Customs at the port of arrival where the amount of such foreign exchange exceeds US$15,000 or an equivalent amount in any designated foreign currencies.

(ii) a declaration to the relevant AD where the amount of such foreign exchange is equal or less than US$15,000 or an equivalent amount in any designated foreign currencies.

(b) Any person in, or resident in, Sri Lanka can open SDAs with any AD on or before October 07, 2020, out of foreign currency notes in his possession up to the limit of US$15,000 and subject to such terms and conditions of the prevailing Regulations and Orders, subject to a declaration on the source of funds to the AD.

(2) SDA holders are permitted to obtain loans from ADs against SDAs (keeping as collateral) as follows:

(a) Residents in Sri Lanka rupees,

(b) Nonresident SDA holders who are eligible to obtain loans as per the prevailing regulations.

Convertible into foreign currency Yes. These accounts are convertible, but general or special approval in terms of FEA is required.

Approval required Yes. Approval is granted in accordance with the FEA, that is, either the general permission (as Regulations/Directions) with regard to permitted debits and credits or special approval where requested transactions are not covered from the existing general permission granted to same accounts. A nonresident is required a special approval to open a LKR account, if such person is not eligible to open LKR accounts for which a general permission has already granted in terms of FEA.

Blocked accounts No. There are no blocked accounts. However, capital controls in respect of migrant fund transfers are in place through CTRAs introduced under FEA as specified in Paragraph VI.B above.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports Yes.

Minimum financing requirements No. ADs may remit foreign exchange abroad or credit nonresident accounts against applications for the opening of an LC on Documents against Payment (DP) or Documents against Acceptance (DA) terms, Advance payments, Open account, or Consignment account based on the submission of proof of a valid import license, where applicable. These payment term requirements do not apply if the value of a consignment does not exceed the equivalent of US$5,000 (c.i.f.) for the use of the particular importer (for personal use and not for commercial purpose).

ADs may make outward remittances with respect to payment on interest for supplier credit facilities offered to an importer by the supplier of such goods.

Advance payment requirements Yes. The limit on advance payments for imports is US$50,000 if such
payments are made from a Sri Lanka rupee account. However, such limit does not apply to payments made from foreign currency accounts.

Effective March 26, 2019, a restriction (introduced in October 2018) to release foreign exchange for making payments for imports of non-essential consumer goods under advance payment (Cash-in-Advance) terms was eliminated.

Following measures were issued as interim measures to ease the pressure on the exchange rate and the stress on financial markets because of the impact of COVID-19.

(1) Effective March 19, 2020, the CBSL requested banks to suspend, for a period of three month, facilitating importation of some motor vehicles under the LCs, as well as some non-essential goods under LCs, DA, and Advance Payment. (This Direction lapsed effective June 19, 2020.)

(2) Effective March 24, 2020, the Import and Export Control Department (IECD) requested Sri Lanka Customs and commercial banks to suspend facilitating importation of some non-essential goods under LCs, DA, DP, Open Account, and Advanced Payment or a combination of these, until June 23, 2020. (These regulations were incorporated by the regulations issued on April 16, 2020.)

(3) Effective April 16, 2020, the IECD requested Sri Lanka Customs and commercial banks to suspend facilitating importation of items in Schedule I under LCs, DA, DP, and Advanced Payment or a combination of these, until June 23, 2020. Items in Schedule II shall be only facilitated with three-month credit facility. (These regulations were updated by the regulations issued on May 22, 2020.)

(4) Effective May 22, 2020, the IECD confirmed a temporary suspension from April 16, 2020, of importing items in Schedule I under LCs, DA, DP, and Advanced Payment or a combination of these for a period of 3 months. It also indicated that Items in Schedule II shall be only imported with three- or six-month credit facilities provided by the supplier from the date of loading. However, exceptions are allowed for items appearing in Schedules I and II depending on the conditions specified in the gazette. (These regulations were updated by the regulations issued on June 30, 2020.)

(5) Effective June 30, 2020, the IECD further updated the items under temporary suspension and items that require credit arrangements to import until further notice. However, exceptions are allowed for these items depending on the conditions specified in the gazette. The update resulted in reducing the number of items under suspension. The update resulted in increasing the number of items under credit requirement. However, such items were previously in the temporary suspension list. Accordingly, overall impact of these updates was broadly toward relaxing the import restrictions.

(6) Effective July 16, 2020, the suspension period was further extended until further notice.

Accordingly, the banks are not allowed to involve in intermediary services (such as opening LCs, making payments, endorsing or
releasing documents, etc.) related to the import process of the restricted items unless with a special approval from the direction issuing authority.

Advance import deposits

Effective March 07, 2019, the 100% cash margin required to open LCs for imports of some vehicles and certain non-essential consumer goods was eliminated. Previously, these cash margin requirements were imposed as follows:

(1) for importation of some motor vehicles, 100% cash margin requirement against LCs, from September 19, 2018; subsequently modified, from October 01, 2018, to 200% and from November 26, 2018, to 100% for opening LCs through foreign currency;

(2) for importation of some non-essential consumer goods, 100% cash margin requirement against LCs, from October 01, 2018.

Effective March 13, 2019, the 100% cash margin required for imports on DA terms of some non-essential consumer goods was eliminated. (Previously, this cash margin requirement was introduced from October 11, 2018.)

Documentation requirements for release of foreign exchange for imports

Yes.

Imports may be on Advance Payment, Open Accounts, DP, or DA terms or under LCs with original commercial invoices and transport or delivery documents.

Domiciliation requirements

No.

Preshipment inspection

Yes.

Inspection is required for certain consumer goods.

Letters of credit

Yes.

LCs are required for importation of vehicles.

Import licenses used as exchange licenses

No.

Other

Yes.

Effective March 20, 2020, the release of foreign exchange for the importation of non-essential consumer goods as per the Banking Act Direction No. 1 of March 19, 2020, under DPs and Open Account Payment terms was suspended until June 20, 2020.

Regulations issued by IECD have restricted facilitating selected import items by commercial banks under payment terms LCs, DA, DP, Advance Payment, and Open account. Accordingly, to import restricted items documentary evidence may require where applicable.

(1) Effective March 19, 2020, the CBSL requested banks to suspend, for a period of three month, facilitating importation of some motor vehicles under the LCs, as well as some non-essential goods under LCs, DA, and Advance Payment (This Direction lapsed effective June 19, 2020).

(2) Effective March 24, 2020, the IECD requested Sri Lanka Customs and commercial banks to suspend facilitating importation of some non-essential goods under LCs, DA, DP, Open Account, and Advanced Payment or a combination of these, until June 23, 2020. (These regulations were incorporated by the regulations issued on April 16, 2020.)

(3) Effective April 16, 2020, the IECD requested Sri Lanka Customs and commercial banks to suspend facilitating importation of items in Schedule I under LCs, DA, DP, and Advanced Payment or a combination of these, until June 23, 2020. Items in Schedule II shall be only facilitated with three-month credit facility. (These regulations were updated by the regulations issued on May 22, 2020.)

(4) Effective May 22, 2020, the IECD confirmed the temporary
suspension from April 16, 2020, of importing items in Schedule I under LCs, DA, DP, and Advanced Payment or a combination of these for a period of three months. It also indicated that Items in Schedule II shall be only imported with three- or six-month credit facilities provided by the supplier from the date of loading. However, exceptions are allowed for items appearing in Schedules I and II depending on the conditions specified in the gazette. (These regulations were updated by the regulations issued on June 30, 2020.)

(5) Effective June 30, 2020, the IECD further updated the items under temporary suspension and items that require credit arrangements to import until further notice. However, exceptions are allowed for these items depending on the conditions specified in the gazette. The update resulted in reducing the number of items under suspension. The update resulted increasing the number of items under credit requirement. However, such items were previously in the temporary suspension list. Accordingly, overall impact of these updates was broadly toward relaxing the import restrictions.

(6) Effective July 16, 2020, the suspension period was further extended until further notice.

Accordingly, the banks are not allowed to involve in intermediary services (such as opening LCs, making payments, endorsing or releasing documents, etc.) related to the import process of the restricted items unless with a special approval from the direction issuing authority.

New licensing requirements were introduced, while several requirements were relaxed. Thus, some foods were subjected to import licenses as follows: effective October 03, 2019—selected food items such as seafood, nuts, tamarind, pepper, cinnamon, nutmeg, and mace; effective December 06, 2019—food items such as gram, cloves, ginger, and other consumables such as incense sticks, kites, and lanterns; effective May 22, 2020—items such as textile articles, beverages, building material, vehicle parts, computer monitors, televisions, selected motor vehicles, and furniture items, and effective June 30, 2020—items such as air conditioners, refrigerators, and washing machines and chemical products. Meanwhile, some other goods were removed from license requirement as follows: effective May 22, 2020—retreated tires and effective June 30, 2020—selected items such as sorghum, facemasks, saws, and asbestos. However, some of these removed items were inserted in to the negative list. As a result, about 1,200 HS line items are subject to import controls because of concerns on public health, public morals, environmental protection, preservation of antiques, or national security. Broadly, these items are categorized as drugs; used vehicles and vehicle parts; chemicals, animal products, alcohol, petroleum, and petroleum products; telecommunication equipment and miscellaneous items; and selected food items. Paddy is also subject to licensing to protect domestic producers from low prices. International quality certificate is required to import petroleum products, an analytical report from manufacturer to import pharmaceutical products. Standards were set to importation of taps, cocks, and valves categorized under HS code 84.81. The number of commodity categories subject to Sri Lanka standards (SLS) certification is 122. From July 13, 2018, lower vehicular exhaust emission limits in compliance with the EURO IV standards, and new safety measures and standards were introduced for selected motor vehicles. Effective January 28, 2019, vehicle emission standards and

Import licenses and other nontariff measures

Yes.
safety measures regulations were amended. Accordingly, electric vehicles removed from the requirement of vehicular exhaust emission limits and tightened safety requirements.

Positive list
Yes. These are items that are not on the negative import list.

Negative list
Yes. New banned items were introduced, while several banned items were removed on October 03, 2019, May 22, 2020, and June 30, 2020. As a result, about 73 HS lines including some fish, pharmaceutical waste, and chemicals such as polychlorinated biphenyls, ethylene dichloride, chloropentafluoroethane, used and retreated tires (effective May 22, 2020), clinical waste, chain saws (effective October 03, 2019), asbestos (effective June 30, 2020), etc., may not be imported, under Import and Export Control Act No. 1 of 1969. Glyphosate was removed from the negative list and was added to the list of products requiring an import license.

Effective October 03, 2019, importation of saws was banned. However, effective June 30, 2020, ban on saws import was removed and inserted into the licensed list.

Effective May 22, 2020, importation of salt was banned. However, effective June 30, 2020, ban on salt import was removed and inserted into the licensed list.

Open general licenses
No.

Licenses with quotas
Yes. Importation of hydrochlorofluorocarbon was limited by imposing quotas; import licenses are issued by the IECD to quota holders to import hydrochlorofluorocarbon.

Other nontariff measures
No.

Import taxes and/or tariffs
Yes. There is a three-band tariff structure (0%, 15%, and 30%). Preferential tariffs apply to imports under bilateral and regional trade agreements. In addition to customs duties, some imports are subject to domestic taxes such as export taxes (cess), the Ports and Airports Development Levy (PAL), and excise duty (on alcohol, tobacco products, vehicles, petroleum products, etc.). As a composite levy, a special commodity levy is imposed on selected essential food items, so as to ensure affordable prices for such commodities. In line with the government policy on trade liberalization, cess on 253 items and PAL of about 1,200 items were removed November 28, 2017, as proposed in the Budget 2018. Further, cess on 25 items was removed effective March 06, 2019, as announced in the Budget 2019. Under the economic relief package granted to the tourism industry affected by the Easter Sunday attacks, the importation of handheld metal detectors, walk-through metal detectors, baggage x-ray inspection equipment, and vehicle scanners is exempted from the PAL of 7.5% effective May 07, 2019. Effective December 01, 2019, VAT rate was reduced to 8% from 15% on import and/or supply of goods or services except financial services while National Building Tax (NBT) was removed. Further, effective December 06, 2019, PAL rate was increased to 10% from 7.5%, while concessionary rates and exemptions were granted on the importation of selected items.

Taxes collected through the exchange system
No.

State import monopoly
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds
Repatriation requirements  Yes. Special arrangements apply to exports carried out under trade and payments agreements and to exports to ACU member countries. Effective October, 17 2019, every exporter of goods must repatriate to Sri Lanka payments received for the exportation of goods within 180 days from the date of exportation. (Previously, repatriation deadline was 120 days from the date of exportation. A grace period of 30 days could be granted by the CBSL after the completion of 120 days prior to instituting any action against non-compliance.) Every exporter of goods must submit related documentary evidence on each exportation to the respective AD/RD that receives the payment. These export proceeds may be credited to any Sri Lanka rupee account or to a BFCA or to an account maintained in the OBU of the exporter (where applicable).

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Financing requirements  No.

Documentation requirements  Yes.

Letters of credit  No.

Guarantees  No.

Domiciliation  No.

Preshipment inspection  No.

Other  Yes. Pre-export quality assurance is voluntary for most exports. However, Sri Lanka Standards Institution (SLSI) certification is required for export of cinnamon and cinnamon-related products.

Export licenses  Yes.

Without quotas  Yes. Licenses are required for exports about 181 HS lines, including ivory and ivory products, handicraft items of ebony, timber (logs or in plank form), vintage motor vehicles, metal waste, and scrap metals (for example, copper, nickel, aluminum, lead, tin, zinc).

With quotas  No.

Export taxes  Yes.

Collected through the exchange system  No.

Other export taxes  Yes. Cess is levied on exports of primary commodities such as tea, coconut, and rubber, with a view to promoting local value-added and mineral products, wood in rough form, and various types of metal scraps. Effective June 18, 2020, cess for tea has been temporary removed for a period of six months.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers  Yes.

Trade-related payments  Yes. Remittances of premiums for general insurance and reinsurance may be effected through ADs without approval, subject to documentary
requirements and other regulations of the country. The types of foreign exchange accounts are amalgamated and categorized based on the purpose of maintaining such accounts for simplification under the new FEA No. 12 of 2017.

An Electronic Fund Transfer Card (EFTC) issued to a person in Sri Lanka may be used for making any payment to a person resident outside Sri Lanka for a current (international) transaction of personal nature other than for the use of payment for import of goods to Sri Lanka for commercial purposes. Any trade-related payment within the current transactions to a person resident outside Sri Lanka is permitted where an EFTC is issued against a BFCA or a PFCA. Any trade-related payment within the current transactions to a person resident outside Sri Lanka is permitted, where a debit card is issued against a DFCA or an IIA.

ADs may make outward remittances with respect to payment of interest for importer supplier credits.

Holders of PFCAs, BFCAs, and DFCAs are permitted to make any outward trade-related payments outside Sri Lanka for current transaction through the funds available in such foreign currency accounts.

Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.

Reasonable commissions are permitted for merchandise exports or business transactions secured through agents abroad, provided export proceeds or inward remittances have been repatriated to Sri Lanka.

Investment-related payments  Yes.
The types of foreign exchange accounts are amalgamated and categorized based on the purpose of maintaining such accounts for simplification under the new FEA No. 12 of 2017. Holders of PFCAs and BFCAs may make any outward remittances outside Sri Lanka related to current investment-related payments.

Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.

Remittances of nonresident partners’ profit and of dividends to nonresident shareholders of companies whose financial assets are in rupees may be effected through ADs without approval. However, relevant documentation is required to remit profits and dividends.

Payments for travel  Yes.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  Yes.

Sri Lankans traveling abroad may purchase foreign currency notes as part of the travel allowance up to, effective March 19, 2020, US$5,000 (previously US$10,000) or its equivalent in any other foreign currency. LCBs may issue FTCs to persons' residents in Sri Lanka who obtain travel allowance when leaving Sri Lanka.

ADs are required to establish bona fide nature of transactions (on verification of necessary documentary evidence, etc.).

Personal payments  Yes.
The types of foreign exchange accounts are amalgamated and categorized based on the purpose of maintaining such accounts for simplification under the new FEA No. 12 of 2017.

ADs may facilitate transactions of students to open foreign bank accounts for study abroad and remit funds in advance to meet living expenses of students residing in Sri Lanka who apply for student visa
(student’s visa approved in principal). Such payments may also be remitted through a PFCA or BFCA. PFCA and BFCA account holders may make any outward remittances outside Sri Lanka for personal payments related to current transactions.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes.

Foreign workers' wages
Yes.

No indicative limits apply. A bona fide test is carried out by LCBs.

Indicative limits/bona fide test
Yes.
The types of foreign exchange accounts were amalgamated and categorized based on the purpose of maintaining such accounts for simplification under the new FEA No. 12 of 2017. Expatriate employees may open and maintain PFCAs, and their salaries, wages, and other employment benefits may be credited to these accounts. Outward remittances are also permitted. Expatriates may also convert Sri Lanka rupees and remit out salaries, wages, and other employment-related benefits.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
Yes.

Credit card use abroad
Yes.

Expatriate employees of approved enterprises may remit their entire savings after meeting expenses and paying taxes and levies.

Prior approval
No.

Quantitative limits
Yes.
The types of foreign exchange accounts are amalgamated and categorized based on the purpose of maintaining such accounts for simplification under the new FEA No. 12 of 2017. Holders of EFTCs are permitted to make payments abroad for personal nature current transactions (including travel expenses abroad), except for imports of goods for commercial purpose. EFTCs issued against PFCAs and BFCAs may be used to make any outward remittances outside Sri Lanka. Further, debit card holders of IIAs and DFCAs are also permitted to make any outward remittances outside Sri Lanka. Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs or PFCAs held by persons resident in Sri Lanka were suspended for three months. Effective July 02, 2020, any outward remittances through PFCAs/BFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

Indicative limits/bona fide test
No.

Other payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

There are no indicative limits.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers
**Repatriation requirements**
No.

**Surrender requirements**
No.

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
No.

**Restrictions on use of funds**
Yes. Funds retained abroad in terms of the permissions granted under FEA No. 12 of 2017 may be utilized toward any foreign exchange transaction in respect of current or permitted capital transaction of the account holder, permitted for a person resident in Sri Lanka under the provisions of the FEA.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**
Yes.

**Repatriation requirements**
Yes. Residents may invest in shares of companies incorporated abroad, units in unit trusts, debt securities, and sovereign bonds issued by foreign governments and governmental organizations. Such investments must be made through an OIA. Any income from such investments and disposal proceeds must be brought into Sri Lanka through the same OIA through which the initial investment was made within three months from the date of payment of realization of such investment. Funds available in PFCAs and BFCAs may also be utilized for investments in (that is, in respect of investments in Sri Lanka Development Bonds) and outside Sri Lanka. Disposal proceeds in respect of investments made abroad via PFCA/BFCA can be credited either to OIA or to PFCA/BFCA, as applicable.

**Surrender requirements**
No.

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
No.

**Controls on capital and money market instruments**
Yes. Except for permitted capital investments in Sri Lanka by nonresidents, investments in all capital market securities and money market instruments are controlled.

**On capital market securities**
Yes.

**Shares or other securities of a participating nature**
Yes.

**Purchase locally by nonresidents**
Yes. Nonresidents may invest up to 100% of the equity capital (ordinary shares and preference shares) of listed and unlisted companies without approval, subject to certain exclusions, limitations, and conditions of the general permission granted by regulations issued under the FEA.

Funds must be channeled through an IIA.

Excluded areas of investment for nonresidents include pawn broking, retail trade where a capital contributed by persons resident outside Sri Lanka is less than US$5 million or its equivalent, and coastal fishing.

Sectors in which foreign investment is limited to a 40% of the stated capital of the business include: (1) production of goods where Sri Lanka’s exports subject to internationally determined quota restrictions; (2) growing and primary processing of tea, rubber, coconut, cocoa, rice, sugar, and spices; (3) mining and primary processing of non-renewable national resources; (4) timber-based...
industries using local timber; (5) deep-sea fishing; (6) mass
communications; (7) education; (8) freight forwarding; (9) travel
agencies; and (10) shipping agencies.
Investment is permitted only up to the limit approved by the
government or any legal or administrative authority in the businesses
of (1) air transportation; (2) coastal shipping; (3) industrial
undertaking in the Second Schedule of the Industrial Promotion Act
No. 46 of 1990, as follows: (a) manufacture of arms, ammunitions,
explosives, military vehicles and equipment, aircraft, and other
military hardware; (b) manufacture of poisons, narcotics, alcohol,
dangerous drugs, and toxic, hazardous, or carcinogenic materials;
and (c) production of currency, coins, or security documents; (4)
large-scale mechanized mining of gems; and (5) lotteries.
Pursuant to Direction No. 2 of December 21, 2018, foreign
institutional investors are also permitted to route their investments to
Sri Lanka via an account maintained in Sri Lanka by a Nonresident
Intermediary (NRI). In the event an NRI is a bank that is
incorporated outside Sri Lanka or branch of such bank, such account
must be a Vostro account or an IIA, and in the event of any other
NRI, such account must be an IIA. Sale or maturity proceeds and
returns received on the investments made with the funds received
may be repatriated via the Vostro account or an IIA following the
same way that the investment was routed.

Sale or issue locally by nonresidents  Yes.
Issuance of securities locally by nonresidents is not permitted.
Nonresident investments made through an IIA may be sold in Sri
Lanka under the general permission.

Purchase abroad by residents  Yes.
Residents may buy shares issued by foreign companies as follows:
listed companies—up to US$2 million a calendar year; unlisted
companies—up to US$500,000 a calendar year; partnerships—up to
US$300,000 for lifetime; and individuals—up to US$200,000 for
lifetime. The funds must be channeled through an OIA.
Any investment exceeding these limits requires a special approval of
the Monetary Board in terms of Section 7 of the FEA on applications
submitted to the Director—DFE of the CBSL.

Effective April 02, 2020, payments through OIAs for the purpose of
making investments in overseas by persons resident in Sri Lanka
under general permission were suspended for three months, except
for the following:
(a) investments to be financed out of a foreign currency loan
obtained by the investor from a person resident outside Sri Lanka, or
(b) investments to be made to fulfill the regulatory requirement in
that country.
Investments under (a) and (b) which exceed the limits under the
general permission are subject to the Monetary Board approval on
case-by-case basis.

Effective July 02, 2020, payments through OIAs for the purpose of
making investments in overseas by persons resident in Sri Lanka
under general permission were suspended for six months with a view
to further preserve the foreign currency reserve position of the
country, except for the following:
(a) investments to be financed out of a foreign currency loan
obtained by the investor from a person resident outside Sri Lanka,
(b) additional investments to be made to fulfill regulatory
requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible
resident companies in already established subsidiaries or branch
offices in overseas up to a maximum of US$20,000, for the purpose
of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose
of working capital requirements of the investee.
of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas. Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Funds available in PFCAs and BFCAs may also be utilized for investment in capital market securities issued outside Sri Lanka. Investments made through PFCAs/BFCAs are not subject to any investment ceiling imposed under the FEA, but are limited up to the foreign currency balances available in such accounts. Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs or PFCAs held by persons resident in Sri Lanka were suspended for three months. Effective July 02, 2020, any outward remittances through PFCAs/BFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

Sale or issue abroad by residents Yes. Approval is not required for sales of shares. However, all income from investments outside Sri Lanka and disposal proceeds (including any subsequent shares devolving on such investor by virtue of a corporate action by the issuer, exercise of a right, entitlement, or conversion) must be brought into Sri Lanka through the same OIA through which the initial investment was made within three months from the date of payment of realization of such investment. Permission has not been granted to issue shares abroad.

Bonds or other debt securities Yes.

Purchase locally by nonresidents Yes. Nonresident Sri Lankans which include foreign country funds, regional funds, mutual funds, entities incorporated outside Sri Lanka, and citizens of foreign countries may invest in any permitted real or financial assets through IIA. The rupee-denominated government treasury bill and bond market is open to foreign investors. Effective January 27, 2019, such foreign investors may hold 5% (previously 10%) of the total value of treasury bills and bonds outstanding at any given time. Companies incorporated in Sri Lanka may issue debentures. There is no ceiling on interest rates on foreign investments in debenture. The minimum term of a debenture issued by a company incorporated in Sri Lanka to foreign investors is one year. Issuance and transfer of convertible, nonconvertible, redeemable, and nonredeemable debentures in rupees of listed or non-listed companies on the Colombo Stock Exchange are permitted for foreign institutional investors, companies incorporated abroad, individuals resident outside Sri Lanka, and Sri Lankans resident abroad, up to 100% of the total. IIAs must be used for the related transactions.

Issuance is not permitted.

Nonresident investments made through an IIA may be sold in Sri Lanka under the general permission.

Residents may invest in sovereign bonds issued by foreign governments and governmental institutions as follows: listed companies—up to US$2 million a calendar year; unlisted companies—up to US$500,000 a calendar year; partnerships—up to US$300,000 for lifetime; and individuals—up to US$200,000 for lifetime. The funds must be channeled through an OIA. Effective April 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for three months, except
for the following:
(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) investments to be made to fulfill the regulatory requirement in that country.
Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.
Effective July 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:
(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka,
(b) additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.
Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Funds available in PFCAs and BFCAs may also be utilized for investment in bonds or other debt securities, including corporate bonds, issued outside Sri Lanka. However, investments made through these foreign currency accounts are not subject to any investment ceiling imposed under the FEA and are limited up to the foreign currency balances available in such accounts.
Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs or PFCAs held by persons resident in Sri Lanka were suspended for three months.
Effective July 02, 2020, any outward remittances through PFCAs/BFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.
Effective March 19, 2020, the CBSL requested banks to suspend, for three months, the purchase of Sri Lanka International Sovereign Bonds (ISBs).
Effective June 19, 2020, CBSL with a view to easing the pressure on the exchange rate and the stress on financial markets because of impact of COVID-19 outbreak, required LCBS and National Savings Bank (NSB) to suspend the purchase of Sri Lanka ISBs for a period of three months unless such purchase of ISBs is funded by using new foreign currency inflows to the banks.

Sale or issue abroad by residents
Yes.

On money market instruments
Yes.
<p>| Purchase locally by nonresidents | Yes. | Rupee-denominated government treasury bills may be acquired by foreign investors. Effective January 27, 2019, foreign country funds, regional funds, mutual funds, entities incorporated outside Sri Lanka, and citizens of foreign countries may hold 5% (previously 10%) of the total value of treasury bills outstanding at any given time. The investments must be routed through an IIA. |
| Sale or issue locally by nonresidents | Yes. | These transactions are not permitted. |
| Purchase abroad by residents | Yes. | These transactions are not permitted. |
| Sale or issue abroad by residents | Yes. | These transactions are not permitted. |
| <strong>On collective investment securities</strong> | | |
| Purchase locally by nonresidents | Yes. | These transactions are permitted only in the case of unit trusts. Issuance and transfer of units in unit trusts operating under a license issued under the Securities and Exchange Commission of Sri Lanka Act to foreign institutional investors, corporate entities incorporated outside Sri Lanka, and nonresidents are permitted. Payments must be routed through an IIA. |
| Sale or issue locally by nonresidents | Yes. | Issuance of these securities by a nonresident in Sri Lanka is not permitted. However, a nonresident who has acquired such securities from a resident company may sell them to another nonresident or resident as long as the transaction is made through an IIA. |
| Purchase abroad by residents | Yes. | Funds available in PFCAs and BFCAs may also be utilized for investment in unit trusts issued outside Sri Lanka. Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs or PFCAs held by persons resident in Sri Lanka were suspended for three months. Effective July 02, 2020, any outward remittances through PFCAs/BFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months. |
| Sale or issue abroad by residents | Yes. | These transactions are not permitted. |
| Controls on derivatives and other instruments | Yes. | ADs (LCBs and LSBs) may engage in financial derivative transactions: swaps, options, forward rate agreements, forward contracts, and swaptions in designated foreign currency. ADs must ensure that: (1) all derivatives offered to customers are based on valid underlying transactions which include current (international) transactions and capital transactions permitted under the provisions of FEA and (2) the use of permitted derivatives is only for the purpose of hedging or managing the risk arising from assets or liabilities of customers or valid transactions and not for speculative purpose. ADs must ensure that the date of maturity of the derivative contract corresponds to the maturity date of the underlying transaction and may not, under any circumstance, extend beyond the date of the underlying transaction, and the maximum maturity period of a derivative transaction may not exceed ten years. ADs must adhere to Direction No. 4 of 2018 of issued under the Banking Act. |
| Purchase locally by nonresidents | Yes. | These transactions are not permitted. |
| Sale or issue locally by nonresidents | Yes. | These transactions are not permitted. |
| Purchase abroad by residents | Yes. | These transactions are not permitted. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>These transactions are not permitted.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
<td>Effective March 01, 2020, borrowers are required to settle export credit facilities out of export proceeds within a period of 180 days from the date of shipment. Previously, the mentioned period was 120 days and the decision to extend the limit was left to ADs who were lenders.</td>
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<tr>
<td>Commercial credits</td>
<td>Yes.</td>
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<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td>Export credits are permitted, provided they are effected through an AD and settled within the 180 days effective March 01, 2020 (previously 120 days).</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Foreign suppliers may extend credit to importers of goods in respect of payment terms involving a credit facility where the interest payment does not exceed the prevailing international rates of interest for the currency in which the credit is provided or beyond the credit period offered or beyond the actual settlement date, whichever comes first. ADs are required to verify this accordingly. There is no time restriction on nonresident supplier credit facilities offered to resident importers of goods.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
<td>Companies incorporated in Sri Lanka are treated as residents for the purposes of the FEA. Resident companies, including nonresident-controlled companies incorporated in Sri Lanka, may obtain rupee borrowings without any special approval under the FEA. Offshore bank branches may lend in foreign currency to nonresidents and resident companies approved by the Board of Investment of Sri Lanka. ADs may grant loans and advances denominated in foreign currency or in Sri Lanka rupees to Sri Lankans employed abroad for any purpose in Sri Lanka against repayment in foreign currency through inward remittances or balances in the PFCA of the borrower. ADs may grant loans in Sri Lanka rupees or in foreign currency to Sri Lankans who have obtained PR visa in another country and dual citizens (irrespective of the residential status) for the purpose of acquisition, construction, development, or renovation of a residential property in Sri Lanka. Any person who has not been in Sri Lanka for a period of 183 days or more in aggregate during the preceding 12 months is considered a nonresident for the purposes of the FEA (Order issued under Section 31 of the FEA, Gazette Notification No. 2045/56 of November 17, 2017).</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td>Any person resident outside Sri Lanka, including country funds, regional funds, investment funds, and mutual funds established outside Sri Lanka, may invest in debt securities or grant loans with a tenure of three or more years in designated foreign currencies or in Sri Lanka rupees to companies incorporated in Sri Lanka (other than LCBs, LSBs, LFCs, Specialized Leasing Companies (SLCs) and Companies Limited by Guarantee and overseas companies). They may also grant loans to or invest in debt securities issued in designated foreign currencies or Sri Lanka rupees by LCB, LSB, LFC, and SLC subject to the approval of the relevant regulatory authorities.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
<td>ADs may issue and renew financial guarantees (bank guarantees, bonds, or standby LCs) in terms of the general permission granted under the FEA in respect of current transactions and capital transactions by persons resident in Sri Lanka in favor of the persons</td>
</tr>
</tbody>
</table>
resident outside Sri Lanka as follows: (1) guarantees as collateral to secure payments of members’ obligations on membership and reimbursement of visa expenses on behalf of card centers of LCB or LSB; (2) bid bonds, performance bond, or advance payment guarantees in respect of overseas contracts undertaken by the person resident in Sri Lanka; (3) with a counter guarantee on identical terms from the principal obligor who is a resident outside Sri Lanka issued by a reputed International Bank outside Sri Lanka with a rating acceptable to the AD, a guarantee on behalf of a principal obligor who is a resident outside Sri Lanka in favor of a person resident in Sri Lanka in respect of a contract in Sri Lanka; (4) a guarantee to be given by an agent in Sri Lanka on behalf of a person resident outside Sri Lanka in favor of a person resident in Sri Lanka in respect of a contract in Sri Lanka; (5) a guarantee subject to a maximum of US$1 million where the investor company incorporated in Sri Lanka (being shareholder) requires to enable investee company incorporated outside Sri Lanka to raise facilities from overseas financial institutions; (6) a guarantee subject to a maximum of US$500,000 where the investor company incorporated in Sri Lanka (being parent) requires to enable a branch company established outside Sri Lanka to raise facilities from overseas financial institutions; (7) a guarantee by a sub-contractor in Sri Lanka in favor of the contractor who is a person resident outside Sri Lanka in respect of a project in Sri Lanka; and (8) a guarantee subject to a maximum of US$2 million where a company incorporated in Sri Lanka acts as an agent of a company incorporated outside Sri Lanka (the principal) as per the agency agreement between the parties.

To residents from nonresidents

Yes. Counter guarantees in the form of security may be issued. Counter guarantees are issued on the same terms as for the categories of guarantees from residents to nonresidents.

Controls on direct investment

Yes.

Outward direct investment

Yes. Investment in shares issued by overseas companies is permitted subject to the following limits: listed companies—up to US$2 million a calendar year; unlisted companies—up to US$500,000 a calendar year; partnerships—up to US$300,000 for lifetime; and individuals—up to US$200,000 for lifetime.

Funds must be channeled through an OIA. Any investment exceeding these limits requires a special approval of the Monetary Board in terms of Section 7 of the FEA on applications submitted to the Director—DFE of the CBSL.

Local companies and partnerships (other than individuals) may make payments to nonresidents for the purpose of setting up and maintaining overseas offices such as a branch, liaison, marketing, agency, project, representative, or other similar office in a foreign country up to US$300,000 a calendar year.

Funds available in PFCAs and BFCAs may also be utilized for investment in any security issued outside Sri Lanka.

Effective April 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for three months, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or

(b) investments to be made to fulfill the regulatory requirement in that country.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Effective July 02, 2020, payments through OIAs for the purpose of...
making investments in overseas by persons resident in Sri Lanka under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka,
(b) additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs or PFCAs held by persons resident in Sri Lanka were suspended for three months.

Effective July 02, 2020, any outward remittances through PFCAs/BFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

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**Inward direct investment**

Yes.

Foreign investment is permitted based on the type of business. Funds for investments must be routed through an IIA opened in the name of nonresident investor.

Excluded areas of investment for nonresidents include pawn broking, retail trade where a capital contributed by persons resident outside Sri Lanka is less than US$5 million or its equivalent, and coastal fishing.

Sectors in which foreign investment is limited to a 40% of the stated capital of the business include: (1) production of goods where Sri Lanka’s exports subject to internationally determined quota restrictions; (2) growing and primary processing of tea, rubber, coconut, cocoa, rice, sugar, and spices; (3) mining and primary processing of non-renewable national resources; (4) timber-based industries using local timber; (5) deep-sea fishing; (6) mass communications; (7) education; (8) freight forwarding; (9) travel agencies; and (10) shipping agencies.

Investment is permitted only up to the limit approved by the government or any legal or administrative authority in the businesses of (1) air transportation; (2) coastal shipping; (3) industrial undertaking in the Second Schedule of the Industrial Promotion Act No. 46 of 1990 as follows: (a) manufacture of arms, ammunition, explosives, military vehicles and equipment, aircraft, and other military hardware; (b) manufacture of poisons, narcotics, alcohol, dangerous drugs, and toxic, hazardous, or carcinogenic materials; and (c) production of currency, coins, or security documents; (4) large-scale mechanized mining of gems; and (5) lotteries.

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**Controls on liquidation of direct investment**

Yes.

All income, proceeds on disposal, liquidation, maturity of investments, along with any associated capital appreciation, must be remitted by a nonresident investor in full, through an IIA. Any deviation from the IIA mechanism requires special approval.

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**Controls on real estate transactions**

Yes.

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**Purchase abroad by residents**

Yes.

PFCA and BFCA holders may invest funds available in such accounts in real estate abroad.
Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs or PFCAs held by persons resident in Sri Lanka were suspended for three months. Effective July 02, 2020, any outward remittances through PFCAs/BFCAs held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

**Purchase locally by nonresidents**

Yes.

Purchases for residential purposes are allowed only if such funds are routed through an IIA subject to the land laws of the country.

**Sale locally by nonresidents**

Yes.

Sale proceeds received through sale of real estate acquired through inward remittances must be credited to an IIA of the owner or the heir of the owner (provided such funds were routed through an IIA) or to an account maintained outside Sri Lanka by the owner or the heir of the owner.

**Controls on personal capital transactions**

Yes.

**Loans**

Yes.

- **By residents to nonresidents**
  
  Yes.

  Sri Lankan citizens studying abroad may borrow from banks, financial institutions, universities, or education institutions in foreign countries to meet their tuition and living expenses and repay such loans by remitting funds from Sri Lanka through an AD. ADs may also make outward remittances to respective lending institutions to repay the loans by parents or guardians in Sri Lanka of such students, after verifying the bona fide of the transaction.

- **To residents from nonresidents**
  
  Yes.

  These transactions are not permitted.

**Gifts, endowments, inheritances, and legacies**

Yes.

- **By residents to nonresidents**
  
  Yes.

  These transactions require approval in terms of Section 7 of the FEA.

- **To residents from nonresidents**
  
  No.

**Settlement of debts abroad by immigrants**

Yes.

Transfers for settlement of debts abroad by immigrants are not permitted in terms of the prevailing regulations issued under FEA. Any special approval is required to be considered in terms of Section 7 of FEA.

**Transfer of assets**

Yes.

Remittances of foreign currency for life insurance premiums are not permitted.

- **Transfer abroad by emigrants**
  
  Yes.

  Emigrants, defined as Sri Lankan nationals who have been residents of Sri Lanka and have obtained PR or citizenship in another country, including dual citizens, are eligible for the migration allowance which includes proceeds realized from the sale of movable and immovable property, tangible and intangible assets owned by the emigrant, and gifts received from parents and spouses. Assets may include the value of precious stones, precious metals, personal jewelry, and other assets held in Sri Lanka including estates inherited as beneficiaries. The migration allowance is subject to the following limits: (1) an initial migration allowance of US$200,000 an individual aged 18 years and above; (2) an annual migration allowance of US$30,000 where first such annual allowance is transferable after lapse of 12 months from the full utilization of the initial allowance of US$200,000; and (3) an annual allowance of US$30,000 in respect of foreign nationals as proceeds from sale of inherited property and assets in Sri Lanka. The migration allowance must be remitted out through a CTRA opened with an AD. It may be transferred from CTRA to applicant’s PFCA and/or IIA in Sri Lanka or transferred to an account of the
emigrant maintained outside Sri Lanka.

Effective April 02, 2020, the repatriation of funds under the migration allowance through CTRAs by the emigrants who have already claimed migration allowance under the general permission was suspended for three months.

Effective April 02, 2020, the eligible migration allowance for the emigrants who are claiming the migration allowance for the first time was limited up to a maximum of US$30,000 for the period of three months.

Effective July 02, 2020, eligible migration allowance for the emigrants who are claiming the migration allowance for the first time, up to a maximum of US$30,000 and repatriation of funds under the migration allowance by the emigrants who have already claimed migration allowance up to a maximum of US$20,000 were limited for six months.

Transfer into the country by immigrants

No.

Inward remittances are freely allowed subject to other laws of the country.

Transfer of gambling and prize earnings

No.

There are no restrictions on transfers of gambling and prize earnings subject to other laws of the country.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

Reporting requirements with respect to payments through EFTCs are in effect.

There are no maturity limits on forward foreign exchange contracts. Financial derivative products may be used for foreign exchange payments and receipts in connection with current account transactions and capital account transactions (underlying transactions) permitted under the provisions of the FEA, after satisfying with the bona fide of such underlying transactions.

Borrowing abroad

Yes.

LCBs, LSBs, LFCs, and SLCs may borrow under the general permission granted by the FEA subject to the approval of the relevant regulatory authorities.

Maintenance of accounts abroad

No.

ADs may open and maintain nostro accounts with a bank incorporated outside Sri Lanka or branches of such bank established outside Sri Lanka, to facilitate efficient settlement of foreign exchange transactions in other countries by such ADs.

Lending to nonresidents (financial or commercial credits)

Yes.

Offshore bank branches may lend in foreign currency to nonresidents and resident companies approved by the Board of Investment of Sri Lanka.

ADs may grant loans and advances denominated in foreign currency or in Sri Lanka rupees to Sri Lankans employed abroad for any purpose in Sri Lanka against repayment in foreign currency through inward remittances or balances in the PFCA of the borrower.

ADs may extend rupee credit facilities to nonresident-controlled companies incorporated in Sri Lanka.

ADs may grant loans in Sri Lanka rupees or in foreign currency to Sri Lankans who have obtained PR visa in another country and dual citizens (irrespective of the residential status) for the purpose of acquisition, construction, development, or renovation of a residential property in Sri Lanka. Any person who has not been in Sri Lanka for a period of 183 days or more in aggregate during the preceding 12 months is considered a nonresident for the purposes of the FEA (Order issued under Section 31 of the FEA, Gazette Notification No. 2045/56 of November 17, 2017).

Lending locally in foreign exchange

Yes.

LCBs may grant foreign currency loans from their DBUs to BFCA holders for any purpose in Sri Lanka. Borrowers may service such
loans from foreign exchange earnings. Development banks may also extend foreign currency loans to exporters based on their foreign credit lines.

ADs may grant loans in foreign currency to Sri Lankans who have obtained PR visa in another country and dual citizens for the purpose of acquisition, construction, development, or renovation of a residential property in Sri Lanka.

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<tbody>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
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<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
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<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
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<tr>
<td>Interest rate controls</td>
<td>No.</td>
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<tr>
<td>Credit controls</td>
<td>No.</td>
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<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
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<td>Credit controls</td>
<td>No.</td>
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<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
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</tbody>
</table>

Residents may acquire and hold shares of overseas companies, subject to the following limits: (1) listed companies—up to US$2 million a calendar year; and (2) unlisted companies—up to US$500,000 a calendar year. The funds must be channeled through an OIA opened and maintained by an eligible resident investor with a LCB.

Banks incorporated/registered as Public Limited Companies (PLCs) are subject to the limit applicable to listed companies. Government Banks (Bank of Ceylon & Peoples’ Bank) are not subject to limits. Effective March 19, 2020, the CBSL requested banks to suspend, for the three months, the purchase of Sri Lanka Sovereign Bonds.

Effective June 19, 2020, CBSL with a view to easing the pressure on the exchange rate and the stress on financial markets because of impact of COVID-19 outbreak, required LCBs and NSB to suspend the purchase of Sri Lanka ISBs for a period of three months unless such purchase of ISBs is funded by using new foreign currency inflows to the banks.

Effective April 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka (including resident banks) under general permission were suspended for three months, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or (b) investments to be made to fulfill the regulatory requirement in that country.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.
Effective July 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka (including resident banks) under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:

(a) Investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) Additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) An additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) The remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on a case-by-case basis.

<table>
<thead>
<tr>
<th>In banks by nonresidents</th>
<th>No.</th>
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There is no limit on foreign ownership of domestically incorporated banks. However, individual shareholder limits are applicable for all shareholders irrespective of residential status.

<table>
<thead>
<tr>
<th>Open foreign exchange position limits</th>
<th>Yes.</th>
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</table>

Licensed Banks (LBs) must report their daily foreign exchange position to the CBSL. The maximum positive and negative daily foreign exchange position of LBs is determined by the CBSL. These limits are reviewed and revised time to time by the CBSL.

Effective October 20, 2020, the existing aggregate net open position (NOP) limits of LBs in relation to the daily working balances in foreign exchange are in cumulative, as follows: a positive limit of US$246 million and a negative limit of US$315 million subject to a minimum of US$5 million for an individual LB.

<table>
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<tr>
<th>On resident assets and liabilities</th>
<th>Yes.</th>
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Effective October 20, 2020, the existing aggregate NOP limits of LBs in relation to the daily working balances in foreign exchange are in cumulative, as follows: a positive limit of US$246 million and a negative limit of US$315 million subject to a minimum of US$5 million for an individual LB.

There are no sublimits imposed on resident assets and liabilities. However, it is covered under the overall NOP limits mentioned above.

<table>
<thead>
<tr>
<th>On nonresident assets and liabilities</th>
<th>Yes.</th>
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LBs must report their daily foreign exchange position to the CBSL. The maximum positive and negative daily foreign exchange position of LBs is determined by the CBSL. These limits are reviewed and revised time to time by the CBSL.

Effective October 20, 2020, the existing aggregate NOP limits of LBs in relation to the daily working balances in foreign exchange are in cumulative, as follows: a positive limit of US$246 million and a negative limit of US$315 million subject to a minimum of US$5 million for an individual LB.

There are no sublimits imposed on nonresident assets and liabilities. However, it is covered under the overall NOP limits mentioned above.

<table>
<thead>
<tr>
<th>Provisions specific to institutional</th>
<th>Yes.</th>
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The Insurance Board may grant permission to keep the assets of an insurer, whether forming part of its technical reserves or long-term insurance fund, outside Sri Lanka, up to 20% of the total value of the assets of the insurer. Investments (1) in commodities, futures, and options; (2) in real estate; (3) for the purpose of gaining management control of a company; (4) in unlisted securities; and (5) in any asset that involves the assumption of unlimited liability are subject to specific written approval of the Insurance Board and approval of the CBSL in terms of the provisions of FEA.

Effective April 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka (including insurance companies) under general permission were suspended for three months, except for the following:
(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) investments to be made to fulfill the regulatory requirement in that country.
Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Effective July 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka (including insurance companies) under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:
(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.
Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Effective April 02, 2020, outward remittances (other than for those on current transactions) through BFCAs held by persons resident in Sri Lanka (including insurance companies) were suspended for three months.

Effective July 02, 2020, any outward remittances through BFCAs held by persons resident in Sri Lanka (including insurance companies) other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.
The value of the assets permitted to be invested outside Sri Lanka may not exceed 20% of the total value of assets of the insurer at any given time. Investments (1) in commodities, futures, and options; (2) in real estate; (3) for the purpose of gaining management control of a company; (4) in unlisted securities; and (5) in any asset that involves the assumption of unlimited liability are subject to the specific written approval of the Insurance Board and approval of the CBSL in terms of the provisions of FEA.

Effective April 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka (including insurance companies) under general permission were suspended for three months, except for the following:
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There are no minimum limits on investments portfolio held locally by insurance companies in terms of FEA regulations; however, it is a subject to any other laws in the country, if applicable.

Pension funds are not permitted to invest abroad.
Limits (max.) on securities issued by nonresidents

Yes.

Pension funds are not permitted to invest abroad.

Limits (min.) on investment portfolio held locally

Yes.

Pension funds are not permitted to invest abroad.

Currency-matching regulations on assets/liabilities composition

n.a.

Investment firms and collective investment funds

Yes.

Companies registered under Companies Act No. 7 of 2007, partnerships registered in Sri Lanka, and individuals may invest in shares of companies incorporated abroad, units, debt securities, and sovereign bonds issued by foreign governments and governmental organizations. Limits are as follows: (1) listed companies—up to US$2 million a calendar year; (2) unlisted companies—up to US$500,000 a calendar year; (3) partnerships—up to US$300,000 for lifetime.

Effective April 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka (including investment firms and collective investment funds) under general permission were suspended for three months, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) investments to be made to fulfill the regulatory requirement in that country.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Effective July 02, 2020, payments through OIAs for the purpose of making investments in overseas by persons resident in Sri Lanka (including investment firms and collective investment funds) under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Limits (max.) on investment portfolio held abroad

Yes.

Companies registered under Companies Act No. 7 of 2007, partnerships registered in Sri Lanka, and individuals may invest in shares of companies incorporated abroad, units, debt securities, and sovereign bonds issued by foreign governments and governmental organizations. Limits are as follows: (1) listed companies—up to US$2 million a calendar year; (2) unlisted companies—up to US$500,000 a calendar year; (3) partnerships—up to US$300,000 for lifetime.

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Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.
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(b) investments to be made to fulfill the regulatory requirement in that country.
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(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.
Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

Changes during 2019 and 2020

**Exchange Measures**

Exchange restrictions introduced in 2018 were removed by April 2019 (see IMF Country Report No.19/135).

**Exchange Arrangement**

The de facto exchange rate arrangement was reclassified to stabilized from other managed.
The de facto exchange rate arrangement was reclassified to other managed from crawl-like.

Central Bank of Sri Lanka interventions in the spot market are also included in the calculation of the volume-weighted average interbank rate.

**Arrangements for Payments and Receipts**

Foreign currency notes may be issued up to US$5,000 (previously US
Resident Accounts

Holders of Personal Foreign Currency Accounts and Business Foreign Currency Accounts are allowed to withdraw in foreign currency notes up to US$5,000 (previously US$10,000) or equivalent for travel purpose.

Outward remittances (other than for those on current transactions) through Personal Foreign Currency Accounts and Business Foreign Currency Accounts held by persons resident in Sri Lanka were suspended for three months.

Payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for three months, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) investments to be made to fulfill the regulatory requirement in that country.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

The Government of Sri Lanka in consultation with the Monetary Board of the Central Bank of Sri Lanka has introduced a Special Deposit Account (SDA) with a view to seek assistance for the national effort to overcome the effects of COVID-19 outbreak in the country. Any Sri Lankan individual resident in or outside Sri Lanka including Dual Citizens, Citizens of other States with Sri Lankan origin, and any person resident outside Sri Lanka including funds, corporate bodies, associations incorporated/registered outside Sri Lanka and other well-wishers are eligible to open SDAs with the following special features:

Minimum tenure: Six months.
Type of deposit: Fixed deposits only.
Interest payable: 1 percentage point and 2 percentage points per annum for SDAs with a tenure of 6 months and 12 months, respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank.

Repatriation of Funds: Freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.

Source of Funds: (1) inward remittances through banking system during the six-month period from April 08, 2020; (2) fund transfers from Inward Investments Accounts or accounts in the Offshore Banking Unit of the account holder during the subject period.

Currency type: in foreign currency or Sri Lanka rupees.

Regulations were issued informing the further measures taken to encourage opening of Special Deposit Account (SDAs) as stated below.

(1) Expansion of the sources of funding SDAs:

(a) Any person who has arrived in Sri Lanka from overseas on or after January 01, 2020, can open SDAs with any AD on or before October 07, 2020, out of foreign exchange legitimately acquired and brought into Sri Lanka by such person subject to:

(i) a declaration made to the Sri Lanka Customs at the port of arrival

03/19/2020
$10,000) for travel purposes.
where the amount of such foreign exchange exceeds US$15,000 or an equivalent amount in any designated foreign currencies.

(ii) a declaration to the relevant AD where the amount of such foreign exchange is equal or less than US$15,000 or an equivalent amount in any designated foreign currencies.

(b) Any person in, or resident in, Sri Lanka can open SDAs with any AD on or before October 07, 2020, out of foreign currency notes in his possession up to the limit of US$15,000 and subject to such terms and conditions of the prevailing Regulations and Orders, subject to a declaration on the source of funds to the AD.

(2) SDA holders are permitted to obtain loans from ADs against SDAs (keeping as collateral) as follows:

(a) Residents in Sri Lanka rupees,
(b) Nonresident SDA holders who are eligible to obtain loans as per the prevailing regulations.

Any outward remittances through Personal Foreign Currency Accounts and Business Foreign Currency Accounts held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

Permitted outward remittances on capital transactions up to a maximum of US$20,000 through Personal Foreign Currency Accounts and Business Foreign Currency Accounts held by persons resident in Sri Lanka were allowed. (Previously, such remittances were not allowed regardless of the amount.)

The list of payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission that are excluded from the suspension is expanded. Thus, the following is included in such list of exemptions:
- an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
- the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.

Payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:
(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.
Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.
### Accounts in domestic currency convertible into foreign currency

**04/08/2020**

There were introduced Special Deposit Accounts in Sri Lanka rupees that can be freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.

### Nonresident Accounts

**Foreign exchange accounts permitted**

**03/19/2020**

Holders of Personal Foreign Currency Accounts are allowed to withdraw in foreign currency notes up to US$5,000 (previously US$10,000) or equivalent for travel purpose.

**04/08/2020**

The Government of Sri Lanka in consultation with the Monetary Board of the Central Bank of Sri Lanka has introduced a Special Deposit Account (SDA) with a view to seek assistance for the national effort to overcome the effects of COVID-19 outbreak in the country. Any Sri Lankan individual resident in or outside Sri Lanka including Dual Citizens, Citizens of other States with Sri Lankan origin, and any person resident outside Sri Lanka including funds, corporate bodies, associations incorporated/registered outside Sri Lanka and other well-wishers are eligible to open SDAs with the following special features:

- **Minimum tenure**: Six months.
- **Type of deposit**: Fixed deposits only.
- **Interest payable**: 1 percentage point and 2 percentage points per annum for SDAs with a tenure of 6 months and 12 months, respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank.
- **Repatriation of Funds**: Freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.
- **Source of Funds**: (1) inward remittances through banking system during the six-month period from April 08, 2020; (2) fund transfers from IIAs or accounts in the OBU of the account holder during the subject period.
- **Currency type**: in foreign currency or Sri Lanka rupees.

**07/01/2020**

Regulations were issued informing the further measures taken to encourage opening of Special Deposit Accounts (SDAs) as stated below.

1. **Expansion of the sources of funding SDAs**:

   (a) Any person who has arrived in Sri Lanka from overseas on or after January 01, 2020, can open SDAs with any AD on or before October 07, 2020, out of foreign exchange legitimately acquired and brought into Sri Lanka by such person subject to:
      - (i) a declaration made to the Sri Lanka Customs at the port of arrival where the amount of such foreign exchange exceeds US$15,000 or an equivalent amount in any designated foreign currencies.
      - (ii) a declaration to the relevant AD where the amount of such foreign exchange is equal or less than US$15,000 or an equivalent amount in any designated foreign currencies.

   (b) Any person in, or resident in, Sri Lanka can open SDAs with any AD on or before October 07, 2020, out of foreign currency notes in his possession up to the limit of US$15,000 and subject to such terms and conditions of the prevailing Regulations and Orders, subject to a declaration on the source of funds to the AD.

2. **SDA holders are permitted to obtain loans from ADs against SDAs (keeping as collateral) as follows**:

   (a) Residents in Sri Lanka rupees,

   (b) Nonresident SDA holders who are eligible to obtain loans as per...
Domestic currency accounts

04/02/2020

The prevailing regulations.
The repatriation of funds under the migration allowance through Capital Transactions Rupee Accounts by the emigrants who have already claimed migration allowance under the general permission was suspended for three months.

04/02/2020

The eligible migration allowance for the emigrants who are claiming the migration allowance for the first time was limited up to a maximum of US$30,000 for the period of three months.

04/08/2020

The Government of Sri Lanka in consultation with the Monetary Board of the Central Bank of Sri Lanka has introduced a Special Deposit Account (SDA) with a view to seek assistance for the national effort to overcome the effects of COVID-19 outbreak in the country. Any Sri Lankan individual resident in or outside Sri Lanka including Dual Citizens, Citizens of other States with Sri Lankan origin, and any person resident outside Sri Lanka including funds, corporate bodies, associations incorporated/registered outside Sri Lanka and other well-wishers are eligible to open SDAs with the following special features:

Minimum tenure: Six months.
Type of deposit: Fixed deposits only.
Interest payable: 1 percentage point and 2 percentage points per annum for SDAs with a tenure of 6 months and 12 months, respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank.

Repatriation of Funds: Freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits.

Source of Funds: (1) inward remittances through banking system during the six-month period from April 08, 2020; (2) fund transfers from Inward Investments Accounts or accounts in the Offshore Banking Unit of the account holder during the subject period.

Currency type: in foreign currency or Sri Lanka rupees.

07/01/2020

Regulations were issued informing the further measures taken to encourage opening of Special Deposit Accounts (SDAs) as stated below.

(1). Expansion of the sources of funding SDAs:

(a) Any person who has arrived in Sri Lanka from overseas on or after January 01, 2020, can open SDAs with any AD on or before October 07, 2020, out of foreign exchange legitimately acquired and brought into Sri Lanka by such person subject to:
(i) a declaration made to the Sri Lanka Customs at the port of arrival where the amount of such foreign exchange exceeds US$15,000 or an equivalent amount in any designated foreign currencies.
(ii) a declaration to the relevant AD where the amount of such foreign exchange is equal or less than US$15,000 or an equivalent amount in any designated foreign currencies.

(b) Any person in, or resident in, Sri Lanka can open SDAs with any AD on or before October 07, 2020, out of foreign currency notes in his possession up to the limit of US$15,000 and subject to such terms and conditions of the prevailing Regulations and Orders, subject to a declaration on the source of funds to the AD.

(2) SDA holders are permitted to obtain loans from ADs against SDAs (keeping as collateral) as follows:
(a) Residents in Sri Lanka rupees,
(b) Nonresident SDA holders who are eligible to obtain loans as per the prevailing regulations.
07/02/2020 Repatriation of funds under the migration allowance by the emigrants who have already claimed migration allowance up to a maximum of US$20,000 was allowed. (Previously, no amount was permitted.)
07/02/2020 Eligible migration allowance for the emigrants who are claiming the migration allowance for the first time, up to a maximum of US$30,000 and repatriation of funds under the migration allowance by the emigrants who have already claimed migration allowance up to a maximum of US$20,000 were limited for six months.

**Imports and Import Payments**

**Financing requirements for imports**

**Advance payment requirements**

03/26/2019 The restriction (introduced October 2018) to release foreign exchange for making payments for imports of non-essential consumer goods under advance payment (Cash-in-Advance) terms was eliminated.
03/19/2020 The Central Bank of Sri Lanka requested banks to suspend, for a period of three month, facilitating importation of some motor vehicles under the LCs, as well as some non-essential goods under LCs, Documents Against Acceptance and Advance Payment (This Direction lapsed effective June 19, 2020). Accordingly, the banks are not allowed to involve in intermediary services (such as opening LCs, making payments, endorsing or releasing documents, etc.) related to the import process of the restricted items unless with a special approval from the direction issuing authority.
03/24/2020 The Import and Export Control Department requested Sri Lanka Customs and commercial banks to suspend facilitating importation of some non-essential goods under LCs, Documents Against Acceptance, Documents against Payment, Open Account, and Advanced Payment or a combination of these, until June 23, 2020. (These regulations were incorporated by the regulations issued on April 16, 2020.)
04/16/2020 The Import and Export Control Department requested Sri Lanka Customs and commercial banks to suspend facilitating importation of items in Schedule I under LCs, Documents Against Acceptance, Documents against Payment, and Advanced Payment or a combination of these, until June 23, 2020. Items in Schedule II shall be only facilitated with three-month credit facility. (These regulations were updated by the regulations issued on May 22, 2020.)
05/22/2020 The Import and Export Control Department confirmed a temporary suspension from April 16, 2020, of importing items in Schedule I under LCs, Documents Against Acceptance, Documents against Payment, and Advanced Payment or a combination of these for a period of three months. It also indicated that items in Schedule II shall be only imported with three- or six-month credit facilities provided by the supplier from the date of loading. However, exceptions are allowed for items appearing in Schedules I and II depending on the conditions specified in the gazette. (These regulations were updated by the regulations issued on June 30, 2020.)
06/30/2020 The Import and Export Control Department further updated the items under temporary suspension and items that require credit arrangements to import until further notice. However, exceptions are allowed for these items depending on the conditions specified in the gazette. The update resulted in reducing the number of items under suspension. The update resulted in increasing the number of items under credit requirement. However, such items were previously in the temporary suspension list. Accordingly, overall impact of these updates was broadly toward relaxing the import restrictions.
07/16/2020 The suspension period for facilitating of importation of items under
<table>
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<tr>
<th>Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>03/07/2019</td>
<td>The 100% cash margin required to open LCs for imports of some vehicles and certain non-essential consumer goods was eliminated.</td>
</tr>
<tr>
<td>03/13/2019</td>
<td>The 100% cash margin required for imports on Documents against Acceptance terms of some non-essential consumer goods was eliminated.</td>
</tr>
<tr>
<td>03/19/2020</td>
<td>The Central Bank of Sri Lanka requested banks to suspend, for a period of three month, facilitating importation of some motor vehicles under the LCs, as well as some non-essential goods under LCs, Documents Against Acceptance, and Advance Payment. (This Direction lapsed effective June 19, 2020.) Accordingly, the banks are not allowed to involve in intermediary services (such as opening LCs, making payments, endorsing or releasing documents, etc.) related to the import process of the restricted items unless with a special approval from the direction issuing authority.</td>
</tr>
<tr>
<td>03/20/2020</td>
<td>The release of foreign exchange for the importation of non-essential consumer goods as per the Banking Act Direction No. 01 of March 19, 2020, under Documents Against Payments and Open Account Payment terms was suspended until June 20, 2020.</td>
</tr>
<tr>
<td>03/24/2020</td>
<td>The Import and Export Control Department requested Sri Lanka Customs and commercial banks to suspend facilitating importation of some non-essential goods under LCs, Documents Against Acceptance, Documents against Payment, Open Account, and Advanced Payment or a combination of these, until June 23, 2020. (These regulations were incorporated by the regulations issued on April 16, 2020.)</td>
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<tr>
<td>07/16/2020</td>
<td>The suspension period for facilitating of importation of items under temporary suspension was further extended until further notice.</td>
</tr>
<tr>
<td>01/28/2019</td>
<td>Vehicle emission standards and safety measures regulations were amended. Accordingly, electric vehicles removed from the</td>
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</tbody>
</table>
requirement of vehicular exhaust emission limits and tightened safety requirements.

10/03/2019 Selected food items such as seafood, nuts, tamarind, pepper, cinnamon, nutmeg, and mace were subjected to import licenses.

12/06/2019 Food items such as gram, cloves, ginger, and other consumables such as incense sticks, kites, and lanterns were subjected to import licenses.

05/22/2020 Items such as textile articles, beverages, building material, vehicle parts, computer monitors, televisions, selected motor vehicles, and furniture items were subjected to import licenses.

05/22/2020 Retreated tires were removed from license requirement and inserted in to the negative list.

06/30/2020 Items such as air conditioners, refrigerators, and washing machines and chemical product were subjected to import licenses.

06/30/2020 Selected items such as sorghum, facemasks, saws, and asbestos were removed from license requirement. However, some of these removed items were inserted in to the negative list.

Negative list

10/03/2019 Clinical waste, saws, and chain saws may not be imported under Import and Export Control Act No. 1 of 1969.

05/22/2020 Used and retreated tires may not be imported, under Import and Export Control Act No. 1 of 1969. Importation of salt was banned.

06/30/2020 Asbestos may not be imported, under Import and Export Control Act No. 1 of 1969.

06/30/2020 Ban on saws and salt imports was removed and inserted into the licensed list.

Import taxes and/or tariffs

03/06/2019 In line with the government policy on trade liberalization, cess on 25 was removed as announced in the Budget 2019.

05/07/2019 Under the economic relief package granted to the tourism industry affected by the Easter Sunday attacks, the importation of handheld metal detectors, walk-through metal detectors, baggage x-ray inspection equipment, and vehicle scanners was exempted from the Ports and Airports Development Levy of 7.5%.

12/01/2019 VAT rate was reduced to 8% from 15% on import and/or supply of goods or services except financial services, while National Building Tax was removed.

12/06/2019 Ports and Airports Development Levy (PAL) rate was increased to 10% from 7.5%.

12/06/2019 Concessionary rates and exemptions were granted on the importation of selected items.

Exports and Export Proceeds

Repatriation requirements

10/17/2019 Every exporter of goods must repatriate to Sri Lanka payments received for the exportation of goods within 180 days from the date of exportation. (Previously, repatriation deadline was 120 days from the date of exportation. A grace period of 30 days could be granted by the Central Bank of Sri Lanka after the completion of 120 days prior to instituting any action against non-compliance.)

Export taxes

Other export taxes

06/18/2020 Cess for tea has been temporary removed for a period of six months.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Payments for travel

Indicative limits/bona fide test

03/19/2020 Sri Lankans traveling abroad may purchase foreign currency notes as part of the travel allowance up to US$5,000 (previously US$10,000) or its equivalent in any other foreign currency.
Credit card use abroad

Quantitative limits

04/02/2020 Outward remittances (other than for those on current transactions) through Business Foreign Currency Accounts or Personal Foreign Currency Accounts held by persons resident in Sri Lanka were suspended for three months.

07/02/2020 Any outward remittances through Personal Foreign Currency Accounts/Business Foreign Currency Accounts held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

07/02/2020 Permitted outward remittances on capital transactions up to a maximum of US$20,000 through Personal Foreign Currency Accounts and Business Foreign Currency Accounts held by persons resident in Sri Lanka were allowed. (Previously, such remittances were not allowed regardless of the amount.)

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase abroad by residents

04/02/2020 Outward remittances (other than for those on current transactions) through Business Foreign Currency Accounts or Personal Foreign Currency Accounts held by persons resident in Sri Lanka were suspended for three months.

04/02/2020 Payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for three months, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka, or
(b) investments to be made to fulfill the regulatory requirement in that country.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

07/02/2020 Payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:

(a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka,
(b) additional investments to be made to fulfill regulatory requirement in the investee’s country,
(c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US$20,000, for the purpose of working capital requirements of the investee,
(d) the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.

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07/02/2020 The list of payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission that are excluded from the suspension is expanded. Thus, the following is included in such list of exemptions:

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Bonds or other debt securities

Purchase locally by nonresidents 01/27/2019 Foreign investors in rupee-denominated government treasury bills and bonds may hold 5% (previously 10%) of the total value of treasury bills and bonds outstanding at any given time.

Purchase abroad by residents 03/19/2020 The Central Bank of Sri Lanka requested banks to suspend, for three months, the purchase of Sri Lanka International Sovereign Bonds.

04/02/2020 Payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for three months, except for the following:

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(b) investments to be made to fulfill the regulatory requirement in that country.

Investments under (a) and (b) which exceed the limits under the general permission are subject to the Monetary Board approval on case-by-case basis.

04/02/2020 Outward remittances (other than for those on current transactions) through Business Foreign Currency Accounts or Personal Foreign Currency Accounts held by persons resident in Sri Lanka were suspended for three months.

06/19/2020 Purchase by Licensed Commercial Banks and National Savings Bank of International Sovereign Bonds that is funded by using new foreign currency inflows to the banks is exempted from suspension.

06/19/2020 The Central Bank of Sri Lanka with a view to easing the pressure on the exchange rate and the stress on financial markets because of impact of COVID-19 outbreak, required Licensed Commercial Banks and National Savings Bank to suspend the purchase of Sri Lanka International Sovereign Bonds (ISBs) for a period of three months unless such purchase of ISBs is funded by using new foreign currency inflows to the banks.

07/02/2020 The list of payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission that are excluded from the suspension is expanded. Thus, the following is included in such list of exemptions:
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- the remittances up to a maximum of US$20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative, or any other similar offices already established in overseas.

Payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:
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On money market instruments
Purchase locally by nonresidents

Foreign country funds, regional funds, mutual funds, entities incorporated outside Sri Lanka, and citizens of foreign countries may hold 5% (previously 10%) of the total value of treasury bills outstanding at any given time.

On collective investment securities
Purchase abroad by residents

Outward remittances (other than for those on current transactions) through Business Foreign Currency Accounts or Personal Foreign Currency Accounts held by persons resident in Sri Lanka were suspended for three months.

Any outward remittances through Personal Foreign Currency Accounts/Business Foreign Currency Accounts held by persons resident in Sri Lanka other than outward remittances on permitted current transactions up to any amount or outward remittances on capital transactions up to a maximum of US$20,000 were suspended for six months.

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Controls on credit operations

Borrowers are required to settle export credit facilities out of export proceeds within a period of 180 days from the date of shipment. Previously, the mentioned period was 120 days and the decision to extend the limit was left to ADs who were lenders.

Commercial credits

By residents to nonresidents

Export credits are permitted, provided they are effected through an AD and settled within the 180 days (previously 120 days).

Controls on direct investment

Outward direct investment

04/02/2020

Outward remittances (other than for those on current transactions) through Business Foreign Currency Accounts or Personal Foreign Currency Accounts held by persons resident in Sri Lanka were suspended for three months.

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Payments through Outward Investment Accounts for the purpose of making investments in overseas by persons resident in Sri Lanka under general permission were suspended for six months with a view to further preserve the foreign currency reserve position of the country, except for the following:

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Controls on real estate transactions

Purchase abroad by residents

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Controls on personal capital transactions

Transfer of assets

Transfer abroad by emigrants

04/02/2020 The repatriation of funds under the migration allowance through Capital Transactions Rupee Accounts by the emigrants who have already claimed migration allowance under the general permission was suspended for three months.

04/02/2020 The eligible migration allowance for the emigrants who are claiming the migration allowance for the first time was limited up to a maximum of US$30,000 for the period of three months.

07/02/2020 Eligible migration allowance for the emigrants who are claiming the migration allowance for the first time, up to a maximum of US $30,000 and repatriation of funds under the migration allowance by the emigrants who have already claimed migration allowance up to a maximum of US$20,000 were limited for six months.

07/02/2020 Repatriation of funds under the migration allowance by the emigrants who have already claimed migration allowance up to a maximum of US$20,000 was allowed. (Previously, no amount was permitted.)

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

03/01/2019 The statutory reserve requirement ratio on rupee deposits was reduced to 5% from 6%.

Investment regulations

Abroad by banks

03/19/2020 The Central Bank of Sri Lanka requested banks to suspend, for the three months, the purchase of Sri Lanka Sovereign Bonds.

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06/19/2020
The Central Bank of Sri Lanka with a view to easing the pressure on
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Open foreign exchange position
limits

10/20/2020
The existing aggregate net open position limits of LBs in relation to
the daily working balances in foreign exchange are in cumulative, as
follows: a positive limit of US$246 million and a negative limit of
US$315 million subject to a minimum of US$5 million for an
individual LB.

On resident assets and liabilities

10/20/2020
The existing aggregate net open position limits of licensed banks in
relation to the daily working balances in foreign exchange are in
cumulative, as follows: a positive limit of US$246 million and a
negative limit of US$315 million subject to a minimum of US$5
million for an individual licensed bank.

On nonresident assets and
liabilities

10/20/2020
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relation to the daily working balances in foreign exchange are in
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negative limit of US$315 million subject to a minimum of US$5
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### Provisions specific to institutional investors

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<thead>
<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
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ST. KITTS AND NEVIS
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

Article VIII
Yes. Date of acceptance: December 3, 1984.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of St. Kitts and Nevis is the Eastern Caribbean dollar, issued by the ECCB.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
Yes. The exchange rate arrangement is a currency board. St. Kitts and Nevis participates in a currency union with seven other members of the ECCU and has no separate legal tender. The ECCB officially covers at least 60% of base money with its foreign reserves. The operational guideline is set at 80%, although in practice the coverage has been about 100%.

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands
Other managed arrangement

Floating

Free floating

**Official exchange rate**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at ECS2.70 per US dollar. This rate is used for accounting and valuation.

**Monetary policy framework**

Exchange rate anchor

| Yes. |

U.S. dollar

The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

Sterling

Composite

Other

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

| Government |

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

**Inflation target**

| Target number |

Point target

Target with tolerance band

| Band/Range |

Target measure

CPI

Core inflation

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band
Other Accountability

Open letter

Parliamentary hearings

Other Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. The ECCB sets an indicative rate for commercial banks. This rate has been EC$2.6882–EC$2.7169 per US dollar for a long time. Commercial banks may freely set their foreign exchange commissions in transactions with their clients.

Spot exchange market Yes. As of December 31, 2019, six banks were allowed to purchase or sell foreign currency from each other as well as to and from the ECCB. Money Services Businesses are licensed in accordance with the Money Services Business Act Cap. 21.21 (“The Act”). As of December 31, 2019, nine Money Services Businesses were licensed by the Financial Services Regulatory Commission. The Act provides for Class A to Class E licenses. Three licensees hold a Class A license which permits (1) transmission of money or monetary value in any form; (2) check cashing; (3) currency exchange; and (4) issuance, sale, or redemption of money orders or traveler’s checks. Six licensees hold a Class E license which permits payday advances. The Class B license permits (1) check cashing; (2) currency exchange; and (3) issuance, sale, or redemption of money orders or traveler’s checks; the Class C license permits check cashing; and the Class D license permits currency exchange. No licenses have been issued for Classes B, C, and D.

Operated by the central bank Yes.

Foreign exchange standing facility Yes. The ECCB is committed to selling or buying US dollars at a fixed exchange rate of EC$2.7 per US dollar.

Allocation No.

Auction No.

Fixing No.

Interbank market Yes. Banks are allowed to trade with each other, but there is no formal interbank foreign exchange market. The commercial banks are not required to report to the ECCB their daily foreign exchange activity with other commercial banks.

Over the counter Yes.

Brokerage No.
Market making No.

Forward exchange market No.

**Official cover of forward operations** No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** Yes. Settlements with residents of the ECCB countries must take place in Eastern Caribbean dollars.

Controls on the use of domestic currency Yes.

*For current transactions and payments* Yes.

*For capital transactions* Yes.

Transactions in capital and money market instruments Yes.

Transactions in derivatives and other instruments Yes.

Credit operations Yes.

Use of foreign exchange among residents No.

**Payments arrangements** Yes.

Bilateral payments arrangements No.

*Operative* No.

*Inoperative* No.

Regional arrangements Yes. St. Kitts and Nevis is a member of CARICOM and the OECS.

Clearing agreements No.

Barter agreements and open accounts No.

**Administration of control** No.

**Payments arrears** No.

Official No.

Private No.

**Controls on trade in gold (coins and/or bullion)** No.

On domestic ownership and/or trade No.

On external trade No.

**Controls on exports and imports of banknotes** Yes.

On exports Yes.

*Domestic currency* Yes. The exportation of Eastern Caribbean dollar notes and coins outside the ECCB area is limited to EC$10,000, as prescribed by the ECCB.

*Foreign currency* No.
| **On imports** | No. |
| **Domestic currency** | No. |
| **Foreign currency** | No. |

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

| **Foreign exchange accounts permitted** | Yes. |
| **Held domestically** | Yes. |
| **Approval required** | Yes. |

US dollar accounts may be freely maintained. Minimum account balances range from 0 to US$1,000. A minimum balance of US $1,000 is required at all times to maintain a US dollar account.

These accounts may be credited only with foreign currency earned or received from abroad but may be debited freely. Permission is usually granted for business and personal accounts.

| **Held abroad** | No. |
| **Approval required** | No. |

**Accounts in domestic currency held abroad**
No.

**Accounts in domestic currency convertible into foreign currency**
No.

**Nonresident Accounts**

| **Foreign exchange accounts permitted** | Yes. |
| **Approval required** | Yes. |

The regulations governing resident accounts apply.

Permission to maintain foreign exchange accounts is usually granted only to foreign nationals whose primary residence is not in St. Kitts and Nevis.

| **Domestic currency accounts** | No. |
| **Convertible into foreign currency** | No. |
| **Approval required** | No. |

**Blocked accounts**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

| **Foreign exchange budget** | No. |
| **Financing requirements for imports** | No. |
| **Minimum financing requirements** | No. |
| **Advance payment requirements** | No. |
| **Advance import deposits** | No. |

**Documentation requirements for release of foreign exchange for imports**
Yes.
| **Domiciliation requirements**          | No. | Foreign currency payments for authorized imports are permitted on presentation of an invoice to a bank. |
| **Preshipment inspection**             | No. | Individual licenses are required for imports that compete with local products, unless the imports come from the CARICOM member countries. Licenses are required for certain agriculture, fisheries, and restricted items. |
| **Letters of credit**                  | No. | Most goods are imported under OGLs. |
| **Import licenses used as exchange licenses** | No. | St. Kitts and Nevis applies the third phase of the CARICOM CET. A customs surcharge of 6% is levied on imports, except for some importers benefiting from tax concessions, for which the surcharge is 12%. The maximum external tariff is contingent on the type of good. Ranges include 25% for consumer goods, 45% for cars, and 70% for weapons. |
| **Other**                              | Yes. | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |
| **Export licenses**                    | Yes. | Specific licenses are required for the exportation of certain goods to |

**Exports and Export Proceeds**

| **Repatriation requirements**           | Yes. |  |
| **Surrender requirements**              | No. |  |
| **Surrender to the central bank**       | No. |  |
| **Surrender to authorized dealers**     | No. |  |
| **Financing requirements**              | No. |  |
| **Documentation requirements**          | Yes. |  |
| **Letters of credit**                   | No. |  |
| **Guarantees**                         | No. |  |
| **Domiciliation**                      | No. |  |
| **Preshipment inspection**             | Yes. | The Customs Department carries out preshipment inspections. |
| **Other**                              | No. |  |
| **Export licenses**                    | Yes. |  |
all destinations. However, the regulations governing export licenses are not formally enforced. Export licenses are required for exports of certain goods, and this is enforced.

Without quotas: Yes.
With quotas: Yes.

Export taxes

Without quotas: No. There are no export duties. The export tax was repealed in 2010 with the introduction of the VAT.
With quotas: No.

Collected through the exchange system: No.
Other export taxes: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: Yes.
Trade-related payments: No.

Prior approval
Quantitative limits
Indicative limits/bona fide test

Investment-related payments: Yes. Profits and dividends may be remitted in full, subject to confirmation of registration by the comptroller of inland revenue for income tax and withholding tax purposes. Payment of amortization of loans or depreciation of direct investments is made through the ECCB, based on information obtained from the Treasury.

Prior approval: Yes. Prior approval is required from the MOF.
Quantitative limits: Yes.
Indicative limits/bona fide test: No.

Prior approval
Quantitative limits
Indicative limits/bona fide test

Payments for travel: No.
Personal payments: No.
Foreign workers' wages: No.

Prior approval
Quantitative limits
Indicative limits/bona fide test

<table>
<thead>
<tr>
<th><strong>Indicative limits/bona fide test</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Proceeds from Invisible Transactions and Current Transfers**

| **Repatriation requirements** | Yes. |
| **Surrender requirements**    | Yes. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | Yes. |
| **Restrictions on use of funds** | No. |

Proceeds must be sold to a bank or deposited in an approved US dollar account if the proceeds are in US dollars.

| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Capital Transactions**

| **Controls on capital transactions** | Yes. |
| **Repatriation requirements**       | No. |
| **Surrender requirements**          | No. |
| **Surrender to the central bank**   | No. |
| **Surrender to authorized dealers** | No. |
| **Controls on capital and money market instruments** | Yes. |
| **On capital market securities**    | Yes. |
| Shares or other securities of a participating nature | Yes. |
| **Purchase locally by nonresidents** | Yes. |
| **Sale or issue locally by nonresidents** | Yes. |
| **Purchase abroad by residents**    | Yes. |

An alien landholding license is required for the purchase of equity shares. See Alien Landholding Regulation Act Cap 102. Issuers must be registered with the Securities Commission. The regulations governing the sale or issuance of capital market securities by nonresidents apply. Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such
investment, which a licensed financial institution may undertake in
other financial institutions (including subsidiaries), may not exceed
25% of its capital base.
As per Section 10 of the Banking Act, financial institutions can no
longer acquire or hold shares or ownership interest in a nonfinancial
firm (for example, in commercial, agricultural, or industrial company
or unincorporated entity).

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

Issuers must be registered with the Securities Commission.

Issuers must be registered with the Securities Commission.
The seller of the instruments must be licensed under the Banking
Act.
No derivatives are traded on the Eastern Caribbean Stock Exchange.

MOF approval is required as an administrative practice.
<table>
<thead>
<tr>
<th><strong>Guarantees, sureties, and financial backup facilities</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on direct investment**

**Outward direct investment**

**Inward direct investment** Yes. Investment in equity requires an alien landholding license.

**Controls on liquidation of direct investment**

**Controls on real estate transactions** Yes.

**Purchase abroad by residents**

**Purchase locally by nonresidents** Yes. Nonresidents require an alien landholding license to purchase real estate; however, some exemptions are in place to stimulate investment.

**Sale locally by nonresidents**

**Controls on personal capital transactions**

**Loans**

By residents to nonresidents

To residents from nonresidents

**Gifts, endowments, inheritances, and legacies**

By residents to nonresidents

To residents from nonresidents

**Settlement of debts abroad by immigrants**

**Transfer of assets**

Transfer abroad by emigrants

Transfer into the country by immigrants

**Transfer of gambling and prize earnings**

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

**Provisions specific to commercial banks and other credit institutions** Yes.

**Borrowing abroad** No.

**Maintenance of accounts abroad** No.

**Lending to nonresidents (financial or commercial credits)** Yes. MOF approval is required for these transactions.
<table>
<thead>
<tr>
<th>Section</th>
<th>ST. KITTS AND NEVIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>MOF approval is not required for these transactions.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>The purchase of locally issued securities denominated in foreign</td>
<td></td>
</tr>
<tr>
<td>currencies does not require MOF approval.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
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<tr>
<td>Liquid asset requirements</td>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>Under the Banking Act, investment of a licensed financial institution</td>
<td></td>
</tr>
<tr>
<td>in another (single) financial institution (including a subsidiary) may</td>
<td></td>
</tr>
<tr>
<td>not exceed 10% of the capital base. The aggregate amount of such</td>
<td></td>
</tr>
<tr>
<td>investment, which a licensed financial institution may undertake in</td>
<td></td>
</tr>
<tr>
<td>other financial institutions (including subsidiaries), may not exceed</td>
<td></td>
</tr>
<tr>
<td>25% of its capital base.</td>
<td></td>
</tr>
<tr>
<td>As per Section 10 of the new Banking Act, financial institutions can</td>
<td></td>
</tr>
<tr>
<td>no longer acquire or hold shares or ownership interest in a</td>
<td></td>
</tr>
<tr>
<td>nonfinancial firm (for example, in commercial, agricultural, or</td>
<td></td>
</tr>
<tr>
<td>industrial company or unincorporated entity).</td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>The Banking Act further specifies and strengthens the conditions</td>
<td></td>
</tr>
<tr>
<td>dealing with fit and proper tests under which the CB can grant a</td>
<td></td>
</tr>
<tr>
<td>license to nonresidents to operate in the ECCU (whether through a</td>
<td></td>
</tr>
<tr>
<td>branch, subsidiary, or newly acquired bank).</td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Social Security Board has limitations on its investments. See</td>
<td></td>
</tr>
<tr>
<td>Social Security Act 2009 Cap 22.10 (Revised).</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
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<td>No</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No</td>
</tr>
<tr>
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<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
ST. LUCIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: November 15, 1979.

Article VIII
Yes. Date of acceptance: May 30, 1980.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of St. Lucia is the Eastern Caribbean dollar, issued by the ECCB.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
Yes. The exchange rate arrangement is a currency board. St. Lucia participates in a currency union with seven other members of the ECCU and has no separate legal tender. The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at EC $2.70 per US dollar. The ECCB officially covers at least 60% of base money with its foreign reserves. The operational guideline is set at 80%, although in practice the coverage has been over 95%.

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal
bands
Other managed arrangement

Floating
Free floating

**Official exchange rate**
Yes. The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at EC$2.70 per US dollar. This rate is used for accounting and valuation.

**Monetary policy framework**

Exchange rate anchor
Yes.

*U.S. dollar*  Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

*Euro*  
*Composite*  
*Other*

Monetary aggregate target

Inflation-targeting framework

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

*Target number*

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*  
*Core inflation*  

Target horizon

*Operating target (policy rate)*

*Policy rate*  

*Target corridor band*
The ECCB sets an indicative rate for commercial banks. This rate has been EC$2.6882 – EC$2.7169 per US dollar for a long time. Commercial banks may set commissions freely in transactions with their clients (for non-US currency). Commercial banks generally purchase US currency at EC$2.6882 and sell at EC$2.7169.

Banks are allowed to purchase or sell foreign currency from each other as well as to and from the ECCB. The commercial banks are not required to report their daily foreign exchange activity to the ECCB.

Commercial banks are viewed as the exchange bureaus. There are also foreign exchange transfer institutions such as MoneyGram and Western Union. Neither foreign exchange bureaus nor foreign exchange transfer institutions are licensed by the ECCB, and they do not do business with the ECCB.

The ECCB trades US currency with Bank of America.

The ECCB is committed to buying and selling US dollars at a fixed exchange rate of EC$2.7 per US dollar. Actual rates may differ slightly so that the ECCB can cover its administrative expenses. There is no bid-ask spread.

There is no formal interbank foreign exchange market. However, banks may trade with each other.
Official cover of forward operations No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No. Settlements must be made in either Eastern Caribbean dollars or US dollars.

Controls on the use of domestic currency No.

For current transactions and payments No.

For capital transactions No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents No. There are no limits on the use of foreign currency among residents.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. St. Lucia is a member of CARICOM and the OECS.

Clearing agreements Yes.

Barter agreements and open accounts No.

Administration of control Yes. The MOF is responsible for policy decisions related to exchange control, and its banking section is responsible for administration of control. Commercial banks have been delegated the authority to approve payments and transfers exceeding the equivalent of EC $250,000; in the case of imports with proper customs documentation, banks may approve transactions for any amount.

Payments arrears No.

Official No.

Private No.

Controls on trade in gold (coins and/or bullion) No.

On domestic ownership and/or trade No.

On external trade No.

Controls on exports and imports of banknotes Yes.

On exports Yes.

Domestic currency Yes. Exports of domestic currency outside the ECCU are limited to EC $10,000, as prescribed by the ECCB.

Foreign currency No.
### Imports and Import Payments

<table>
<thead>
<tr>
<th>Requirement</th>
<th>ST. LUCIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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### Resident Accounts

<table>
<thead>
<tr>
<th>Requirement</th>
<th>ST. LUCIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Requirement</th>
<th>ST. LUCIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Requirement</th>
<th>ST. LUCIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
</tbody>
</table>
Letters of credit No.
Import licenses used as exchange licenses No.
Other Yes. Payments in foreign currency for authorized imports are permitted on application to a local bank and submission of a customs certificate of entry.

Import licenses and other nontariff measures
Positive list No.
Negative list Yes. Certain agricultural and manufactured products require individual licenses. There are three types of licenses, for (1) goods originating in CARICOM countries and the OECS, (2) goods from outside these areas, and (3) goods imported directly from non-OECS countries.
Open general licenses No.
Licenses with quotas n.a.
Other nontariff measures No.

Import taxes and/or tariffs Yes. Manufactured goods originating in CARICOM countries and the OECS are exempt from import duty. Most imported goods are subject to a VAT of 12.5% (some imported products, including food and fuel, are exempted or zero rated). All imported goods are subject to a service charge of 5%, except fertilizers, for which the rate is 0.2%. Live animals, eggs, fish, meat, milk, fertilizers, and most agricultural and manufacturing machinery are exempt from import duty. The fourth phase of the CARICOM CET applies to non-CARICOM imports, at a maximum rate of 20%.
Taxes collected through the exchange system No.

State import monopoly Yes. The importation of rice, flour, and sugar in bulk form is a state monopoly.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements No.
Surrender requirements No.
Surrender to the central bank No.
Surrender to authorized dealers No.
Financing requirements n.a.
Documentation requirements n.a.
Letters of credit n.a.
Guarantees n.a.
Domiciliation n.a.
Preshipment inspection n.a.
Other n.a.
Export licenses

No. No licensing is required for exports.

Without quotas
No.

With quotas
No.

Export taxes
Yes. A special fee of US$0.05 a barrel is applied to reexport of petroleum.

Collected through the exchange system
No.

Other export taxes
No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers
Yes.

Trade-related payments
Yes.

Prior approval
Yes.

Quantitative limits
Yes.

Indicative limits/bona fide test
Yes.

Investment-related payments
Yes.

Prior approval
Yes.

Quantitative limits
Yes. With the approval of the MOF, profits may be remitted in full, subject to confirmation by the comptroller of inland revenue and the National Insurance Scheme that liabilities have been discharged. However, if profits are deemed to be high, the MOF reserves the right to phase in remittances over a reasonable period.

Indicative limits/bona fide test
Yes.

Payments for travel
Yes.

Prior approval
Yes.

Quantitative limits
Yes.

Indicative limits/bona fide test
Yes.

Personal payments
Yes.

Prior approval
Yes.

Quantitative limits
Yes.

Indicative limits/bona fide test
Yes.

Foreign workers' wages
Yes.

Prior approval
Yes.

Quantitative limits
Yes.

Indicative limits/bona fide test
Yes.

Credit card use abroad
No.
Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

The Securities Act allows non-OECS countries to trade on the OECS exchange.

An alien landholding license is required for the purchase of equity shares.

Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), may not exceed 25% of its capital base. As per Section 10 of the Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in
Sale or issue abroad by residents | Yes.
Bonds or other debt securities | Yes.
Purchase locally by nonresidents | n.r.
Sale or issue locally by nonresidents | Yes.
Purchase abroad by residents | Yes.
Sale or issue abroad by residents | Yes.

**On money market instruments**
Purchase locally by nonresidents | n.r.
Sale or issue locally by nonresidents | n.a.
Purchase abroad by residents | Yes.
Sale or issue abroad by residents | n.a.

**On collective investment securities**
Purchase locally by nonresidents | n.a.
Sale or issue locally by nonresidents | n.a.
Purchase abroad by residents | Yes.
Sale or issue abroad by residents | n.a.

Controls on derivatives and other instruments | Yes.
Purchase locally by nonresidents | Yes.
Sale or issue locally by nonresidents | n.a.
Purchase abroad by residents | n.a.
Sale or issue abroad by residents | n.a.

Controls on credit operations | Yes. There are controls on all categories of credit operations.

**Commercial credits**
By residents to nonresidents | Yes. These credits require MOF approval. Applications for nonresident loans must be submitted by ADs (or other financial intermediaries) to the MOF on behalf of the applicant.
To residents from nonresidents | Yes.

**Financial credits**
By residents to nonresidents | Yes. MOF approval is required, except for loans to nonresident St. Lucians. Applications must be submitted by an AD on behalf of the applicant.
To residents from nonresidents | Yes.

**Guarantees, sureties, and financial backup facilities** | Yes.
<table>
<thead>
<tr>
<th>Provisions</th>
<th>Description</th>
<th>Yes/No/N.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes. Approval is not required for nonresident St. Lucians.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Description</th>
<th>Yes/No/N.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes. Lending is restricted to Eastern Caribbean dollars and US dollars.</td>
<td></td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes. Purchases are restricted to securities denominated in Eastern Caribbean dollars and US dollars.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Topic</td>
<td>ST. LUCIA</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>in foreign exchange</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>held by nonresidents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit controls</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Under the new Banking Act, investment of a licensed financial</td>
<td>institution in another (single) financial institution (including a</td>
<td></td>
</tr>
<tr>
<td>institution in another (single) financial institution (including a</td>
<td>subsidiary) may not exceed 10% of the capital base. The aggregate</td>
<td></td>
</tr>
<tr>
<td>subsidiary) may not exceed 10% of the capital base. The aggregate</td>
<td>amount of such investment, which a licensed financial institution</td>
<td></td>
</tr>
<tr>
<td>amount of such investment, which a licensed financial institution</td>
<td>may undertake in other financial institutions (including subsidiaries),</td>
<td></td>
</tr>
<tr>
<td>may undertake in other financial institutions (including subsidiaries,</td>
<td>may not exceed 25% of its capital base. As per Section 10 of the new</td>
<td></td>
</tr>
<tr>
<td>may not exceed 25% of its capital base. As per Section 10 of the new</td>
<td>Banking Act, financial institutions can no longer acquire or hold</td>
<td></td>
</tr>
<tr>
<td>Banking Act, financial institutions can no longer acquire or hold</td>
<td>shares or ownership interest in a nonfinancial firm (for example, in</td>
<td></td>
</tr>
<tr>
<td>shares or ownership interest in a nonfinancial firm (for example, in</td>
<td>commercial, agricultural, or industrial company or unincorporated</td>
<td></td>
</tr>
<tr>
<td>commercial, agricultural, or industrial company or unincorporated</td>
<td>entity).</td>
<td></td>
</tr>
<tr>
<td>entity).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>The new Banking Act further specifies and strengthens the conditions</td>
<td>dealing with fit and proper tests under which the CB can grant a license</td>
<td></td>
</tr>
<tr>
<td>dealing with fit and proper tests under which the CB can grant a</td>
<td>to nonresidents to operate in the ECCU (whether through a branch,</td>
<td></td>
</tr>
<tr>
<td>license to nonresidents to operate in the ECCU (whether through a</td>
<td>subsidiary, or newly acquired bank).</td>
<td></td>
</tr>
<tr>
<td>branch, subsidiary, or newly acquired bank).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Institutional investors may invest up to 10% of their statutory</td>
<td>deposits in CARICOM government securities.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>For every US dollar liability, there must be an equivalent US dollar</td>
<td>asset.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio</td>
<td>n.a.</td>
<td></td>
</tr>
</tbody>
</table>

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| Held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |
| Investment firms and collective investment funds | Yes. Funds raised through securities issues must be invested locally. |
| Limits (max.) on securities issued by nonresidents | n.a. |
| Limits (max.) on investment portfolio held abroad | Yes. Funds raised through securities issues must be invested locally. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
### ST. VINCENT AND THE GRENADINES

*(Position as of June 30, 2020)*

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 28, 1979.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: August 24, 1981.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

**Exchange Measures**

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Exchange Arrangement**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exchange rate structure**

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

<table>
<thead>
<tr>
<th>No separate legal tender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The exchange rate arrangement is a currency board. St. Vincent and the Grenadines participates in a currency union with seven other members of the ECCU and has no separate legal tender. The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at EC$2.70 per US dollar. The ECCB officially covers at least 60% of base money with its foreign reserves. The operational guideline is set at 80%, although in practice the coverage has been close to 100%.
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating
Official exchange rate Yes. The Eastern Caribbean dollar is pegged to the US dollar under a currency board arrangement at ECS2.70 per US dollar. This rate is used for accounting and valuation purposes.

Monetary policy framework
Exchange rate anchor Yes.
U.S. dollar Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.
Euro
Composite
Other
Monetary aggregate target
Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank
Inflation target
Target number
Point target
Target with tolerance band
Band/Range
Target measure
CPI
Core inflation
Target horizon
Operating target (policy rate)
Policy rate
Target corridor band
Other

**Accountability**
Open letter
Parliamentary hearings
Other

**Transparency**
Publication of votes
Publication of minutes
Publication of inflation forecasts
Other monetary framework

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**Foreign exchange market**

| Yes. | The ECCB sets an indicative rate for commercial banks to follow. This rate has been ECS$2.6882–ECS$2.7169 per US dollar for a long time. Commercial banks may freely set their foreign exchange commissions in transactions with their clients. The ECCB is committed to selling or buying US dollars at a fixed exchange rate of ECS$2.70 per US dollar. Actual rates may differ slightly so that the ECCB can cover its administrative expenses. There is no bid-ask spread. |

| Spot exchange market | Yes. | Banks may purchase and sell foreign currency from each other as well as to and from the ECCB. Commercial banks are not required to report their daily foreign exchange activity to the ECCB. Commercial banks are viewed as the exchange bureaus. There are also foreign exchange transfer institutions such as MoneyGram and Western Union. Foreign exchange bureaus and foreign exchange transfer institutions are neither licensed by nor conduct business with the ECCB. |

| Operated by the central bank | Yes. |

| Yes. | Banks are allowed to trade with each other, but there is no formal interbank foreign exchange market. |

| Allocation | n.a. |
| Auction    | No. |
| Fixing     | No. |

**Interbank market**

| Yes. |
| Over the counter | Yes. |

| Brokerage | No. |
| Market making | No. |

| Forward exchange market | No. |

| Official cover of forward operations | No. |
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

No. Settlements with residents of the territories participating in the ECCB Agreement must be made in Eastern Caribbean dollars; those with the CARICOM members must be made in the currency of the CARICOM country concerned. Settlements with residents of other countries may be made in any foreign currency that is acceptable to the country where the settlement is being made.

Controls on the use of domestic currency

No. Settlements with residents of other countries may be made in any foreign currency or through an external account in Eastern Caribbean dollars.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

No.

Payments arrangements

Yes.

Bilateral payments arrangements

No.

Operative

No.

Inoperative

No.

Regional arrangements

Yes. St. Vincent and the Grenadines is a member of CARICOM, the OECS, and the Bolivarian Alliance for the Americas.

Clearing agreements

Yes.

Barter agreements and open accounts

No.

Administration of control

Yes.

Exchange control is administered by the MOF and applies to all countries outside the ECCB area. The MOF delegates to ADs the authority to approve some import payments and certain other payments. Exchange controls are not applied to payments for authorized imports. Foreign exchange control is inoperative.

Payments arrears

No.

Official

No.

Private

No.

Controls on trade in gold (coins and/or bullion)

Yes.

Residents may acquire and hold gold coins for numismatic purposes only.

On domestic ownership and/or trade

Yes.

Imports of gold are permitted under an MOF license for industrial purposes only.

On external trade

Yes.

Controls on exports and imports of banknotes

Yes.

On exports

Yes.
### Domestic currency

- **Exports of domestic currency outside the ECCU**: Limited to EC$10,000, as prescribed by the ECCB.

### Foreign currency

- **On imports**: No.

### Resident Accounts

- **Foreign exchange accounts permitted**: Yes.
- **Held domestically**: Yes.
- **Approval required**: Yes.
- **Held abroad**: n.r.
- **Approval required**: n.r.
- **Accounts in domestic currency held abroad**: n.a.
- **Accounts in domestic currency convertible into foreign currency**: n.a.

### Nonresident Accounts

- **Foreign exchange accounts permitted**: Yes.
- **Approval required**: Yes.
- **Domestic currency accounts**: Yes.
- **Convertible into foreign currency**: Yes.
- **Approval required**: Yes.
- **Blocked accounts**: n.a.

### Imports and Import Payments

- **Foreign exchange budget**: No.
| Financing requirements for imports       | No.         |
| Minimum financing requirements        | No.         |
| Advance payment requirements          | No.         |
| Advance import deposits               | No.         |
| Documentation requirements for release of foreign exchange for imports | Yes.       |
| Domiciliation requirements            | No.         |
| Preshipment inspection                 | No.         |
| Letters of credit                     | No.         |
| Import licenses used as exchange licenses | No.     |
| Other                                 | Yes.        |
| Payments for authorized imports are permitted on application and submission of documentary evidence and, where required, a license. |
| Import licenses and other nontariff measures | Yes.   |
| Most goods may be imported freely. Imports of some goods that compete with typical exports of other CARICOM countries and the OECS are subject to licensing. |
| Positive list                         | No.         |
| Negative list                         | Yes.        |
| Imports of certain goods that compete with locally made products are prohibited. |
| Open general licenses                  | Yes.        |
| Certain goods require a license for public health or safety reasons. |
| Licenses with quotas                   | No.         |
| Other nontariff measures               | No.         |
| Import taxes and/or tariffs            | Yes.        |
| In accordance with the fourth phase of the CARICOM CET, import tariff rates range from 0% to 20%. In addition, imports are subject to a VAT ranging from 0% to 15% and levied on the tariff-inclusive value of imports. Goods imported from the CARICOM countries are exempt from import tariffs and are subject only to the VAT. A customs service charge of 4% is imposed on the c.i.f. value of all imported goods, with certain exceptions. |
| Taxes collected through the exchange system | No.      |
| State import monopoly                  | Yes.        |
| Some commodities, such as fertilizer, are subject to a state import monopoly. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exports and Export Proceeds**

<p>| Repatriation requirements             | Yes.         |
| Surrender requirements                 | Yes.         |
| Export proceeds must be surrendered within six months of receipt, but this regulation is inoperative. |
| Surrender to the central bank          | No.          |
| Surrender to authorized dealers        | Yes.         |
| Export proceeds must be converted to Eastern Caribbean dollars and deposited in an ECCB account, unless the exporter has a foreign exchange account to which the proceeds may be credited. |
| Financing requirements                 | No.          |</p>
<table>
<thead>
<tr>
<th><strong>Documentation requirements</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Letters of credit</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Domiciliation</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Preshipment inspection by the Customs Department is required.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Specific licenses are required for the exportation to any destination of some agricultural goods included in the CARICOM marketing protocol and in the CARICOM Oils and Fats Agreement. The licenses are issued by the Ministry of Trade, which, in some cases, has delegated its authority to the St. Vincent Central Marketing Corporation. Exports of goats, sheep, and lobsters are subject to licensing to prevent depletion of stocks.</td>
</tr>
<tr>
<td><strong>Without quotas</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>With quotas</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Collected through the exchange system</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other export taxes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Duties are levied on selected commodities.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th><strong>Controls on these transfers</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade-related payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The limits are the equivalent of EC$2,500 a year for travel outside the ECCB area and EC$6,000 a year for business travel.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>These allocations may be increased with MOF authorization.</td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>
### Quantitative limits

- No.

### Indicative limits/bona fide test

- No.

### Foreign workers' wages

- No.

### Prior approval

- No.

### Quantitative limits

- No.

### Indicative limits/bona fide test

- No.

### Credit card use abroad

- No.

### Prior approval

- No.

### Quantitative limits

- No.

### Indicative limits/bona fide test

- No.

### Other payments

- No.

### Prior approval

- No.

### Quantitative limits

- No.

### Indicative limits/bona fide test

- No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

#### Repatriation requirements
- Yes.

#### Surrender requirements
- Yes.

#### Surrender to the central bank
- No.

#### Surrender to authorized dealers
- Yes.

#### Restrictions on use of funds
- No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

#### Controls on capital transactions
- Yes.

#### Repatriation requirements
- No.

#### Surrender requirements
- No.

#### Surrender to the central bank
- No.

#### Surrender to authorized dealers
- No.

#### Controls on capital and money market instruments
- Yes.

##### On capital market securities
- Yes.

##### Shares or other securities of a participating
- Yes.
Residents are usually not permitted to purchase foreign currency securities abroad for private purposes. Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), may not exceed 25% of its capital base. As per Section 10 of the Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity).

Issuers must be registered with the Securities Commission.

A license must be obtained to sell investment securities.
By residents to nonresidents: Yes. MOF approval is required.
To residents from nonresidents: No.

**Financial credits**
By residents to nonresidents: Yes. MOF approval is required.
To residents from nonresidents: No.

**Guarantees, sureties, and financial backup facilities**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

**Controls on direct investment**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

**Outward direct investment**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.
Investment in equity requires an alien landholding license.

**Inward direct investment**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.
Investment in equity requires an alien landholding license.

**Controls on liquidation of direct investment**
By residents to nonresidents: Yes.
To residents from nonresidents: No.
The remittance of proceeds is permitted, subject to the discharge of liabilities related to the investment.

**Controls on real estate transactions**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

**Purchase abroad by residents**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.
An alien landholding license is required.

**Purchase locally by nonresidents**
By residents to nonresidents: Yes.
To residents from nonresidents: No.

**Sale locally by nonresidents**
By residents to nonresidents: Yes.
To residents from nonresidents: No.

**Controls on personal capital transactions**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

**Loans**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

**Gifts, endowments, inheritances, and legacies**
By residents to nonresidents: Yes.
To residents from nonresidents: No.

**Settlement of debts abroad by immigrants**
By residents to nonresidents: Yes.
To residents from nonresidents: No.

**Transfer of assets**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

**Transfer abroad by emigrants**
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

**Transfer into the country by immigrants**
By residents to nonresidents: Yes.
To residents from nonresidents: No.

**Transfer of gambling and prize earnings**
By residents to nonresidents: Yes.
To residents from nonresidents: No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

**Provisions specific to commercial**
By residents to nonresidents: Yes.
<table>
<thead>
<tr>
<th>banks and other credit institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
</tr>
<tr>
<td>Reserve requirements</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
</tr>
<tr>
<td>Interest rate controls</td>
</tr>
<tr>
<td>Credit controls</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
</tr>
<tr>
<td>Reserve requirements</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
</tr>
<tr>
<td>Interest rate controls</td>
</tr>
<tr>
<td>Credit controls</td>
</tr>
<tr>
<td>Investment regulations</td>
</tr>
</tbody>
</table>

| Abroad by banks                                                                                         | Yes.  |
| Under the Banking Act, investment of a licensed financial institution in another (single) financial institution (including a subsidiary) may not exceed 10% of the capital base. The aggregate amount of such investment, which a licensed financial institution may undertake in other financial institutions (including subsidiaries), may not exceed 25% of its capital base. As per Section 10 of the Banking Act, financial institutions can no longer acquire or hold shares or ownership interest in a nonfinancial firm (for example, in commercial, agricultural, or industrial company or unincorporated entity). |

| In banks by nonresidents                                                                               | No.   |
| The new Banking Act further specifies and strengthens the conditions dealing with fit and proper tests under which the CB can grant a license to nonresidents to operate in the ECCU (whether through a branch, subsidiary, or newly acquired bank). |

| Open foreign exchange position limits                                                                  | No.   |
| On resident assets and liabilities                                                                       | No.   |
| On nonresident assets and liabilities                                                                  | No.   |

| Provisions specific to institutional investors                                                          | Yes.  |
| Insurance companies                                                                                    | No.   |
| Limits (max.) on securities issued by nonresidents                                                     | No.   |
| Limits (max.) on investment portfolio                                                                 | No.   |
The Social Security Board imposes limits on the management of pension funds.

Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
SUDAN
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
September 5, 1957.

Article VIII
Yes. Date of acceptance: October 29, 2003.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
Yes. The IMF staff report for the 2017 Article IV Consultation with Sudan states that, as of November 15, 2017, Sudan maintained the following measures subject to IMF jurisdiction under Article VIII, Sections 2 (a) and 3: (1) an exchange restriction arising from the government’s limitations on the availability of foreign exchange and the allocation of foreign exchange to certain priority items; (2) an MCP and exchange restriction arising from the establishment by the government of a system of multiple exchange rates used for official and commercial transactions (that is, the Central Bank of Sudan (CBOS) rate, the wheat rate, and the commercial bank incentive rate), which gives rise to effective exchange rates that deviate by more than 2%; (3) an MCP and exchange restriction arising from large spreads between the CBOS rate and the parallel market exchange rate because of the CBOS’ limitation on the availability of foreign exchange which channels current international transactions to the parallel market; and (4) an exchange restriction and an MCP arising from the imposition by the government of a cash margin requirement for most imports. (Country Report No. 17/364)

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Sudan is the Sudanese Guinea (SDG).

Other legal tender
No.

Exchange rate structure

Unitary

Dual

Multiple
Yes. The exchange rate structure is classified as multiple. Sudan’s multiple exchange rate regime includes: (1) a rate that applies for payment of government obligations and customs valuation; (2) a managed floating rate (MFR) used mainly by commercial banks and exchange bureaus; and (3) fuel exchange rate to value fuel products. The MFR applies to all other transactions.
Effective April 24, 2019, the CBOS determines the exchange rate of the US dollar against the Sudanese guinea and publishes it daily through its website. For other convertible currencies, exchange rates are applied in US dollar terms, according to the CBOS’ daily announcement on its website. Banks and exchange companies must apply the exchange rate announced by the CB to all transactions. They are allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question. Previously, the indicative exchange rate of the US dollar against the Sudanese guinea was announced by the exchange rate announcement mechanism, and the indicative exchange rate of other convertible currencies was based on the prices of those currencies against the US dollar announced by the CB on its website. Banks and exchange companies were obligated to apply the exchange rate announced by means of the exchange rate announcement mechanism to all transactions, including the valuation of assets and discounts, but they were allowed to deviate from the indicative rate by a range of +/- 4%. In addition, they were allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question. Effective January 1, 2020, the CBOS no longer intervenes in determining the gold exchange rate.

**Classification**

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement Yes. The de jure exchange rate arrangement is classified as managed floating. A MFR used by commercial banks is determined in the interbank market, in which participants deal directly with each other. The main objective of the policy is exchange rate stability. Sudan’s multiple exchange rate regime includes: (1) a CB rate that also applies to payment of government obligations and customs valuation. The rate of customs valuation is fixed at SDG18/$ revised daily but not necessarily at CBOS rate; and (2) an MFR used mainly by commercial banks and exchange bureaus. The MFR applies to all other transactions. Effective January 7, 2020, the CBOS devalued the official exchange rate from SDG45/1$ to SDG55/1$. The de facto exchange rate arrangement is classified as stabilized. The CBOS does not disclose information on its interventions to the public.

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating

**Official exchange rate** Yes. The method for determining the official rate is a target gap between the official rate and parallel market rate. Effective April 24, 2019, the CBOS determines the exchange rate of the US dollar against the Sudanese guinea and publishes it daily through its website. For other convertible currencies, exchange rates are applied in US dollar terms, according to the CBOS’ daily announcement.
announcement on its website. Banks and exchange companies must apply the exchange rate announced by the CB to all transactions. They are allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question. Previously, the indicative exchange rate of the US dollar against the Sudanese guinea was announced by the exchange rate announcement mechanism, and the indicative exchange rate of other convertible currencies was based on the prices of those currencies against the US dollar announced by the CB on its website. Banks and exchange companies were obligated to apply the exchange rate announced by means of the exchange rate announcement mechanism to all transactions, including the valuation of assets and discounts, but they were allowed to deviate from the indicative rate by a range of +/- 4%. In addition, they were allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon
Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. The monetary policy framework is primarily a nominal exchange rate anchor vis-à-vis the US dollar. The operational target is the reserve money. The CBOS aims to control broad money as a monetary target and intervenes directly in the market by lending to banks in the event of a liquidity shortage.

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. As a temporary arrangement, each client is permitted only one foreign currency check not exceeding US$100,000 in the clearinghouse.

Spot exchange market Yes. Foreign exchange bureaus may sell and buy foreign exchange freely and may set their bid and ask prices within the upper and lower indicative limits. Exchange bureaus operate under a license from the CBOS, which organizes and monitors them. As of April 2020, there were about 13 licensed bureaus. Exchange bureaus may not buy foreign exchange from the CBOS. The maximum allowed bid-ask spread is 0.5% for all currencies. The operations of foreign exchange bureaus are limited to the purchase and sale of banknotes. They may maintain accounts abroad with their correspondents, but may not make foreign exchange transactions directly with the CBOS.

Operated by the central bank Yes. The CBOS sells foreign exchange to commercial banks in accordance with the importance of the imported commodity, with priority for strategic needs. The CBOS does not deal with government and public entities directly. In rare cases, there may be a direct deal with the government, such as a “clean payment.” Clean payments are unconverted currency payments—for example, profit transfers, transfers meant for embassies abroad and for government travel, airline transfers, etc.

Foreign exchange standing facility No.

Allocation Yes. The CBOS sells foreign exchange to commercial banks in accordance with the importance of the imported commodity, with priority on strategic needs.

Auction No.
Fixing

No.

*Interbank market*

Yes. All commercial banks are licensed. The CBOS sells foreign exchange to commercial banks in accordance with the importance of the imported commodity, with priority on strategic needs. The CBOS intervenes directly with market participants at their quoted rates or its own rate, whichever is higher. The maximum allowed bid-ask spread is 0.5% for all currencies.

Over the counter

Yes.

Brokerage

No.

Market making

No.

Forward exchange market

No. Forward exchange contracts are prohibited.

*Official cover of forward operations*

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**

Yes. Since October 22, 2017, the CBOS encourages banks to deal with their correspondents in all other currencies, including the US dollar, and to expand the network of correspondents by maintaining foreign exchange accounts with all foreign convertible currencies, including the US dollar. Banks must encourage customers to carry out all transactions and contracts in all other currencies, including the US dollar, or in the currency of origin of the goods or service if the currency in question is convertible. It is also permitted to submit customer bills in all currencies in convertible foreign currency, including the US dollar.

Controls on the use of domestic currency

Yes. Local currency may not be used in the free zone. The domestic currency cannot be used for the settlement of international current or capital transactions.

*For current transactions and payments*

Yes. The domestic currency cannot be used for the settlement of international current transactions.

*For capital transactions*

Yes. The domestic currency cannot be used for the settlement of international current transactions.

Transactions in capital and money market instruments

Yes. The domestic currency cannot be used for the settlement of international current transactions.

Transactions in derivatives and other instruments

Yes. The domestic currency cannot be used for the settlement of international current transactions.

Credit operations

Yes. The domestic currency cannot be used for the settlement of international current transactions.

Use of foreign exchange among residents

Yes. The SDG is the legal tender used for the settlement of transactions among residents inside the country.

**Payments arrangements**

Yes.

Bilateral payments arrangements

Yes. Bilateral payments agreements are inoperative.

*Operative*

No.

*Inoperative*

Yes. There was an agreement with Egypt that has been suspended since 1992.

Regional arrangements

Yes. Sudan is a member of COMESA.

Clearing agreements

Yes. Sudan is a member of the COMESA clearinghouse.
<table>
<thead>
<tr>
<th>Barter agreements and open accounts</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
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</tr>
<tr>
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<td></td>
</tr>
<tr>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Resident Accounts**

| Foreign exchange accounts permitted | Yes. |
| Held domestically | Yes. | All residents, except the government, public institutions, and public sector enterprises, may maintain foreign exchange accounts with commercial banks. These accounts may be credited and used without restriction. Local banks may not open accounts for the federal government or public institutions. |
| Approval required | No. |
Only banks may maintain these accounts. Residents are not allowed to open foreign exchange accounts abroad unless approved by the CBOS.

Approval required

Governor’s approval is required.

Yes.

No.

Yes.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Diplomatic, foreign, and international regional missions and organizations; foreign charities; aid organizations; and foreign companies and contractors and their nonresident personnel may open special foreign accounts with authorized banks. These may be credited with transfers from abroad and withdrawals from other special accounts. Special foreign exchange accounts may be used for transfers abroad to finance foreign travel, purchase local currency to finance local payments, make foreign currency payments to local institutions authorized to sell goods and services for foreign currency, and finance imports. Banks may determine cash withdrawal limits in accordance with their internal policy. Banks must buy foreign exchange from special foreign accounts in favor of commercial banks at their announced exchange rate price plus commission.

No.

Current accounts in local currency may be opened in commercial banks by authorized individuals and organizations, subject to documentary requirements, such as a certificate of university registration in the case of students in educational institutions.

No.

No.

No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Letters were circulated to the commercial banks regarding the issuance of commodities specification certificate while importing certain commodities.

Importers must present a valid import registration from the Ministry of Foreign Trade, along with the following documents: (1) bill of lading; (2) final invoice; (3) certificate of origin; (4) packing list; and (5) any other document needed by the importer.
Preshipment inspection  Yes. Certificate of conformity is required for preshipment inspection.

Letters of credit  No. In addition to LCs, other payment methods are also allowed.

Import licenses used as exchange licenses  No.

Other  No.

Import licenses and other nontariff measures  Yes.

Positive list  No.

Negative list  Yes. Imports of some goods, including alcohol, narcotics, gambling instruments, and weapons, are prohibited for religious reasons and in the interest of health and national security. Banks may not engage in any banking arrangements for the importation of goods on the above list. Nil value imports are prohibited except for importation for investment purposes in accordance with the policies and procedures of the National Investment Authority or import for investments established under agreements with the Government of Sudan approved by the Ministry of Finance and Economic Planning.

Open general licenses  Yes.

Licenses with quotas  No.

Other nontariff measures  Yes. Imports from Israel are prohibited. All CBOS import procedures must be followed in the free zone area, and shipping documents for imported commodities from the free zone area must be exchanged through banks inside and outside the free zone area. Local banks may not finance and/or engage in any banking arrangements to import from the free zones, whether on their own behalf or on behalf of customers. All methods of payment are allowed for the importation of all commodities.

Import taxes and/or tariffs  No.

Taxes collected through the exchange system  No.

State import monopoly  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  Yes. Export proceeds must be repatriated. Export proceeds based on sight LCs must be repatriated as soon as the documents are examined by the foreign importer’s correspondent bank but no later than one month from shipment. Pursuant to Circular No. 4/2020, proceeds of cash against documents (CAD) exports must be repatriated as soon as the documents are delivered to the correspondent bank abroad but no later than effective January 1, 2020, 45 days (previously two months) from shipment. Gold exports must be paid in advance. Partial export shipments are allowed, provided a separate export form is approved for each shipment and the export proceeds of the portion shipped are monitored by the relevant bank and repatriated within the period specified by the CBOS. Export proceeds of mining companies that have agreements with the government may be used to meet their business needs.

Surrender requirements  Yes.
Effective February 6, 2019, banks must allocate at least 10% of the export earnings in favor of importing human medicines and raw materials for the manufacture of medicine. Exporters must sell their export proceeds at the exchange rate announced by means of the exchange rate announcement mechanism for the date on which they received the earnings (previously at the commercial bank rate plus commission).

Effective January 1, 2020, the requirement to allocate at least 10% of the export earnings in favor of importing human medicines and raw materials for the manufacture of medicine was removed. Export proceeds may be used as follows: (1) for imports subject to controls; (2) to be sold to any other importer inside or outside the source bank; and (3) to be sold to the issuing bank or any other bank.

All methods of payment may be used for export-related payments, including documentary credits (sight), documentary credits (demand), prepayment, CAD, and documents against acceptance. The export earnings recovery period for transactions carried out by means of documentary credits (sight) or CAD must be on acceptance of the documents, within a maximum of 30 days from the date on which the documents are received by the importer’s bank. Facilities may be granted for the payment of export transactions by means of documentary credits (demand) or documents against acceptance, provided the period of the facilities does not exceed 90 days from the shipment date. This applies to the goods announced by the Ministry of Industry and Trade for the purpose of promoting trade and opening new markets.

### Surrender to authorized dealers
- Yes.

### Financing requirements
- No.

### Documentation requirements
- Yes.
  - This is according to the method of payment.

### Letters of credit
- Yes.

### Guarantees
- Yes.

### Domiciliation
- Yes.
  - In the case of CAD, LCs, and deferred payments the following documents are needed:
    - Bill of lading.
    - Health documents.
    - Export contract.
  - In the case of advance payment, only the export contract and the SWIFT regarding the export transferred value are required.

### Preshipment inspection
- Yes.
  - Preshipment procedure to be followed depends on the contract stated between the exporter and the importer, and customs procedures involving quality and quantity of the exported commodity.

### Other
- Yes.
  - Exporters must obtain insurance for the proceeds of exports of animals and their products. Exporters of animals must issue a letter of guarantee to the transporting company. Banks must implement the export procedures issued by the CBOS on exports from the free zones and all transit trade regulations for goods that move through the free zone to neighboring countries. Exports between the free zone area and the rest of the world are regulated by the free zone authorities.

### Export licenses
- Yes.
  - Export procedures were transferred to the commercial banks after the introduction of the new Electronic IMEX program for imports and exports.

### Without quotas
- Yes.
  - The following goods are not permitted to be exported under consignment as they are in strong demand in the international market: sesame, cotton, hibiscus, camels, cows, sheep, goats, skins,
and meat.

<table>
<thead>
<tr>
<th>With quotas</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Investment-related payments

- **Prior approval**: No.
- **Quantitative limits**: No.
- **Indicative limits/bona fide test**: No.

Local banks may process transfers and current payments for banks operating in the free zone. They are not allowed to transfer any amounts related to profits or return on capital for private companies operating within the free zone; such remittances must be processed by banks operating within the free zone.

### Payments for travel

- **Prior approval**: No.
- **Quantitative limits**: No.
- **Indicative limits/bona fide test**: No.

The tax clearance certificate required for transfers abroad of profits generated by enterprises other than joint-stock companies is for business profit tax only.

### Personal payments

- **Prior approval**: No.
- **Quantitative limits**: No.
- **Indicative limits/bona fide test**: No.

### Foreign workers' wages

- **Prior approval**: No.
- **Quantitative limits**: No.
- **Indicative limits/bona fide test**: No.

### Credit card use abroad

- **Credit cards may be used freely abroad.**
<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
</table>

**Proceeds from Invisible Transactions and Current Transfers**

- **Repatriation requirements**: No.
- **Surrender requirements**: No.
- **Surrender to the central bank**: No.
- **Surrender to authorized dealers**: No.
- **Restrictions on use of funds**: No.

**Capital Transactions**

- **Controls on capital transactions**: Yes. Generally, sales of foreign exchange to any person for use in direct investment, for the purchase of real estate, or for deposit abroad are not permitted.
- **Repatriation requirements**: No. Residents are not allowed to keep foreign accounts abroad unless approved by the governor at CBOS.
- **Surrender requirements**: No.
- **Surrender to the central bank**: No.
- **Surrender to authorized dealers**: No.
- **Controls on capital and money market instruments**: Yes.
  - **On capital market securities**: Yes.
    - **Shares or other securities of a participating nature**: Yes.
    - **Purchase locally by nonresidents**: No. Nonresidents may purchase debt securities in the primary market not exceeding 10% of the total issued securities.
    - **Sale or issue locally by nonresidents**: Yes. These transactions are subject to approval by the MOF.
    - **Purchase abroad by residents**: Yes. Approval requirement from the CBOS and Khartoum Stock Market is needed for purchase abroad by residents.
    - **Sale or issue abroad by residents**: Yes. Local banks may not sell shares abroad, unless approved by the governor of the CBOS. These transactions are subject to approval by the CBOS and the Khartoum Stock Market.
- **Bonds or other debt securities**: Yes.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowed？</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>Nonresidents may purchase debt securities in the primary market not exceeding 10% of the total issued securities.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>These transactions are subject to approval by the MOF.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>These transactions are subject to approval by the CBOS and the Khartoum Stock Market.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>These transactions are subject to approval by the CBOS and the Khartoum Stock Market.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>Nonresidents may purchase debt securities in the primary market not exceeding 10% of total issues.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>These transactions are subject to approval by the MOF.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>These transactions are subject to approval by the CBOS.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>These transactions are subject to approval by the CBOS and the Khartoum Stock Market.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>n.r.</td>
<td>There are no collective investment securities in the market.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other</td>
<td>n.r.</td>
<td>There are no derivatives transactions in the market.</td>
</tr>
<tr>
<td>instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.r.</td>
<td></td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.r.</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>backup facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
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<tr>
<td>Controls on direct investment</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Provision</td>
<td>Yes/No</td>
<td></td>
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<tr>
<td>--------------------------------------------------------------------------</td>
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<tr>
<td><strong>Inward direct investment</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
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<tr>
<td><strong>Loans</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
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<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

<table>
<thead>
<tr>
<th>Provision</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Reserve requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Liquid asset requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interest rate controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Policy Area</td>
<td>Requirement</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
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<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
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</tr>
<tr>
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<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

Local banks may not sell shares abroad, unless approved by the governor of the CBOS.

References to legal instruments and hyperlinks

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# Changes during 2019 and 2020

## Exchange Arrangement

### Exchange rate structure

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/24/2019</td>
<td>The Central Bank of Sudan (CBOS) determines the exchange rate of the US dollar against the Sudanese guinea and publishes it daily through its website. For other convertible currencies, exchange rates are applied in US dollar terms, according to the CBOS’ daily announcement on its website. Banks and exchange companies must apply the exchange rate announced by the CB to all transactions. They are allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question. Previously, the indicative exchange rate of the US dollar against the Sudanese guinea was announced by the exchange rate announcement mechanism, and the indicative exchange rate of other convertible currencies was based on the prices of those currencies against the US dollar announced by the CB on its website. Banks and exchange companies were allowed to deviate from the indicative rate by a range of +/- 4%. In addition, they were allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question.</td>
</tr>
</tbody>
</table>

### Classification

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/07/2020</td>
<td>The Central Bank of Sudan devalued the official exchange rate from SDG45/1$ to SDG55/1$.</td>
</tr>
</tbody>
</table>

### Official exchange rate

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/24/2019</td>
<td>The Central Bank of Sudan (CBOS) determines the exchange rate of the US dollar against the Sudanese guinea and publishes it daily through its website. For other convertible currencies, exchange rates are applied in US dollar terms, according to the CBOS’ daily announcement on its website. Banks and exchange companies must apply the exchange rate announced by the CB to all transactions. They are allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question. Previously, the indicative exchange rate of the US dollar against the Sudanese guinea was announced by the exchange rate announcement mechanism, and the indicative exchange rate of other convertible currencies was based on the prices of those currencies against the US dollar announced by the CB on its website. Banks and exchange companies were allowed to deviate from the indicative rate by a range of +/- 4%. In addition, they were allowed a maximum profit margin of 0.5% on selling over the buying rate for the currency in question.</td>
</tr>
</tbody>
</table>

## Arrangements for Payments and Receipts

### Controls on trade in gold (coins and/or bullion)

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/22/2020</td>
<td>Companies operating in the area of mining waste and micro mining companies may export, pursuant to Circular No. 16/2020, their entire production (previously 15%) after the operating profits, sovereign returns, and zakat (tax) have been deducted in kind from the total production of these companies, provided the earnings are repatriated and kept in special accounts for this purpose within Sudan and used in accordance with the regulations.</td>
</tr>
</tbody>
</table>

## Exports and Export Proceeds

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<table>
<thead>
<tr>
<th><strong>Repatriation requirements</strong></th>
<th><strong>01/01/2020</strong></th>
<th>The repatriation period was changed to 45 days from two months.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surrender requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Surrender to the central bank</em></td>
<td><strong>02/06/2019</strong></td>
<td>Banks must allocate at least 10% of the export earnings in favor of importing human medicines and raw materials for the manufacture of medicine.</td>
</tr>
<tr>
<td></td>
<td><strong>01/01/2020</strong></td>
<td>The requirement to allocate at least 10% of the export earnings in favor of importing human medicines and raw materials for the manufacture of medicine was removed. Export proceeds may be used as follows: (1) for imports subject to controls; (2) to be sold to any other importer inside or outside the source bank; and (3) to be sold to the issuing bank or any other bank.</td>
</tr>
</tbody>
</table>
SURINAME

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: April 27, 1978.

Article VIII
Yes. Date of acceptance: June 29, 1978.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Suriname is the Surinamese dollar.

Other legal tender
Yes. Eighteen commemorative gold coins are legal tender.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement
Yes. The de jure exchange rate arrangement is classified as floating. In accordance with a July 1994 presidential decree, the exchange rate is determined based on the demand and supply of foreign exchange. Pursuant to Resolution of April 15, 2020, the minister of finance made a change to the exchange rate arrangement. The monetary authorities switched to a managed floating exchange rate system, in which the exchange rate will be determined on the basis of the demand and supply mechanism. Within this exchange rate framework, the Centrale Bank van Suriname (CBvS) will periodically assess the developments on the foreign exchange market and can adjust the exchange rate, if the market conditions deem such an adjustment necessary. Because the exchange rate has stabilized within a 2% band against the US dollar since February 2017, the de
facto exchange rate arrangement is classified as a stabilized arrangement.
The CBvS conducts a discretionary foreign exchange intervention policy and as such does not publish intervention data. 

Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate: Yes. The commercial banks and foreign exchange bureaus may not freely determine exchange rates effective April 15, 2020. The CBvS sets the indicative exchange rate for the US dollar for the next working day. The exchange rates for other currencies than the US dollar are being derived from this indicative exchange rate, using the international cross-currency rates relative to the US dollar. The indicative exchange rates apply to transactions committed by the bank and serve for the valuation of goods whose value is denominated in foreign currency. The published daily indicative exchange rate provides guidance to the foreign exchange market.

Monetary policy framework
Exchange rate anchor
U.S. dollar
Euro
Composite
Other

Monetary aggregate target: Yes. The CBvS has adopted a monetary aggregate targeting framework while keeping monetary policy geared toward price stability. Close monitoring and forecasting of liquidity in the banking system are conducted on a weekly basis to assess excess liquidity in the banking system.

Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board
Other
Government and Central Bank

Inflation target
Thirty two money transaction offices and nine commercial banks are licensed to deal in foreign exchange as of end-2019. Commercial banks and money transaction offices are licensed by the CBvS. Money transaction offices comprise currency exchange houses (24) and money remittance offices (6). Operations of exchange houses are limited to spot sales and purchases of banknotes. Both the Money Transaction Offices Supervision Act 2012 and the Banking and Credit Institutions Supervision Act mention the issuance of specific guidelines for the operations of money transaction offices and banking and credit institutions.

The CBvS sells foreign exchange to the government to settle external transactions.
debt obligations and provides foreign exchange to settle fuel import payments and import payments of few basic products and medicines. The CBvS is currently phasing out the provision of foreign exchange for oil imports.

Auction No.
Fixing No.

**Interbank market** Yes. There are no restrictions on interbank foreign exchange transactions. Banks are encouraged to trade among themselves, but foreign exchange trading between banks is very limited. Nine commercial banks may trade in the interbank foreign exchange market. The CBvS sells foreign exchange to commercial banks when needed (at official rates).

Over the counter Yes. The market operates over the counter. There are no market makers or brokers.
Brokerage No.
Market making No.

**Forward exchange market** No.

**Official cover of forward operations** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** Yes.

Controls on the use of domestic currency Yes. Settlements in Surinamese dollars between residents of Suriname and other countries are not permitted. Related payments must be made in specific convertible currencies (Australian dollars, Canadian dollars, Eastern Caribbean dollars, euros, Japanese yen, Norwegian kroner, Swedish kronor, Swiss francs, pounds sterling, and US dollars).

**For current transactions and payments** Yes. For capital income items, such as interest and dividend payments, Foreign Exchange Commission (FEC) permission is required.

**For capital transactions** Yes.

Transactions in capital and money market instruments Yes. FEC permission is required.
Transactions in derivatives and other instruments Yes. FEC permission is required.
Credit operations Yes. FEC permission is required.

Use of foreign exchange among residents Yes. The Surinamese dollar is the only legal tender; payments in foreign currency between residents are discouraged and only permitted if the parties agree to the terms set among themselves.

**Payments arrangements** Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Suriname is a member of CARICOM and participates in the CARICOM Single Market and Economy. So far, there are no payments arrangements with other member countries of CARICOM or with other countries in the region.
<table>
<thead>
<tr>
<th>Clearing agreements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The Ministry of Trade and Industry grants export and import licenses for goods on the negative list. The FEC grants licenses to individuals and companies for capital income payments and other capital account transactions in foreign exchange.</td>
<td></td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Official</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Private</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Producers of gold may sell only to authorized gold buyers, who are permitted to sell nuggets at freely negotiated prices for industrial and artistic purposes. Dealings between residents in gold bars and other forms of unworked gold, with the exception of nuggets, are prohibited. Residents other than the monetary authorities, producers of gold, and authorized industrial and dental users are not allowed to hold or acquire gold in any form other than nuggets, jewelry, or coins, at home or abroad, without special permission.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports and exports of gold require exchange licenses from the FEC. Residents arriving from abroad, however, may bring in gold freely, subject to declaration and provided they surrender it to the CBvS within 20 days. Nonresident travelers are allowed to bring in gold, subject to declaration; they may also freely reexport the declared amount. Imports of gold are subject to a duty of 5%. Imports and exports of all forms of gold are subject to a “statistical and consent duty” of 2%.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Exports exceeding SRD 150 are not allowed without FEC permission.</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Individuals exporting US$10,000 and more or equivalent thereof in other foreign currencies must submit a written declaration to customs. Nonresidents may take out of the country up to the amount they brought in and declared on entry.</td>
<td></td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports exceeding SRD 150 are not allowed without FEC permission.</td>
<td></td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Travelers must declare amounts of US$ 10,000 and more or equivalent thereof in other foreign currencies to customs.</td>
<td></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td><strong>Resident Accounts</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may open foreign exchange accounts with domestic and foreign-owned banks and hold foreign securities. Balances in these accounts and holdings of foreign assets may be used freely for transactions other than capital transactions. These accounts may not be credited with foreign exchange earnings resulting from the sale of</td>
<td></td>
</tr>
</tbody>
</table>
real estate in Suriname or from exports of mineral and non-mineral commodities. All transfers between residents and nonresidents must be reported to the CBvS for statistical purposes.

Held abroad Yes. Residents may open foreign exchange accounts with foreign banks and hold foreign securities. Balances in these accounts and holdings of foreign assets may be used freely for transactions other than capital transactions. All transfers between residents and nonresidents must be reported to the CBvS for statistical purposes.

Approval required No.

Accounts in domestic currency held abroad No.

Accounts in domestic currency convertible into foreign currency No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Nonresidents, whether banks or nonbanks, may open accounts in US dollars and in euros with domestic banks with FEC permission; no overdrafts are permitted. These accounts may not be credited with Surinamese dollars. All transfers between residents and nonresidents must be reported to the CBvS for statistical purposes.

Approval required Yes.

Domestic currency accounts Yes. Nonresidents other than banks may open accounts in Surinamese dollars freely with domestic banks. These accounts may not be overdrawn. Authorized banks may open nonresident accounts in Surinamese dollars in the name of nonresident banks; these accounts also may not be overdrawn. Authorized banks may open nonresident accounts on behalf of nonresidents drawing pensions from the government or under company-sponsored plans. A special permit is required to transfer pensions abroad. Nonresident accounts in Surinamese dollars may not be credited with Surinamese banknotes mailed from abroad.

Convertible into foreign currency No.

Approval required Yes.

Blocked accounts Yes.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

Minimum financing requirements No.

Advance payment requirements No.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports Yes.
### Domiciliation requirements
No.

### Preshipment inspection
No.

### Letters of credit
No.

### Import licenses used as exchange licenses
No.

### Other
Yes. Purchases of foreign exchange to settle import payments must be supported by invoices.

### Import licenses and other nontariff measures
Yes. Import licenses are required only for goods on the negative list. Importers must be registered with the national chamber of commerce.

### Positive list
No.

### Negative list
Yes. Imports of the following are prohibited, unless a license has been obtained from the Ministry of Trade and Industry: wild animals and plants that are not indigenous to Suriname; pesticides (based on the Fund for Special Operations list of the Inter-American Development Bank); used cars and motorcycles more than 8 years old and buses more than 15 years old; collectors’ items more than 20 years old; chemical and radioactive waste; and chemical, biological, and nuclear weapons. Imports of other items, including explosives and narcotics, are prohibited for reasons of public safety or health.

### Open general licenses
Yes.

### Licenses with quotas
No.

### Other nontariff measures
Yes. Imports of certain types of goods require permission from ministries operating under specific acts of parliament, that is, the Ministries of Industry and Trade, Agriculture, and Forestry and Natural Resources. Importers must obtain certificates of importation issued by the relevant ministry for imports of the following: animals and birds or their eggs; brood eggs; animal parts and products; psychotropic products for human medicinal purposes; medicines for human beings and animals; microorganisms for research; waste products; and refrigerators, air conditioners, and equipment containing chlorofluorocarbons.

### Import taxes and/or tariffs
Yes. In addition to customs duties, a “statistical and consent duty” of 2% is levied on the c.i.f. value of commercial imports, except for those (1) of the CARICOM region, (2) related to agreements of the government of Suriname, and (3) for which the MOF has granted tax exemption. Suriname applies the fourth phase of the CARICOM CET; as a result, the maximum external tariff rate is 50%.

### Taxes collected through the exchange system
No.

### State import monopoly
No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

#### Repatriation requirements
Yes. Exporters are not required to surrender their export proceeds, but are required to transfer those receipts to their accounts with local commercial banks within 60 days, unless otherwise determined by the FEC.

#### Surrender requirements
No.

#### Surrender to the central bank
No.
| **Surrender to authorized dealers** | No. |
| **Financing requirements** | No. |
| **Documentation requirements** | Yes. |
| Letters of credit | No. |
| Guarantees | No. |
| Domiciliation | No. |
| Preshipment inspection | Yes. Preshipment inspection is conducted by the Customs Office. |
| Other | No. |
| **Export licenses** | Yes. Export licenses are required only for goods on the negative list. Licenses are issued by the Ministry of Trade and Industry in cooperation with the Ministries of Justice, Health, and Agriculture. Licenses are issued by these offices for exports of the following: round timber logs, peeled wood, leatherwood, explosives, narcotics, medicinal plants and herbs, wild animals and plants, and products made from gold or other precious metals not defined under the Foreign Currency Law of 1947. The exportation of bamboo is prohibited. |
| Without quotas | Yes. |
| With quotas | No. |
| **Export taxes** | Yes. Exports are subject to a “statistical fee” of 0.5% and consent duty of 0.1% of their f.o.b. value. Exports of processed and semi-processed wood are subject to taxes ranging from 5% to 20%, except for exports to CARICOM member countries. |
| Collected through the exchange system | No. |
| Other export taxes | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Payments for Invisible Transactions and Current Transfers**

<p>| <strong>Controls on these transfers</strong> | Yes. |
| <strong>Trade-related payments</strong> | Yes. |
| <strong>Prior approval</strong> | No. |
| <strong>Quantitative limits</strong> | No. |
| <strong>Indicative limits/bona fide test</strong> | Yes. Documents, such as invoices, supporting transfers are required to be submitted at the commercial banks. |
| <strong>Investment-related payments</strong> | Yes. Transfers of profits from investments are subject to FEC approval. |
| <strong>Prior approval</strong> | Yes. Imports and exports of capital are subject to FEC approval. |
| <strong>Quantitative limits</strong> | No. |
| <strong>Indicative limits/bona fide test</strong> | Yes. Documents, such as invoices, supporting transfers are required to be submitted at the commercial banks. |
| <strong>Payments for travel</strong> | Yes. |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>No.</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Documents, such as invoices, supporting transfers are required to be submitted at the commercial banks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>The amount that a relocating family may take out is determined on a case-by-case basis by the FEC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Commercial banks apply limits according to their internal prudential standards.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
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<td>Indicative limits/bona fide test</td>
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<tr>
<td>Documents, such as invoices, supporting transfers are required to be submitted at the commercial banks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
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<tr>
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<td></td>
</tr>
</tbody>
</table>

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Item</th>
<th>No.</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Capital Transactions**

<table>
<thead>
<tr>
<th>Item</th>
<th>No.</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
**Surrender requirements**

No.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

No.

**Controls on capital and money market instruments**

Yes.

**On capital market securities**

Yes.

**Shares or other securities of a participating nature**

Yes. **Purchase locally by nonresidents**

Yes. FEC approval is required.

Yes. **Sale or issue locally by nonresidents**

Yes. FEC approval is required.

Yes. **Purchase abroad by residents**

Yes. Subject to certain requirements, residents may buy or sell in specified countries Surinamese corporate shares that have been designated as negotiable by the FEC. All other transactions in shares or other securities of a participating nature are subject to FEC approval, which is granted on a case-by-case basis. Pension funds may not invest more than 60% of assets. The maximum limit for non-life insurance companies is 5% of technical provisions and for the life insurance companies is 5% of the actuarial liabilities.

Yes. **Sale or issue abroad by residents**

FEC approval is required.

Yes. **Bonds or other debt securities**

These transactions are subject to FEC approval, which is granted on a case-by-case basis.

Yes. **Purchase locally by nonresidents**

FEC approval is required.

Yes. **Sale or issue locally by nonresidents**

FEC approval is required.

Yes. **Purchase abroad by residents**

FEC approval is required. Pension funds may not invest more than 60% of assets. The maximum limit for non-life insurance companies is 5% of technical provisions and for the life insurance companies is 5% of the actuarial liabilities.

Yes. **Sale or issue abroad by residents**

FEC approval is required.

**On money market instruments**

Yes. These transactions are subject to FEC approval, which is granted on a case-by-case basis.

Yes. **Purchase locally by nonresidents**

FEC approval is required.

Yes. **Sale or issue locally by nonresidents**

FEC approval is required.

Yes. **Purchase abroad by residents**

FEC approval is required. Pension funds may not invest more than 60% of assets. The maximum limit for non-life insurance companies is 5% of technical provisions and for the life insurance companies is 5% of the actuarial liabilities.

Yes. **Sale or issue abroad by residents**

FEC approval is required.

**On collective investment securities**

Yes. These transactions are subject to FEC approval, which is granted on a case-by-case basis.

Yes. **Purchase locally by nonresidents**

FEC approval is required.

Yes. **Sale or issue locally by nonresidents**

FEC approval is required.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>FEC approval is required. Pension funds may not invest more than 60% of assets. The maximum limit for non-life insurance companies is 5% of technical provisions and for the life insurance companies is 5% of the actuarial liabilities.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes</td>
<td>These transactions are subject to FEC approval, which is granted on a case-by-case basis.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td>These transactions are subject to FEC approval, which is granted on a case-by-case basis.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes</td>
<td>These transactions are subject to FEC approval, which is granted on a case-by-case basis.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>Yes</td>
<td>Transfers of foreign exchange (including loans) imported by nonresident entrepreneurs for their company’s use are treated as “permitted at any time.” Similarly treated are transfers of capital proceeds from the sale to residents or the liquidation of fully or partly foreign-owned companies or other types of businesses established by nonresidents with foreign capital after July 31, 1953. The FEC does not allow outward capital transfers of unregistered investment-related inflows.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td>Residents may not purchase real estate abroad without FEC permission.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
<td>An FEC license is needed.</td>
</tr>
<tr>
<td>Transaction Type</td>
<td>Allowed</td>
<td>Notes</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>---------</td>
<td>--------------------------------------------------------------</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes</td>
<td>These transactions are subject to FEC approval, which is granted on a case-by-case basis.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>Yes</td>
<td>The FEC may allow emigrants (heads of families) to transfer foreign exchange in a lump sum or in regular periodic remittances corresponding to the proceeds from the sale of assets held in Suriname. The amounts of these transfers are determined on a case-by-case basis.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>Yes</td>
<td>FEC approval is required.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Provisions Specific to the Financial Sector**

- **Provisions specific to commercial banks and other credit institutions**: Yes. Authorized banks’ external transactions are limited, in principle, to those on behalf of their customers.
- **Borrowing abroad**: Yes. External borrowing is not allowed without FEC permission.
- **Maintenance of accounts abroad**: No. Banks do not need approval to open correspondent accounts abroad.
- **Lending to nonresidents (financial or commercial credits)**: Yes. Authorized banks are allowed to invest in short-term financial assets at correspondent banks abroad.
- **Lending locally in foreign exchange**: Yes. Banks may only provide foreign exchange loans to residents with genuine foreign exchange income.
- **Purchase of locally issued securities denominated in foreign exchange**: No. Residents are allowed to purchase locally issued securities denominated in foreign exchange.
- **Differential treatment of deposit accounts in foreign exchange**: Yes. The reserve ratio for foreign currency deposits is determined independently of those for Surinamese dollar balances. The reserve ratio for domestic currency deposits is 35%. However, the effective reserve ratio for domestic currency deposits stood at around 13% at end-July 2020. The gap between the nominal and effective ratio is explained by the following exemptions: Housing loans: commercial banks are permitted to on-lend up to 10% of their Surinamese dollar reserve base for housing loans and had effectively used around 6% of the reserve base as of end-July 2020; (2) T-bills purchase: in July 2014, the banks were allowed a one-off purchase of T-bills, which amount equals around 2% of the reserve base of end-July 2020; (3) COVID-19 support: effective May 20,
2020, banks were allowed to utilize 7.5% of the reserve base to provide credit to households and corporates that are affected by the COVID-19 pandemic.

Budget support: effective June 29, 2020, banks were allowed to utilize up to 6.5% of their reserve base to lend to the government to finance crucial government expenditure for June and July 2020.

The reserve ratio for foreign currency deposits currently stands at 50%.

<table>
<thead>
<tr>
<th>Liquid asset requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Open foreign exchange position limits | Yes. |

On resident assets and liabilities | Yes. | The following limits apply: (1) No bank may have a net open position in any one foreign currency exceeding 10% of its Tier I capital. (2) No bank may have an aggregate open position in all foreign currencies exceeding 20% of its Tier I capital.

On nonresident assets and liabilities | Yes. | The following limits apply: (1) No bank may have a net open position in any one foreign currency exceeding 10% of its Tier I capital. (2) No bank may have an aggregate open position in all foreign currencies exceeding 20% of its Tier I capital.

Provisions specific to institutional investors | Yes. |

Insurance companies | Yes. | Capital transactions with nonresidents are not allowed without FEC approval.

Limits (max.) on securities issued by nonresidents | Yes. | The maximum limit is 5% of the technical provisions for non-life and 5% of the actuarial liabilities for the life insurance companies.

Limits (max.) on investment portfolio held abroad | Yes. | The limit on securities, term deposits and current accounts is for each 5% of the technical provisions for non-life and 5% of the actuarial liabilities for the life insurance companies.

Limits (min.) on investment portfolio held locally | No. |

Currency-matching regulations on assets/liabilities composition | No. | Currency-matching rules are not applied.

Pension funds | Yes. | Capital transactions with nonresidents are not allowed without FEC approval.

Limits (max.) on securities issued by nonresidents | Yes. | Maximum of 60% of assets.

Limits (max.) on investment portfolio held abroad | No. |
### Limits (min.) on investment portfolio held locally
- No.

### Currency-matching regulations on assets/liabilities composition
- No.

### Investment firms and collective investment funds
- Yes.  
  - Capital transactions with nonresidents are not allowed without FEC approval.

### Limits (max.) on securities issued by nonresidents
- Yes.  
  - There are no limits, but FEC approval is required.

### Limits (max.) on investment portfolio held abroad
- Yes.  
  - There are no limits, but FEC approval is required.

### Limits (min.) on investment portfolio held locally
- No.

### Currency-matching regulations on assets/liabilities composition
- No.  
  - Currency-matching rules are not applied.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Changes during 2019 and 2020

#### Exchange Arrangement

**Official exchange rate**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/15/2020</td>
<td>The commercial banks and foreign exchange bureaus may not freely determine exchange rates.</td>
</tr>
</tbody>
</table>

#### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/20/2020</td>
<td>Banks were allowed to utilize 7.5% of the reserve base to provide credit to households and corporates that are affected by the COVID-19 pandemic.</td>
</tr>
<tr>
<td>06/29/2020</td>
<td>Banks were allowed to utilize up to 6.5% of their reserve base to lend to the government to finance crucial government expenditure for June and July 2020.</td>
</tr>
</tbody>
</table>
SWEDEN
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: August 31, 1951.


Article XIV

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Exchange Measures

In accordance with Regulations of the Council of the European Union, certain restrictions are maintained solely for the preservation of national and international security as follows: (1) freezing of funds and economic resources of listed natural or legal persons, entities, and groups that are part of or associated with the Taliban; (2) freezing of funds and economic resources of (a) persons, entities, and bodies responsible for serious violations of human rights or the repression of civil society and democratic opposition, or whose activities otherwise seriously undermine democracy or the rule of law in Belarus; natural or legal persons, entities, or bodies associated with them; and legal persons, entities, or bodies owned or controlled by them; (b) persons, entities, or bodies benefiting from or supporting the Lukashenko regime and legal persons, entities, and bodies owned or controlled by them; (3) freezing of funds and economic resources of persons whose activities undermine the sovereignty, territorial integrity, constitutional order, and international personality of Bosnia and Herzegovina, or whose activities otherwise seriously threaten the security situation in Bosnia and Herzegovina or undermine the Dayton/Paris General Framework Agreement for Peace and the Annexes thereto, including measures established in the implementation of the said Agreement; and natural or legal persons associated with them (no person listed yet); (4) freezing of funds and economic resources of certain persons, entities, and bodies in Burundi; (5) freezing of funds and economic resources of certain persons, entities, and bodies in Democratic Republic of the Congo; (7) freezing of funds and economic resources of persons identified as being responsible for the misappropriation of Egyptian government funds and natural or legal persons, entities, and bodies associated with them; (8) freezing of funds and economic resources of listed persons, entities, and bodies in Eritrea (no person, entity, or body yet listed); (9) freezing of funds and economic resources of certain persons in Guinea (Conakry); (10) freezing of funds and economic resources of certain persons in Guinea-Bissau; (11) (a) freezing of funds and economic resources of persons responsible for serious human rights violations in the Islamic Republic of Iran and persons, entities, and bodies associated with them and (b) freezing of funds and economic resources of listed persons, entities, and bodies implicated in or associated with the nuclear and missile technology...
programs in Iran; (12) freezing of funds and economic resources of certain persons and entities in Iraq; (13) freezing of funds and economic resources of certain persons and entities in Democratic People’s Republic of Korea; (14) freezing of funds and economic resources of persons suspected of involvement in planning, sponsoring, organizing, or perpetrating the murder of former Prime Minister of Lebanon Rafik Hariri on February 14, 2005, in Lebanon (no person listed yet); (15) freezing of funds and economic resources of listed persons, entities, and bodies in Libya; (16) freezing of funds and economic resources of listed persons, entities, and bodies in Mali; (17) freezing of funds and economic resources of certain persons and entities in Somalia; (18) freezing of funds and economic resources of certain persons and entities in South Sudan; (19) freezing of funds and economic resources of certain persons and entities in Sudan; (20) freezing of funds and economic resources of certain persons, entities, and bodies in Syria; (21) freezing of funds, other financial assets, and economic resources of persons, groups, enterprises, and entities associated with ISIL (Da’esh) and Al-Qaida and freezing of funds and economic resources of certain persons, groups, and entities with a view to combating terrorism; (22) freezing of funds and economic resources of certain persons responsible for misappropriation of Tunisian government funds and natural or legal persons and entities associated with them; (23) freezing of funds and economic resources of certain persons identified as responsible for the misappropriation of Ukrainian state funds and persons responsible for human rights violations in Ukraine, and natural or legal persons, entities, or bodies associated with them; (24) freezing of funds and economic resources of certain persons or entities responsible for, actively supporting, or implementing actions or policies that undermine or threaten the territorial integrity, sovereignty, and independence of Ukraine or stability or security in Ukraine, obstructing the work of international organizations in Ukraine, or supporting such actions; furthermore of certain entities in Crimea or Sevastopol whose ownership has been transferred contrary to Ukrainian law and of certain persons or entities that have benefited from such a transfer or are conducting transactions with the separatist groups in the Donbass region of Ukraine; as well as of certain persons and entities actively supporting or benefiting from Russian decision makers responsible for the annexation of Crimea or the destabilization of eastern Ukraine; moreover of natural or legal persons, entities, or bodies conducting transactions with the separatist groups in the Donbass region of Ukraine; (25) freezing of funds of certain persons and entities engaging in or providing support for acts that threaten the peace, security, and stability in Yemen; (26) freezing of funds and economic resources of listed natural and legal persons, entities, and bodies in Zimbabwe; and (27) freezing of funds and economic resources of certain persons, entities, and bodies in Venezuela.

Other security restrictions No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency Yes. The currency of Sweden is Swedish krona.

Other legal tender No.

Exchange rate structure
The de jure and de facto exchange rate arrangements are free floating. The exchange rate of the krona is determined on the basis of supply and demand in the foreign exchange market. Foreign exchange interventions are allowed under extraordinary circumstances (for example, participation in concerted interventions with other CBs). In January 2016, the Executive Board adopted a mandate that facilitated rapid intervention on the foreign exchange market for monetary policy purposes. The mandate was extended several times thereafter, but expired on February 12, 2019, without ever having been used. The SR has not intervened in the foreign exchange market since June 14, 2001.

The krona exchange rate is determined in a CB-concerted teleconference managed by the ECB every banking day at 2:15 p.m. Central European Time. This ECB reference exchange rate is used, among other purposes, for commercial contracts. The use of the exchange rate is not mandatory in commercial contracts.

The monetary policy framework is flexible inflation targeting.
Central Bank

Yes. As of 1999, the Sveriges Riksbank (SR) Act states that the objective of the Riksbank’s operations is to maintain price stability. The Riksbank has specified this as 2% annual change in the Consumer Price Index with fixed mortgage interest rates (CPIF).

Monetary Policy Committee

Central Bank Board

Yes. The Riksbank is led by an Executive Board consisting of six members. As of 2020, the Board holds five scheduled monetary policy meetings every year. Formerly, there were six regularly scheduled meetings per year. At these meetings, the Executive Board establishes its majority view of what is considered a well-balanced monetary policy. If there is no majority for a decision, the governor of the Riksbank has the casting vote. There is no separate monetary policy committee. The Executive Board of the Riksbank decides on the direction and magnitude of various tools used for monetary policy purposes.

The Riksbank, as well as other CBs with inflation targets, conduct a policy of flexible inflation targeting. This means that, at the same time as trying to attain the inflation target, they strive to achieve sustainable growth and high employment.

Other

Government and Central Bank

Inflation target

Yes.

Target number

Yes.

Point target

Yes. According to the Sveriges Riksbank Act, the objective of monetary policy is to maintain price stability. The Riksbank has interpreted this objective to mean a low, stable rate of inflation. More precisely, the Riksbank’s objective is to keep inflation (CPIF) around 2% a year. As of September 2017, the Riksbank uses a variation band around the inflation target (1%–3%), which is not an inflation target band, but rather a way to highlight the normal variation of inflation around the 2% target.

Target with tolerance band

Band/Range

Target measure

Yes.

CPI

Yes. The Riksbank’s inflation target variable is the consumer price index with a fixed mortgage interest rates (CPIF). The CPIF is calculated using the same data and in the same way as the CPI, excluding the effect of changes to mortgage rates. The weights in the consumption basket are the same in CPI and CPIF, however, the mortgage index is kept fixed in CPIF. The reason for changing the target variable from the CPI to the CPIF in 2017 was that the former has had drawbacks as guidance for monetary policy. One such drawback was that changes to the repo rate affect household mortgage rates, which then has an effect on the CPI, as households’ living costs also change.

Core inflation

Target horizon

Yes. There is no predefined time horizon for when the target of 2% CPIF-inflation is to be achieved. However, The Riksbank’s general ambition has been to adjust monetary policy so that inflation is expected to be fairly close to the target in two years’ time.

Operating target (policy rate)
Policy rate
Yes.
The SR uses the repo rate as its key signaling rate. With this rate, the SR indicates what the overnight rate will be one week ahead. If there is a liquidity deficit in the banking system, the SR supplies funds at this interest rate by buying securities through weekly repos or lending against eligible collateral. In the event of a liquidity surplus, the SR issues Riksbank Certificates to withdraw funds remunerated at the repo rate. The banking system as a whole has a large liquidity surplus at present.

Target corridor band
Yes.
The Riksbank has modified its operational framework for the implementation of monetary policy to make it simpler and more flexible. The changes imply that the Riksbank has introduced a narrow symmetrical interest rate corridor of 0.10 percentage points around the Riksbank’s repo rate. To steer the overnight rate, so that it lies close to the Riksbank’s policy rate, the Riksbank offers its monetary policy counterparties to borrow unlimited amounts of SEK against eligible collateral at an interest rate 0.10 percentage points above the Riksbank’s repo rate and to deposit unlimited amounts of SEK at an interest rate 0.10 percentage points below the Riksbank’s repo rate. As of October 9, 2019, the Riksbank ceased to conduct daily fine-tuning transactions and the deposit rate was increased from 0.75 to 0.10 percentage points below the Riksbank's repo rate while the lending rate remained at 0.75 percentage points above the repo rate. As of July 2, 2020, the interest rate on the Riksbank’s lending facility was lowered to 0.10 from 0.75 percentage points above the repo rate. This change was initially to take place within two years of the change to the deposit rate but was brought forward because of the COVID-19 pandemic.

In addition to the standing facilities, the Riksbank also uses market operations with its monetary policy counterparties to steer the overnight rate. In recent years, the Riksbank has chosen to implement its expansionary monetary policy partly by purchasing securities. As a consequence, the banking system has a large liquidity surplus toward the Riksbank. In order to drain liquidity from the banking system, the Riksbank issues Riksbank certificates with one-week maturity once a week, normally on Tuesdays, at an interest rate equal to the repo rate. If the banking system were to have a liquidity deficit instead, the Riksbank could provide liquidity through monetary policy repos to the repo rate or lend against eligible collateral at the repo rate. Also in the wake of the COVID-19 related pandemic, the Riksbank has ensured that more liquidity remain in the overnight market by limiting the issuance of Riksbank Certificates.

Other
No.

Accountability
Yes.

Open letter
No.

Parliamentary hearings
Yes. The governor of the SR appears before the Riksdag Committee on Finance twice a year for a discussion on monetary policy.

Other
Yes. In accordance with Sveriges Riksbank Act, the Riksbank compiles an Account of monetary policy every year. The account is used as a basis for the Parliamentary Committee on Finance’s examination and assessment of monetary policy.

Transparency
Yes.

Publication of votes
Yes. Press releases state how the individual members had voted and provided the main motivation for any reservations entered.

Publication of minutes
Yes. The minutes of the Executive Board’s monetary policy meetings are
published approximately ten days after the respective meeting. The minutes are attributed, so it is possible to see who has put forward which argument, as well as how individual members voted.

<table>
<thead>
<tr>
<th>Publication of inflation forecasts</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Decisions on the repo rate are normally made five times a year and on each occasion, a Monetary Policy Report is also published. This contains analyses of the factors that determine inflation and forecasts for the repo rate, inflation, and the development of the real economy over the coming years—in other words, the most important factors on which the monetary policy decisions are based.

**Other monetary framework**

**Exchange tax** | No. |
**Exchange subsidy** | No. |
**Foreign exchange market** | Yes. |
**Spot exchange market** | Yes. |

ADs are allowed to freely determine their bid-ask spreads and foreign exchange commissions in transactions with their clients.

Credit institutions are allowed to deal in foreign exchange under their credit institution license. Other actors who carry out currency operations on a large scale need to be registered with the Swedish FSA. The Swedish financial supervisory authority, Finansinspektionen, grants the necessary licenses. There are no specific rules for the operation of foreign exchange bureaus.

**Operated by the central bank** | No. |
**Foreign exchange standing facility** | No. |
**Allocation** | No. |
**Auction** | No. |
**Fixing** | No. |
**Interbank market** | Yes. |
**Over the counter** | Yes. |
**Brokerage** | Yes. |
**Market making** | Yes. |

The foreign exchange market operates largely based on a handful of electronic platforms/brokerage system.

The foreign exchange market operates based on electronic brokerage systems, but there is also a market-making agreement whereby the Riksbank’s counterparties in foreign exchange transactions agree to make markets in EURSEK and USDSEK.

**Forward exchange market** | Yes. |
**Official cover of forward operations** | Yes. |

The SR is allowed to conduct foreign exchange swaps.

The SR and certain government agencies participate in the forward exchange rate market. However, such transactions are not conducted for the purposes of influencing the krona exchange rate. The SR occasionally participates in the foreign exchange derivatives market (in kronor) in connection with payment of the Swedish contribution to the EU.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** | No. |
**Controls on the use of domestic currency** | No. |
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sweden is a member of the EU.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Natural persons entering or leaving the EU and carrying cash of a value of €10,000 or more must declare that sum to the responsible authorities of the member country through which they are entering or leaving the EU. The obligation to declare is not considered fulfilled if the information provided is incorrect or incomplete.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Natural persons entering or leaving the EU and carrying cash of a value of €10,000 or more must declare that sum to the responsible authorities of the member country through which they are entering or leaving the EU. The obligation to declare is not considered fulfilled if the information provided is incorrect or incomplete.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Resident Accounts

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The implementation of the Solvency II Directive has resulted in that Swedish insurance companies, as a main rule, are no longer bound by explicit restrictions on the currency and location of the assets covering technical provisions. The localization of the assets of Swedish insurance companies must be made in a manner which ensures their availability. Moreover, the assets must be invested in a manner appropriate to the nature and duration of the insurance/reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. Moreover, the assets must be invested in a manner which seeks to avoid excessive reliance on a certain asset, issuer or group of companies, geographical area, and risk accumulation in the portfolio in its entirety. For the part of the businesses of Swedish insurance companies which constitute occupational pension businesses, and Swedish pension funds, there are certain restrictions on the location of the assets covering technical provisions. As a rule, these assets must be located within the EEA or, if the risk is outside the EEA, in Sweden. These assets may be in other jurisdictions if the preferential claim of the policyholders of these assets is not adversely affected. The geographical restrictions do not apply to conditional bonuses or unit-linked insurance for which the policyholder holds the risk. Assets used to cover debt must be invested in a manner which limits the risk for currency exchange losses, but no explicit restrictions on the currency of the assets covering technical provisions apply. If another country within the EEA has provisions that impose restrictions on the location of assets within occupational pension businesses, Swedish insurance companies carrying out occupational pension business in such country must, at the request of such country, also apply such provisions.
of the assets covering technical provisions. As a rule, these assets must be located within the EEA or, if the risk is outside the EEA, in Sweden. These assets may be in other jurisdictions if the preferential claim of the policyholders of these assets is not adversely affected. The geographical restrictions do not apply to conditional bonuses or unit-linked insurance for which the policyholder holds the risk.

Assets used to cover debt must be invested in a manner which limits the risk for currency exchange losses, but no explicit restrictions on the currency of the assets covering technical provisions apply.

### Accounts in domestic currency convertible into foreign currency

| Accounts in domestic currency convertible into foreign currency | Yes. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. |
| Approval required | No. |
| Domestic currency accounts | Yes. |
| Convertible into foreign currency | Yes. Nonresidents, including those who have emigrated, may have external krona accounts. These accounts may be used for payments and transfers and may be converted to any foreign currency. |
| Approval required | No. |
| Blocked accounts | No. |

### Imports and Import Payments

| Foreign exchange budget | No. |
| Financing requirements for imports | No. |
| Minimum financing requirements | No. |
| Advance payment requirements | No. |
| Advance import deposits | No. |
| Documentation requirements for release of foreign exchange for imports | No. |
| Domiciliation requirements | No. |
| Preshipment inspection | No. |
| Letters of credit | No. |
| Import licenses used as exchange licenses | No. |
| Other | No. |
| Import licenses and other nontariff measures | Yes. The restrictions are in line with general EU rules. |
| Positive list | No. |
| Negative list | No. |
Open general licenses: No.

Effective May 15, 2020, the surveillance of imports of certain iron and steel products originating in certain non-EU countries expired. Previously, import surveillance licenses applied for certain iron and steel products from all third countries, except Iceland, Norway, and Liechtenstein and for certain aluminum products originating in certain third countries.

Licenses with quotas: Yes.

The restrictions are in line with general EU rules (including rules for agriculture and fisheries).

Other nontariff measures: Yes.

Import restrictions apply to certain categories of food, as well as to narcotic drugs, weapons, live animals, radioactive materials, and other items.

Import taxes and/or tariffs: Yes.

Goods imported into Sweden from countries outside the EU are subject to VAT and customs duties in accordance with EU legislation. Furthermore, alcohol products, tobacco products, energy products, and certain other products brought to Sweden from another EU member country or imported from a country that is not an EU member are subject to Swedish excise duty, which is calculated in different ways and at different rates depending on the type of duty and the type of product.

Taxes collected through the exchange system: No.

State import monopoly: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No.

Surrender requirements: No.

Surrender to the central bank: No.

Surrender to authorized dealers: No.

Financing requirements: No.

Documentation requirements: No.

Letters of credit: No.

Guarantees: No.

Domiciliation: No.

Preshipment inspection: No.

Other: No.

Export licenses: Yes.

Use of export licenses is in line with general EU rules (including rules for agriculture and fisheries).

Council Regulation (EC) No. 1236/2005 provides for export prohibition/export authorization requirement for goods which could be used for capital punishment, torture, etc.

Without quotas: Yes.

Use of export licenses is in line with general EU rules (including rules for agriculture and fisheries).

With quotas: Yes.

Use of export licenses is in line with general EU rules (including rules for agriculture and fisheries).

Export taxes: No.
Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

No.

Trade-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Investment-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Payments for travel

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Personal payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Foreign workers’ wages

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Credit card use abroad

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Other payments

No.

Prior approval

No.
**Quantitative limits**
No.

**Indicative limits/bona fide test**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

- **Repatriation requirements**
  No.
- **Surrender requirements**
  No.
- **Surrender to the central bank**
  No.
- **Surrender to authorized dealers**
  No.
- **Restrictions on use of funds**
  No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**
Yes.

- **Repatriation requirements**
  No.
- **Surrender requirements**
  No.
- **Surrender to the central bank**
  No.
- **Surrender to authorized dealers**
  No.

**Controls on capital and money market instruments**
Yes.

- **On capital market securities**
  Yes.
  - **Shares or other securities of a participating nature**
    Yes.
    - **Purchase locally by nonresidents**
      Yes.
      Controls apply only to the purchase locally by nonresidents of shares or other securities of a participating nature and of money market instruments.
    - **Sale or issue locally by nonresidents**
      No.
    - **Purchase abroad by residents**
      Yes.
      Controls apply to shares or other securities of a participating nature that may be affected by laws on inward direct investment in fishing and civil aviation.

The implementation of the Solvency II Directive has resulted in that Swedish insurance companies, as a main rule, are no longer bound by explicit restrictions on the currency and location of the assets covering technical provisions. The localization of the assets of Swedish insurance companies must be made in a manner which ensures their availability. Moreover, the assets must be invested in a manner appropriate to the nature and duration of the insurance/reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. Moreover, the assets must be invested in a manner which seeks to avoid excessive reliance on a certain asset, issuer or group of companies, geographical area, and risk accumulation in the portfolio in its entirety. If another country within the EEA has provisions that impose restrictions on the location of assets within occupational pension businesses, Swedish insurance companies carrying out occupational pension business in such
country must, at the request of such country, also apply such provisions. For the part of the businesses of Swedish insurance companies which constitute occupational pension businesses, and Swedish pension funds, there are certain restrictions on the location of the assets covering technical provisions. As a rule, these assets must be located within the EEA or, if the risk is outside the EEA, in Sweden. These assets may be in other jurisdictions if the preferential claim of the policyholders of these assets is not adversely affected. The geographical restrictions do not apply to conditional bonuses or unit-linked insurance for which the policyholder holds the risk. Assets used to cover debt must be invested in a manner which limits the risk for currency exchange losses, but no explicit restrictions on the currency of the assets covering technical provisions apply.

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<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
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<tr>
<td>Purchase abroad by residents</td>
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<tr>
<td>On money market instruments</td>
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<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
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<td>Sale or issue locally by nonresidents</td>
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<td>Sale or issue locally by nonresidents</td>
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</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
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<tr>
<td>Sale or issue abroad by residents</td>
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<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
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<table>
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<tr>
<th>To residents from nonresidents</th>
<th>No.</th>
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<tbody>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
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<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Controls apply to the following types of investment: (1) Investments in airlines established in Sweden must be owned by more than 50% and effectively controlled by EU countries and/or nationals of EU countries, unless otherwise provided for through an international agreement to which the EU is a signatory. (2) A vessel shall be considered to be Swedish and entitled to fly the Swedish flag if owned to the extent of more than one half by Swedish nationals or Swedish legal persons. A ship may fly the Swedish flag even if the holder is not a Swedish national or a Swedish legal person under the following conditions: (a) It is registered with the Swedish Register of Ships. (b) It is part of an economic activity set up in Sweden. (c) Operation of the ship is supervised and managed from Sweden, and the ship is more than 50% owned by a citizen of an EEA country or a legal person established in accordance with the legislation of that country whose registered office, headquarters, or principal place of business is within that area. (3) Natural persons who own periodicals printed in Sweden must reside in Sweden or be citizens of the EEA. Juridical persons who own such periodicals must be established in the EEA. Periodicals, radio programs, and technical recordings must have a responsible editor domiciled in Sweden. (4) Law firms doing business under the title “advokat” must be owned by members of the Swedish Bar Association unless the Bar grants a waiver. Only EEA and Swiss residents may be admitted as members of the Swedish Bar Association. (5) Less than 50% of the votes in a limited auditing company may be held by non-EEA residents. The Supervisory Board of Public Accountants may grant exemptions. (6) A depositary of a
UCITS under EU Directive No. 85/611 must either have its registered office in the same EU country as that of the enterprise or be established in the EU country if its registered office is in another EU country.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| **Purchase abroad by residents** | Yes. |

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| **Purchase locally by nonresidents** | No. |
| **Sale locally by nonresidents** | No. |
| Controls on personal capital transactions | No. |
| **Loans** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Gifts, endowments, inheritances, and legacies** | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| **Settlement of debts abroad by immigrants** | No. |
| **Transfer of assets** | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| **Transfer of gambling and prize earnings** | No. |
References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

Borrowing abroad

No.

Maintenance of accounts abroad

No.

Lending to nonresidents (financial or commercial credits)

No.

Lending locally in foreign exchange

No.

Purchase of locally issued securities denominated in foreign exchange

No.

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

No.

Abroad by banks

No.

In banks by nonresidents

No.

Open foreign exchange position limits

Yes. For Swedish credit institutions, there are no limits on net open foreign exchange positions, but if the sum of an institution’s overall net foreign exchange and net gold positions, calculated as set out in Capital Requirements Regulation Article 352 (Regulation (EU) No. 575/2013), including for foreign exchange and gold positions for which own funds requirements are calculated using an internal model, exceeds 2% of its total own funds, the institution must calculate an own funds requirement for foreign exchange risk. This requirement is the sum of its overall net foreign exchange and net gold positions in the reporting currency multiplied by 8%.

On resident assets and liabilities

Yes.

On nonresident assets and liabilities

Yes.

Provisions specific to institutional investors

Yes.

Insurance companies

No.
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |

The implementation of the Solvency II Directive has resulted in that Swedish insurance companies, as a main rule, are no longer bound by explicit restrictions on the currency and location of the assets covering technical provisions. The localization of the assets of Swedish insurance companies must be made in a manner which ensures their availability. Moreover, the assets must be invested in a manner appropriate to the nature and duration of the insurance/reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. Moreover, the assets must be invested in a manner which seeks to avoid excessive reliance on a certain asset, issuer or group of companies, geographical area, and risk accumulation in the portfolio in its entirety. If another country within the EEA has provisions that impose restrictions on the location of assets within occupational pension businesses, Swedish insurance companies carrying out occupational pension business in such country must, at the request of such country, also apply such provisions. For the part of the businesses of Swedish insurance companies which constitute occupational pension businesses, and Swedish pension funds, there are certain restrictions on the location of the assets covering technical provisions. As a rule, these assets must be located within the EEA or, if the risk is outside the EEA, in Sweden. These assets may be in other jurisdictions if the preferential claim of the policyholders of these assets is not adversely affected. The geographical restrictions do not apply to conditional bonuses or unit-linked insurance for which the policyholder holds the risk. Assets used to cover debt must be invested in a manner which limits the risk for currency exchange losses, but no explicit restrictions on the currency of the assets covering technical provisions apply.

| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

The implementation of the Solvency II Directive has resulted in that Swedish insurance companies, as a main rule, are no longer bound by explicit restrictions on the currency and location of the assets covering technical provisions. The localization of the assets of Swedish insurance companies must be made in a manner which ensures their availability. Moreover, the assets must be invested in a manner appropriate to the nature and duration of the insurance/reinsurance liabilities. Those assets must be invested in the best interest of all policyholders and beneficiaries taking into account any disclosed policy objective. Moreover, the assets must be invested in a manner which seeks to avoid excessive reliance on a certain asset, issuer or group of companies, geographical area, and risk accumulation in the portfolio in its entirety.

| Pension funds | Yes. |
| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | Yes. |

If another country within the EEA has provisions that impose restrictions on the location of assets within occupational pension businesses, Swedish insurance companies carrying out occupational pension business in such country must, at the request of such country, also apply such provisions. For the part of the businesses of Swedish insurance companies which constitute occupational pension businesses, and Swedish pension funds, there are certain restrictions on the location of the assets covering technical provisions. As a rule, these assets must be located within the EEA or, if the risk is outside
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| Limits (min.) on investment portfolio held locally | No.       |
| Currency-matching regulations on assets/liabilities composition | Yes.  

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| Investment firms and collective investment funds | No.       |
| Limits (max.) on securities issued by nonresidents | No.       |
| Limits (max.) on investment portfolio held abroad | No.       |
| Limits (min.) on investment portfolio held locally | No.       |
| Currency-matching regulations on assets/liabilities composition | No.       |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Imports and Import Payments

Import licenses and other nontariff measures

Open general licenses

05/15/2020

The surveillance of imports of certain iron and steel products originating in certain non-European Union countries expired.
SWITZERLAND

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: May 29, 1992.

Article VIII

Yes. Date of acceptance: May 29, 1992.

Article XIV

Restrictions and/or multiple currency practices

No.

Exchange measures imposed for security reasons

Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

Yes.

Exchange Measures

No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Switzerland’s Federal Act on the Implementation of International Sanctions (Emargo Act, EmbA; CC 946.231) is the legal basis for coercive measures (asset freezes, transfer prohibitions) to implement sanctions by the UN, the Organization for Security and Cooperation in Europe (OSCE), or Switzerland’s major trading partners, aiming to restore compliance with international public law, and in particular the respect for human rights. Such measures are adopted in the form of ordinances of the Federal Council (the Swiss government). In implementation of UNSC resolutions and/or in accordance with EU regulations, Switzerland maintains certain restrictions on current international payments and transfers with respect to Belarus, Burundi, the Central African Republic, the Democratic Republic of the Congo, Guinea, Guinea-Bissau, the Islamic Republic of Iran, Iraq, the Democratic People’s Republic of Korea, Lebanon, Libya, Mali, Myanmar, Nicaragua (effective June 24, 2020), Somalia, South Sudan, Sudan, Syria, Ukraine/Russia, Venezuela, Yemen, Zimbabwe, and individuals and entities associated with Osama bin Laden, Al-Qaeda, or the Taliban.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Switzerland is the Swiss franc.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

Classification

No separate legal tender
The de jure exchange rate arrangement is free floating. The exchange rate of the Swiss franc is determined by market forces in the foreign exchange market. However, the Swiss National Bank (SNB) reserves the right to intervene in the foreign exchange market. All settlements are made at free-market rates. In 2019, the SNB intervened with modest amounts in the foreign exchange market to counter an undesired tightening of monetary conditions. These interventions occurred mainly at times of heightened uncertainty, when the Swiss franc was particularly sought after as a safe investment. As such, after trading in a volatile manner in early 2019, the trade-weighted Swiss franc appreciated since May against the backdrop of the escalating trade dispute between the US and China and rising global economic uncertainty. In the first half of 2020 the Swiss franc appreciated further amid the market turmoil related to the COVID-19 crisis and uncertainties regarding the cohesion of the Eurozone. From October 2018, the Swiss franc followed an appreciating trend within a 2% band against the euro, with one realignment in April 2019, and then increased its flexibility from September 2019. Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) retroactively to crawl-like from floating, effective October 12, 2018, and (2) to floating from crawl-like, effective September 4, 2019. The de facto methodology for classification of exchange rate regimes is based on a backward-looking statistical approach that relies on past exchange rate movement and historical data. Therefore, this reclassification does not imply a corresponding policy commitment on the part of the country authorities nor does it imply statements or views on future or intended policies. The SNB publishes information regarding its foreign exchange transactions quarterly.

There is no official or reference exchange rate.
The monetary policy implementation is based on an explicit definition of price stability—an annual consumer price index (CPI) inflation rate of less than 2%—as a long-term anchor. Policy decisions are guided by an inflation forecast over a three-year horizon. For taking and communicating monetary policy decisions, the SNB uses the SNB policy rate. The SNB seeks to keep secured short-term Swiss franc money market rates, of which the Swiss
Average Rate Overnight (SARON) is the most representative, close to the policy rate. A key communication device is an inflation forecast chart, which indicates the SNB’s policy bias.

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>No.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
</tbody>
</table>
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

<p>| Prescription of currency requirements | No.                  |
| Controls on the use of domestic currency | No.                  |
| For current transactions and payments | No.                  |
| For capital transactions | No.                  |
| Transactions in capital and money market instruments | No.                  |
| Transactions in derivatives and other instruments | No.                  |
| Credit operations | No.                  |
| Use of foreign exchange among residents | No.                  |</p>
<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
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<tr>
<td>Inoperative</td>
<td>No.</td>
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<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
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<td>Clearing agreements</td>
<td>No.</td>
</tr>
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<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>No.</td>
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<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import and export licenses, which are issued freely, are required for commercial imports and exports of certain articles containing gold. Licenses are not required for imports or exports of gold coins or bullion.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td>Resident Accounts</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Deposit accounts held abroad are permitted to cover the technical reserves of an insurance company, if the legal framework applicable to the investment recognizes the Swiss Financial Market Supervisory Authority (FINMA’s) insolvency procedures and the seniority of the claim to the tied assets in accordance with Swiss law so that no special enforcement or other interventions by an authority or third party become necessary.</td>
<td></td>
</tr>
</tbody>
</table>
For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. This limit is non-binding for pension funds that demonstrate to have prudential portfolio management practices.

Approval required No.

Accounts in domestic currency held abroad Yes.

Deposit accounts held abroad are permitted to cover the technical reserves of an insurance company, if the legal framework applicable to the investment recognizes FINMA’s insolvency procedures and the seniority of the claim to the tied assets in accordance with Swiss law so that no special enforcement or other interventions by an authority or third party become necessary.

Accounts in domestic currency convertible into foreign currency Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes.

Approval required No.

Domestic currency accounts Yes.

Convertible into foreign currency Yes.

Approval required No.

Blocked accounts No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget No.

Financing requirements for imports No.

Minimum financing requirements No.

Advance payment requirements No.

Advance import deposits No.

Documentation requirements for release of foreign exchange for imports No.

Domiciliation requirements No.

Preshipment inspection No.

Letters of credit No.

Import licenses used as exchange licenses No.

Other No.

Import licenses and other nontariff measures Yes.

Positive list No.
<table>
<thead>
<tr>
<th>Negative list</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open general licenses</td>
<td>Yes. Licenses are required mostly for agricultural products.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes. Licenses with quotas are required for specific agricultural products.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes. Import controls apply to weapons and war material and for sanitary or phytosanitary reasons. Imports of rough diamonds are permitted only under the Kimberley Process Certification Scheme.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes. In general, customs duties are levied based on the gross weight of goods. On industrial goods, import tariffs are generally very low (average 0.20% ad valorem equivalent). On agricultural goods, they average 5.9% ad valorem equivalent. The tariff rates on agricultural goods that are imported above quota may range up to several hundred percent (in ad valorem terms). In the framework of the General Agreement on Tariffs and Trade (GATT) Uruguay Round, all quantitative restrictions and measures with equivalent effects concerning agricultural products have been converted to tariffs. To maintain the market access opportunities prevailing during 1986–1988, 28 tariff rate quotas were set for specific agricultural and livestock goods (fruits, vegetables, meats, wines, etc.). As a contribution to the fight against coronavirus, the Federal Council decided to temporarily set customs duties on imports of certain medical goods at zero, effective April 10, 2020, until October 9, 2020.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>Yes. The government has a monopoly on imports of 80 proof or higher undenatured ethyl alcohol, but private sector imports are permitted with authorization. Cantons have a monopoly on imports of salt.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes. A system of general and individual licenses applies to controlled exports.</td>
</tr>
</tbody>
</table>
| Without quotas            | Yes. Exports of weapons, war material, and dual-use goods that may be used for the production of conventional weapons and weapons of
mass destruction are controlled and require a license. Exports of rough diamonds are permitted only under the Kimberley Process Certification Scheme.

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
</table>

### Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
</tbody>
</table>
Indicative limits/bona fide test  No.
Other payments  No.
Prior approval  No.
Quantitative limits  No.
Indicative limits/bona fide test  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.
Repatriation requirements  No.
Surrender requirements  No.
Surrender to the central bank  No.
Surrender to authorized dealers  No.

Controls on capital and money market instruments  Yes.

On capital market securities  Yes.
Shares or other securities of a participating nature  Yes.
Purchase locally by nonresidents  No.
Sale or issue locally by nonresidents  No.

Purchase abroad by residents  Yes.

Sale or issue abroad by residents  No.

Insurance companies subject to tied assets may not cover their technical reserves with shares (issued by either residents or nonresidents) in excess of 30% of the required amount of the tied assets. Shares must be traded on a liquid market and regular market and must be sellable at short notice. Shares not traded and shares of affiliated companies are not allowed for tied assets.

For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. This limit is non-binding for pension funds that demonstrate to have prudential portfolio management practices.
Bonds or other debt securities  
Yes.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
Yes.  
The FINMA Circular No. 2016/5 does not stipulate any limit on bond investments. The Circular treats asset-backed security (ABS), mortgage-backed security (MBS), and collateralized debt obligations under the category securitized assets, which are subject to a limit of 10% of the required amount of the tied assets. A general requirement applied to the tied assets is that the creditworthiness of the issuer needs to be verifiable.  
For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. This limit is non-binding for pension funds that demonstrate to have prudential portfolio management practices.

Sale or issue abroad by residents  
No.

On money market instruments  
Yes.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
No.

Purchase abroad by residents  
Yes.  
Money market instruments issued by nonresidents are allowed to cover the technical reserves of an insurance company if their run time is less than twelve months and the legal framework applicable to the investment recognizes FINMA’s insolvency procedures or the investments are securitized and traded on a market (market price identifiable).  
For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. This limit is non-binding for pension funds that demonstrate to have prudential portfolio management practices.

Sale or issue abroad by residents  
No.

On collective investment securities  
Yes.

Purchase locally by nonresidents  
No.

Sale or issue locally by nonresidents  
Yes.  
The sale or distribution of foreign collective investment securities is subject to a stamp duty. The distribution of foreign collective investment securities to non-qualified investors is subject to approval by the Swiss FINMA. The issuer of foreign collective investment securities, effective January 1, 2020, distributed to non-qualified investors (previously, all foreign collective investment securities) has to mandate a representative and a paying agent in Switzerland.  
Representatives of foreign investment funds must be licensed by the Swiss FINMA. Effective January 1, 2020, client advisers of domestic or foreign distributors have to sign up to an adviser register if the distributor is not subject to prudential supervision.

Purchase abroad by residents  
Yes.  
For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. This limit is non-binding for pension funds that demonstrate to have prudential portfolio management practices.  
Irrespective of the domicile of the collective investments, shares of collective investments need to be traded in a regulated and liquid market and be supervised under an effective regulatory regime to be able to be assigned to the tied assets of an insurance company.
reduce concentration risk, the single collective investment is limited to 5% of the target amount; this limit is lifted if a number of predefined conditions are met.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

According to the Supervision Ordinance, the insurance companies can use derivative instruments to: (1) hedge the assets, (2) hedge the payments from insurance obligations, (3) prepare asset acquisition, and (4) enhance the investment earnings. While the use of derivatives for asset hedging has no limit, there are several restrictions on the use of derivatives by insurance companies for other purposes. A general condition for using derivatives is that all obligations are fully covered.

For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. This limit is non-binding for pension funds that demonstrate to have prudential portfolio management practices.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Commercial credits

By residents to nonresidents

Yes.

Granting of loans to nonresidents by insurance companies is not restricted, especially for companies not subject to tied asset regulation. For insurance companies subject to tied asset requirements, however, according to FINMA Circular No. 2016/5, only loans granted to the following borrowers can be assigned to tied assets: Swiss public bodies, banks domiciled in Switzerland, other borrowers domiciled in Switzerland with a minimum degree of creditworthiness of level 3.

To residents from nonresidents

No.

Financial credits

By residents to nonresidents

Yes.

Granting of loans to nonresidents by insurance companies is not restricted, especially for companies not subject to tied asset regulation. For insurance companies subject to tied asset requirements, however, according to FINMA Circular No. 2016/5, only loans granted to the following borrowers can be assigned to tied assets: Swiss public bodies, banks domiciled in Switzerland, and other borrowers domiciled in Switzerland with a minimum degree of creditworthiness of level 3.

For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. Occupational pension funds also have to observe a limit of 15% for alternative investments, including claims with alternative character. Swiss property title deeds and debt acknowledgments by Swiss public entities are exempted from this category. These limits are non-binding for occupational pension funds that demonstrate to have
prudential portfolio management practices.

To residents from nonresidents No.

Guarantees, sureties, and financial backup facilities No.

By residents to nonresidents No.

To residents from nonresidents No.

Controls on direct investment Yes.

Outward direct investment No.

Inward direct investment Yes. Controls apply to the (1) establishment of companies for the distribution and exhibition of films; (2) acquisition of real estate, which is subject to authorization by the relevant cantonal authority if the acquirer does not use the property to operate a permanent establishment; (3) registration of a ship in Switzerland serving two points on the Rhine or of a vessel intended to offer commercial maritime transport services; (4) registration of an aircraft in Switzerland and investment in an airline under majority Swiss control, unless other provisions of international agreements to which Switzerland is a party apply; (5) investment in the sectors of hydroelectricity, oil and gas pipelines, and nuclear energy; and (6) investment in a broadcasting company, bringing foreign ownership above 49% of the company’s share capital.

Controls on liquidation of direct investment No.

Controls on real estate transactions Yes.

Purchase abroad by residents Yes. According to the FINMA Circular No. 2016/5, real estate investments outside Switzerland are not permitted for the purposes of tied assets of an insurance company. For occupational pension funds, there is a limit of 10% of total assets for the investment in real estate located outside Switzerland derived as follows: There is a limit for the investment in real estate of 30% of total assets, and real estate located outside Switzerland is not permitted to exceed one-third of all investment in real estate. There is also a limit of 30% of total assets for the investment in foreign currency without hedge. All these limits are non-binding for occupational pension funds that demonstrate to have prudential portfolio management practices.

Purchase locally by nonresidents Yes. Purchases by foreigners who are not permanent residents in Switzerland and by enterprises with headquarters abroad or under foreign control are subject to authorization. The reservation applies only to the acquisition of real estate, which is subject to authorization by the competent cantonal authority when the acquirer does not use the property to operate a permanent establishment. However, no authorization is required for the acquisition of premises for professional use and business activities and of principal residences for the purpose of personal housing needs by foreigners who are domiciled in Switzerland. For the acquisition of holiday residences and secondary residences for the purpose of personal housing needs, authorization is subject to quotas and is granted on verification of the purpose. Purely financial investments and trade in apartments are prohibited (with some exceptions).

Sale locally by nonresidents No.

Controls on personal capital transactions No.
### Loans

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Gifts, endowments, inheritances, and legacies

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Settlement of debts abroad by immigrants

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Transfer of gambling and prize earnings

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>This information can be found at the AREAEER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>No.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Category</td>
<td>Requirement</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>While the general investment principles (Asset Liability Management orientation, safety, profitability, diversification, liquidity) of the FINMA Circular No. 2016/5 apply to all insurance companies, the specific guidelines refer to those insurance companies who need to hold tied assets according to the law. These are of qualitative as well as of quantitative nature. Quantitative limits such as counterparty exposure limit (5%) or foreign currency exposure limit (20%) intend to mitigate various risks, for example, concentration risk or currency mismatch risk. The FINMA Circular No. 2016/5 also sets out asset-class-specific guidelines and investment restrictions (mentioned in the sections above), which are in line with the stipulated general investment principle.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Besides the asset-type-specific limits (for example, 30% for equity), securities issued by nonresidents need to be securitized and traded on a market so that a market price can be identified or the legal framework applicable to the investment must recognize FINMA’s insolvency procedures.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>To ensure the enforceability of the invested assets in case of bankruptcy, the investments held abroad can only be assigned to the tied assets, if the legal framework applicable to the investment recognizes FINMA’s insolvency procedures and the seniority of the claim to the tied assets in accordance with Swiss law so that no special enforcement or other interventions by an authority or third party become necessary. According to the FINMA Circular No. 2016/05, “Investment Guidelines – Insurance Companies” generally allows a foreign custody abroad (instead of the previously three specific countries Belgium, Liechtenstein, and Luxemburg) as long as the aforementioned preconditions are fulfilled.</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
<tr>
<td>According to the Asset Liability Management principles of the FINMA Circular No. 2016/5, liabilities arising from insurance contracts should match with the assets of the relevant currencies. Assets in currencies other than the reference currency should not exceed 20% of the required amount of the tied assets. This limit takes into consideration the effects of hedging.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>There are transparency requirements for occupational pension funds in the area of nontraditional bonds (especially securitized vehicles). Furthermore, securities lending and repo agreements must fulfill certain minimal conditions. As before, pension funds are usually not allowed to leverage their assets.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Ordinance on Occupational Benefit Plans Concerning Old Age, Survivors, and Disability of January 1, 2017, regulates occupational pension funds. It treats residents and nonresidents mostly in the same way, stresses the need for supervision of counterparty risks and for sophisticated portfolio diversification, and strengthens the prudent investor principle. For occupational pension funds, there is a limit of</td>
<td></td>
</tr>
</tbody>
</table>
10% of total assets for the investment in real estate located outside Switzerland derived as follows: There is a limit for the investment in real estate of 30% of total assets, and real estate located outside Switzerland is not permitted to exceed one-third of all investment in real estate. There is also a limit of 30% of total assets for the investment in foreign currency without hedge. There is also a limit of 15% of alternative investments, including claims with alternative character. Swiss property title deeds and debt acknowledgments by Swiss public entities are exempted from this category. All these limits are non-binding for occupational pension funds that demonstrate to have prudential portfolio management practices.

The Ordinance on Occupational Benefit Plans Concerning Old Age, Survivors, and Disability of January 1, 2017, regulates occupational pension funds. It treats residents and nonresidents mostly in the same way, stresses the need for supervision of counterparty risks and for sophisticated portfolio diversification, and strengthens the prudent investor principle. For occupational pension funds, there is a limit of 10% of total assets for the investment in real estate located outside Switzerland derived as follows: There is a limit for the investment in real estate of 30% of total assets, and real estate located outside Switzerland is not permitted to exceed one-third of all investment in real estate. There is also a limit of 30% of total assets for the investment in foreign currency without hedge. There is also a limit of 15% of alternative investments, including claims with alternative character. Swiss property title deeds and debt acknowledgments by Swiss public entities are exempted from this category. All these limits are non-binding for occupational pension funds that demonstrate to have prudential portfolio management practices.

For occupational pension funds, there is a limit of 30% of total assets for the investment in foreign currency without hedge. This limit is non-binding for pension funds that demonstrate to have prudential portfolio management practices.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Measures**

**Exchange measures imposed for security reasons**

In accordance with IMF Executive Board Decision No. 144-(52/51) 06/24/2020

Restrictions were imposed with respect to Nicaragua.

**Exchange Arrangement**

2020 ANNUAL REPORT ON EXCHANGE ARRANGEMENTS AND EXCHANGE RESTRICTIONS

INTERNATIONAL MONETARY FUND

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Crawl-like arrangement 01/01/2019  The de facto exchange rate arrangement was reclassified retroactively to crawl-like from floating, effective October 12, 2018. The change is reflected as of January 1, 2019, corresponding to the first day of the period covered in this year’s Annual Report on Exchange Arrangements and Exchange Restrictions.

Floating 09/04/2019  From October 2018, the Swiss franc followed an appreciating trend within a 2% band against the euro, with one realignment in April 2019, and then increased its flexibility from September 2019. Accordingly, the de facto exchange rate arrangement was reclassified twice: (1) retroactively to crawl-like from floating, effective October 12, 2018, and (2) to floating from crawl-like, effective September 4, 2019.

Imports and Import Payments

Import taxes and/or tariffs 04/10/2020  As a contribution to the fight against coronavirus, the Federal Council decided to temporarily set customs duties on imports of certain medical goods at zero until October 9, 2020.

Capital Transactions

Controls on capital transactions

Controls on capital and money market instruments

On collective investment securities

Sale or issue locally by nonresidents 01/01/2020  The issuer of foreign collective investment securities distributed to non-qualified investors (previously, all foreign collective investment securities) has to mandate a representative and a paying agent in Switzerland.

01/01/2020  Client advisers of domestic or foreign distributors have to sign up to an adviser register if the distributor is not subject to prudential supervision.
SYRIA

(Position as of December 31, 2018)

Status under IMF Articles of Agreement

Date of membership
April 10, 1947.

Article VIII

Yes.

Article XIV

Yes.

Exchange Measures

Restrictions and/or multiple currency practices
Yes. The IMF staff report for the 2009 Article IV Consultation with Syria states that, as of February 12, 2010, Syria continued to maintain, under Article XIV, restrictions on payments and transfers for current international transactions, including administrative allocation of foreign exchange. Syria also maintained exchange measures that are subject to IMF approval under Article VIII: (1) prohibition against purchases by private parties of foreign exchange from the banking system for some current international transactions; (2) an MCP resulting from divergences of more than 2% between the official exchange rate and officially recognized market exchange rates; (3) a non-interest-bearing advance import deposit requirement of 75%–100% for public sector imports; and (4) an exchange restriction arising from the net debt under inoperative bilateral payments arrangements with the Islamic Republic of Iran and Sri Lanka. (Country Report No. 10/86)

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Syria is the Syrian pound.

Other legal tender
No.

Exchange rate structure

Unitary

Dual
Yes. The exchange rate system is dual because it consists of two rates: (1) the official rate of LS 11.20/11.25 per US dollar, which applies to interest arising from former bilateral payments agreements, pending agreements on their rescheduling and (2) the exchange rate for all other transactions (foreign exchange market exchange rate), which unifies the other exchange rates and is announced by the Central Bank of Syria (CBS) daily.

Multiple

Classification

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
The de jure exchange rate arrangement is a pegged exchange rate within horizontal bands. Given the developments in the official rate, the emergence of the parallel market, and the intervention rate, the de facto exchange rate arrangement is classified as other managed arrangement.

The monetary policy framework is an exchange rate anchor vis-à-vis the SDR.
Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. Commercial banks may freely set their exchange rates and commissions in transactions with their clients.

Spot exchange market

Yes. The foreign exchange market consisted of 2 public banks, 11 conventional private banks, and 3 Islamic banks in addition to 15 exchange companies and 43 exchange bureaus. All partners in the foreign exchange market are licensed by the CBS. Licensed banks, exchange companies, and exchange bureaus may deal with the CBS. Exchange companies may deal with all foreign currency payments, including banknotes and current and capital transactions, on behalf of their clients in the same way as licensed banks. Exchange bureaus may only purchase and sell banknotes. Exchange companies are
allowed to make external remittances and hold accounts abroad not exceeding 30% of their capital.

Operated by the central bank | Yes.
---|---
The CBS intervenes via purchases and sales of foreign exchange directly with licensed banks. It proposes the spot price on its daily announced foreign exchange quotes for trading with licensed banks. The CBS intervenes in the market through trading of both US dollars and euros against pounds with the local banks and financial institutions according to its daily bulletin issued exclusively for this purpose, depending on the daily information about foreign exchange offers and demand in the local market.

Foreign exchange standing facility | No.
Allocation | No.
Auction | No.
Fixing | Yes.
Interbank market | Yes.
There is a nascent interbank foreign exchange market. The participants in the interbank foreign exchange market are licensed by the CBS and include 2 public banks, 11 conventional private banks, and 3 Islamic banks.

Over the counter | No.
Brokerage | No.
Market making | Yes.
The foreign exchange market operates with market makers.
Forward exchange market | No.
Official cover of forward operations | No.

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements | Yes.
Any convertible currency may be used for the settlement of export transactions. No currency requirements are imposed on outgoing payments. All payments to and receipts from Israel are prohibited. With a few exceptions, non-Syrians visiting Syria may settle their first- and second-class international hotel bills in foreign exchange.

Controls on the use of domestic currency | Yes.
Sometimes the CB imposes limitations on the use of domestic currency for liquidity management purposes.

For current transactions and payments | Yes.
Nonresidents are generally required to settle their airfares in convertible currency.

For capital transactions | No.
Syrian, Arabi, and foreign investors may transfer abroad all their shares in investments on completion of their business in Syria.

Transactions in capital and money market instruments | No.
Transactions in derivatives and other instruments | No.
Credit operations | No.
Use of foreign exchange among residents | Yes.
This is permitted through authorized banks, exchange bureaus, and exchange companies.

Payments arrangements | Yes.

Bilateral payments arrangements | Yes.
**Operative**

Yes. There is an operative bilateral payments agreement with the Islamic Republic of Iran.

**Inoperative**

Yes. There is an inoperative bilateral payments agreement with the Islamic Republic of Iran.

**Regional arrangements**

No.

**Clearing agreements**

No.

**Barter agreements and open accounts**

No.

**Administration of control**

Yes. The Ministry of Economy and Trade (MOET) determines policy with regard to imports and exports and issues import licenses. The CBS issues exchange licenses for capital transactions.

**Payments arrears**

No.

**Official**

No.

**Private**

No.

**Controls on trade in gold (coins and/or bullion)**

Yes. Controls apply to gold coin and bullion transactions.

**On domestic ownership and/or trade**

Yes. Imports of gold are subject to import licensing; gold exports are allowed as long as an equal weight of gold is imported within three months (MOET Decision No. 2366-2006).

**On external trade**

Yes. Imports of gold are subject to import licensing; gold exports are allowed as long as an equal weight of gold is imported within three months (MOET Decision No. 2366-2006).

**Controls on exports and imports of banknotes**

Yes. Residents traveling abroad may take with them up to LS 2,000 a trip unless they are traveling to Jordan or Lebanon. Travelers to Jordan and Lebanon who are not eligible for a foreign exchange allowance may take with them up to LS 7,500 a trip. Nonresidents leaving Syria may reconvert up to the equivalent of LS 25,000 to foreign exchange, provided the amount is less than the amount initially exchanged through authorized banks within two months of departure.

**Domestic currency**

Yes. Residents traveling abroad may purchase foreign currency from banks, exchange bureaus, and exchange companies on presentation of their passport, visa, and airline ticket and take with them foreign exchange up to the equivalent of US$3,000 a trip. Travelers to Jordan and Lebanon may buy US$1,000 at the border each time they cross. The foreign currency amount is recorded in the traveler’s passport to prevent circumvention. Nonresidents may take abroad any amount of foreign exchange declared when they entered the country; without a declaration, they may take out US$5,000.

**Foreign currency**

Yes. Residents traveling abroad may purchase foreign currency from banks, exchange bureaus, and exchange companies on presentation of their passport, visa, and airline ticket and take with them foreign exchange up to the equivalent of US$3,000 a trip. Travelers to Jordan and Lebanon may buy US$1,000 at the border each time they cross. The foreign currency amount is recorded in the traveler’s passport to prevent circumvention. Nonresidents may take abroad any amount of foreign exchange declared when they entered the country; without a declaration, they may take out US$5,000.

**On imports**

No.

**Domestic currency**

No.

**Foreign currency**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**

Yes. Residents may open foreign exchange accounts in authorized banks with funds originating abroad. Deposits may be transferred to other resident accounts or for deposit abroad without limitation. Deposits
in the form of banknotes may be withdrawn or transferred abroad. Residents may buy foreign exchange up to the equivalent of US $120,000, provided they deposit it at an authorized domestic bank for at least six months.

| Held domestically | Yes. | Approval required | No. |
| Held abroad | Yes. | Approval required | No. |
| Accounts in domestic currency held abroad | No. | Accounts in domestic currency convertible into foreign currency | No. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted | Yes. | Nonresidents may open accounts in convertible foreign currency in authorized banks for the deposit of funds from abroad. Balances in such accounts may be sold to local banks, transferred abroad without restriction, or used to pay for authorized imports. Temporary nonresident accounts may be opened in the name of nonresidents temporarily residing in Syria.

Approval required | No. |

Domestic currency accounts | Yes. | These accounts may be credited with the proceeds of foreign currency sold to authorized banks and with other receipts in foreign currency or in pounds; they may be debited to pay for expenses in Syria. Neither the account balances nor the interest accrued on these accounts is transferable.

Convertible into foreign currency | No. |

Blocked accounts | Yes. | Proceeds from the sale of real estate in Syria by nonresidents must be deposited in blocked domestic currency accounts. LS 180,000 or its equivalent a year may be transferred abroad from such accounts. Accounts may be debited for expenses in Syria.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget | Yes. | The foreign exchange requirements of government trading agencies are met with the annual foreign exchange budget; these agencies automatically receive import licenses on submission of documentation of their import requirements.

Financing requirements for imports | Yes. | Banks may finance all types of imports, except imports of gold and cars.

Minimum financing requirements | No. |

Advance payment requirements | No. |

Advance import deposits | Yes. | A non-interest-bearing advance deposit is required for public sector imports. The deposit is set as a certain percentage of the value of the import and differs depending on the case. Private sector imports are...
not subject to this requirement if they are financed from abroad. If authorized banks make settlements with an LC, an import deposit is required by banks, based on the solvency of the client (the importer).

<table>
<thead>
<tr>
<th>Documentation requirements for release of foreign exchange for imports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
</tbody>
</table>

Importers must have a “commercial record,” which may be acquired based on a domiciliation document.

Private importers may choose to import products not included on the negative list by opening LCs at authorized banks.

Importers must obtain written approval from the MOET to import certain items.

Some imports require licenses.

There is a general list of goods that may not be imported. The negative list for imports includes items prohibited for security, health, or religious reasons.

Imports from Syrian free zones are allowed for certain industrial goods and for goods imported directly from the country of origin. Imports of commodities originating in Israel are prohibited. There is a restricted list of products whose importation is a public sector monopoly.

An import surcharge of 1% is applied to all imports; government imports and imports of certain essential items are exempt. Imports for customs duty purposes are valued at the quarterly exchange rate published by the CBS and calculated based on the previous month’s average exchange rate between the pound and the US dollar. Import tariffs range up to 100%. All previous special levies on imports have been replaced with a unified import surcharge system with rates ranging from 6% to 35%.

Many basic commodities (for example, paper, salt, tobacco, wheat, certain agricultural machinery) are imported only by state trading agencies or, for their account, by certain private sector importers.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

All repatriation requirements have been lifted, and exporters are no longer required to repatriate the proceeds from exports, according to CBS Instruction No. 476 (2009).
### Documentation requirements
- Yes.
- Letters of credit: Yes.
- Guarantees: Yes.
- Domiciliation: Yes.
- Preshipment inspection: Yes.
- Other: No.

### Export licenses
- Yes.

Exports of wheat, barley, cotton, cotton yarn, and their derivatives are made by the government organizations dealing in cereals and cotton. Petroleum product exports are handled by the State Petroleum Marketing Office. Exports of certain other commodities are also reserved for government agencies, state trading agencies, and specified companies. Exports of a few goods to all countries and all exports to Israel are prohibited.

### Without quotas
- Yes.

### With quotas
- No.

### Export taxes
- No.

### Collected through the exchange system
- No.

### Other export taxes
- No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

#### Controls on these transfers
- Yes.

All payments for public and private sector invisible transactions are effected at the market exchange rate. Residents may transfer with the required documentation up to US$10,000 a month in foreign exchange to pay for allowable invisible transactions.

#### Trade-related payments
- No.

#### Prior approval
- No.

#### Quantitative limits
- No.

#### Indicative limits/bona fide test
- No.

#### Investment-related payments
- Yes.

#### Prior approval
- No.

#### Quantitative limits
- No.

#### Indicative limits/bona fide test
- Yes. Companies authorized under Investment Law No. 8 may transfer their net profits for the financial year on submission of a transfer request before the date of the transfer.

#### Payments for travel
- Yes.

#### Prior approval
- No.

#### Quantitative limits
- Yes. Residents may buy US$3,000 each time they travel abroad on presentation of their passport, visa, and airline ticket. The foreign
currency amount is recorded in the traveler’s passport to prevent circumvention. Travelers to Jordan and Lebanon may buy US$1,000 at the border each time they cross. On departure, Syrian residents must pay an exit tax of LS 800 a person if traveling to Arab countries and LS 1,500 a person for other destinations. An airport stamp tax of LS 200 is added to this tax. Syrian citizens, both residents and nonresidents, may obtain one international credit card, with a limit of US$10,000 a month or its equivalent in foreign currency, for travel payments.

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers’ wages</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

Residents may transfer up to US$10,000 a month in foreign exchange to pay for any invisible transaction. Residents may transfer up to US$5,000 a year in foreign exchange as personal aid to their relatives and up to US$2,000 a year for newspaper subscriptions and membership fees and dues. Transfers for trade fair participation are allowed twice a year up to US$10,000.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
Surrender to authorized dealers: n.a.

Restrictions on use of funds: Yes.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**: Yes.

**Repatriation requirements**: Yes.

**Surrender requirements**: Yes.

- **Surrender to the central bank**: n.a.
- **Surrender to authorized dealers**: n.a.

**Exports of capital require Export Obligation approval.**

**Controls on capital and money market instruments**: Yes.

**On capital market securities**: Yes.

- **Shares or other securities of a participating nature**: Yes.

  - **Purchase locally by nonresidents**: Yes.
    - Nonresidents are allowed to purchase shares and other securities listed on the Damascus stock exchange.
  - **Sale or issue locally by nonresidents**: Yes.
    - Proceeds from the sale of domestic shares may be transferred only with the permission of the Export Obligation.
  - **Purchase abroad by residents**: Yes.
    - Authorized banks may acquire portfolio investments abroad not exceeding 30% of their own capital.
  - **Sale or issue abroad by residents**: Yes.
    - These transactions require the approval of the Syrian Commission on Financial Markets and Securities.

- **Bonds or other debt securities**: Yes.

  - **Purchase locally by nonresidents**: n.r.
    - These transactions do not exist.
  - **Sale or issue locally by nonresidents**: Yes.
    - These transactions are not allowed.
  - **Purchase abroad by residents**: Yes.
    - Authorized banks may acquire portfolio investments abroad not exceeding 75% of their own capital.
  - **Sale or issue abroad by residents**: Yes.

**On money market instruments**: Yes.

- **On money market instruments**: Yes.

  - **Purchase locally by nonresidents**: n.r.
    - These transactions do not exist.
  - **Sale or issue locally by nonresidents**: n.r.
    - These transactions do not exist.
  - **Purchase abroad by residents**: Yes.
    - Authorized banks may acquire portfolio investments abroad not exceeding 75% of their capital.
  - **Sale or issue abroad by residents**: Yes.

**On collective investment securities**: Yes.

- **Purchase locally by nonresidents**: Yes.
Sale or issue locally by nonresidents: Yes.
Purchase abroad by residents: Yes.
Sale or issue abroad by residents: Yes.
Controls on derivatives and other instruments: Yes.

Purchase locally by nonresidents: n.r. These transactions do not exist.
Sale or issue locally by nonresidents: n.r. These transactions do not exist.
Purchase abroad by residents: Yes. These transactions are not allowed.
Sale or issue abroad by residents: Yes. These transactions are not allowed.

Controls on credit operations: Yes.
Commercial credits: Yes.
By residents to nonresidents: Yes. These transactions are not allowed.
To residents from nonresidents: Yes.
Financial credits: Yes.
By residents to nonresidents: Yes. These transactions are not allowed.
To residents from nonresidents: Yes. Residents may borrow from nonresidents only for financing investment projects.
Guarantees, sureties, and financial backup facilities: Yes.
By residents to nonresidents: Yes.
To residents from nonresidents: Yes.

Controls on direct investment: Yes.
Outward direct investment: Yes. These transactions are not allowed.
Inward direct investment: Yes. Inward direct investment is subject to licensing, according to Law No. 8 on Investments. Investors may hold foreign currency accounts to finance convertible currency requirements. These accounts may include all capital and loans obtained in foreign currency and 100% of proceeds from exports. All profits may be transferred freely. Syria has investment guarantee agreements with France, Germany, Switzerland, and the United States. Companies licensed under the investment law may exchange for local currency at the market exchange rate part of their assets, duly deposited at Syrian banks, to cover basic needs and local liabilities. Law No. 8 on Investments allows an investor to transfer foreign exchange capital after payment of taxes without time limitations.
Controls on liquidation of direct investment: No.
Controls on real estate transactions: Yes.
Purchase abroad by residents: No.
Purchase locally by nonresidents: Yes. Foreigners may acquire real estate.
Sale locally by nonresidents: Yes. Foreigners may not sell real estate until two years after the date of acquisition.
### Controls on personal capital transactions

**Loans**
- Yes.
- By residents to nonresidents: Yes.
- To residents from nonresidents: No.

**Gifts, endowments, inheritances, and legacies**
- By residents to nonresidents: Yes.
  - Gifts, endowments, inheritances, and legacies must be from a legitimate source, in accordance with the decisions of the Anti-Money-Laundering Commission.
- To residents from nonresidents: No.

**Settlement of debts abroad by immigrants**
- n.a.

**Transfer of assets**
- Yes.
  - Transfer abroad by emigrants: Yes.
  - Transfer into the country by immigrants: Yes.
  - These assets must be from a legitimate source, in accordance with the decisions of the Anti-Money-Laundering Commission.

**Transfer of gambling and prize earnings**
- Yes.
  - These transactions are allowed in accordance with the decisions of the Anti-Money-Laundering Commission.

**References to legal instruments and hyperlinks**
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions**
- Yes.
  - For the limitations of granting credit from commercial banks denominated in local currency by setting percentages for financing different kinds of sectors.

**Borrowing abroad**
- Yes.
  - Banks and investors licensed according to the Law on Investment may borrow abroad. Investors must borrow through local banks.

**Maintenance of accounts abroad**
- Yes.
  - Banks and exchange companies may have correspondent accounts abroad. Only exchange companies require CBS permission to open correspondent accounts abroad.

**Lending to nonresidents (financial or commercial credits)**
- Yes.
  - Lending to nonresidents is generally subject to licensing by the Export Obligation.

**Lending locally in foreign exchange**
- Yes.
  - Banks may finance private sector imports in the form of (1) six months’ deferred payment for licensed imports or (2) a one-year foreign currency loan for imports used for export production or reexportation. Banks may lend in foreign exchange to residents to finance investment projects. All investors covered by the Law on Investment may borrow in foreign currency to finance investment projects.

**Purchase of locally issued securities denominated in foreign exchange**
- n.a.

**Differential treatment of deposit accounts in foreign exchange**
- Yes.
  - Reserve requirements: No.
  - Both foreign and domestic currency deposits are subject to a reserve requirement of 5%.
  - Liquid asset requirements: No.
  - The same liquidity ratio applies to domestic and foreign currency deposits.
  - Interest rate controls: Yes.
  - Interest rates to deposits in foreign currency are ±1% LIBOR.
  - Credit controls: No.
Differential treatment of deposit accounts held by nonresidents

- Yes.

**Reserve requirements**

- Yes. 10% for all deposits.
  - 5% for financing productive sector.

**Liquid asset requirements**

- Yes.

**Interest rate controls**

- Yes. Interest rates to deposits in foreign currency are ±1% LIBOR.

**Credit controls**

- No.

**Investment regulations**

- Yes.

**Abroad by banks**

- Yes. Authorized banks may acquire portfolio investments not exceeding 75% of their capital.

**In banks by nonresidents**

- Yes. Nonresidents may invest in private banks up to 60% of the total ownership. The minimum capital requirement is LS 10 billion and LS 15 billion for traditional and Islamic banks, respectively.

**Open foreign exchange position limits**

- Yes. Banks may build open foreign exchange positions of up to 65% of their capital. The net open foreign exchange position is calculated daily as the difference between foreign assets and liabilities on the balance sheet plus net swap transactions.

**On resident assets and liabilities**

- Yes.

**On nonresident assets and liabilities**

- Yes.

**Provisions specific to institutional investors**

- n.a.

**Insurance companies**

- n.a.

**Limits (max.) on securities issued by nonresidents**

- n.a.

**Limits (max.) on investment portfolio held abroad**

- n.a.

**Limits (min.) on investment portfolio held locally**

- n.a.

**Currency-matching regulations on assets/liabilities composition**

- n.a.

**Pension funds**

- n.a.

**Investment firms and collective investment funds**

- n.a.

**Limits (max.) on securities issued by nonresidents**

- n.a.

**Limits (max.) on investment portfolio held abroad**

- n.a.

**Limits (min.) on investment portfolio held locally**

- n.a.

**Currency-matching regulations on assets/liabilities composition**

- n.a.

**References to legal instruments andThis information can be found at the AREAER ONLINE database:**
Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
TAJIKISTAN
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
April 27, 1993.

Article VIII
Yes. Date of acceptance: December 9, 2004.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
n.a. Information is not publicly available.

Exchange measures imposed for security reasons
Yes. Because of security considerations, the National Bank of Tajikistan (NBT) sent lending institutions Letter No. 27.03-274/3494 of October 9, 2015, which is of an advisory nature, recommending that all lending institutions exercise particular care when engaging in banking relations and performing transactions with the following banks, which have been included on the Office of Foreign Assets Control (OFAC) Special Designated Nationals list: ZAO (Closed Joint-Stock Company) Kont; ZAO Kafolatbank; and a branch of Tijorat bank of the Islamic Republic of Iran.

In accordance with IMF Executive Board Decision No. 144-(52/51)
Yes. Exchange restrictions have been imposed in accordance with UNSC resolutions. Certain measures have been taken to freeze financial assets or other property of individuals and organizations included in the list of persons involved in terrorism (consolidated (UNSC lists), international, and national lists).

Other security restrictions
Yes. Certain measures have been taken to freeze financial assets or other property of individuals and organizations included on the list of persons involved in terrorism (consolidated (UNSC lists), international, and national lists).

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Tajikistan is the Tajik somoni.

Other legal tender
No.

Exchange rate structure

Unitary

Dual

Multiple
Yes. Effective December 27, 2019, the exchange rate structure is reclassified from unitary to multiple because of the potential deviation of more than 2%:
(1) between (a) the prevailing market exchange rate and (b) the official exchange rate, which is required to be used for converting domestic currency (somoni) to foreign currency, and vice-versa, between accounts of individuals and legal entities opened within the same commercial bank;
(2) between (a) the somoni-Russian ruble exchange rate (calculated
as a cross-rate using the official exchange rate of the USD to somoni), which is required to be used for mandatory ruble surrender transactions and (with a maximum variation of 0.5%) for the purchase/sale in the interbank market of rubles derived from the mandatory surrender and (b) the market exchange rate banks may use for purchase/sale of Russian rubles derived from other sources.

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement: Yes.
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement
- Floating
- Free floating

**Official exchange rate**

- Yes.

The de jure exchange rate arrangement is managed floating, with no predetermined path, but in practice the exchange rate is stabilized. Accordingly, the de facto exchange rate arrangement is classified as stabilized.

Information about the overall volume of foreign currency purchased and sold in the domestic exchange market (in the dollar equivalent) is published on a monthly basis in the NBT’s statistical bulletin.

The official exchange rate of the US dollar is calculated on the basis of the weighted average exchange rates in transactions involving the purchase and sale of the US dollar for somoni in the interbank and intrabank foreign exchange markets as of 4:00 p.m. of the current day. The NBT has the right to adjust the calculated base weighted average exchange rate within a range of ±1.5%, but has not done so in 2018.

A decision to make an adjustment is made by the NBT working group on exchange rate policy.

The official exchange rates of other foreign currencies are calculated according to the rules for determining cross-rates using the ratio of the official exchange rate of the US dollar against the somoni and the exchange rates of the US dollar against other foreign currencies as established by their CBs or in international foreign exchange markets on that day.

The official exchange rate is used for accounting purposes and for recording foreign exchange funds in somoni on the balance sheets of economic entities, for recalculation into somoni of mandatory state payments expressed in foreign currency, for calculating main macroeconomic indicators, and for analyzing the results of foreign economic activity.

In accordance with the NBT Executive Board Resolution No. 127 of September 29, 2017, the exchange rate in somoni for the purchase and sale of foreign currency for clients of the NBT is set by the NBT by agreement between the parties, taking into consideration the following conditions:

- the exchange rate in somoni for the purchase of foreign currency
must be no higher than the official exchange rate in effect on the day the transaction is performed;

– the sale of foreign currency for somoni to the MOF must be performed at the official exchange rate in effect on the day the transaction is performed;

– the sale of foreign currency for somoni to other public enterprises and organizations serviced by the Main Central Treasury Administration of the MOF must be performed at the official exchange rate in effect on the day the transaction is performed, plus a margin of 1.5%.

In the event that the difference between the official and market exchange rates of the US dollar is greater than 2%, buying and selling transactions with the MOF and other institutions supported by the budget should be performed at the weighted average selling rate in the interbank and intrabank markets in effect at the time the transaction is performed.

When setting the purchase and sale exchange rate for foreign currency, lending institutions proceed from market principles and determine the rate independently based on the foreign currency supply and demand in the domestic market.

**Monetary policy framework**

**Exchange rate anchor**

*U.S. dollar*

*Euro*

*Composite*

*Other*

**Monetary aggregate target**

**Inflation-targeting framework**

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**
The Monetary and Exchange Policy Strategy for 2016–2020 states that the mechanism of monetary policy of the NBT is officially implemented under the reserve money targeting regime and its regulation is carried out to ensure stable money supply growth in the economy, maintaining a stable level of demand and inflation. The NBT is carrying out a number of reforms to make a gradual transition from a reserve money targeting regime to a new framework for the implementation of monetary policy – inflation targeting. Accordingly, at this time the NBT performs monitoring of reserve money as an operational objective of the monetary targeting regime, as well as the short-term interest rate in the interbank credit market.

The main focus of monetary and exchange policy is on the development of institutional reforms, instruments and on increasing their impact on short-term interest rates in the money market, the level of aggregate demand and inflation, and its aim is to create a favorable climate and reliable foundation for making a gradual transition from a reserve money framework (quantity) to a new inflation-targeting framework (quality) for the implementation of monetary policy.

Monetary policy targets are specified in the document “Projection of the main directions of the Monetary Policy of the Republic of Tajikistan for 2020 and the Medium Term. This document is reviewed by the NBT Executive Board and approved by the Republic of Tajikistan Parliament.

To identify the maintenance of price stability as a top priority, a quantitative medium-term inflation target of 6.0% (+/−2 percentage points) at end 2020 is published on the NBT’s official website. The inflation target in Tajikistan is defined in the form of the inflation rate at the end of the year.

During the transition from reserve money to short-term interbank operations, a corridor for fluctuations in interbank operations was set.
at the refinancing rate +/−2 percentage points. The upper limit of the corridor is overnight credits (refinancing rate +2 percentage points), and the lower limit of the corridor is overnight deposits (refinancing rate −2 percentage points).

The target corridor band for reserve money is set at +/−5% of the established target.

With the aim of ensuring transparency and raising the financial literacy of the population, the NBT developed the NBT Monetary Policy Communication Strategy for 2019–2021, according to which the NBT regularly publishes all necessary information on the NBT website.

The NBT is accountable to the Lower Chamber of the Supreme Assembly (Parliament) of the Republic of Tajikistan. The NBT submits to the Parliament the NBT’s annual report and auditor’s report as well as the Monetary Policy Projections of the Republic of Tajikistan and a report on their implementation.

### Exchange tax
No.

### Exchange subsidy
No.

### Foreign exchange market
Yes. Participants in this market include the NBT and all lending institutions (banks and microfinance organizations) licensed to perform banking operations in foreign exchange.
ADs are allowed to determine freely their bid-ask spread and foreign exchange commissions with their clients, except for the RUB interbank auctions where the variation is set at 0.5% from the rate at which banks purchased RUB from individuals. This limit was eliminated after the launch of the National Processing Center (NPC).

### Spot exchange market
Yes. Participants in this market include the NBT and all lending institutions (banks and microfinance organizations) licensed to perform banking operations in foreign exchange.

Customers of lending institutions (individuals and legal entities) may perform currency exchange operations in both cash and non-cash form at cash offices of banking institutions (head office, branch and bank service centers). Microfinance organizations licensed to perform banking operations in foreign currency have the right to perform foreign exchange operations in both cash and noncash form.

The foreign exchange market consists of the OTC interbank market and the market for intrabank client transactions, including conducting exchange transactions with cash foreign currency.

Currency exchange transactions are performed exclusively through cash offices of banking institutions (head office, branch, and bank service centers).

As of August 1, 2020, there were 25 lending institutions (13 banks and 12 microfinance institutions) participating in the interbank market.

As of August 1, 2020, there were a total of 1,316 cash offices entitled to perform currency exchange transactions in lending institutions, of which 918 belonged to authorized banks and 398 to authorized microcredit organizations.

### Operated by the central bank
Yes.

### Foreign exchange standing facility
No.

### Allocation
No.

### Auction
Yes. The interbank market was created to provide to all market participants access to liquidity, given that the only principal players in providing foreign funds in Tajikistan are a couple of large market...
participants. This mechanism promotes the intensive strengthening of relationships among financial players and provides access to foreign currency for those lending institutions that account for an insignificant share of operations with money transfers compared to those lending institutions that have a monopoly in that market.

Auctions are held on the basis of regulations. All auctions are conducted without any limits. The amount of funds put up for auction is not announced in advance, but on receiving an automatic mailing concerning the start of an auction, the participants have time to learn in the system the amount before the auction begins. The automatic message is sent to the e-mail addresses of each registered participant in the auction system.

In the history of the auctions, there has never been a single case of default by a market participant, since the bid amounts always match the requirements and capabilities of the participants. Accordingly, no measures involving the imposition of monetary sanctions have been provided for.

The auction system as an effective tool on the interbank market does not imply any limitations, including criteria for the participants themselves and acquired funds. Market participants themselves dispose of acquired funds.

In accordance with the NBT Directive No. 07.03-99/366 of February 2, 2016, the requirement on the conversion of Russian rubles transferred by individuals without opening a bank account, and their disbursement in somoni, was introduced. Fifty percent of these funds acquired by banks for their own position in Russian rubles by 4 p.m. on any day must be offered for sale in the interbank market (rubles purchase and sale auctions) at a variation of 0.5% of the rate at which they purchased them.

Effective December 3, 2019, the National Processing Center, which provides for money transfers without opening a bank account with the NBT, began operation. In connection with this, all cross-border transfers without the opening of an account within the Republic of Tajikistan are performed through the NPC, and on the basis of this 50% of the amount of the transfers is automatically transferred to a commercial bank, and the rest is offered for sale in the interbank foreign exchange market at the exchange rate for money transfers at the time the auction is held.

Auction participants are the NBT and all lending institutions (banks and microfinance organizations) licensed to perform banking operations in foreign exchange. The NBT acts as a temporary intermediary for these transactions, and a volume-based auction is conducted to distribute the rubles to banks. The portion of funds in Russian rubles not purchased by other auction participants remains at the disposal at the NBT.

Fixing

No.

Interbank market

Yes.

Participants in this market include the NBT and all lending institutions (banks and microfinance organizations) licensed to perform banking operations in foreign exchange. There are no limits on the bid-ask spread and commission of market participants, except for the RUB interbank auctions where the variation is set at 0.5% from the rate at which banks purchased RUB from individuals. This limit was eliminated after the launch of the NPC.

The NBT is not a market maker and does not quote buying and selling prices to other market participants.

As of August 1, 2020, there were 25 lending institutions (13 banks and 12 microfinance institutions) participating in the interbank market.

Over the counter

Yes.
<table>
<thead>
<tr>
<th>Service</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
<td>The operation of the foreign exchange market is based on market makers, who continuously quote buying and selling prices to other market participants.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
<td>Bilateral foreign exchange contracts exist with maturity equal to or above two days. There is no separate legal framework for regulating forward operations, and there are no restrictions on conducting such operations.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>Yes.</td>
<td>Residents and nonresidents may use somoni for the settlement of all transactions without exception. Settlements between residents and nonresidents involving international payments may be made in any foreign currency.</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
<td>Somoni may be used for the settlement of international current and capital transactions, on the basis of agreements.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
<td>The Law on Foreign Exchange Regulation and Foreign Exchange Control prohibits foreign exchange operations between residents, except: (1) operations in which one party is the NBT or the MOF; (2) operations by authorized banks and other authorized entities in accordance with a license or other regulatory legal act; (3) payment of bank service fees and fines related to contracts for bank services in foreign currency; (4) deposits and savings in foreign currency placed by individuals on their own behalf or on behalf of others; (5) buying, selling, disbursement of income, or redemption of securities of residents and nonresidents denominated in foreign currency; (6) repayment and transfer of funds on export (import) contracts with transferable LCs; (7) mutual settlements with residents engaged in activities under Article 5, part 1; (8) payments for foreign business travel; (9) transfer or assignment of foreign exchange assets between individuals for charitable purposes; (10) transfer or assignment of foreign exchange assets between charitable institutions; (11) expediting, shipping, and for-hire carrier (freight, charter) contracts when services are provided by a freight forwarder or expeditor, shipping company, or carrier for exports or imports of goods or movement of goods across Tajikistan and under insurance contracts for such goods; (12) payment of taxes and other mandatory payments under the law; and (13) the following operations by individuals: (a) donation of foreign exchange assets to Tajikistan, government bodies, and local government authorities; (b) donation of foreign exchange assets to individuals and legal entities; (c) bequest of foreign exchange assets as an inheritance; (d) transfer of foreign exchange into or from Tajikistan without opening a bank account; (e) purchase or sale and exchange or substitution of foreign exchange.</td>
</tr>
</tbody>
</table>
Cash from an authorized bank or authorized person.

Payments arrangements  No.
Bilateral payments arrangements  No.
Operative  No.
Inoperative  No.
Regional arrangements  No.
Clearing agreements  No.
Barter agreements and open accounts  No.

Administration of control  Yes.
The NBT establishes the procedures for foreign exchange transactions and monitors their observance, issues licenses to lending institutions for banking operations in foreign exchange, conducts exclusive supervision of their activity, sets open foreign exchange position limits for lending institutions, and monitors the transactions of lending institutions. The MOF monitors the status of government and government-guaranteed debt and registers inward direct investment. The MOF sets targets for tax collection, the Tax Committee collects taxes, and the Customs Service collects VAT and customs duties on international trade operations.

Payments arrears  No.
Official  No.
Private  No.

Controls on trade in gold (coins and/or bullion)  Yes.
Gold-mining joint ventures are subject to controls.
All activities of gold-mining companies are subject to government controls. All of the gold produced is purchased by two entities – the Republic of Tajikistan Ministry of Finance and the NBT.

On domestic ownership and/or trade  No.
The sale of precious metals and precious stones in the domestic market is carried out only in domestic currency. Enterprises engaged in production and extraction have the right to offer their products for sale to other commercial entities only after the needs of the authorized body of the Republic of Tajikistan government for the purchase of precious metals have been met.

On external trade  Yes.
The exportation of gold and other precious metals is controlled by the government.
Exports from the Republic of Tajikistan of coins made of precious metals that are legal tender are performed by the NBT and by lending institutions following the procedure determined by the NBT.

Controls on exports and imports of banknotes  Yes.
The customs authorities of Tajikistan have control over imported and exported cash currencies and securities in the domestic and foreign currencies in accordance with the customs legislation.

According to Article 6 of the Law on Combating Money Laundering, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction, import to and export from Tajikistan (with the exception of the NBT, commercial banks, and organizations providing postal services) of cash currency in an amount equal to or greater than 1,750 times the reference indicator are subject to mandatory control. Organizations conducting these transactions must execute the customer due diligence procedures as provided for by the above-mentioned law. In the event that information provided in a declaration of the importation or exportation of foreign exchange assets is found to be incorrect, or if imported or exported foreign
exchange assets subject to mandatory declaration are not reported, the Customs Service of Tajikistan may require that the sender provide additional information about the source of the foreign exchange assets and about their further use. The Customs Service of Tajikistan may, when necessary, establish cases of money laundering, financing of terrorism, and financing of the proliferation of weapons of mass destruction, to suspend and restrict the movement of foreign exchange assets, including the following cases: (1) in the event that money laundering, financing of terrorism, and financing of the proliferation of weapons of mass destruction, or the commission of predicate crimes, are suspected; (2) in the event of an incorrect mandatory declaration or failure to provide information about the exportation and importation of foreign exchange assets.

<table>
<thead>
<tr>
<th>On exports</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Resident and nonresident individuals may export domestic currency in compliance with customs laws of Tajikistan.

Resident individuals may export foreign currency up to US$3,000 subject to voluntary declaration; amounts between US$3,000 and US$10,000 may be exported with a written declaration; and amounts over US$10,000 require a written declaration and presentation of documents confirming the source of foreign exchange for the exportation from Tajikistan.

Nonresident individuals may export foreign currency up to US$3,000 subject to voluntary declaration; amounts above US$3,000 require a written declaration and documents confirming the source of foreign exchange for the exportation from Tajikistan.

Documents confirming the source of foreign exchange for the exportation from Tajikistan are:

1. A customs declaration processed by customs authorities and confirming the importation of foreign exchange assets into Tajikistan by an individual (residents and nonresidents);
2. A document confirming the performance of exchange and/or conversion transactions with foreign currency issued to individuals (residents and nonresidents) by authorized banks (or branches thereof) or by their structural subdivisions when selling foreign exchange cash to individuals;
3. A document confirming the performance of foreign exchange transfer transactions issued to individuals (residents and nonresidents) by authorized banks (or branches thereof) or by their structural subdivisions when disbursing cash that has been transferred without the opening of a bank account;
4. A cash debit slip issued to a customer by authorized banks (or branches thereof) or by their structural subdivisions when cash is withdrawn or disbursed from a domestic currency account or from a foreign exchange account;
5. A cash debit slip issued by authorized banks (or branches thereof) or by their structural subdivisions when foreign exchange cash is disbursed from a legal entity’s current account to cover business travel expenses for its employees and in other cases provided for by the legislation; and
6. A cash debit slip issued by the NBT Central Cash Office to cover business travel expenses for its employees and employees of organizations supported by the budget and agencies serviced at the Central Treasury of the MOF of Tajikistan.

Legal entities may export domestic currency through lending institutions without restriction, provided they comply with customs regulations.

| On imports | Yes. |

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<table>
<thead>
<tr>
<th><strong>Domestic currency</strong></th>
<th>No.</th>
<th>Domestic cash currency may be imported without limitations.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
<td>Imports by individuals (residents and nonresidents) are permitted without restriction, but customs rules must be observed. Amounts exceeding US$3,000 require a written declaration. Legal entities may import only through lending institutions licensed to perform foreign exchange transactions. A customs fee is levied on imports of cash by lending institutions according to the following schedule: US$10 for amounts less than US$5,000, US$20 for US$5,001–US$10,000, US$70 for US$10,001–US$50,000, US$150 for US$50,001–US$100,000, US$400 for US$100,001–US$500,000, US$800 for US$500,001–US$1,000,000, US$900 for US$1,000,001 and above.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Foreign exchange accounts permitted</strong></td>
<td>Yes.</td>
<td>According to the Law on Foreign Exchange Regulation and Foreign Exchange Control, resident individuals must conduct settlements on foreign exchange operations through bank accounts with authorized banks, except as indicated under Article 8. Resident legal entities must conduct settlements on foreign exchange operations through bank accounts with authorized banks, except as indicated under Article 13, part 2. According to this law, residents and nonresidents conducting foreign exchange transactions in Tajikistan must provide reports, data, and documentation as required by law. Authorized banks must obtain from residents and nonresidents information on the purpose and destination of payments and transfers in foreign exchange. The NBT Directive No. 07.06-1359/4352 of September 29, 2017, established the threshold for the deposit of foreign exchange cash in legal entities’ bank accounts without a supporting document to confirm the source of the funds at the equivalent of 1,750 times the reference indicator. Effective January 1, 2019, in accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was TJS 50). Effective January 1, 2020, in accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55). In accordance with the NBT Directive No. 07.03-532/3797 of November 05, 2015, individuals deposit foreign currency in their own bank accounts with no restrictions on the amounts and without the presentation of supporting documents to confirm the source of the funds.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
<td>There are no restrictions related to the opening and operation of foreign exchange accounts with local banks. Balances may be transferred at local banks without limitations. Balances on these accounts can be freely transferred abroad.</td>
</tr>
<tr>
<td><strong>Approval required</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
<td>Residents may open bank accounts in foreign currency with nonresident banks without restriction in amounts and for purposes that are consistent with the requirements of the system for combating money laundering and the financing of terrorism. Balances may be transferred in and out of the country without limitations.</td>
</tr>
</tbody>
</table>
| **Approval required** | No. | Residents must notify the tax authority with which they are 
registered and the NBT within 10 days of opening an account with a nonresident bank. The NBT must issue residents a supporting document within five business days of notification. The funds in a bank account with a nonresident bank are at residents’ disposal and may be used freely.

| Accounts in domestic currency held abroad | No. | Residents are not allowed to open accounts in domestic currency abroad. |
| Accounts in domestic currency convertible into foreign currency | Yes. | All accounts in domestic currency are convertible. |
| References to legal instruments and hyperlinks | | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Nonresident Accounts**

| Foreign exchange accounts permitted | Yes. | Accounts may be opened at any lending institution. According to the Law on Foreign Exchange Regulation and Foreign Exchange Control, residents and nonresidents involved in foreign exchange transactions in Tajikistan must provide reports, data, and documents on these operations following the procedure established by law. Authorized banks must require that residents and nonresidents indicate the purpose and destination of payments and money transfers related to foreign exchange transactions. Nonresidents may transfer foreign or national currency from their accounts in foreign banks to accounts in authorized banks without limitation, and may freely transfer from their accounts in authorized banks to accounts with foreign banks. Nonresidents may without limitation transfer foreign currency to each other through their own accounts with authorized banks subject to observance of the legislation of Tajikistan. |
| Approval required | No. | |
| Domestic currency accounts | Yes. | Balances may be transferred in and out of the country without limitations. |
| Convertible into foreign currency | Yes. | All accounts in domestic currency are convertible. Nonresidents may convert the balances of their domestic currency accounts to foreign currency and transfer them abroad freely. |
| Approval required | No. | |
| Blocked accounts | No. | |
| References to legal instruments and hyperlinks | | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

<p>| Foreign exchange budget | No. | |
| Financing requirements for imports | No. | |
| Minimum financing requirements | No. | |
| Advance payment requirements | No. | |
| Advance import deposits | No. | |
| Documentation requirements for release of foreign exchange for imports | Yes. | |
| Domiciliation requirements | No. | |
| Preshipment inspection | No. | |</p>
<table>
<thead>
<tr>
<th></th>
<th>Yes.</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

Legal entities and individuals may acquire foreign currency in the foreign exchange market without restriction and without the presentation of documents confirming the purpose and intended use of this foreign currency.

To make a payment abroad, a contract, agreement, or shipping documents must be presented.

The value of all imported goods must be equal to the amount paid for them. If goods are not delivered, the importer must return the funds transferred earlier within the time period stipulated in the contract.

According to the Law on Foreign Exchange Regulation and Foreign Exchange Control, authorized banks performing residents’ foreign exchange operations must require specification by residents of the deadline for the transfer of foreign currency to their bank accounts according to the foreign exchange contract (transaction) for exports or imports of goods (work and services). If the deadline changes or circumstances affect the transfer of foreign currency to the account within the established deadline, residents must notify the authorized bank and provide supporting documentation.

### Import licenses and other nontariff measures

<table>
<thead>
<tr>
<th>Positive list</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
</tbody>
</table>

**License with quotas**

Licenses with quotas apply to imports of ethyl alcohol and alcoholic beverages.

**Imports of tobacco and tobacco products**

Imports of tobacco and tobacco products require licenses.

**Import taxes and/or tariffs**

Imports are subject to taxes and duties in accordance with the legislation of Tajikistan.

<table>
<thead>
<tr>
<th>State import monopoly</th>
<th>No.</th>
</tr>
</thead>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements**

Foreign exchange proceeds from exports must be credited to residents’ accounts with lending institutions or to their accounts abroad. Foreign exchange export proceeds must be received in full and in a timely fashion, within the period stipulated in the contract.

According to the Law on Foreign Exchange Regulation and Foreign Exchange Control, residents are required, within the time specified in the contract, to take the necessary steps for receipt to their accounts in authorized banks domestic or foreign currency deposited by nonresidents for the purpose of payment for the exportation of goods (work and services).

Residents may, with respect to mutual settlements for exports and imports of goods (work and services), choose not to deposit domestic or foreign currency in their accounts in authorized banks in the following cases: (1) transfer of domestic or foreign currency to their
account with an authorized bank or account of a third person on fulfillment of obligations according to foreign exchange contracts; (2) transfer of domestic or foreign currency to their account with a foreign bank to finance their subsidiaries abroad; (3) termination of a nonresident’s obligations in the offsetting of mutual claims; (4) replacement of a nonresident’s original obligations by new obligations or fulfillment by another arrangement between the same persons; (5) assignment to a third party of the right of claim on obligations; and (6) receipt of insurance payments when an insured event occurs under a risk insurance contract in connection with a failure by the nonresident to fulfill its obligations.

Authorized banks engaged in residents’ foreign exchange operations must require residents to specify or clarify the time of deposit of foreign currency in their bank accounts, according to the exchange agreement (the transaction) for the exportation of goods (work and services).

In case of a change in the terms for fulfillment of obligations, or a situation affecting the deposit of foreign currency to the account within a specified time limit, residents are obliged to notify the authorized bank and to provide supporting evidence and substantiated facts.

Surrender requirements

Surrender to the central bank No.

Surrender to authorized dealers No.

Financing requirements

According to the Law on Foreign Exchange Regulation and Foreign Exchange Control, authorized banks performing residents’ foreign exchange operations must require specification by residents of the deadline for the transfer of foreign currency to their bank accounts according to the foreign exchange contract (transaction) for exports or imports of goods (work and services). If the deadline for the fulfillment of obligations changes or circumstances affect the transfer of foreign currency to the account within the established deadline, residents must notify the authorized bank and provide supporting documentation.

Documentation requirements Yes. Advance payment is required for exports of cotton fiber.

Export licenses Yes. Licenses are required for the production, processing, and exportation of tobacco and tobacco products.

Without quotas No.

With quotas Yes. Licenses with quotas apply to exports and wholesale purchases of ethyl alcohol and alcoholic beverages.

Export taxes Yes.

Collected through the exchange system No.

Other export taxes Yes. There is a 3% sales tax on exports of aluminum and a processing tax on aluminum of TJS 65 a ton. There is a 10% sales tax on cotton
<table>
<thead>
<tr>
<th>Payments for Invisible Transactions and Current Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>The rules described here apply to all types of invisible current transactions and transfers specified in this section. Payments to nonresidents by residents require supporting documentation. Residents and nonresidents may make transfers unrelated to commercial activity without opening a bank account. From September 29, 2017, the threshold for the undocumented transfer of foreign currency without opening a bank account for all purposes is set at 1,750 times the reference indicator. All payments by legal entities and individuals related to payment for the cost of imported goods, work, and services received by them must be performed only through their bank accounts. From September 29, 2017, the threshold of 1,750 times the reference indicator was established for the deposit of foreign exchange cash for the purpose of its transfer by individuals without opening a bank account, without the presentation of supporting documents to confirm the source of the foreign exchange cash. Effective January 1, 2019, in accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was 50). Effective January 1, 2020, in accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).</td>
</tr>
<tr>
<td><strong>Trade-related payments</strong></td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Supporting documents for the payment must be presented. All payments by legal entities and individuals related to payment for the cost of imported goods, work, and services received by them must be performed only through their bank accounts. Residents and nonresidents may make transfers unrelated to commercial activity without opening a bank account. From September 29, 2017, the threshold for the undocumented transfer of foreign currency without opening a bank account for all purposes is set at 1,750 times the reference indicator. From September 29, 2017, the threshold of 1,750 times the reference indicator was established for the deposit of foreign exchange cash for the purpose of its transfer by individuals without opening a bank account, without the presentation of supporting documents to confirm the source of the foreign exchange cash. In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was 50). In accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).</td>
</tr>
<tr>
<td><strong>Investment-related payments</strong></td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Transfers of interest, dividends, and other investment income; repayment of loans; and the amortization of direct investment do not require authorization.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
</tr>
<tr>
<td>No.</td>
</tr>
<tr>
<td><strong>Quantitative limits</strong></td>
</tr>
<tr>
<td>No.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
</tr>
<tr>
<td>Yes.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Indicative limits/bona fide test Yes. Supporting documents for the payment must be presented. Residents and nonresidents may make transfers unrelated to commercial activity without opening a bank account. All payments by legal entities and individuals related to payment for the cost of imported goods, work, and services received by them must be performed only through their bank accounts.

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From September 29, 2017, the threshold of 1,750 times the reference indicator was established for the deposit of foreign exchange cash for the purpose of its transfer by individuals without opening a bank account, without the presentation of supporting documents to confirm the source of the foreign exchange cash.

In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was 50).

In accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).

Payments for travel Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Supporting documents for the payment must be presented. Residents and nonresidents may make transfers unrelated to commercial activity without opening a bank account.

From September 29, 2017, the threshold for the undocumented transfer of foreign currency without opening a bank account for all purposes is set at 1,750 times the reference indicator.

From September 29, 2017, the threshold of 1,750 times the reference indicator was established for the deposit of foreign exchange cash for the purpose of its transfer by individuals without opening a bank account, without the presentation of supporting documents to confirm the source of the foreign exchange cash.

In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was 50).

In accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).

Personal payments Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Supporting documents for the payment must be presented. Residents and nonresidents may make transfers unrelated to commercial activity without opening a bank account.

From September 29, 2017, the threshold for the undocumented transfer of foreign currency without opening a bank account for all purposes is set at 1,750 times the reference indicator.

All payments by legal entities and individuals related to payment for the cost of imported goods, work, and services received by them must be performed only through their bank accounts.

From September 29, 2017, the threshold of 1,750 times the reference indicator was established for the deposit of foreign exchange cash for...
the purpose of its transfer by individuals without opening a bank account, without the presentation of supporting documents to confirm the source of the foreign exchange cash.

In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was 50).

In accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).

Foreign workers' wages Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes.

Supporting documents for the payment must be presented.

From September 29, 2017, the threshold for the undocumented transfer of foreign currency without opening a bank account for all purposes is set at 1,750 times the reference indicator.

From September 29, 2017, the threshold of 1,750 times the reference indicator was established for the deposit of foreign exchange cash for the purpose of its transfer by individuals without opening a bank account, without the presentation of supporting documents to confirm the source of the foreign exchange cash.

In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was 50).

In accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).

Credit card use abroad No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Other payments Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes.

Supporting documents for the payment must be presented.

Residents and nonresidents may make transfers unrelated to commercial activity without opening a bank account.

From September 29, 2017, the threshold for the undocumented transfer of foreign currency without opening a bank account for all purposes is set at 1,750 times the reference indicator.

All payments by legal entities and individuals related to payment for the cost of imported goods, work, and services received by them must be performed only through their bank accounts.

The threshold of 1,750 times the reference indicator was established for the deposit of foreign exchange cash for the purpose of its transfer by individuals without opening a bank account, without the presentation of supporting documents to confirm the source of the foreign exchange cash.

In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was TJS 50). In accordance with the Republic of
Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Yes. In accordance with the Law on Foreign Exchange Regulation and Foreign Exchange Control, Article 13: (1) residents are required to take appropriate measures within a term established by contract for crediting to their accounts with authorized banks of the following assets: (a) domestic or foreign currency transferred by nonresidents to residents for the purpose of payment for the export of goods (work and services); and (b) domestic or foreign currency transferred to nonresidents as an advance payment for the import of goods (work and services), in the case of partial or total default by the nonresident. (2) Residents may, with respect to mutual settlements for exports and imports of goods (work and services), choose not to deposit domestic or foreign currency in their accounts in authorized banks in the following cases: (a) in fulfillment of obligations according to foreign exchange contracts; (b) to finance the activity of their structural subdivisions abroad; (c) in the case of interruption of obligations of nonresidents during bank clearing; (d) in the case of interruption of obligations of nonresidents during their substitution by new obligations or other procedures between the same persons; (e) in the case of assignment of claims on obligations to third persons; and (f) in the case of obtaining insurance payments when an insured event occurs under risk insurance contracts in connection with failure of obligations of nonresidents.

Surrender requirements

Yes.

Surrender to the central bank

No.

Surrender to authorized dealers

Yes. Transfers in Russian rubles made by individuals without opening a bank account and that are of a socially meaningful, noncommercial nature and purpose must be paid in domestic currency (NBT Instruction No. 7.03-99/366 of February 2, 2016).

Restrictions on use of funds

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Yes. Instruction No. 223 on the Procedure for the Notification of a Foreign Exchange Operation Involving the Movement of Capital (approved by NBT Executive Board Resolution No. 64 of June 2, 2017) aligned all legal standards and procedures related to the performance of foreign exchange operations involving the movement of capital under the notification regime. Pursuant to NBT Instruction No. 223, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT no later than five business days from the date the operation begins; in the event that a bank account is opened at a foreign bank, they must provide notification no later than 10 business days from the date the account is opened. The following foreign exchange operations by residents are subject to the notification requirement: (1) direct
investments by residents in foreign countries; (2) the purchase of securities and shares of investment funds; (3) participation in the creation of authorized capital and other operations with derivative securities; (4) receipt or extension of commercial credits with maturity of more than one year; (5) the opening of bank accounts by residents at foreign banks; and (6) other operations recognized as foreign exchange operations involving the movement of capital according to international standards.

Pursuant to Instruction No. 176, the limit on investments for lending institutions is set at 10% of regulatory capital.

In accordance with Instruction No. 239, a lending institution may not make investments in securities and stakes of foreign legal entities (nonresidents) without prior approval by the NBT.

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

Any person, acting directly or indirectly through other persons or together with them, who wants to acquire a controlling stake in a lending institution, files a written application with the NBT. MOF registration and NBT clearance are required.

For foreign exchange operations involving the purchase of securities and shares of investment funds, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.

Pursuant to Instruction No. 176 of 2009, the limit on investments for lending institutions is set at 10% of regulatory capital.

In accordance with Instruction No. 239 of 2019, a lending institution may not invest in securities and stakes in foreign legal entities (nonresidents) without prior permission from the NBT.

MOF registration and NBT clearance are required.

Registration with the MOF is required.

For foreign exchange operations involving the purchase of securities and shares of investment funds, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation.

In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.
operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.

**Sale or issue abroad by residents** Yes.

**On money market instruments** Yes.

**Purchase locally by nonresidents** No. Nonresidents may freely buy Treasury bills and other securities, including NBT certificates of deposit (CDs) with a maturity of less than one year, through lending institutions. There are no control measures.

**Sale or issue locally by nonresidents** No. Nonresidents may freely sell and issue securities with a maturity of less than one year, and residents may freely buy such instruments. There are no control measures.

**Purchase abroad by residents** No. For foreign exchange operations involving the purchase of securities and shares of investment funds, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.

**Sale or issue abroad by residents** Yes.

**On collective investment securities** Yes. The regulations governing money market instruments apply.

**Purchase locally by nonresidents** No. According to Instruction No. 189, Chapter I, paragraph 6, residents and nonresidents of Tajikistan (individuals and legal entities) may purchase securities.

**Sale or issue locally by nonresidents** No. According to Article 18 of the Law on the Securities Market, nonresidents may issue and sell securities in the domestic market.

**Purchase abroad by residents** No. For foreign exchange operations involving the purchase of securities and shares of investment funds, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.

**Sale or issue abroad by residents** Yes.

**Controls on derivatives and other instruments** No.

**Purchase locally by nonresidents** No.

**Sale or issue locally by nonresidents** No.

**Purchase abroad by residents** No. For participation in the creation of authorized capital and other operations with derivative securities, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.

**Sale or issue abroad by residents** No. For participation in the creation of authorized capital and other
operations with derivative securities, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.

### Controls on credit operations

<table>
<thead>
<tr>
<th>Type</th>
<th>Allowing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

For obtaining or granting commercial credits with maturities of more than one year, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.

### Financial credits

<table>
<thead>
<tr>
<th>Type</th>
<th>Allowing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

For foreign exchange operations involving the movement of capital according to international standards, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins. Data on loans attracted from abroad are provided on a monthly basis by all economic units participating in foreign trade activity, regardless of their form of ownership.

### Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>Type</th>
<th>Allowing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
<td>For foreign exchange operations involving direct investments in foreign countries, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT for statistical purposes, no later than five business days from the date the operation begins.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
<td>Notification to the NBT is required for statistical purposes. Data on inward direct investment are provided on a monthly basis by all economic units engaged in foreign trade activity, regardless of their form of ownership. The data include all operations involving the movement of capital. Any person, acting directly or indirectly through other persons or together with them, who wants to acquire a controlling stake in a lending institution files a written application with the NBT.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
<td>There are no restrictions on nonresidents’ sale of their direct investment and transfer of the proceeds in foreign exchange abroad or on the conversion and transfer of proceeds in domestic currency abroad.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
<td>For foreign exchange operations involving the movement of capital according to international standards, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
<td>For foreign exchange operations involving the movement of capital according to international standards, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, no for statistical purposes than five business days from the date the operation begins.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
<td>For foreign exchange operations involving the movement of capital according to international standards, residents of Tajikistan are required to provide all supporting documents, reports, data, and other necessary information about foreign exchange operations involving the movement of capital to the authorized bank servicing the operation before payments and mutual settlements related to the given operation. In addition, notification must be sent to the NBT, for statistical purposes, no later than five business days from the date the operation begins.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>
legacies
By residents to nonresidents No.
To residents from nonresidents No.
Settlement of debts abroad by immigrants No.
Transfer of assets
Transfer abroad by emigrants No.
Transfer into the country by immigrants No.
Transfer of gambling and prize earnings Yes.
Supporting documents must be presented to the bank effecting the transfer.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.
According to Article 19 of the Law on Banking, the authorized capital of a lending institution must be in domestic currency.
Borrowing abroad No.
There are no restrictions on borrowing from abroad by the lending institutions.
Maintenance of accounts abroad No.
Within 10 days of opening an account with a nonresident bank, residents (legal entities and individuals, regardless of the form of ownership) must notify the tax authority with which they are registered and the NBT.
Lending to nonresidents (financial or commercial credits) No.
There are no restrictions on lending to nonresidents by the lending institutions.
Lending locally in foreign exchange No.
Data on credits and loans granted locally by lending institutions in any currency are provided to the NBT on a monthly basis. Data need to be provided to the NBT for statistical purposes.
Purchase of locally issued securities denominated in foreign exchange No.
There are no restrictions for the lending institutions for purchase of locally issued securities denominated in foreign exchange.
Differential treatment of deposit accounts in foreign exchange Yes.
Reserve requirements Yes.
Pursuant to Resolution No. 2 of the Monetary Policy Board of the NBT of March 20, 2017, the required reserve ratio for domestic currency deposits is 3%, and for foreign-exchange-denominated deposits, it is 9%. Reserve requirements, as one of the key monetary policy instruments of the NBT, are a mechanism for regulating the overall liquidity of the banking system, which is used to control monetary aggregates. Reserve requirements are established for the purpose of maintaining the money supply at a certain level.
Liquid asset requirements No.
Interest rate controls No.
Credit controls No.
Differential treatment of deposit accounts held by nonresidents

Reserve requirements

No. Reserve requirements, as one of the key monetary policy instruments of the NBT, are a mechanism for regulating the overall liquidity of the banking system, which is used to control monetary aggregates. Reserve requirements are established for the purpose of maintaining the money supply at a certain level.

The required reserve ratio for domestic currency deposits is 3%, and for foreign-exchange-denominated deposits, it is 9%. These requirements are similar for deposits of residents and nonresidents.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

Yes.

Abroad by banks

Yes. The investment limit is 10% of regulatory capital for lending and financial institutions. According to Instruction No. 176 of 2009, the 10% limit applies to investments in shares (stakes) of state-owned enterprises and shares (stakes) of enterprises within Tajikistan and outside of Tajikistan for trading, sale, and long-term investment. In addition, Instruction No. 239 of 2019 on Requirements for Investments by Lending Institutions in the Capital of Other Legal Entities also regulates investments of lending institutions in the capital of other legal entities abroad. In accordance with Instruction No. 239 of 2019, a lending institution may not invest in securities and stakes in foreign legal entities (nonresidents) without prior permission from the NBT.

In banks by nonresidents

No. Quotas for the participation of foreign capital in the overall capital of the banking sector have been abolished. Any person, acting directly or indirectly through other persons or together with them, who wants to acquire a controlling stake in a lending institution files a written application with the NBT.

Open foreign exchange position limits

Yes. The aggregate open long and short positions are each limited to 10% of a bank’s capital. The limits on individual long and short positions in separate currencies are each 8% of the authorized capital of lending institutions.

On resident assets and liabilities

Yes. The aggregate open long and short positions are each limited to 10% of a bank’s capital. The limits on individual long and short positions in separate currencies are each 8% of the authorized capital of lending institutions.

On nonresident assets and liabilities

Yes. The aggregate open long and short positions are each limited to 10% of a bank’s capital. The limits on individual long and short positions in separate currencies are each 8% of the authorized capital of lending institutions.

Provisions specific to institutional investors

No.

Insurance companies

No.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.
No.

No.

No.

No.

No.

No.

No.

No.

No.

No.

No.

No.

No.

No.

No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Arrangement**

**Exchange rate structure**

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>12/27/2019</td>
</tr>
</tbody>
</table>

The exchange rate structure is re-classified from unitary to multiple because of the potential deviation of more than 2%:

1. between (a) the prevailing market exchange rate and (b) the official exchange rate, which is required to be used for converting domestic currency (somoni) to foreign currency, and vice-versa, between accounts of individuals and legal entities opened within the same commercial bank;

2. between (a) the somoni-Russian ruble exchange rate (calculated as a cross-rate using the official exchange rate of the USD to somoni), which is required to be used for mandatory ruble surrender transactions and (with a maximum variation of 0.5%) for the purchase/sale in the interbank market of rubles derived from the mandatory surrender and (b) the market exchange rate banks may use for purchase/sale of Russian rubles derived from other sources.

**Foreign exchange market**

<table>
<thead>
<tr>
<th>Foreign exchange market</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spot exchange market</td>
<td></td>
</tr>
</tbody>
</table>

The National Processing Center (NPC), which provides for money transfers without opening a bank account with the National Bank of Tajikistan, began operation. In connection with this, all cross-border transfers without the opening of an account within the Republic of Tajikistan are performed through the NPC, and on the basis of this 50% of the amount of the transfers is automatically transferred to a commercial bank, and the rest is offered for sale in the interbank foreign exchange market at the exchange rate for money transfers at the time the auction is held. (Previously, the requirement on the conversion of Russian rubles transferred by individuals without opening a bank account, and their disbursement in somoni, was
introduced. Fifty percent of these funds acquired by banks for their own position in Russian rubles by 4 p.m. on any day had to be offered for sale in the interbank market (rubles purchase and sale auctions) at a variation of 0.5% of the rate at which they purchased them.

**Resident Accounts**

**Foreign exchange accounts permitted**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was TJS 50).</td>
</tr>
<tr>
<td>01/01/2020</td>
<td>In accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>In accordance with the Republic of Tajikistan Law on the State Budget for 2019, one reference indicator is equal to TJS 55 (previously, it was 50).</td>
</tr>
<tr>
<td>01/01/2020</td>
<td>In accordance with the Republic of Tajikistan Law on the State Budget for 2020, one reference indicator is equal to TJS 58 (previously, it was TJS 55).</td>
</tr>
</tbody>
</table>
TANZANIA
(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 10, 1962.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: July 15, 1996.</td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>n.a. Information is not publicly available.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Tanzania is the Tanzania shilling.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
</tbody>
</table>

Stabilized arrangement

Yes. The de jure exchange rate arrangement is free floating. Exchange rate arrangement is floating. The BOT participates in the interbank foreign exchange market (IFEM) for liquidity management purposes and intervenes occasionally to smooth out short-term volatility in the exchange rate. In carrying out these operations, the Bank remains mindful of the need to maintain adequate level of international reserves within the statutory requirement. Trading in the IFEM is conducted using the Reuters trading platform in a two-way quote system. The BOT is not required to indicate two-way quotes when it participates in the interbank market. From February 2019, the shilling stabilized within a 2% band against the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to stabilized from crawl-like, effective February 27, 2019. The BOT
The official exchange rate is market determined and is weighted by the volume traded in the respective foreign currency. The official rate is published on the BOT website and is used for foreign exchange transactions by the BOT. Commercial banks use the official exchange rate as a reference rate in determining their trading rates.

The monetary policy aims to control monthly average reserve money as the operational target, which affects the extended broad money (intermediate target), to contain inflation, which is the ultimate target of monetary policy. The medium-term target for headline inflation is 5% with an upper bound of 8% agreed at EAC level. The CPI measures the change over time in the cost of a fixed basket of goods and services that are purchased by a representative sample of households. The basket includes a list of 278 goods and services of which 97 are food and nonalcoholic beverages and 181 are nonfood items.
Commercial banks use the official exchange rate as a reference rate, and the commissions charged by commercial banks are mainly based on the transaction costs, among other considerations. The BOT licenses banks and foreign exchange bureaus to carry out foreign exchange transactions. As of June 30, 2020, there were 37 fully fledged commercial banks (currently, the active IFEM members), 9 non-bank financial institutions, and 3 foreign exchange bureaus operating in Tanzania. There is no parallel market. Foreign exchange bureaus do not do business directly with the BOT. Foreign exchange bureaus are not allowed to operate accounts abroad. The bureaus are required to maintain local and foreign currency accounts with a commercial bank or a nonbank financial institution for their day-to-day transactions. The bureaus transact only on spot basis. The BOT sells and purchases foreign exchange at the bank’s quotes when participating in the interbank market.
The exchange rate is market determined. Commercial banks participating in the IFEM use the Reuters trading platform. Currently, 37 banks participate in the IFEM. The spread for the bid-ask is ± T Sh 10. Quotes are good for US$250,000. The BOT sells and purchases foreign exchange from banks at their quoted rates. All licensed banks by the BOT qualify to be members in the IFEM. As of June 30, 2020, the banking sector was composed of the BOT as the regulatory authority and 54 banking institutions consisting of 37 commercial banks, 6 community banks, 3 financial institutions, 2 development finance institutions, 5 deposit taking microfinance banks, and 1 mortgage refinancing company.

Few banks perform forward and swap contracts with other banks and their customers, especially those engaged in export and import transactions. The BOT does not conduct forward contracts with banks but may engage in swap transactions with them. Some banks trade foreign exchange derivatives products on a small scale.

The BOT does not offer forward cover against exchange rate risk arising from forward operations of banks.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Controls on the use of domestic currency

It is an offense for any person without BOT approval to operate a Tanzania shilling account for a nonresident, granting loans in Tanzania shillings to nonresidents, and/or granting any intraday overdraft in Tanzanian shillings to nonresidents.

For current transactions and payments

General permission is granted with respect to trade transactions with the rest of the world. The Shilling may not be freely used outside Tanzania.

For capital transactions

Transactions in capital and money market instruments

The Shilling may not be freely used outside Tanzania.

Transactions in derivatives and other instruments

The Shilling may not be freely used outside Tanzania.

Credit operations

The Shilling may not be freely used outside Tanzania.

Use of foreign exchange among residents

There are no restrictions on the use of foreign currency among residents.

Payments arrangements

Bilateral payments arrangements

There is a bilateral memorandum of understanding (MOU) with Zambia on currency convertibility between the Shilling and the Kwacha.

Operative

There is an agreement with Mozambique.
<table>
<thead>
<tr>
<th>Regional arrangements</th>
<th>Yes.</th>
<th>Tanzania participates in the SADC and the EAC payments arrangements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
<td>There are agreements with Kenya, Uganda, and Rwanda.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
<td>The Foreign Exchange Act of 1992 authorizes the BOT to administer and manage exchange transactions in Tanzania. The BOT delegates authority to all licensed banks to effect foreign exchange transactions.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes.</td>
<td>Only authorized persons may buy, borrow, sell, lend, hold, or otherwise deal in gold coins and gold bullion.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
<td>Dealers must operate in the authorized gold market. All earnings, payments, or receivables derived from or in respect of mining operations or activities must be received in and accounted for in Tanzania.</td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
<td>Nonresidents are allowed to export domestic currency for numismatic purposes only. Following a currency convertibility agreement reached within EAC Partner States, residents may carry any amount of currency across borders to settle cross-border transactions with these countries.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
<td>Foreign currency exports are allowed only for bona fide purposes.</td>
</tr>
<tr>
<td>On imports</td>
<td>Yes.</td>
<td>Permission from the BOT is required.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
<td>Residents and nonresidents may import any amount of foreign currency in the form of notes, coins, traveler’s checks, and bank drafts from any country as long as they observe the anti-money laundering/combatting the financing of terrorism (AML/CFT) requirements.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Resident Accounts**

| Foreign exchange accounts permitted | Yes. | Residents may open and maintain foreign exchange accounts with a commercial bank. Balances on foreign exchange accounts from externally acquired funds may be used for any purpose, including controlled transactions. |
| Held domestically | Yes. | The holding of foreign exchange accounts is allowed for funds acquired outside Tanzania; otherwise, the opening and maintaining of offshore foreign exchange accounts by residents are subject to |
restrictions. However, banks and financial institutions registered in Tanzania are permitted to maintain such accounts with foreign correspondent banks. In addition, banks may maintain such accounts abroad on behalf of their customers subject to BOT approval.

| Approval required | Yes. | Banks may maintain foreign currency correspondent accounts abroad subject to notifying the BOT within seven days. In addition, banks may maintain such accounts abroad on behalf of their customers subject to BOT approval. |
| Accounts in domestic currency held abroad | No. | Transferring Tanzanian shillings from residents to nonresidents without underlying economic activities in Tanzania is restricted. |
| Accounts in domestic currency convertible into foreign currency | Yes. | The UN and related organizations and foreign investors intending to acquire securities listed on the Dar es Salaam Stock Exchange are permitted to open these accounts. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Nonresident Accounts**

| Foreign exchange accounts permitted | Yes. | Nonresidents may open and maintain foreign exchange accounts with ADs. |
| Approval required | No. | |
| Domestic currency accounts | Yes. | Nonresident accounts are maintained by foreign nationals temporarily residing in Tanzania; such accounts must be closed on leaving the country. |
| Convertible into foreign currency | Yes. | Foreign investors may use balances in these accounts to acquire securities listed on the Dar es Salaam Stock Exchange. |
| Approval required | No. | |
| Blocked accounts | Yes. | Authorized banks may credit funds to or debit funds from blocked (non-interest-bearing) accounts of nonresidents with the approval of the BOT. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

| Foreign exchange budget | No. | |
| Financing requirements for imports | Yes. | |
| Minimum financing requirements | No. | |
| Advance payment requirements | Yes. | Only ADs may make advance payments. |
| Advance import deposits | No. | |
| Documentation requirements for release of foreign exchange for imports | Yes. | The release of foreign exchange requires invoices, shipping documents, and a single bill of entry form. |
| Domiciliation requirements | Yes. | Evidence of residency of individuals and corporate entities is required. |
| Preshipment inspection | No. | Preshipment inspection is not required. Instead, imports of goods valued at more than the equivalent of US$5,000 require a provisional classification valuation report. |
| Letters of credit | Yes. | Importers are free to import under LCs or open accounts. |
| Import licenses used as exchange licenses | No. | Import licenses apply to the negative list only. |
| Other | No. | |
| **Import licenses and other nontariff measures** | Yes. |
| **Positive list** | No. |
| **Negative list** | Yes. Certain imports to the mainland from any source may be prohibited for health or security reasons. Only import items on the negative list require licenses. |
| **Open general licenses** | Yes. |
| **Licenses with quotas** | Yes. |
| **Other nontariff measures** | Yes. For the protection of certain industries from unfair competition, permits and licenses are required for imports of sugar. |
| **Import taxes and/or tariffs** | Yes. A three-band East African Customs Union CET structure of 0%, 10%, and 25% applies to goods imported to EAC Partner States. Selected sensitive items are subject to rates above 25% as an additional protective measure for similar locally produced products. Most goods originating and traded within EAC are duty free. Statutory exemptions are granted to the diplomatic corps as well as to religious, educational, and welfare institutions. |
| **Taxes collected through the exchange system** | No. |
| **State import monopoly** | No. |
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exports and Export Proceeds**

| **Repatriation requirements** | Yes. Exporters are required to repatriate their export proceeds in foreign currency to banking institutions operating in Tanzania; banks are required to report regularly to the BOT exporters failing to meet this requirement. |
| **Surrender requirements** | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Financing requirements** | No. |
| **Documentation requirements** | Yes. Documents are required monthly for tax purposes. |
| **Letters of credit** | Yes. Exporters may choose to export under LCs or open accounts. |
| **Guarantees** | No. |
| **Domiciliation** | Yes. |
| **Preshipment inspection** | n.r. |
| **Other** | No. |
| **Export licenses** | Yes. Licenses from the respective ministries are required for the exportation from the mainland of a few items for health, sanitary, or national heritage reasons. |
| **Without quotas** | Yes. |
| **With quotas** | No. |
| **Export taxes** | Yes. |
Collected through the exchange system

Yes.

There are longstanding taxes on raw hides and skins, and cashews.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Yes. Relevant documentary evidence of the need for foreign exchange must be presented when purchasing foreign exchange from an AD.

Trade-related payments

Yes. The release of foreign exchange for import payments requires invoices, shipping documents, a clean report of findings from an authorized inspection firm, and a single bill of entry form.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Supporting documentation is required.

Investment-related payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. The transfer of income from investments by nonresidents is not restricted, provided all tax obligations have been met. Remittances of dividends and income from portfolio investments require audited reports and authenticated documents confirming payment of all taxes.

Payments for travel

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Travel allowances exceeding the equivalent of US$10,000 require the presentation of valid travel documents certifying that the length of the trip is more than 40 days.

Personal payments

Yes.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Proper documentation from the relevant educational or medical institution is required.

Foreign workers’ wages

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Credit card use abroad

No.

Prior approval

No.

Quantitative limits

No.
### TANZANIA

**Indicative limits/bona fide test**

No.  

Other payments

Yes. Payment of fees for consulting, management, and royalty agreements requires duly executed documents, relevant invoice or fee notes, and tax clearances from the Tanzania Revenue Authority.

**Prior approval**

No.

**Quantitative limits**

No.

**Indicative limits/bona fide test**

Yes. Bona fide tests apply to certain other payments.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

- **Repatriation requirements**
  - No.

- **Surrender requirements**
  - No.

- **Surrender to the central bank**
  - No.

- **Surrender to authorized dealers**
  - No.

- **Restrictions on use of funds**
  - No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

- **Controls on capital transactions**
  - Yes. All transfers of foreign exchange by residents with respect to outward portfolio investments, loans to nonresidents, acquisition of real property abroad, outward direct investments, and operation of offshore foreign exchange accounts abroad require specific approval from the BOT. Nonresidents (from outside the EAC) are not permitted to buy/hold Tanzanian government securities.

- **Repatriation requirements**
  - No.

- **Surrender requirements**
  - No.

- **Surrender to the central bank**
  - No.

- **Surrender to authorized dealers**
  - No.

- **Controls on capital and money market instruments**
  - Yes. Residents may acquire, sell, or transfer outside EAC any security or coupon on which capital, dividends, or interest is payable in foreign currency, provided the security was funded exclusively by externally acquired funds. The acquisition must be reported to the BOT for statistical purposes.

- **On capital market securities**
  - Yes.

  **Shares or other securities of a participating nature**
  - Yes. Foreign investors may purchase, sell, or transfer equities listed on the Dar es Salaam Stock Exchange. Foreign investors may purchase securities of a listed company or from an issuer in respect of which the issuer is making a public offer.

  **Purchase locally by nonresidents**
  - No. Foreign investors may purchase securities of a listed company or from an issuer making a public offering.

  **Sale or issue locally by nonresidents**
  - Yes. Residents of EAC may issue securities to the public and be cross-listed at the stock exchange in Tanzania.

  **Purchase abroad by residents**
  - Yes. Residents may purchase securities or shares issued in EAC countries.
Residents may purchase securities or shares issued outside EAC, provided funds used were externally acquired.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>Yes.</th>
<th>Residents may sell or issue securities or shares in EAC countries. The sale or issue of securities or shares outside EAC requires BOT approval.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
<td>Residents of EAC can purchase corporate bonds or other debt securities. In addition, residents of EAC may purchase government debt securities, provided (1) the amount acquired does not exceed 40% of the securities issued, (2) the amount acquired by the residents of a single EAC country does not exceed two-thirds of the amount issued, and (3) the securities acquired are not transferred to a resident within 12 months of acquisition.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Residents of EAC are allowed to sell or issue bonds and other debt securities locally. Nonresidents of EAC are not permitted.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These purchases are allowed only if funded fully by external sources. However, this requirement does not apply if the purchase is within the EAC.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Residents of EAC are allowed to sell or issue bonds and other debt securities in EAC. The sale or issue of bonds and other debt securities outside EAC requires BOT approval.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>The participation of nonresidents in the domestic money market is restricted.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Residents of EAC can purchase money market instruments (Treasury bills) provided (1) the amount acquired does not exceed 40% of the securities issued, (2) the amount acquired by the residents of a single EAC country does not exceed two-thirds of the amount issued, and (3) the securities acquired are not transferred to a resident within 12 months of acquisition. Residents from outside EAC are not allowed to purchase such money market instruments.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Residents of EAC can sell or issue money market instruments locally. Residents outside EAC are not allowed to sell or issue such instruments.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Residents of EAC are not allowed to sell or issue such investment schemes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Residents are allowed to sell or issue money market instruments in EAC. The sale or issue of money market instruments outside EAC is not allowed.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td>Residents of EAC are allowed to purchase CIS. Residents from outside EAC are not allowed.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
<td>Residents of EAC are allowed to sell or issue CIS. Residents from outside EAC are not allowed to sell or issue such investment schemes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>Residents are allowed to purchase CIS issued in EAC.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>Residents are allowed to sell or issue CIS in EAC. The sale or issue of CIS outside EAC is not allowed.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
<td>Proof of an underlying economic transaction is required.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td>Proof of an underlying economic transaction is required.</td>
</tr>
<tr>
<td>Category</td>
<td>Yes or No</td>
<td>Details</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-----------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes</td>
<td>Proof of an underlying economic transaction is required.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes</td>
<td>BOT approval is not required with respect to applications for foreign loans, overdrafts, structured external financing facilities, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>deferred payments arrangements exceeding 365 days.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes</td>
<td>ADs may approve these credits, but must report them to the BOT.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
| Guarantees, sureties, and financial backup facilities| Yes       | Controls are in effect for the provision of securities, guarantees, and financial backup facilities to nonresident entities or for transfer of 
|                                                   |           | funds to service these facilities.                                                                                                        |
| By residents to nonresidents                       | Yes       |                                                                                                                                          |
| To residents from nonresidents                     | No        | There are no controls on these instruments if outside Tanzania, but they must be obtained through ADs and must be reported to the BOT.       |
| Controls on direct investment                      | Yes       | Residents may engage in direct investment in any EAC country.                                                                          |
| Outward direct investment                          | Yes       | Investments outside EAC countries require BOT approval or using externally generated funds.                                            |
| Inward direct investment                           | No        | There are no restrictions or controls on inward direct investments after fulfilling licensing requirements pursuant to Foreign Exchange     |
| Controls on liquidation of direct investment       | No        | Procedures for liquidation exist.                                                                                                       |
| Controls on real estate transactions               | Yes       |                                                                                                                                          |
| Purchase abroad by residents                       | Yes       | Purchases of real estate in EAC are allowed, but outside EAC such purchases require BOT approval or may be purchased using externally      |
|                                                   |           | generated funds.                                                                                                                         |
| Purchase locally by nonresidents                   | Yes       | Any person who owns immovable property in Tanzania may assign or transfer the property to beneficiaries abroad, subject to Tanzanian      |
|                                                   |           | laws and the consent of the commissioner for lands, provided the property was acquired with external resources.                        |
| Sale locally by nonresidents                       | Yes       | These transactions are subject to the consent of the commissioner for lands.                                                           |
| Controls on personal capital transactions          | Yes       |                                                                                                                                          |
| Loans                                             | Yes       | Capital account restrictions apply.                                                                                                     |
| By residents to nonresidents                       | Yes       | Loan agreements are submitted to the BOT through commercial banks. Entities report all transactions relating to disbursements and debt service to their banks. |
| To residents from nonresidents                     | No        |                                                                                                                                          |
| Gifts, endowments, inheritances, and legacies      | Yes       | Documentary requirements must be met.                                                                                                   |
To residents from nonresidents | No.
--- | ---
Settlement of debts abroad by immigrants | Yes.
Transfer of assets | Yes.
Transfer abroad by emigrants | Yes.
Transfer into the country by immigrants | Yes.
Transfer of gambling and prize earnings | Yes.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes. Borrowing is subject to external debt management regulations. Otherwise, banks and financial institutions are allowed to operate credit lines with correspondents.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No. Banks and financial institutions registered in Tanzania are permitted to maintain foreign exchange accounts with foreign correspondent banks. In addition, AD banks may maintain such accounts abroad on behalf of their customers, subject to BOT approval. These accounts must be reported regularly to the BOT.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes. These transactions are restricted. Residents may not lend externally beyond one year except for trade credits. Guarantees, sureties, and financial backup facilities are restricted, regardless of their maturity.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes. These transactions are subject to open position limits.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes. These transactions are not permitted.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No. The BOT requires that all statutory reserves be held in local currency. The reserve requirement is based on the average of 14-day lagged deposits’ position, and each bank is required to keep at least, effective July 1, 2019, 80% (previously 90%) of the required statutory minimum reserves (SMR) in the clearing account at the BOT on a daily basis, but the average for the entire maintenance period of 14 days must be at least 100% of the required SMR. Effective June 8, 2020, but announced May 8, 2020, the BOT lowered the reserve requirement from 7% to 6% to provide additional liquidity to banks in response to the pandemic shock.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No. Every bank or financial institution must maintain minimum liquid assets amounting to not less than 20% of its demand liabilities.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No. The BOT applies a uniform reserve requirement across banks as well as on deposits and liabilities to nonresidents and residents.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No. The liquid asset requirement is the same for deposits and liabilities to nonresidents and residents.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No. All interest rates are determined by individual banks based on...</td>
</tr>
</tbody>
</table>
prevailing money market interest rates.

<table>
<thead>
<tr>
<th>Credit controls</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>n.a.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

**Exchange Arrangement**

**Classification**

| Stabilized arrangement | 02/27/2019 | From February 2019, the shilling stabilized within a 2% band against |
the US dollar. Accordingly, the de facto exchange rate arrangement was reclassified to stabilized from crawl-like.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/2019</td>
<td>The minimum daily balance that banks must keep to fulfill the required statutory minimum reserves (SMR) was changed to 80% from 90% of the SMR.</td>
</tr>
<tr>
<td>06/08/2020</td>
<td>The reserve requirement was lowered from 7% to 6%.</td>
</tr>
</tbody>
</table>
## THAILAND

*(Position as of June 30, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>May 3, 1949.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: May 4, 1990.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
</tbody>
</table>

Banks and other financial institutions in Thailand have been instructed to freeze any movement of capital and assets of certain individuals, terrorists, and organizations associated with terrorism, pursuant to UNSC resolutions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exchange rate structure**

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

**Classification**

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
<tr>
<td>Stabilized arrangement</td>
</tr>
<tr>
<td>Crawling peg</td>
</tr>
<tr>
<td>Crawl-like arrangement</td>
</tr>
<tr>
<td>Pegged exchange rate within horizontal bands</td>
</tr>
<tr>
<td>Other managed arrangement</td>
</tr>
</tbody>
</table>

Floating

The de jure and de facto exchange rate arrangements are classified as...
floating. Under the inflation-targeting monetary policy framework, the value of the baht is allowed to be determined by market forces, reflecting demand and supply in the foreign exchange market. In the case that the resulting movements in THB are deemed excessive and unjustified by fundamentals, foreign exchange intervention can be undertaken to avoid disorderly market conditions. The data on interventions is not publicly available. However, the weekly and monthly data on gross international reserve is published on the CB’s website, where international reserve assets comprise monetary gold, SDRs, reserve position in the fund, and foreign currency assets. During 2019, the real effective exchange rate (REER) appreciated, resulting in 5.28% real effective appreciation and 3.93% nominal appreciation versus the US dollar. The large current account surplus was the main drivers, only partially offset by net outflows in FDI and other investment.

In 2020, the baht exhibited volatile movement. At the beginning of the year, the baht depreciated against trading partner currencies and US dollar because of concerning over the outlook of Thai economy caused by the COVID-19 outbreak and the reduced current account surplus. Later, the baht appreciated because of the weakening of the US dollar pressured by several factors including a growing number of COVID-19 cases in the US, a more accommodative monetary policy by the Federal Reserve System and the unprecedented US economic contraction in the second quarter. In addition, there was an idiosyncratic factor in Thailand such as gold flows, which became increasingly active as gold price rose amid heightened uncertainties in the global financial markets.

Free floating

**Official exchange rate**

Yes. The baht–US dollar reference exchange rate is announced daily, based on the weighted average exchange rate of the previous day. The baht–US dollar reference exchange rate is widely used as a benchmark for marking to market the US dollars held by funds and corporations and for calculating profit and loss as a result of foreign exchange transactions for accounting purposes. The Bank of Thailand (BOT) also uses the baht–US dollar reference exchange rate to mark to market its foreign exchange reserves.

**Monetary policy framework**

- **Exchange rate anchor**
  - U.S. dollar
  - Euro
  - Composite
  - Other

- **Monetary aggregate target**

- **Inflation-targeting framework**

Yes. The BOT adopted flexible inflation targeting as its monetary policy framework since May 2000. The framework allows the BOT to pursue its primary mandate of price stability while also accounting for economic growth and financial stability.

- **Target setting body**

Yes.

Government
Central Bank
By December each year, the Monetary Policy Committee (MPC) makes a consensus decision regarding the monetary policy target for the following year and then proposes to the minister of finance. The MPC, with a cooperative agreement with the minister of finance, then determines targets of monetary policy for the following year which is regarded as the guideline for the State and the BOT for the purpose of implementing any measures to maintain price stability. The minister of finance proposes the agreed targets of monetary policy to the Cabinet for approval. On approval, the target must be published in the Government Gazette. In the case where it is appropriate or necessary, the MPC may edit, change, or add targets of monetary policy, provided those stated in the above paragraph are complied with.

### Inflation target

- **Yes.**

### Target number

- **Yes.**

### Point target

- **Yes.**

### Target with tolerance band

#### Band/Range

- **Yes.** Effective January 1, 2020, the headline inflation is targeted to reside within the range of 1.0%–3.0% for the medium-term horizon and for the year 2020. Previously, since 2015, an annual average headline inflation target of 2.5% with a tolerance band of ±1.5% was in place.

#### Target measure

- **Yes.** The headline inflation target is reviewed annually, although the target is set for the medium term.

#### CPI

- **Yes.** Headline inflation is defined as the year-on-year (y-o-y) change in consumer price index (CPI) (all commodities) published monthly by the Ministry of Commerce.

### Core inflation

- **Yes.** The target is intended for the medium-term horizon. However, the law requires the target to be reviewed annually.

### Operating target (policy rate)

- **Yes.** The one-day bilateral repurchase transaction rate is employed as the policy rate to signal the monetary policy stance. At the end of June 2020, the interest rate target stands at 0.50%.

### Target corridor band

- **n.a.**

### Other

- **n.a.**

### Accountability

- **Yes.** Effective January 1, 2020, the Monetary Policy Committee (MPC) may send an open letter to the minister of finance, should average headline inflation in the past 12 months or a forecast of average headline inflation over 12 months ahead breach the target range. The open letter elaborates on underlying reasons and remedial actions, both taken and planned by the MPC, as well as the period within which headline inflation is expected to return to target. The MPC will also write an additional open letter every 6 months if average headline inflation based on the above criteria remains outside the
target range. Previously, the MPC would issue an open letter whenever headline inflation averaged over the calendar year remained outside the inflation target.

<table>
<thead>
<tr>
<th>Parliamentary hearings</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The MPC reports its operations to the Cabinet every six months.</td>
</tr>
</tbody>
</table>

**Transparency**

<table>
<thead>
<tr>
<th>Publication of votes</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of minutes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Publication of inflation forecasts</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>The edited minutes summarizing the MPC’s assessment and discussion on economic and inflation outlook, financial market conditions, and their policy deliberation are released two weeks after each MPC meeting.</td>
</tr>
<tr>
<td></td>
<td>The annual average inflation forecasts as well as Monetary Policy Report are published on a quarterly basis.</td>
</tr>
</tbody>
</table>

**Other monetary framework**

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>All foreign exchange transactions must be conducted through authorized banks and authorized nonbanks that are granted foreign exchange licenses by the MOF; namely, authorized money changers, authorized money transfer agents, and authorized companies. As of June 30, 2020, there were 36 authorized banks, 2,385 authorized money changers, and 1,375 authorized money transfer agents.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>All foreign exchange transactions must be conducted through authorized banks and authorized nonbanks that are granted foreign exchange licenses by the MOF; namely, authorized money changers, authorized money transfer agents, and authorized companies. As of June 30, 2020, there were 36 authorized banks, 2,385 authorized money changers, and 1,375 authorized money transfer agents. Residents may undertake spot foreign exchange transactions for permitted obligations or purposes. Nonresidents may engage in spot foreign exchange–baht transactions (t + 2 value date) freely with authorized banks.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>There are no limits on the bid-ask spreads and commissions of market participants. Interventions, if needed, are executed through the authorities’ qualified counterparties. In 2018, there were 36 participants in the interbank market.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>Yes.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>Nonresidents are free to enter into forward foreign exchange transactions.</td>
</tr>
</tbody>
</table>
contracts with authorized banks to hedge their underlying trade or investment in Thailand. Without domestic trade or investment, the overall outstanding limit on baht liquidity provided by a domestic financial institution to a nonresident group (as a consolidated entity) is B 600 million, while the limit on baht borrowing by a domestic financial institution from a nonresident group is B 10 million. Residents in Thailand are free to engage in forward transactions with authorized banks to hedge foreign exchange risk arising out of committed payments or receipts for current or capital account transactions. Resident exporters and importers are also allowed to engage in forward transactions to hedge foreign exchange exposure for expected payments and receipts based on a one-year forecast of underlying trade and services. Unwinding of forward transactions for hedging foreign exchange exposure of underlying trade, services, and investment and lending abroad is freely allowed.

Official cover of forward operations

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

Yes.

Thai legal entities with foreign currency proceeds for exports and services may transfer the funds from their foreign currency deposit accounts to counterparties in Thailand for payment for goods and services.

Payments arrangements

Yes.

Bilateral payments arrangements

Yes.

Operative

Yes.

The Bank of Thailand has been making collaborative efforts with other central banks in ASEAN countries to establish cross-border linkages to facilitate Quick response (QR) code payment and innovative remittance. The initiatives that are in operation are as follows:

–Lao PDR: Effective April 4, 2019, Thai and Lao banks have launched cross-border QR payments and remittance between the two countries.

–Cambodia: Effective February 18, 2020, Thai and Cambodian banks have launched cross-border QR payments between the two countries. Cambodian tourists visiting Thailand can use their mobile banking applications to scan the Thai QR Codes of merchants in Thailand. Thai tourists will be able to use their Thai mobile banking applications to scan Cambodian QR Codes to pay for goods and services at merchants in Cambodia starting from the third quarter of 2020.

–Singapore: –A Thai payment service provider has launched a
mobile wallet application that allows Thai e-wallet customers to make QR payments overseas through a Singaporean cross-border mobile payment provider (Q4 2018). Effective April 4, 2019, Thai and Singaporean banks have launched the remittance service via sponsoring bank model between Thailand and Singapore.

--Japan: Thai and Japanese commercial banks have launched cross-border QR payments between the two countries in 2018.

Thailand and Hong Kong Monetary Authority (HKMA) developed the cross-border Payment versus Payment linkage between BAHTNET and US Dollar Clearing House Automated Transfer System (USD CHATS) to facilitate THB/USD settlement to reduce foreign exchange settlement risk arising from different time zone. USD CHATS was in operation since July 17, 2014. Currently, BOT has included OTC foreign exchange swap transaction into Payment versus Payment system since January 2017.

Thailand and Malaysia launched the local currency settlement framework in 14 March 2016 and its scope was expanded in January 2, 2018. Likewise, Thailand and Indonesia launched similar framework in January 2, 2018. These frameworks aim to promote the settlement of trade and direct investment in local currencies. Banks which fulfill key qualifications to facilitate bilateral trade are appointed to facilitate the frameworks.

<table>
<thead>
<tr>
<th>Inoperative</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>Yes.</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
</tr>
</tbody>
</table>

Thailand has already connected with 5 other Asian Payment Network (APN) members including Indonesia, Malaysia, Philippines, South Korea, and Vietnam for cross-border automated teller machine (ATM) cash withdrawals and inquiry service.

The BOT administers exchange control on behalf of the MOF. Import and export licenses are issued by the Ministry of Commerce.

Travelers may take out domestic currency banknotes, coins, and negotiable monetary instruments up to B 50,000. Travelers traveling to China (only Yunnan Province), countries bordering Thailand, and Vietnam may take out up to B 2 million. Amounts exceeding B 450,000 require declaration to a customs officer.

Up to US$15,000 in foreign currency banknotes, coins, and negotiable monetary instruments may be taken out of Thailand without a declaration to customs. Larger amounts must be declared to a customs officer.
**Resident Accounts**

**Foreign exchange accounts permitted** Yes.

**Held domestically** Yes. Residents may maintain foreign exchange accounts with funds received from foreign and domestic sources. Foreign currency originating from foreign source can be deposited into foreign exchange account with no limit. Foreign currency bought, exchanged, or borrowed from authorized banks may be (1) deposited in an amount not exceeding future foreign currency obligations to entities abroad and (2) deposited in “no obligation” accounts, up to US$5 million. Residents may transfer their foreign exchange accounts abroad for payment of obligations. A resident is allowed to freely purchase foreign currencies for deposit up to an outstanding limit of US$5 million.

Effective November 8, 2019, residents are allowed to deposit foreign currency originating from abroad and foreign currency bought, exchanged, or borrowed for payment of obligations abroad into the same accounts.

**Approval required** No.

**Held abroad** Yes. Institutional investors or qualified investors who are individuals or companies with financial assets of more than B 50 million may open foreign exchange accounts abroad for investment in securities and may repatriate funds freely. Investments must conform to limits set by the institutional investors’ supervisory authority, directors, or management or up to a certain amount limit for qualified investors. Qualified investors with financial assets between 50 and 100 million baht are allowed to open foreign exchange accounts abroad for investment in securities and to invest abroad up to US$1 million a year. The limit for investment in securities through accounts abroad for qualified investors with financial assets more than 100 million bath is US$5 million a year.

Effective November 8, 2019, retail investors, regardless of their financial asset sizes, are allowed to invest in securities abroad without going through local intermediaries up to US$200,000 a year.

**Approval required** No.

**Accounts in domestic currency held abroad** Yes. Depositing baht in an account abroad is permitted with BOT approval.

**Accounts in domestic currency convertible into foreign currency** Yes. Residents may convert baht to foreign currency for payment of permitted obligations or for other purposes abroad.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted** Yes. Nonresidents may maintain foreign exchange accounts without

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*References to legal instruments and hyperlinks*

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
limitation. The accounts may be freely credited and debited.

**Domestic currency accounts** Yes. Nonresidents may open two types of nonresident baht accounts: nonresident baht accounts for securities and nonresident baht accounts for general purposes. Transfers are not allowed between different types of accounts. Effective July 22, 2019, the limit on the outstanding balance of Non-resident Baht Account was reduced from B 300 million to B 200 million a non-resident.

**Convertible into foreign currency** Yes. Nonresidents may convert the balances in their domestic currency accounts with authorized banks in Thailand to foreign currency and transfer the funds abroad.

**Approval required** No.

**Blocked accounts** No.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Imports and Import Payments**

**Foreign exchange budget** No.

**Financing requirements for imports** No.

Minimum financing requirements No.

Advance payment requirements No.

Advance import deposits No.

**Documentation requirements for release of foreign exchange for imports**

Domiciliation requirements No.

Preshipment inspection No.

Letters of credit No.

Import licenses used as exchange licenses No.

Other No.

**Import licenses and other nontariff measures** Yes. Most goods may be freely imported, but import licenses are required for certain goods.

Positive list No.

Negative list Yes. Imports of some goods are prohibited for security or social reasons.

Open general licenses No.

Licenses with quotas No.

**Other nontariff measures** Yes. Milk product producers must purchase a minimum amount of locally produced milk if they import skim milk into Thailand.

**Import taxes and/or tariffs** Yes. Ad valorem and/or specific duties are imposed on imports. In addition, special duties are levied on certain products. Tariff rates are zero for almost all goods imported from AFTA countries.

Taxes collected through the exchange system No.

State import monopoly No.
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Exports and Export Proceeds</strong></td>
<td><strong>Yes.</strong> Effective March 2, 2020, export proceeds in an amount equivalent to US$1 million or above must be repatriated immediately after payment is received and within 360 days from the export date. Previously, effective November 8, 2019, the threshold increased to US$200,000 from US$50,000. The export proceeds exceeding threshold could also be used to offset foreign currency expenses without having to be repatriated, and without prior approval from the BOT.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>Letters of credit</td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>Guarantees</td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>Domiciliation</td>
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<tr>
<td>Preshipment inspection</td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>Other</td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td><strong>Yes.</strong> All products may be exported freely. However, exports of rice, canned tuna, sugar, certain types of coal and charcoal, and textile products are subject to licensing and quantitative restrictions and, in a few cases, approval, regardless of destination.</td>
</tr>
<tr>
<td><strong>Without quotas</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>With quotas</strong></td>
<td><strong>Yes.</strong></td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td><strong>Yes.</strong> Exports of wood, wood articles, and hides are subject to ad valorem or specific duties.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>Other export taxes</td>
<td><strong>No.</strong></td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
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</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

| **Controls on these transfers**                  | **No.** |
| **Trade-related payments**                       | **No.** |
| **Prior approval**                               | **No.** |
| **Quantitative limits**                          | **No.** |
| **Indicative limits/bona fide test**             | **No.** |
Effective November 8, 2019, the BOT removed the amount limits for personal payments such as transfers of an individual’s own money or an inheritance of Thai emigrants who are permanent residents abroad, which previously were allowed up to US$1 million a year.

Effective March 2, 2020, proceeds in an amount equivalent to US$1 million or above must be repatriated immediately after payment is received and within 360 days of receipt. Previously, effective November 8, 2019, the threshold increased to US$200,000 from US$50,000.

The proceeds exceeding threshold could also be used to offset foreign currency expenses without having to be repatriated, and without prior approval from the BOT.
<table>
<thead>
<tr>
<th><strong>Surrender requirements</strong></th>
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<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
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<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Restrictions on use of funds</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
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</table>

### Capital Transactions

| **Controls on capital transactions** | Yes. |
| **Repatriation requirements** | Yes. |

Effective March 2, 2020, proceeds in an amount equivalent to US$1 million or above must be repatriated immediately after payment is received and within 360 days of receipt. Effective November 8, 2019, the threshold increased to US$200,000 from US$50,000. The proceeds exceeding threshold could also be used to offset foreign currency expenses without having to be repatriated, and without prior approval from the BOT.

| **Surrender requirements** | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Controls on capital and money market instruments** | Yes. |

Issuance of equity and debt securities requires Securities Exchange Commission (SEC) approval as follows: (1) by a Thai-incorporated company for an offering in Thailand and abroad; and (2) by a foreign-incorporated company for an offering in Thailand.

Institutional investors—that is, BOT, commercial banks, financial institutions established under a specific law, securities companies, derivatives intermediary, life insurance companies, non-life insurance companies, mutual funds, private funds, provident funds, government pension fund, social security fund, and the following investors, that is, listed companies on the Stock Exchange of Thailand (SET), juristic persons incorporated under the law of Thailand with the assets of at least B 5 billion.

| **On capital market securities** | Yes. |
| **Shares or other securities of a participating nature** | Yes. |
| **Purchase locally by nonresidents** | Yes. |

Nonresidents may purchase shares; however, foreign equity participation may be limited if a company engaged in business is subject to the provisions of the Foreign Business Act or other laws. Investment exceeding the limit may be made by holding nonvoting depository receipts. Financial institutions’ foreign equity participation is limited to 25% of total shares in locally incorporated banks, finance companies, and credit finance companies. The combined holdings of individuals and their family members may not exceed 5% of a bank’s total shares and 10% of those of finance companies and land banks. Foreign investors may hold more than 49% of total shares in local financial institutions for up to 10 years, after which the number of shares is grandfathered and nonresidents may not purchase new shares until their percentage falls to 49%. Foreign equity participation is limited to 49% in other Thai corporations. Larger holdings are subject to BOT approval. For securities companies and derivatives business operators, there is no limit of foreign equity participation. Person who hold share of any
securities companies or derivatives business operator exceeding 10% shall be major shareholder who must obtain the approval by SEC office to ensure that such shareholders are appropriately fit and proper and must not have prescribed disqualified characters.

**Sale or issue locally by nonresidents**
Yes.
Foreign-incorporated companies must obtain approval from the SEC to make an equity offering in Thailand.

**Purchase abroad by residents**
Yes.
Institutional investors are allowed to invest in foreign securities without limit. Such investment must not exceed the limit set by the supervisory authority, directors or managements of each institutional investor.

Thai juristic persons or Thai natural persons having deposits or investments in securities or derivatives of at least B 50 million Baht but less than B 100 million and at least B 100 million (Qualified Investor) can invest in foreign securities without the need to go through investment intermediaries in an aggregate amount not exceeding US$1 million and US$5 million a person a year, respectively.

Effective November 8, 2019, retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.

**Sale or issue abroad by residents**
Yes.
Thai-incorporated companies must obtain approval from the SEC to make a public offering of equity in other countries.

**Bonds or other debt securities**
Yes.
Nonresidents may invest in baht-denominated debt securities without a minimum holding period requirement. However, investment in baht-denominated bonds issued by domestic financial institutions is subject to the overall outstanding baht borrowing limit of B 10 million a financial institution a nonresident group (as a consolidated entity).

Effective July 12, 2019, the reporting requirements for non-resident holdings of Thai debt securities (issued in Thailand) were enhanced to strengthen the BOT’s surveillance of non-residents’ investment behavior. The information in the report of Nonresident Ultimate Beneficiary Owner (NR UBO) Debt Security Holdings consists of end beneficiary: (1) Institutional Sector (2) country (3) Legal Id (4) Legal Unique Id Type and (5) Full Legal Name. Item number (3)-(5) was previously optional and now become mandatory. This data displays outstanding that were settled both in terms of volume and amount in original currency at par/face value. Custodians in Thailand that safe keep Thai debt securities owned by nonresident customers are required to report the data on monthly basis.

**Sale or issue locally by nonresidents**
Yes.
For baht-denominated debt securities issuances, these transactions may be made with the approval of the MOF, BOT, and SEC. The MOF allows foreign entities to issue baht-denominated bonds domestically with a minimum maturity of three years. Foreign-currency-denominated debt securities of foreign issuers require SEC approval.

**Purchase abroad by residents**
Yes.
Institutional investors are allowed to invest in foreign securities without limit. Such investment must not exceed the limit set by the supervisory authority, directors or managements of each institutional investor.

Thai juristic persons or Thai natural persons having deposits or investments in securities or derivatives of at least B 50 million Baht but less than B 100 million and at least B 100 million (Qualified
Investor) can invest in foreign securities without the need to go through investment intermediaries in an aggregate amount not exceeding US$ 1 million and US$ 5 million a person a year, respectively.

Effective November 8, 2019, retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$ 200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.

Sale or issue abroad by residents Yes. Issuers of newly issued bonds must submit an application for approval to the SEC and demonstrate that an offer for sale/resale of such bonds will be made to investors in foreign countries. In addition, the denomination and settlement of these bonds must be made in foreign currencies. Only finance companies are allowed to issue negotiable certificates of deposit (NCDs) in foreign currency with more than a one-year maturity for sale to the public abroad or for sale to institutions that are authorized to deal in foreign exchange.

On money market instruments Yes. Nonresidents may freely invest in baht-denominated money market instruments without a minimum holding period requirement. However, investment in such instruments issued by domestic financial institutions is subject to the overall outstanding baht borrowing limit of B 10 million for a domestic financial institution from a nonresident group (as a consolidated entity). Domestic financial institutions may not issue or sell bills of exchange denominated in baht to nonresidents.

Purchase locally by nonresidents Yes. These transactions may be made with MOF, BOT, and SEC approval.

Sale or issue locally by nonresidents Yes. Institutional investors are allowed to invest in foreign securities without limit. Such investment must not exceed the limit set by the supervisory authority, directors or managements of each institutional investor.

Thiatric persons or Thai natural persons having deposits or investments in securities or derivatives of at least B 50 million Baht but less than B 100 million and at least B 100 million (Qualified Investor) can invest in foreign securities without the need to go through investment intermediaries in an aggregate amount not exceeding US$ 1 million and US$ 5 million a person a year, respectively.

Effective November 8, 2019, retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$ 200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.

Sale or issue abroad by residents Yes. Only finance companies are allowed to issue NCDs in foreign currency with more than a one-year maturity for sale to the public abroad or for sale to institutions that are authorized to deal in foreign exchange.

On collective investment securities Yes. ASEAN Collective Investment Schemes (ASEAN CIS) and Asia Region Funds Passport (ARFP) may be offered to investors in the signatory countries. The fund offerings of ASEAN CISs and ARFP (only plain vanilla products) in Thailand must comply with SEC regulations.

Purchase locally by nonresidents No. Nonresidents may invest freely in CISs.
Sale or issue locally by nonresidents

Yes. CISs issued by nonresidents may be offered locally only as units of exchange-traded funds, ASEAN CISs, or ARFP CISs. Such fund offerings must comply with SEC regulations.

Purchase abroad by residents

Yes. Institutional investors are allowed to invest in foreign securities without limit. Such investment must not exceed the limit set by the supervisory authority, directors or managements of each institutional investor.

Thai juristic persons or Thai natural persons having deposits or investments in securities or derivatives of at least B 50 million Baht but less than B 100 million and at least B 100 million (Qualified Investor) can invest in foreign securities without the need to go through investment intermediaries in an aggregate amount not exceeding US$ 1 million and US$ 5 million a person a year, respectively.

Effective November 8, 2019, retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$ 200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.

Sale or issue abroad by residents

Yes. SEC regulations do not restrict cross-border offering of CISs issued by residents. Entering into a host economy will however be subjected to the authorization of the host regulator.

Controls on derivatives and other instruments

Yes. Nonresidents may hedge foreign exchange risk from domestic trade or investment activities using derivatives instruments. Without domestic trade or investment, the overall outstanding limit on baht liquidity provided by a domestic financial institution to a nonresident group (as a consolidated entity) is B 600 million, while the limit on baht borrowing by a domestic financial institution from a nonresident group is B 10 million. Nonresidents may deal in derivatives instruments traded on the Thailand Futures Exchange, except US dollar–baht futures. Also, pursuant to list 3 of the Foreign Business Act B.E. 2542 (1999), nonresidents who trades agricultural derivatives in TFEX are prohibited from making onshore physical delivery.

Sale or issue locally by nonresidents

Yes. Only foreign-incorporated companies which have been granted an approval from the SEC for a public offering of newly issued shares can make a public offering of warrants. In this case such issuer must be approved by the SEC on full compliance the regulation on dual listing of securities.

Purchase abroad by residents

Yes. Remittance of funds by residents for settlement of derivatives transactions requires BOT approval. However, institutional investors and qualified investors may engage with foreign counterparties in derivatives linked to foreign variables not involving foreign exchange and baht to hedge risk exposure and enhance return on investment. Effective November 8, 2019, Thai investors may engage in such transactions up to the total limit on portfolio investment abroad of US$200,000.

Sale or issue abroad by residents

Yes. Remittance of funds for settlement of derivatives transactions requires BOT approval.

Controls on credit operations

Yes.

Commercial credits

No.

By residents to nonresidents

No.
To residents from nonresidents

Financial credits

By residents to nonresidents

Yes. Thai juridical persons may (1) lend to affiliated companies abroad without limit and (2) lend to nonaffiliated companies abroad up to US$50 million or its equivalent a year. Domestic financial institutions may provide direct loans in baht to nonresidents under certain conditions and may also extend direct baht loans up to an outstanding balance of B 5 million to a nonresident individual permitted to work in Thailand for personal consumption. Domestic financial institutions may provide baht liquidity through other facilities to nonresidents for domestic trade or investment activities. Without domestic trade or investment, the overall outstanding limit on baht liquidity provided by a domestic financial institution to a nonresident group (as a consolidated entity) is B 600 million. Domestic financial institutions are allowed to provide direct loans in baht, under specified criteria, without BOT approval.

To residents from nonresidents

Yes. Nonresidents are free to lend in baht to residents other than domestic financial institutions. Lending in baht to a domestic financial institution is subject to the overall outstanding limit of B 10 million imposed on each domestic financial institution for borrowing in baht from a nonresident group (as a consolidated entity).

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

Yes. Domestic financial institutions may guarantee transactions by nonresidents when handling bids or performance bonds to government agencies, government enterprises, or other juridical persons in Thailand. However, domestic financial institutions must receive stand-by LCs from financial institutions abroad as collateral (back-to-back guarantee).

To residents from nonresidents

No.

Controls on direct investment

Outward direct investment

No. Outward direct investment is freely allowed. Thai individuals are allowed to invest abroad in the form of direct investment without limit.

Inward direct investment

Yes. Financial institutions’ foreign equity participation is limited to 25% of total shares in locally incorporated banks, finance companies, and credit finance companies. The combined holdings of individuals and their family members may not exceed 5% of a bank’s total shares and 10% of those of finance companies and land banks. Foreign investors may hold more than 49% of total shares in local financial institutions for up to 10 years, after which the number of shares is grandfathered and nonresidents may not purchase new shares until their percentage falls to 49%. Foreign equity participation is limited to 49% in other Thai corporations. Larger holdings are subject to BOT approval. Up to 100% foreign equity participation is permitted in the securities business (securities companies and asset management companies).

Controls on liquidation of direct investment

No. All proceeds from liquidation of direct investment may be repatriated freely.

Controls on real estate transactions

Yes.

Purchase abroad by residents

Yes. Residents may purchase immovable assets including leasehold properties abroad up to US$50 million a person a year without BOT approval.

Purchase locally by nonresidents

Yes. The purchase of property with funds that originate from abroad is
allowed. Ownership of property by foreign entities with majority shares in Thai financial institutions is, at present, governed by the Commercial Banking Act and the Act on the Undertaking of Finance Business, Securities Business, and Credit Foncier Business. Regulations on foreign ownership of condominiums and properties are administered by the Department of Lands of the Ministry of Interior.

Sale locally by nonresidents: No. Nonresidents may sell their property without limitation.

Controls on personal capital transactions: Yes.

Loans:
- By residents to nonresidents: Yes. Residents may lend to nonresidents with BOT approval.
- To residents from nonresidents: No.

Gifts, endowments, inheritances, and legacies:
- By residents to nonresidents: No.
- To residents from nonresidents: No.

Effective November 8, 2019, Outward remittances to Thai emigrants who are permanent residents abroad, provided funds are derived from their own assets, from their families or relatives, or from their inheritances are allowed without limit. Fund transfers to public for donation are allowed without limits. Previously, the limit for each case was US$1 million a person a year. In addition, outward remittances to any person other than mentioned above are allowed up to US$ 50,000 a person a calendar year.

Settlement of debts abroad by immigrants: No.

Transfer of assets: No.

Transfer abroad by emigrants: No.

Transfer into the country by immigrants: No.

Transfer of gambling and prize earnings: Yes. Gambling is illegal in Thailand.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector:

Provisions specific to commercial banks and other credit institutions: Yes.

Borrowing abroad: Yes. An overall outstanding limit of B 10 million applies to borrowing in baht or transactions equivalent to borrowing in baht by a domestic financial institution from a nonresident group (as a consolidated entity).

Maintenance of accounts abroad: No.

Lending to nonresidents (financial or commercial credits): Yes. Domestic financial institutions may provide direct loans in baht to nonresidents under certain conditions and may also extend baht direct loans for personal consumption purposes up to an outstanding balance of B 5 million to a nonresident individual permitted to work in Thailand. Domestic financial institutions may provide baht
liquidity through other facilities to nonresidents for domestic trade or investment activities. Without domestic trade or investment, the overall outstanding limit on baht liquidity provided by a domestic financial institution to a nonresident group (as a consolidated entity) increased to B 600 million, while the limit on baht borrowing by a domestic financial institution from a nonresident group is B 10 million. Domestic financial institutions are allowed to provide direct loans in baht, under specified criteria, without BOT approval.

Lending locally in foreign exchange | Yes. | Commercial lending in foreign currency to particular industries may be partially (50%) included as foreign assets to recognize the risk that banks may not be fully repaid as the exchange rate risk increases.

Purchase of locally issued securities denominated in foreign exchange | No. | Commercial banks may purchase locally issued securities denominated in foreign exchange.

Differential treatment of deposit accounts in foreign exchange | No. |

Reserve requirements | No. |

Liquid asset requirements | No. |

Interest rate controls | No. |

Credit controls | No. |

Differential treatment of deposit accounts held by nonresidents | Yes. |

Reserve requirements | No. |

Liquid asset requirements | No. |

Interest rate controls | Yes. | Interest on nonresident baht accounts may be paid only on fixed deposit accounts with maturities of at least six months.

Credit controls | No. |

Investment regulations | Yes. |

Abroad by banks | Yes. | Financial institutions—commercial banks, finance companies, and credit foncier companies (credit foncier company is a public limited company licensed to undertake credit foncier business by accepting deposit from public, granting mortgage loan, and purchasing immovable property under contract of sale with right of redemption)—may invest, purchase, and hold directly or indirectly shares of any company up to the following amounts, including the shares of nominee shareholders of financial institutions: (1) 20% of the total capital of the financial institution for shares in all companies; (2) 5% of the total capital for shares in each company; and (3) 10% of the total shares sold. In cases of debt restructuring or as security for a loan, financial institutions may seek BOT approval to hold more shares. The BOT may grant waivers, but with certain conditions.

In banks by nonresidents | Yes. | In principle, Thailand allows up to 25% foreign equity participation in commercial banks, finance companies, and credit foncier companies (credit foncier company is a public limited company licensed to undertake credit foncier business by accepting deposit from public, granting mortgage loan, and purchasing immovable property under contract of sale with right of redemption). The BOT
may consider allowing foreign holdings between 25% and 49%. If deemed necessary to improve the condition or business of these institutions, the minister of finance, on recommendation of the BOT, may allow foreign investors to hold up to 100% of these institutions’ shares for 10 years. After 10 years, foreign investors do not have to sell their shares but may not purchase additional shares, unless they hold less than 49% of total shares. Additional shares may then be acquired to bring foreign holdings up to the 49% maximum.

Open foreign exchange position limits | Yes.
--- | ---

The regulation on net foreign exchange exposure limits allows commercial banks to maintain a position for each currency relative to its capital fund up to 15% or US$5 million, whichever is greater, and to maintain an aggregate position relative to its capital fund up to 20% or US$10 million, whichever is greater.

On resident assets and liabilities | Yes.
--- | ---

On nonresident assets and liabilities | Yes.
--- | ---

Provisions specific to institutional investors | Yes.
--- | ---

The regulations governing shares and other securities of a participating nature apply.

Insurance companies | Yes.
--- | ---

Effective January 29, 2020, office of insurance commission (OIC) relax the regulation by allowing insurance companies to invest up to 30% of their total investment assets (a relaxation from 15% investment limit) in securities issued by nonresidents.

Limits (max.) on securities issued by nonresidents | Yes.
--- | ---

Limits (max.) on investment portfolio held abroad | Yes.
--- | ---

Effective January 29, 2020, insurance companies may invest up to 30% of their total investment assets (a relaxation from 15% investment limit) in securities issued by nonresidents.

Limits (min.) on investment portfolio held locally | Yes.
--- | ---

Total investment in each category is determined by a company’s total investment assets: (1) government bonds, treasury bills, BOT bonds, and state enterprise bonds with an MOF guarantee, no limit; (2) corporate debt securities, 60%; and (3) stocks and equities, 30%.

Currency-matching regulations on assets/liabilities composition | Yes.
--- | ---

Effective January 29, 2020, when investing in foreign securities (that bear known amount of cash flows for investors such as bonds), insurance companies must hedge their foreign exchange exposure based on their capital adequacy ratio (CAR). Insurance companies with CAR less than 250 must hedge at least 75% of their cash flow. Insurance companies with CAR over 75% but less than 380 must hedge at least 50% of their cash flow. Insurance companies with CAR over 380 can hedge freely according to the internal policy of the company’s investment committee. Previously, insurance companies must fully hedge their foreign exchange exposure when investing in the above foreign securities.

Pension funds | No.
--- | ---

Limits (max.) on securities issued by nonresidents | No.
--- | ---

Pension funds under the supervisory of the SEC may invest without limit in foreign securities abroad.

Limits (max.) on investment portfolio held abroad | No.
--- | ---

Pension funds under the supervisory of the SEC may invest without limit in foreign securities abroad.

Limits (min.) on investment portfolio held locally | No.
--- | ---

Currency-matching regulations on assets/liabilities composition | No.
--- | ---

Investment firms and collective investment funds | No.
--- | ---

Mutual funds may invest without limit in securities issued by nonresidents. *(For Money Market Fund, foreign exposure must not exceed 50% of net asset value, with currency risk being fully...*
Mutual funds may invest without limit in foreign securities abroad. (*For Money Market Fund, foreign exposure must not exceed 50% of net asset value, with currency risk being fully hedged).

Limits (max.) on investment portfolio held abroad
No.

Limits (min.) on investment portfolio held locally
No.

Currency-matching regulations on assets/liabilities composition
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Monetary policy framework
Inflation-targeting framework

Inflation target
Target number

Band/Range
01/01/2020
The Bank of Thailand has switched from an annual average inflation target of 2.5% with tolerance band ±1.5% to a target range of 1.0%–3.0% for the medium-term horizon and for the year 2020.

Accountability
Open letter

01/01/2020
The Monetary Policy Committee (MPC) may send an open letter to the minister of finance, should average headline inflation in the past 12 months or a forecast of average headline inflation over 12 months ahead breach the target range. The MPC will also write an additional open letter every 6 months if average headline inflation based on the above criteria remains outside the target range.

Arrangements for Payments and Receipts

Payments arrangements
Bilateral payments arrangements

Operative
04/04/2019
Thai and Singaporean banks have launched the remittance service via sponsoring bank model between Thailand and Singapore.

04/04/2019
Thai and Lao banks have launched cross-border Quick response payments and remittance between the two countries

02/18/2020
Thai and Cambodian banks have launched cross-border Quick response payments between the two countries.

Resident Accounts

Foreign exchange accounts permitted
Held domestically

11/08/2019
Residents are allowed to deposit foreign currency originating from abroad and foreign currency bought, exchanged, or borrowed for payment of obligations abroad into the same accounts.

Held abroad

11/08/2019
Retail investors, regardless of their financial asset sizes, are allowed to invest in securities abroad without going through local intermediaries up to US$200,000 a year.

Nonresident Accounts

Domestic currency accounts

07/22/2019
The limit on the outstanding balance of Non-resident Baht Account was reduced from B 300 million to B 200 million a non-resident.
Exports and Export Proceeds

**Repatriation requirements**
- **11/08/2019** Export proceeds in an amount equivalent to US$200,000 (previously US$50,000) or above must be repatriated immediately after payment is received and within 360 days from the export date. The export proceeds exceeding threshold could also be used to offset foreign currency expenses without having to be repatriated, and without prior approval from the Bank of Thailand.
- **03/02/2020** Export proceeds up to US$1 million (previously up to US$200,000) may be retained abroad.

Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**

**Personal payments**

**Quantitative limits**
- **11/08/2019** The Bank of Thailand removed the amount limits for personal payments such as transfers of an individual’s own money or an inheritance of Thai emigrants who are permanent residents abroad, which previously were allowed up to US$1 million a year.

Proceeds from Invisible Transactions and Current Transfers

**Repatriation requirements**
- **11/08/2019** Export proceeds in an amount equivalent to US$200,000 (previously US$50,000) or above must be repatriated immediately after payment is received and within 360 days from the export date. The export proceeds exceeding threshold could also be used to offset foreign currency expenses without having to be repatriated, and without prior approval from the Bank of Thailand.
- **03/02/2020** Export proceeds up to US$1 million (previously up to US$200,000) may be retained abroad.

Capital Transactions

**Controls on capital transactions**

**Repatriation requirements**
- **11/08/2019** Export proceeds in an amount equivalent to US$200,000 (previously US$50,000) or above must be repatriated immediately after payment is received and within 360 days from the export date. The export proceeds exceeding threshold could also be used to offset foreign currency expenses without having to be repatriated, and without prior approval from the Bank of Thailand.
- **03/02/2020** Export proceeds up to US$1 million (previously up to US$200,000) may be retained abroad.

**Controls on capital and money market instruments**

- **On capital market securities**
  - **Shares or other securities of a participating nature**
    - **Purchase abroad by residents**
      - **11/08/2019** Retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.
  - **Bonds or other debt securities**
    - **Purchase locally by nonresidents**
      - **07/12/2019** The reporting requirements for non-resident holdings of Thai debt securities (issued in Thailand) were enhanced to strengthen the Bank of Thailand’s surveillance of non-residents’ investment behavior. The information in the report of Nonresident Ultimate Beneficiary Owner (NR UBO) Debt Security Holdings consists of end beneficiary: (1)
Institutional Sector (2) country (3) Legal Id (4) Legal Unique Id Type and (5) Full Legal Name. Item number (3)-(5) was previously optional and now become mandatory. This data displays outstanding that were settled both in terms of volume and amount in original currency at par/face value. Custodians in Thailand that safe keep Thai debt securities owned by nonresident customers are required to report the data on monthly basis.

**Purchase abroad by residents**

Retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.

**On money market instruments**

Retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.

**On collective investment securities**

Retail investors, regardless of their financial assets sizes, are allowed to invest in foreign securities without the need to go through local intermediaries for up to US$200,000 a investor a calendar year, previously any individuals and corporate investors may invest in foreign securities through private funds or securities companies or commercial banks holding relevant securities business licenses.

**Controls on derivatives and other instruments**

Thai investors are allowed to invest in foreign securities up to the total limit on portfolio investment abroad of US$200,000.

**Controls on personal capital transactions**

Outward remittances to Thai emigrants who are permanent residents abroad, provided funds are derived from their own assets, from their families or relatives, or from their inheritances are allowed without limit. Fund transfers to public for donation are allowed without limits. Previously, the limit for each case was US$1 million a person a year. In addition, outward remittances to any person other than mentioned above are allowed up to US$50,000 a person a calendar year.

**Transfer of assets**

Outward remittances to Thai emigrants who are permanent residents abroad, provided funds are derived from their own assets, from their families or relatives, or from their inheritances are allowed without limit. Previously, the limit for each case was US$1 million a person a year.

**Provisions Specific to the Financial Sector**

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts held by nonresidents

The limit on the outstanding balance of Non-resident Baht Account was reduced from B 300 million to B 200 million a non-resident.
<table>
<thead>
<tr>
<th>Insurance companies</th>
<th>01/29/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>The office of insurance commission relax the regulation by allowing insurance companies to invest up to 30% of their total investment assets (a relaxation from 15% investment limit) in securities issued by nonresidents.</td>
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<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Insurance companies may invest up to 30% of their total investment assets (a relaxation from 15% investment limit) in securities issued by nonresidents.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>When investing in foreign securities (that bear known amount of cash flows for investors such as bonds), insurance companies must hedge their foreign exchange exposure based on their capital adequacy ratio (CAR). Insurance companies with CAR less than 250 must hedge at least 75% of their cash flow. Insurance companies with CAR over 75% but less than 380 must hedge at least 50% of their cash flow. Insurance companies with CAR over 380 can hedge freely according to the internal policy of the company’s investment committee. Previously, insurance companies must fully hedge their foreign exchange exposure when investing in the above foreign securities.</td>
</tr>
</tbody>
</table>
TIMOR-LESTE

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>July 23, 2002.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Date of acceptance: July 23, 2002.</td>
</tr>
</tbody>
</table>

Exchange Measures

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | No. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | No. |
| Other security restrictions | No. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary</td>
<td></td>
</tr>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No separate legal tender</td>
<td>The exchange rate arrangement is an exchange arrangement with no separate legal tender. The US dollar is legal tender and circulates freely.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Currency board</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Conventional peg</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Stabilized arrangement</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Crawling peg</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Crawl-like arrangement</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Pegged exchange rate within horizontal bands</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Other managed arrangement</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Floating</th>
</tr>
</thead>
</table>
The US dollar is legal tender and circulates freely in Timor-Leste. Timorese coins also circulate, and these are legally convertible to US dollars at par. The Central Bank Law states that the primary objective of the Central Bank of Timor-Leste (CBTL) is to achieve and maintain domestic price stability.
Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax** | No.
---|---

**Exchange subsidy** | No.

**Foreign exchange market** | Yes. There is no centralized domestic foreign exchange market, but foreign exchange transactions are affected through four foreign-owned commercial banks and three licensed currency exchange bureaus.

**Spot exchange market** | Yes. There is no centralized domestic foreign exchange market, but foreign exchange transactions are affected through four foreign-owned commercial banks and three licensed currency exchange bureaus.

**Operated by the central bank** | No.

**Foreign exchange standing facility** | No.

**Allocation** | No.

**Auction** | No.

**Fixing** | No.

**Interbank market** | No. There is no interbank foreign exchange market.

**Over the counter** | No.

**Brokerage** | No.

**Market making** | No.

**Forward exchange market** | No.

**Official cover of forward operations** | No.

**References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements** | Yes.

**Controls on the use of domestic currency** | No.

**For current transactions and payments** | No.
For capital transactions
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.
Use of foreign exchange among residents Yes.
Domestic transactions and settlements must be conducted in domestic currency.

Payments arrangements
Bilateral payments arrangements No.
Operative No.
Inoperative No.
Regional arrangements No.
Clearing agreements No.
Barter agreements and open accounts No.
Administration of control Yes.
The CBTL regulates the domestic and foreign currency payment and settlement systems and is responsible for the administration of exchange control.

Payments arrears
Official No.
Private No.
Controls on trade in gold (coins and/or bullion)
On domestic ownership and/or trade No.
On external trade No.
Controls on exports and imports of banknotes
On exports Yes.
Domestic currency Yes.
Foreign currency Yes.
On imports Yes.
Domestic currency Yes.
Foreign currency Yes.
Controls are as per Instruction No. 4/2017 on Exportation and Importation Currencies.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts
### Foreign Exchange Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Permit</th>
<th>Approval Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Permit</th>
<th>Approval Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No</td>
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</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Permit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Positive list</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Item</th>
<th>TIMOR-LESTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Except for selected items (for example, cigarettes and alcohol—within certain limits—and the household items of returning former residents), a uniform ad valorem tariff of 2.5% applies to all imports; excise taxes apply to a relatively narrow range of imports (mainly gasoline and diesel fuel, tobacco products, and alcoholic beverages). A sales tax of 2.5% is also applied to the combined value of customs assessment, import duty, and excise tax.</td>
<td></td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td><strong>Exports and Export Proceeds</strong></td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to the central bank</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
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<td>Domiciliation</td>
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<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
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<td><strong>Export licenses</strong></td>
<td>No.</td>
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<tr>
<td>Without quotas</td>
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</tr>
<tr>
<td>With quotas</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**
<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Investment-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
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<td>Quantitative limits</td>
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<td>Indicative limits/bona fide test</td>
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<td>Payments for travel</td>
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<td>Prior approval</td>
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<td>Quantitative limits</td>
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<td>Indicative limits/bona fide test</td>
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<td>Personal payments</td>
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<td>Prior approval</td>
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<td>Quantitative limits</td>
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<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
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<td>Quantitative limits</td>
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</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
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<tr>
<td>Prior approval</td>
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<td>Quantitative limits</td>
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<td>Other payments</td>
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References to legal instruments and hyperlinks

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Proceeds from Invisible Transactions and Current Transfers
<table>
<thead>
<tr>
<th><strong>Repatriation requirements</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Surrender requirements</strong></td>
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<tr>
<td><strong>Surrender to the central bank</strong></td>
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<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Restrictions on use of funds</strong></td>
<td>No.</td>
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</tbody>
</table>

### References to legal instruments and hyperlinks

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### Capital Transactions

**Yes.** Domestic capital and money markets have not yet been developed.

<table>
<thead>
<tr>
<th><strong>Controls on capital transactions</strong></th>
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</thead>
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<tr>
<td><strong>Surrender requirements</strong></td>
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<td><strong>Surrender to the central bank</strong></td>
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<td><strong>Surrender to authorized dealers</strong></td>
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<td><strong>Controls on capital and money market instruments</strong></td>
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<td><strong>Shares or other securities of a participating nature</strong></td>
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<td><strong>Purchase locally by nonresidents</strong></td>
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<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
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<tr>
<td><strong>Purchase abroad by residents</strong></td>
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<td><strong>Sale or issue abroad by residents</strong></td>
<td>No.</td>
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<td><strong>Bonds or other debt securities</strong></td>
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<td><strong>Sale or issue locally by nonresidents</strong></td>
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<td><strong>Sale or issue abroad by residents</strong></td>
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<td><strong>On money market instruments</strong></td>
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<td><strong>Sale or issue locally by nonresidents</strong></td>
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<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
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<td><strong>On collective investment securities</strong></td>
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<td><strong>Purchase locally by nonresidents</strong></td>
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<tr>
<td>Transaction Type</td>
<td>Allowance</td>
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<td>Sale or issue locally by nonresidents</td>
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<td>Purchase abroad by residents</td>
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<tr>
<td>Controls on derivatives and other instruments</td>
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<td>Controls on credit operations</td>
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<td>Commercial credits</td>
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<td>By residents to nonresidents</td>
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<tr>
<td>To residents from nonresidents</td>
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<td>Financial credits</td>
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<td>By residents to nonresidents</td>
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<td>To residents from nonresidents</td>
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<td>Guarantees, sureties, and financial backup facilities</td>
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<td>By residents to nonresidents</td>
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<tr>
<td>To residents from nonresidents</td>
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<td>Controls on direct investment</td>
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<td>Outward direct investment</td>
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<td>Inward direct investment</td>
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<td>Controls on liquidation of direct investment</td>
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<td>Controls on real estate transactions</td>
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<td>Purchase abroad by residents</td>
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<td>Purchase locally by nonresidents</td>
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<td>Sale locally by nonresidents</td>
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<td>Controls on personal capital transactions</td>
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<td>Loans</td>
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<td>By residents to nonresidents</td>
<td>No.</td>
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<td>To residents from nonresidents</td>
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<td>Gifts, endowments, inheritances, and legacies</td>
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</table>
By residents to nonresidents No.
To residents from nonresidents No.
Settlement of debts abroad by immigrants No.
Transfer of assets No.
Transfer abroad by emigrants No.
Transfer into the country by immigrants No.
Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.
Borrowing abroad No.
Maintenance of accounts abroad No.
Lending to nonresidents (financial or commercial credits) No.
Lending locally in foreign exchange Yes. Domestic transactions must be conducted in US dollars.
Purchase of locally issued securities denominated in foreign exchange Yes. Domestic transactions must be conducted in US dollars.
Differential treatment of deposit accounts in foreign exchange No.
Reserve requirements No.
Liquid asset requirements No.
Interest rate controls No.
Credit controls No.
Differential treatment of deposit accounts held by nonresidents No.
Reserve requirements No.
Liquid asset requirements No.
Interest rate controls No.
Credit controls No.
Investment regulations No.
Abroad by banks No.
In banks by nonresidents No.
Open foreign exchange position limits No.
On resident assets and liabilities No.
On nonresident assets and liabilities No.
<table>
<thead>
<tr>
<th>Provisions specific to institutional investors</th>
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<th>No limits apply to institutional investors.</th>
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</thead>
<tbody>
<tr>
<td>Insurance companies</td>
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<td>Limits (max.) on securities issued by nonresidents</td>
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<td>Limits (max.) on investment portfolio held abroad</td>
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<tr>
<td>Limits (min.) on investment portfolio held locally</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
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<td>Pension funds</td>
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<td>No limits apply to investments by pension funds.</td>
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<td>Limits (max.) on securities issued by nonresidents</td>
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<td>Limits (max.) on investment portfolio held abroad</td>
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<td>Limits (min.) on investment portfolio held locally</td>
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<td>Currency-matching regulations on assets/liabilities composition</td>
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<td>Investment firms and collective investment funds</td>
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<td>No limits apply to investment firms and collective investment funds.</td>
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<td>Limits (max.) on securities issued by nonresidents</td>
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<tr>
<td>References to legal instruments and hyperlinks</td>
<td><img src="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx" alt="hyperlink" /></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
TOGO

(Status as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
August 1, 1962.

Article VIII
Yes. Date of acceptance: June 1, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes. A regional framework to fight money laundering (AML) and the financing of terrorism (AFT) was established through two WAEMU Directives in 2002 (AML) and 2007 (AFT). These regional regulations were incorporated into Togolese Law in 2007 and 2009, respectively. This framework was updated at the regional level through a new WAEMU Directive in 2015, which was incorporated into Togolese law in 2018.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Togo is the CFA franc (XOF).

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement of the WAEMU is a conventional peg. Togo participates in a currency union with seven other members of the WAEMU and has no separate legal tender. The Monetary Cooperation Agreement between the WAEMU member countries and France was concluded December 4, 1973. It was maintained after the French franc was replaced by the euro by the Council of the European Union decision of November 23, 1998. The Monetary Cooperation Agreement is based on three pillars: (1) a common issuing institution, (2) fixed parity with the euro, and (3) a guarantee
of unlimited convertibility. In exchange for the unlimited convertibility of the CFA franc to euros, the WAEMU members are required to deposit 50% of their reserve holdings to the operations account with the French Treasury in accordance with the Amendment to the Operations Account Convention signed by France and the BCEAO on September 20, 2005.

Stabilized arrangement
Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

Yes. The CFA franc is officially pegged to the euro at the fixed exchange rate of CFAF 655.957 per euro. Exchange rates for other currencies are derived from the rates for the currency concerned in the Paris foreign exchange market vis-à-vis the euro. The official rate is used for accounting and valuation.

The Conference of Heads of State and Government may decide to amend the Monetary Cooperation Agreement between the WAMU member countries and France.

**Monetary policy framework**

Exchange rate anchor

Yes.

**U.S. dollar**

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the euro. The operational target of price stability is defined as an annual inflation rate in the WAEMU that falls within a band of ±1% around a central rate of 2%. The Harmonized Consumer Price Index is the benchmark rate to measure inflation.

**Euro**

Yes.

**Composite**

**Other**

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

* Monetary Policy Committee

* Central Bank Board

* Other

Government and Central Bank
Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

Yes. Authorized intermediaries apply a 0.6% commission on transfers to countries outside the WAEMU. This commission is transferred in full to the National Treasury and makes up part of its tax revenue.

Exchange subsidy

No.

Foreign exchange market

Yes. Authorized intermediaries (authorized intermediary banks and authorized nonelectronic exchange dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which must be traded against CFAF at the fixed rate of CFAF 655.957 per euro. The commission on foreign exchange transactions may not exceed 2%. Instruction No. 013-11-2015 on the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU is in effect.

Spot exchange market

Yes. Entities authorized to conduct nonelectronic foreign currency transactions are authorized intermediary banks and individuals or companies authorized by order of the minister of finance, with the consent of the BCEAO. As of December 31, 2019, there were 36
institutions, consisting of 13 banks and 23 licensed exchange dealers, currently authorized to trade on the foreign exchange market. Authorized intermediaries must comply with the provisions for nonelectronic exchange operations with euro banknotes and issue a receipt for all operations with customers. In addition, authorized intermediaries must (1) permanently post at their windows the rates actually charged for the different currencies and (2) post notification that a transaction slip must be issued for all foreign exchange transactions on presentation of the requestor’s identity document. As of December 31, 2019, there were 36 institutions licensed to deal in the foreign exchange market. The minister of finance issues approvals, after consulting the BCEAO. Authorized intermediaries must comply with the provisions for executing banknote foreign exchange transactions involving foreign currency and issue a receipt for all transactions with clients. Banks and registered banknote exchange houses are intermediaries authorized by the Ministry of Economy and Finance (MEF) to carry out foreign exchange transactions with the public. The exchange houses may perform transactions in foreign currencies other than euros with the BCEAO. Registered banknote exchange houses may not make transfers or payment in foreign currencies with other countries or maintain accounts abroad.

In operations with customers, authorized intermediaries (authorized intermediary banks and OTC dealers) freely determine the buying and selling rates of foreign currencies, with the exception of the euro, which is traded at the official fixed rate of CFAF 655.957 and may be subject to a maximum commission of 2.0%.

Operated by the central bank

Yes. The BCEAO deals directly with the government and other public entities, and the official rate is used for valuation.

Foreign exchange standing facility

Yes. The BCEAO exchanges foreign currency for CFA francs at the rates published in the international markets, with the exception of the euro, which is traded at the official fixed rate of 655.957 per euro. The nonelectronic currency exchange windows are open to owners of accounts on the BCEAO books and to the general public. A commission of 0.5% is charged on all transactions with the public (purchases and sales) and all withdrawals by banks and financial institutions (including euro withdrawals). However, commissions are not charged on cash foreign exchange transactions conducted by governments, officials of Member States of the WAMU on missions abroad, officials of the CB and their beneficiaries, and on payments made by banks and financial institutions.

Allocation

No.

Auction

No.

Fixing

No.

Interbank market

Yes. Transactions in CFA francs between authorized intermediaries are allowed. At December 31, 2019, there were 13 commercial banks in Togo that participate in the domestic currency interbank market. There is no foreign currency interbank market in the WAEMU.

Over the counter

Yes.

Brokerage

No.

Market making

No.

Forward exchange market

Yes. Residents of the WAEMU zone are permitted to conduct the following transactions on the foreign exchange derivatives market with authorized intermediary banks established in the WAMU or
with foreign banks: outright forward foreign exchange contracts (over the counter), foreign exchange options, foreign exchange swaps, and cross-currency swaps.

Transactions in foreign exchange options are limited to the following two types of transactions: options to purchase foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAEMU or from a foreign bank, or options to sell foreign currency, purchased by residents of the WAEMU zone from an authorized intermediary bank established in the WAEMU or from a foreign credit institution.

Authorized intermediary banks are required to simultaneously cover the exchange risk they incur with respect to derivative instruments traded with their customers.

The underlying commercial and financial operations must relate to imports and exports of goods and services by a resident, foreign borrowing operations by a resident (drawings and repayments), or FDI in a resident company.

All legitimate foreign currency needs are ultimately met by the BCEAO.

**Official cover of forward operations**

- No.

**References to legal instruments and hyperlinks**

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### Arrangements for Payments and Receipts

**Prescription of currency requirements**

- Yes.

Togo is linked to the French Treasury via the BCEAO through an operations account, through which settlements with France, Monaco, the Comoros, and the CEMAC member countries are made, mainly in euros. Trade with other WAEMU countries is settled in CFA francs.

**Controls on the use of domestic currency**

- Yes.

The CFA franc may not be used as payment for current international transactions and for capital transactions with countries outside the WAEMU.

**For current transactions and payments**

- Yes.

CFA francs may not be used for settlement of international transactions outside the WAEMU. However, the CFA franc is guaranteed unlimited convertibility through an open operating account with the French Treasury.

**For capital transactions**

- Yes.

The CFA franc may not be used for capital transactions with countries outside the WAEMU. Investments by residents of the WAEMU zone outside the WAEMU are subject to prior authorization by the minister of finance, and at least 75% of the investment must be financed through foreign borrowing.

**Transactions in capital and money market instruments**

- Yes.

Foreign investment by residents of the WAEMU zone is subject to authorization by the MOF. At least 75% of the investment must be financed through foreign borrowing. The interested party must request authorization through a letter designating the authorized intermediary to settle the payment. Purchases of foreign negotiable securities authorized by the regional capital markets authority to be issued or sold in WAEMU members do not require MEF authorization.

**Transactions in derivatives and other instruments**

- Yes.

Residents of WAEMU member countries may engage in the following operations on derivatives and other instruments with accredited banks established in the WAEMU or foreign banks: (1) forward contract, foreign exchange swaps, and options. Operations on derivatives with foreign banks outside the WAEMU can only relate to the purchase or sale, by a resident, of foreign exchange other than the euro or another currency from the Franc Zone.

**Credit operations**

- Yes.

Loans of any kind, CFA franc overdrafts, and, in general, any
advances granted by authorized intermediaries to nonresidents of the WAEMU zone are subject to prior authorization by the Directorate of External Financial Relations of the Ministry of Finance, after BCEAO approval.

### Use of foreign exchange among residents

Yes. The CFA franc is the only legal tender, and residents of the WAEMU zone may not use foreign exchange for domestic transactions.

### Payments arrangements

Yes.

### Bilateral payments arrangements

No.

### Clearing agreements

Yes. There is a multilateral clearing agreement between the WAEMU countries and the other ECOWAS member countries (Cabo Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone) as part of the WAMA. All payments for current transactions between countries whose CBs are WAMA members may be made under the clearing agreement. However, this excludes transactions specified by the committee of governors of the CBs of ECOWAS members and payments for exports from one member country to another member country of finished products originating in countries whose CB or monetary authority is not a WAMA member.

### Regional arrangements

Yes. An operations account is maintained with the French Treasury that links operations account countries. All purchases and sales of foreign currency and euros against CFA francs are ultimately settled through a debit or credit to the operations account.

### Administration of control

Yes. The institutional reform of the WAMU and the BCEAO went into effect April 1, 2010, with the adoption of the following new basic instruments: (1) the WAMU Treaty, (2) the BCEAO Charter, (3) the Bank Regulation Act, and (4) the Convention governing the WAMU Banking Commission. Exchange control is administered jointly by the MOF and the BCEAO. Most of the authority to supervise foreign exchange transactions is delegated to authorized banks, which are required to report these operations to the MOF. The BCEAO is also authorized to collect—either directly or through banks, financial institutions, the postal administration, or judicial agents—information necessary to compile balance of payments statistics. Customs officers monitor outflows of foreign exchange and confirm importation and exportation of goods. All WAEMU residents are treated as residents of Togo for the purposes of calculating the external position of banks, domiciliation and repatriation of export revenue, issuance and sales of securities, gold imports and exports, investment and lending transactions, and the material exportation of means of payment and of securities by postal package or ordinary mail. However, for statistical purposes with regard to the balance of payments, all countries other than Togo are considered foreign countries. Moreover, all transfer transactions with other countries must be made through the registered intermediary banks, the postal service, or the BCEAO.

### Controls on trade in gold (coins and/or)

Yes.
bullion)

On domestic ownership and/or trade No.

On external trade Yes. Gold imports and exports require MOF authorization, except (1) imports and exports by the Public Treasury and the BCEAO; (2) imports and exports of items with a low gold content (lined or plated objects); and (3) imports and exports, by travelers, of objects made of gold limited to a total weight of 500 grams.

Controls on exports and imports of banknotes Yes.

On exports Yes.

*Domestic currency* Yes. Travelers may freely export CFA franc banknotes from one WAEMU member country to another. Resident individuals (from a WAEMU member country) and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from sending and receiving CFA franc banknotes issued by the BCEAO.

*Foreign currency* Yes. The reexportation of foreign banknotes by nonresident travelers (that is, residing outside of a WAEMU member country) is permitted up to the equivalent of CFAF 500,000; reexportation of foreign banknotes above this ceiling requires documentation demonstrating either the importation of the foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposit accounts in local banks. Nonresident travelers must declare to customs foreign currency exceeding the equivalent of CFAF 1 million on exit. Residents of the WAEMU zone traveling to countries that are not WAEMU members are required to declare foreign currency on their person in excess the equivalent of CFAF 1 million. They are allowed to carry up to the equivalent of CFAF 2 million a person in banknotes not issued by the BCEAO. Amounts in excess of this ceiling may be exported in the form of traveler’s checks, prepaid debit and payment cards, conventional debit and payment cards, or other means of payment. Foreign exchange allowances issued by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be based on the need to cover customary, personal travel expenses, if they exceed the equivalent of CFAF 2 million a person. The issue of foreign currency to resident travelers is subject to the presentation of travel documents and a valid passport or national identification card.

On imports Yes.

*Domestic currency* Yes. Resident and nonresident travelers may freely import domestic currency. However, WAEMU resident individuals and legal entities other than the BCEAO and its banking and commercial correspondents outside the WAEMU are prohibited from receiving banknotes in domestic currency.

*Foreign currency* No. There are no restrictions on resident and nonresident travelers’ importation of foreign-currency-denominated means of payment, which must be declared to customs authorities if they exceed the equivalent of CFAF 1 million. Resident travelers must surrender foreign banknotes and other foreign-currency-denominated means of payment exceeding CFAF 500,000 to an authorized intermediary within eight days of arrival in any WAEMU member country.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts
Foreign exchange accounts permitted: Yes.
Held domestically: Yes.
Approval required: Yes.
Foreign exchange accounts in currencies other than the euro may be opened domestically with MOF authorization after non-objection from the BCEAO. The authorization specifies the operations that may be credited or debited on each such account. These accounts are valid for a renewable term of up to one year. They cannot be credited with deposits of CFA banknotes or by debiting a CFA franc account. On expiration of the term set in the authorization, accounts are closed unless a new authorization is obtained.

Held abroad: Yes.
Approval required: Yes.
Individuals who are resident of the WAEMU temporarily staying or traveling outside of WAEMU may open bank accounts outside the WAEMU to deposit foreign currency legally exported and any income acquired outside of the WAEMU during their travel or temporary stay outside of the WAEMU. These individuals are required to repatriate balances on such accounts within 30 days of return to the WAEMU. In any circumstance other than the foregoing, opening of foreign accounts by WAEMU residents is subject to MOF authorization by after non-objection from the BCEAO. The MOF authorization specifies the operations that may be credited or debited on such accounts. In the event of a failure to obtain a new MOF authorization, the accredited intermediary must request that the account be closed by the end of the term authorized and that any balance be repatriated to a WAEMU member country within eight days.

Accounts in domestic currency held abroad: No.
Accounts in domestic currency convertible into foreign currency: No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted: Yes.
Approval required: Yes.
Nonresident accounts denominated in euros may be freely opened by intermediaries accredited in the WAEMU on justification by the beneficiaries of their status and residence outside of the WAEMU. Nonresident accounts denominated in foreign currency other than euros are subject to BCEAO authorization. Nonresident foreign currency accounts are valid for a renewable period of two years. In the event of a failure to obtain renewal (through a new BCEAO authorization for foreign exchange other than the euro), these accounts must be closed. The balances of these accounts may be freely transferred abroad after verification.

Domestic currency accounts: Yes.
Convertible into foreign currency: Yes.
Authorized intermediaries may open nonresident accounts in CFA francs and in euros, under their own responsibility, depending on the status and effective residence of the applicant. These accounts may be debited for spot purchases of foreign exchange.

Approval required: No.
Blocked accounts: No.
Imports and Import Payments

<table>
<thead>
<tr>
<th>Reference</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.  Advance payments for imports require authorization, and importers may not acquire foreign exchange until the date of the payment specified in the contract.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.  Importers may purchase foreign exchange for import payments after establishing bank payment order accounts and submitting supporting documents, but not earlier than eight days before shipment if a documentary credit is opened, or on the due date of payment if the products have already been imported.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.  Import transactions from outside the CFA franc area exceeding CFAF 10 million must be effected through an authorized bank.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.  Imports arriving by sea and exceeding the equivalent of CFAF 3 million, and overland imports exceeding CFAF 1.5 million, are subject to inspection.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.  LCs may be opened for all import operations, regardless of origin. LCs are not required.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.  Exchange authorization, invoices, and export-import cards are required.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.  Certain imports (for example, narcotics) are prohibited from any source.</td>
</tr>
<tr>
<td>Positive list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>Yes.  Licenses are issued for imports of pharmaceuticals, explosives, and firearms.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.  Quantitative restrictions may be applied to products for public health and security reasons.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.  The ECOWAS CET consists of five tariff brackets: 0%, 5%, 10%, 20% and 35%. A statistical tax of 1% and a community solidarity levy of 1% are also applied on imports from ECOWAS non-member countries. Imports from countries that are not ECOWAS members are subject to a 0.5% community levy (CL/ECOWAS).</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Exports and Export Proceeds

<table>
<thead>
<tr>
<th>Reference</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.  Resident economic operators are required to collect and repatriate the entire proceeds from the sale of goods abroad to the bank with which</td>
</tr>
</tbody>
</table>
the transaction is domiciled within one month from the payment due date. The payment due date is the date provided in the commercial contract; as a rule, it should be within a maximum of 120 days from the merchandise shipment date.

Surrender requirements Yes.

**Surrender to the central bank** Yes. Authorized intermediaries must surrender their customers’ foreign currency receipts to the BCEAO by transfer via the bank of issue. For purposes of covering its current foreign currency requirements, an authorized intermediary bank may hold a maximum of 20% of export receipts as own foreign exchange resources. However, it must ensure that its total foreign exchange resources to cover its requirements do not exceed 5% of total customer demand deposits; otherwise, the surplus must be surrendered to the BCEAO.

**Surrender to authorized dealers** Yes. Proceeds must be surrendered to authorized banks within 30 days after the payment due date. Sales of foreign currency by exporters to ADs other than the domiciling bank are permitted, provided they furnish the domiciling bank with the documents required for the domiciliation file to be closed.

**Financing requirements** No.

**Documentation requirements** Yes. Export transactions are subject to a customs declaration.

**Letters of credit** No.

**Guarantees** No.

**Domiciliation** Yes. Export transactions of more than CFAF 10 million, except those between WAEMU countries, must be domiciled with an authorized intermediary bank.

**Preshipment inspection** Yes.

**Other** No.

**Export licenses** Yes.

**Without quotas** Yes. Diamonds, gold, and all other precious metals are subject to MOF authorization. Exports to all countries require licenses in certain cases.

**With quotas** No.

**Export taxes** Yes.

**Collected through the exchange system** No.

**Other export taxes** Yes. Phosphate rock is subject to a specific export tax.

**References to legal instruments and hyperlinks** This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** Yes. Payments and transfers for current transactions with WAEMU and non-WAEMU countries may be made freely through authorized intermediaries. Transfers exceeding CFAF 500,000 are subject to documentary requirements. Payments and receipts of foreign ships on stopovers in WAEMU countries or by WAEMU ships abroad are considered current transactions.

**Trade-related payments** Yes.

**Prior approval** No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payments abroad relating to freight and insurance</strong> (including transfers of insurance not related to commercial transactions), unloading and warehousing costs, administrative costs, commissions, and customs duties and fees</td>
<td>Yes</td>
<td>Subject to the presentation of supporting documentation to the authorized intermediary.</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>Yes</td>
<td>Payments for depreciation of direct investments require MOF authorization, because this type of depreciation is not specifically mentioned in the regulations.</td>
</tr>
<tr>
<td><strong>Outward transfers of interest payments and proceeds from the liquidation of investments</strong></td>
<td>No</td>
<td>Subject to presentation of supporting documents.</td>
</tr>
<tr>
<td><strong>Payments for travel</strong></td>
<td>Yes</td>
<td>Residents of the WAEMU zone traveling for tourism or business purposes to non-WAEMU countries may take out banknotes other than CFA franc notes up to the equivalent of CFAF 2 million a person a trip; larger amounts may be taken out of the country in the form of traveler’s checks, prepaid debit or payment cards, traditional debit or payment cards, or other means of payment and must be justified by requirements related to ordinary personal travel expenses.</td>
</tr>
<tr>
<td><strong>Indicative limits/bona fide test</strong></td>
<td>Yes</td>
<td>Resident travelers must present a travel document and a valid passport or a national identity card to an authorized intermediary bank or exchange bureau before foreign exchange will be issued. Foreign currency allocations delivered by authorized intermediaries in the form of traveler’s checks or prepaid debit and payment cards must be justified by requirements relating to ordinary personal travel expenses if they exceed the equivalent of CFAF 2 million a person.</td>
</tr>
<tr>
<td><strong>Personal payments</strong></td>
<td>Yes</td>
<td>Approval is required for payment of family maintenance expenses abroad.</td>
</tr>
<tr>
<td><strong>Foreign workers’ wages</strong></td>
<td>Yes</td>
<td>All personal payments may be made through an authorized bank, subject to presentation of supporting documents. Payments abroad relating to pensions and benefits resulting from an employment contract, education costs, family maintenance, and alimony may be executed freely on presentation of documentation.</td>
</tr>
<tr>
<td><strong>Credit card use abroad</strong></td>
<td>Yes</td>
<td>The use of credit cards is allowed when issued by specialized institutions.</td>
</tr>
</tbody>
</table>
institutions which, where applicable, must report such transactions on a quarterly basis to the BCEAO.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes.

For travelers, allocations of foreign currency in the form of debit and payment card must be justified by requirements related to travel and personal expenses if they exceed the equivalent of CFAF 2 million.

Other payments  Yes.

Prior approval  No.

Quantitative limits  No.

Indicative limits/bona fide test  Yes.

As a general rule, payments abroad above CFAF 500,000 relating to other current operations are permitted subject to the presentation of supporting documentation to the relevant authorized intermediary.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  Yes.

Proceeds from invisible transactions with non-WAEMU countries must be repatriated. Residents of the WAEMU zone are required to surrender to an authorized intermediary all revenues and income in foreign currency collected abroad or received from a nonresident. Such operations must be conducted within no more than one month after the payment due date.

Surrender requirements  Yes.

Surrender to the central bank  Yes.

Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

Surrender to authorized dealers  Yes.

Proceeds from invisible transactions with non-WAEMU countries must be surrendered to an AD within one month. Residents of the WAEMU zone must surrender foreign currency revenue and proceeds received abroad or remitted by a nonresident to an authorized intermediary bank within one month of the payment due date. Resident travelers must surrender to an authorized intermediary, within eight days of their arrival in Togo, foreign banknotes and other means of payment denominated in foreign currency worth more than the equivalent of CFAF 500,000.

Restrictions on use of funds  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.

Capital transactions between WAEMU countries are unrestricted. Outward capital transfers require MOF authorization, except (1) amortization of debts and repayment of short-term loans to finance industrial and commercial operations, (2) payments required on foreign exchange derivatives transactions or raw material or commodity derivatives transactions, and (3) transfers of the proceeds
of liquidated investments or the sale of foreign securities by nonresidents of the WAEMU zone. Capital receipts from non-WAEMU countries are generally permitted.

**Repatriation requirements**
Yes.
Proceeds from the sale or liquidation of residents of the WAEMU zone’s investments abroad must be repatriated within one month through a registered intermediary, if the resident does not have a reinvestment authorization.

**Surrender requirements**
Yes.
Holdings exceeding the current needs of the credit institution must be surrendered to the BCEAO immediately. Credit institutions may hold net claims in foreign exchange with their banking correspondents outside the WAEMU to cover their current foreign exchange requirements in connection with customer transactions. In addition, ADs must surrender to the BCEAO, at its request, all BCEAO-issued currency and all or part of their assets in euros and in other foreign currencies.

**Surrender to the central bank**
Yes.
The proceeds from the sale or liquidation of residents of the WAEMU zone’s investments abroad must be repatriated and surrendered, if the resident has no reinvestment authorization, within one month through an authorized intermediary. The surrender requirement applies to proceeds from all capital transactions.

**Surrender to authorized dealers**
Yes.
The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation.

**Controls on capital and money market instruments**
Yes.
RCPSFM (Regional Council on Public Savings and Financial Markets) authorization is required for the following operations: (1) issuance or marketing of securities and real assets of foreign entities, (2) canvassing, and (3) publicity or advertising for investment abroad. Nonresident entities that solicit the public of the WAEMU must obtain BCEAO authorization as the entity in charge of regulating the external financial relations of the WAEMU countries. Securities and mutual funds issued outside the WAEMU by a private or public entity that is not a resident of a member country may not be listed on a regional securities exchange. The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

**On capital market securities**
Yes.
The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.

**Shares or other securities of a participating nature**
Yes.
Purchases in the country by nonresidents of the WAEMU zone are unrestricted. However, these purchases are subject to declaration to the minister of finance and the BCEAO for statistical purposes.

**Purchase locally by nonresidents**
No.

**Sale or issue locally by nonresidents**
Yes.
The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with the prior authorization of the BCEAO acting in its capacity as the authority in charge of regulating external financial relations. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation.

**Purchase abroad by residents**
Yes.
The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The sale of securities to liquidate an investment abroad is subject to declaration to the MOF for statistical purposes.
### Sale or issue abroad by residents

No.  
Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of Togolese entities, foreign investors are required to make a declaration to the MOF. Residents of the WAEMU zone may also issue securities abroad, except for those constituting a loan.

### Bonds or other debt securities

Yes.  
The regulations governing shares or other securities of a participating nature apply.

### Purchase locally by nonresidents

No.  
These purchases are subject to declaration to the MOF for statistical purposes. There are no controls on the sale of securities resulting from the divestiture of investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. There is no minimum holding period.

### Sale or issue locally by nonresidents

Yes.  
The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization. Settlement of securities transactions by transfer abroad or by credit to a nonresident account requires an exchange authorization from the MOF and supporting documentation.

### Purchase abroad by residents

Yes.  
The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries is authorized by the RCPSFM. The sale of securities to liquidate an investment abroad is subject to declaration to the MOF for statistical purposes.

### Sale or issue abroad by residents

No.  
Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of domestic establishments, foreign investors are required to make a declaration to the MOF. Issuance of securities abroad constituting a loan to nonresidents of the WAEMU zone must be made through an authorized intermediary bank and must be declared to the MOF for statistical purposes.

### On money market instruments

Yes.  
The regulations governing shares or other securities of a participating nature apply.

### Purchase locally by nonresidents

No.  
Purchases in the country by nonresidents of the WAEMU zone are subject to declaration for statistical purposes only.

### Sale or issue locally by nonresidents

Yes.  
The issuance and sale of money market instruments by nonresidents of the WAEMU zone are subject to RCPSFM authorization, with authorization of the BCEAO in its capacity as the authority regulating external financial relations. There are no controls on the sale of money market instruments resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation. Settlement of money market instrument transactions by transfer abroad or credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation (Article 8, Rule No. 09/10/CM/UEMOA).

### Purchase abroad by residents

Yes.  
The purchase of foreign money market instruments by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign money market instruments whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM. The sale of money market instruments to liquidate an investment abroad is subject to declaration to the MOF for statistical purposes.
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<thead>
<tr>
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<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell money market instruments abroad, except those constituting a loan. Sales liquidating an investment abroad are subject to declaration to the minister of finance for statistical purposes.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
<td>The regulations governing shares or other securities of a participating nature apply.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>These purchases are subject to prior declaration to the MOF and the BCEAO for statistical purposes. There are no controls on the sale of securities resulting from divestiture of an investment in the form of a transfer between a nonresident and a resident, but such sales are subject to the regulations governing the financial settlement of the operation.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
<td>The issuance of securities and the sale of corporate or foreign securities by nonresidents of the WAEMU zone are subject to RCPSFM authorization with the authorization of the BCEAO in its capacity as the authority regulating external financial relations. Settlement of securities transactions by transfer abroad or credit to a nonresident account requires submission of an exchange authorization to the MOF for approval, accompanied by supporting documentation.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>The purchase of foreign securities by residents of the WAEMU zone and the transfer abroad of funds for this purpose are subject to MOF authorization and must be at least 75% financed with foreign borrowing. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
<td>Residents of the WAEMU zone may sell local corporate securities abroad. If these operations result in foreign control of resident entities, foreign investors are required to make a declaration to the MOF. The sale of securities for liquidation of an investment abroad must be declared to the MOF for statistical purposes. Issuance of securities constituting a loan by residents of the WAEMU zone to nonresidents of the WAEMU zone must be made through an authorized bank and must be reported to the MOF for statistical purposes.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
<td>Residents of the WAEMU zone may hedge risk using foreign exchange derivatives for the following commercial and financial operations: (1) imports and exports of goods and services; (2) foreign borrowing operations by a resident (drawings and repayments); and (3) negotiation of FDI in a resident enterprise. Residents of the WAEMU zone may hedge risk using derivatives. They must be backed by the residents of the WAEMU zone' imports or exports of raw materials and commodities. Residents of the WAEMU zone are not authorized to purchase raw materials or commodities on foreign markets for delivery within the framework of a derivatives transaction in raw materials or commodities.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
<td>The purchase of derivatives by nonresidents of the WAEMU zone on the domestic market is treated as a loan contracted by a resident with a nonresident. As such, it is permitted. The purchase must be executed through an authorized intermediary and must be reported to the MOF and the BCEAO for statistical purposes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
<td>These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone do not require prior authorization to purchase foreign exchange derivatives from nonresidents of the WAEMU zone.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
<td>These instruments are subject to general regulations that apply to securities and investments. Residents of the WAEMU zone may freely purchase abroad or from nonresidents of the WAEMU zone.</td>
</tr>
</tbody>
</table>
Residents of the WAEMU zone may not purchase commodities or securities in foreign markets to be delivered in complying with a put option contract. Put options must be placed on assets that can be acquired locally by the resident seller for delivery abroad in execution of the contract. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign credit institution. Residents of the WAEMU zone are permitted to purchase foreign currency purchase options on the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (that is, nonresident of WAEMU) credit institution.

### Sale or issue abroad by residents
- Residents of the WAEMU zone do not require prior authorization to purchase foreign currency put options in the foreign exchange derivatives market from an authorized intermediary bank established in the WAMU or from a foreign (that is, nonresident of WAEMU) credit institution.

### Controls on credit operations
- Borrowing by residents of the WAEMU zone from nonresidents of the WAEMU zone must be conducted through authorized intermediaries (whenever borrowed funds are made available for use in the country), unless otherwise indicated by the MOF.

### Commercial credits
- There are no controls on credits related to exports of goods, provided the date on which payment falls due is not more than 120 days after the date of shipment.

### Financial credits
- These credits require MOF approval. Outward transfers necessary to service such facilities require an exchange authorization, subject to the approval of the MOF and substantiated by documentation.

### Guarantees, sureties, and financial backup facilities
- The granting of guarantees and sureties is subject to MOF approval. Transfers abroad of funds to service these facilities require the issuance of an exchange authorization, subject to MOF approval and the submission of supporting documents.

### Sale or issue abroad by residents
- Yes.

### Controls on credit operations
- Yes.

### Commercial credits
- Yes.

### Financial credits
- Yes.

### Guarantees, sureties, and financial backup facilities
- Yes.
Controls on direct investment | Yes. Direct investment implies control of a company or enterprise. Mere participation is not considered direct investment unless it exceeds 10% of the capital of a company. All investment outside of WAEMU by residents of the WAEMU, including investment through foreign companies under the direct or indirect control of WAEMU residents and investment by foreign branches or subsidiaries of companies established in a WAEMU member country, requires MEF authorization.

Outward direct investment | Yes. All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for purchases of foreign securities whose issuance or offering for sale in WAEMU countries has been authorized by the RCPSFM.

Inward direct investment | No. FDI, including by resident companies directly or indirectly under foreign control and by branches or subsidiaries of foreign companies, must be reported to the MOF and the BCEAO for statistical purposes. A share is not considered a direct investment, unless it exceeds 10% of the capital of a company.

Controls on liquidation of direct investment | No. The liquidation of investments abroad must be reported to the MOF and the BCEAO for statistical purposes. Reinvestment of the liquidation proceeds is subject to MOF authorization. If reinvestment is not authorized, the proceeds from the liquidation must be repatriated within one month through an authorized intermediary. The sale of foreign investments by nonresidents of the WAEMU zone is unrestricted but must be reported to the MOF and the BCEAO for statistical purposes.

Controls on real estate transactions | Yes.

Purchase abroad by residents | Yes. These purchases require MOF authorization.

Purchase locally by nonresidents | No. Purchases for purposes other than direct investment in a business, branch, or company do not require prior authorization. They require declaration to the MOF and the BCEAO for statistical purposes.

Sale locally by nonresidents | No. Sales by nonresidents of the WAEMU zone to residents of the WAEMU zone require the submission of supporting documentation to the authorized intermediary handling the settlement and must be declared to the MOF and the BCEAO for statistical purposes.

Controls on personal capital transactions | Yes. Personal capital transactions between residents of the WAEMU zone and nonresidents of the WAEMU zone must be made through the BCEAO, the postal administration, or an authorized intermediary bank, unless MOF authorization is obtained.

Loans | Yes. The regulations governing securities and investments apply.

By residents to nonresidents | Yes. These transactions require MOF authorization. The individuals concerned may not engage in such operations as a professional occupation unless they are licensed and included on the list of financial institutions.

To residents from nonresidents | No. These transactions may be made freely but are subject to declaration to the MOF and the BCEAO for statistical purposes when disbursed and when repaid.

Gifts, endowments, inheritances, and legacies | Yes. Inheritances and dowries are generally allowed. Gifts and endowments, however, are subject to MOF and BCEAO authorization. These transactions must be conducted through an authorized intermediary and comply with the relevant anti-money-laundering and terrorism financing provisions.
To residents from nonresidents

No. These transactions do not require authorization but are subject to declaration to the minister of finance and the BCEAO for statistical purposes.

Settlement of debts abroad by immigrants

Yes. Immigrants with resident status must obtain MOF authorization to settle debts contracted abroad while they were nonresidents of the WAEMU zone.

Transfer of assets

Yes.

Transfer abroad by emigrants

Yes. These transactions are subject to MOF authorization if the value exceeds CFAF 500,000 a person. There are no restrictions on transfers of amounts below this threshold.

Transfer into the country by immigrants

Yes. Foreign accounts (in foreign currency or CFA francs) of nonresidents of the WAEMU zone who become residents of the WAEMU zone must be closed. However, these residents of the WAEMU zone may maintain abroad bank accounts opened and financial assets acquired while they were nonresidents of the WAEMU zone. New transfers to these accounts require MOF approval.

Transfer of gambling and prize earnings

Yes. These transfers are conducted freely via authorized intermediaries, subject to the presentation of supporting documents and compliance with the relevant provisions on combating money laundering and financing of terrorism.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes. The Uniform Act concerning dormant accounts on the books of financial institutions of WAMU member countries, adopted by the WAMU Council of Ministers, took effect September 28, 2012. WAMU Council of Ministers Decision No. CM/UMOA/023/12/2012 of December 14, 2012, establishes the deadline (December 31, 2013) for insertion of the uniform act into the WAMU members' national legal systems. The relevant provisions were adopted by the Togolese National Assembly on June 12, 2014, and formally enacted by the President of the Republic on June 16, 2014.

Borrowing abroad

No. Foreign borrowing is unrestricted. For statistical purposes, these transactions must be declared to the MOF and the BCEAO when granted and when repaid.

Maintenance of accounts abroad

No. Banks and financial institutions are authorized to open accounts with their correspondent banks for settling transactions on their own behalf or on behalf of their customers. However, banks are not authorized to hold in these accounts amounts that exceed their current requirements. In accordance with Regulation No. 09/2010/CM/UEMOA on the External Financial Relations of the WAEMU Member States, to cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency. The total amount of these assets may not exceed 5% of the clients’ outstanding demand deposits. Assets in excess of foreign currency requirements must be surrendered to the BCEAO.

Lending to nonresidents (financial or commercial credits)

Yes. Commercial lending is allowed. Financial credits are subject to MOF authorization following BCEAO approval.

Lending locally in foreign exchange

Yes. There are no explicit regulations regarding these transactions, but MOF authorization is required with BCEAO approval.
Purchase of locally issued securities denominated in foreign exchange  Yes. These purchases require MOF authorization if their issuance was not approved by the RCPSFM.

Differential treatment of deposit accounts in foreign exchange  Yes.

**Reserve requirements**  Yes. A reserve requirement of 3% applies to WAEMU banks. Demand deposits, other deposit accounts, and loan accounts are included in the base for the calculation of the required reserves. The base for the calculation of the required reserves to be held with the CB includes customer foreign currency deposits.

**Liquid asset requirements**  Yes. According to the prudential framework applicable to WAEMU banks and financial institutions that perform banking operations, the minimum standard liquid asset requirement is 75%.

**Interest rate controls**  No.

**Credit controls**  Yes. Loans of any kind, CFA franc overdrafts, and, in general, any advances granted to nonresidents of the WAEMU zone are subject to MOF authorization, after BCEAO approval. These claims are included in the external position of banks and financial institutions, which is subject to special monitoring.

Differential treatment of deposit accounts held by nonresidents  Yes. Banking regulations make no distinction among resident deposit accounts, nonresident deposit accounts, and foreign deposit accounts.

**Reserve requirements**  No.

**Liquid asset requirements**  No.

**Interest rate controls**  No.

**Credit controls**  Yes. Any overdraft or advance granted to a nonresident requires MOF authorization and BCEAO approval.

**Investment regulations**  Yes. The regulations governing direct investment apply.

**Abroad by banks**  Yes. All investment abroad by residents of the WAEMU zone is subject to MOF authorization. At least 75% of such investment must be financed by foreign loans. Authorization is not required for the purchase of foreign securities whose issuance or offering for sale in the WAEMU countries has been authorized by the RCPSFM.

**In banks by nonresidents**  Yes. These transactions may, depending on their volume, be subject to MOF authorization. According to the banking law, investment in a bank by any person that would change the blocking minority and/or the majority of voting rights requires authorization of the MOF.

**Open foreign exchange position limits**  Yes. No prudential ratios apply. Banks may not maintain open foreign exchange positions because of the surrender requirement. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments, up to the equivalent of 5% of total customer demand deposits. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

**On resident assets and liabilities**  Yes. No prudential ratios apply. Banks may not maintain open foreign exchange positions because of the surrender requirement. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.
currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.

**On nonresident assets and liabilities**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No prudential ratios apply. Banks may not maintain open foreign exchange positions because of the surrender requirement. However, the BCEAO grants individual dispensations that allow banks to keep working balances in their correspondent accounts to assist in the smooth completion of international payments. To cover their foreign currency requirements, banks are authorized to hold in banking institutions located in non-WAEMU countries: (1) demand deposits that may not exceed the total amount of import payments domiciled by clients in their books, payable within a period of eight days, and (2) demand deposits that may not exceed the balance of their open foreign accounts denominated in foreign currencies other than the euro and their open resident accounts denominated in foreign currency.</td>
</tr>
</tbody>
</table>

**Provisions specific to institutional investors**

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls are imposed by the CIMA Code of the CFA franc area members.</td>
</tr>
<tr>
<td>Insurance companies</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies may subscribe up to 40% of the total amount of regulated commitments of securities issued by nonresidents of the WAEMU zone that are offered publicly and traded regularly in a regulated market controlled by a CIMA member and listed by the Control Commission after approval by the appropriate CB or after being officially listed on a stock exchange of a CIMA member country (Paragraph 2 of Article 335-1 of the CIMA Code.).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The CIMA Code requires insurance companies of each CIMA member country to invest domestically a minimum of 50% of resources collected locally, with the remainder to be invested only in other CIMA member countries.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held abroad</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>The CIMA Code specifies that liabilities in a given currency must be covered by assets denominated in the same currency.</td>
</tr>
<tr>
<td>Pension funds</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
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<tr>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
</tr>
<tr>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
</tr>
<tr>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
</tr>
<tr>
<td>Yes.</td>
</tr>
</tbody>
</table>

With the exception of foreign securities issued or sold with RCPSFM authorization in WAEMU member countries, all investment abroad by residents of the WAEMU zone is subject to MEF authorization and must be at least 75% financed with foreign borrowing.
### Limits (max.) on securities issued by nonresidents

Yes. The issuance, presentation, and floating of securities of any kind from foreign governments, local authorities, foreign companies, or international institutions are subject to RCPSFM authorization.

### Limits (max.) on investment portfolio held abroad

Yes. With the exception of foreign securities issued or sold in WAEMU member countries with RCPSFM authorization, all investment abroad by WAEMU residents is subject to MEF authorization and must be at least 75% financed with foreign borrowing.

### Limits (min.) on investment portfolio held locally

No.

### Currency-matching regulations on assets/liabilities composition

No.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
Status under IMF Articles of Agreement

Date of membership: September 13, 1985.


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.
Exchange measures imposed for security reasons: No.
In accordance with IMF Executive Board Decision No. 144-(52/51): No.
Other security restrictions: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Tonga is the Tongan pa'anga.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.
Dual
Multiple

Classification

No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg
Crawl-like arrangement

Pegged exchange rate within horizontal bands: Yes.
Other managed arrangement

The de jure exchange rate arrangement is a pegged exchange rate within horizontal bands. The external value of the pa'anga is determined on the basis of a weighted currency basket comprising the US dollar, Australian dollar, New Zealand dollar, and Fijian dollar. The basket weights are determined based on the proportions...
of trade with trading partners. The exchange rate of the pa’anga in terms of the US dollar, the intervention currency, is fixed daily by the NRBT within a band of ±5% a month. The NRBT does not publish intervention data. Under Section 34 of the NRBT Act, the external value of the pa’anga is determined from time to time in a manner approved by the NRBT board, after consultation with the Ministry of Finance and National Planning, in view of Tonga’s obligations connected with international monetary agreements in which it takes part. Section 35(1) of the NRBT Act empowers the NRBT to set the exchange rate. Because the composite weights cannot be confirmed, the de facto exchange rate arrangement was reclassified to “other managed” from “pegged exchange rate with horizontal bands,” effective January 1, 2019.

<table>
<thead>
<tr>
<th>Floating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free floating</td>
</tr>
<tr>
<td><strong>Official exchange rate</strong></td>
</tr>
<tr>
<td>The NRBT sets the US dollar–pa’anga exchange rate daily which the banks use to set their exchange rates for the public. The official exchange rate set by the NRBT is the rate applicable for the transactions conducted by the NRBT for its customers which are the banks, government, public enterprises, and other international agencies. The value of the pa’anga, which is the official exchange rate, is determined on the basis of a weighted currency basket comprising the US dollar, Australian dollar, New Zealand dollar, and Fijian dollar.</td>
</tr>
</tbody>
</table>

**Monetary policy framework**

- **Exchange rate anchor**
  - U.S. dollar
  - Euro
  - Composite
  - Other

- **Monetary aggregate target**

- **Inflation-targeting framework**
  - **Target setting body**
    - Government
    - Central Bank
      - Monetary Policy Committee
      - Central Bank Board
      - Other
    - Government and Central Bank
  - **Inflation target**
    - Target number
    - Point target
### Other monetary framework

<table>
<thead>
<tr>
<th>Yes.</th>
<th>The monetary policy framework includes an exchange rate anchor vis-à-vis a composite comprising the US dollar, Australian dollar, New Zealand dollar, and Fijian dollar. The exchange rate basket is intended to reduce exchange rate variability, maintain external competitiveness, and minimize imported inflation. The monetary policy framework also includes monitoring the monetary aggregates but no targets are set. A policy rate is also set which is equivalent to the interest rate paid on commercial banks’ exchange settlement account with the CB. The policy rate floor system is currently set at zero. The CB board determines the monetary policy settings, and the board’s decision is published on a monthly basis following the board’s monthly meetings.</th>
</tr>
</thead>
</table>

### Exchange tax

| Yes. | A levy is imposed on foreign exchange transactions. It is assessed and paid at a rate of one half of a cent imposed as part of the spread of the pa’anga value of every purchase and sale of foreign currency. Levy only applies if the spread is more than one half of a cent. |

### Exchange subsidy

| No. | |

### Foreign exchange market

| Yes. | Commercial banks and the authorized foreign exchange dealers (FEDs) may freely set their exchange rates and commissions in transactions with their clients, with the exception of banks’ spreads on telegraphic transfers in US dollar, Australian dollar, and New Zealand dollar which are limited to 220 basis points, 300 basis points, and 350 basis points , respectively. |

### Spot exchange market

| Yes. | The NRBT has licensed four commercial banks and fourteen FEDs. Only licensed banks may make spot foreign exchange transactions |
directly with the NRBT, while FEDs transact only with the commercial banks. FEDs can conduct money conversion (conversion of foreign currency notes to/from Tongan pa’anga) and/or remittances business (inward and outward remittances). Eight of the FEDs hold license Type A, five hold license Type B, and only one holds license Type C. FEDs with Type A are authorized to conduct money conversion, make foreign currency payments on behalf of their clients, and receive fund from overseas (both inward and outward remittances). FEDs with license Type B are authorized to receive funds from overseas only (inward remittances), and license Type C is for money conversion only. Licensed banks are authorized under their banking license to conduct foreign exchange business. Licensed banks and FEDs can maintain accounts abroad.

Operated by the central bank: Yes. The NRBT operates a foreign exchange fixing arrangement.

Foreign exchange standing facility: Yes. The NRBT sets the US dollar–pa’anga rate on a daily basis and buys and sells foreign exchange at these exchange rates with commercial banks. The NRBT deals with commercial banks and the government, public enterprises, and international agencies on demand. For the commercial banks’ transactions, they are required to list all the underlying customers. All foreign currency payments from Tongan pa’anga accounts, through either the commercial banks or the NRBT, are subject to the Exchange Control requirements, so supporting documents are provided accordingly which would verify whether the transactions are bona fide.

Allocation: No.

Auction: No.

Fixing: No.

Interbank market: Yes. There are four commercial banks, which are licensed by the NRBT, and they may trade among themselves. The NRBT does not intervene directly with market participants at their quoted rates. The NRBT sets the US dollar–Tongan pa’anga exchange rate which is used for the NRBT’s daily foreign currency transactions with the commercial banks, and these deals are at the commercial banks’ initiative. Commercial banks also maintain nostro accounts, and their total balances must not exceed T$1 million daily, with the exception of one commercial bank with a temporary limit of T$2.5 million which was necessary to allow this bank to meet the minimum requirements for a US dollar correspondent bank account in Australia. Excess foreign exchange must be sold to the NRBT within two business days. The NRBT imposes limits on commercial banks’ spread on telegraphic transfers in US dollar, Australian dollar, and New Zealand dollar of 220 bp, 300 bp, and 350 bp, respectively. There are no limits on the spreads for the interbank foreign currency transactions (among commercial banks only).

Over the counter: No.

Brokerage: No.

Market making: Yes. The foreign exchange market operations (commercial banks and their own customers) are based on a market-making agreement.

Forward exchange market: Yes. Commercial banks may provide forward exchange cover for their own customers up to the equivalent of each bank’s current capital position (in force since October 30, 2013). The NRBT does not participate in the foreign exchange derivatives market.
### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescription of currency requirements</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Settlements are normally made in convertible currencies acceptable to both parties. Tax and customs duty must be paid in pa’anga, according to Regulation No. 5 of the Revenue Services Administration Regulations 2003 and Section 19 of the Customs Act 2007.</td>
<td></td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes</td>
</tr>
<tr>
<td>For payments involving conversion from pa’anga to foreign currency, the NRBT’s Exchange Control requirements are applicable, including the exchange among residents.</td>
<td></td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No</td>
</tr>
<tr>
<td>Operative</td>
<td>No</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes</td>
</tr>
<tr>
<td>Tonga participates in PACER Plus and PICTA, including the PICTA-Trade in Services Agreement (PICTA-TIS). Tonga is a non-trading member of PICTA and has signed PACER with nine other Forum Island countries, Australia, and New Zealand.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes</td>
</tr>
<tr>
<td>The NRBT administers the Foreign Exchange Control Directive. The NRBT delegates to banks and authorized FEDs the approval authority for (1) current and capital payments not exceeding the equivalent of T$100,000 with supporting documents, except for travel payments whose limit is T$20,000; (2) capital and current payments below T$5,000 a month without supporting documents; and (3) gift payments up to T$50,000 a remitter a beneficiary a year without supporting documents. All current and capital payments and transfers exceeding T$100,000 require NRBT approval. Lending institutions in Tonga are delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No</td>
</tr>
<tr>
<td>Official</td>
<td>No</td>
</tr>
<tr>
<td>Private</td>
<td>No</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>No</td>
</tr>
</tbody>
</table>
On domestic ownership and/or trade

No.

On external trade

No.

Controls on exports and imports of banknotes

Yes. Removal or export of cash across the border equivalent to or more than T$10,000 must be approved by the NRBT.

On exports

Yes.

Domestic currency

Yes. Cash exports of T$10,000 or more (both domestic and foreign currency cash totaling to an equivalent of T$10,000 or more) require NRBT approval under the Foreign Exchange Control Act 2018. The Customs Act restricts exports of cash except with written permission of the NRBT governor. It is required to present valid passport, airline ticket, and evidence of source of cash.

Foreign currency

Yes. Cash exports of T$10,000 or more (both domestic and foreign currency cash totaling to an equivalent of T$10,000 or more) require NRBT approval under the Foreign Exchange Control Act 2018. The Customs Act restricts exports of cash except with written permission of the NRBT governor. It is required to present valid passport, airline ticket, and evidence of source of cash.

All exports of cash cargo and hand carry of cash of T$10,000 or more must be declared to Customs. Failure to declare to Customs amounts to a false misleading declaration under the Customs and Excise Management Act Order 2007; the sanctions include administrative penalties under Section 82 and prosecution under Section 93B of the Act.

On imports

No.

Domestic currency

No. Cash imports of T$10,000 or more are restricted under customs laws and must be declared on the arrival card. Approval is not required.

Foreign currency

No. Cash imports equivalent to T$10,000 or more are restricted under customs laws and must be declared on the arrival card. Approval is not required.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes. Foreign exchange accounts can be opened for both residents and nonresidents. The NRBT allows banks to open these accounts as long as the funds come from abroad. Outward transfers from foreign currency accounts require NRBT approval for amounts above T$100,000. Any deposit and/or withdrawal to/from the foreign currency accounts from/to a local Tongan pa‘anga account or another local foreign currency account must be converted to its Tongan pa‘anga equivalent first before they are converted back to the relevant foreign currency.

Approval required

Yes. NRBT approval is required to open foreign currency accounts or make payments to these accounts that are sourced from local funds.

Held abroad

Yes. Residents may freely open and maintain foreign exchange accounts abroad. NRBT approval is required for the transfer of funds from Tongan pa‘anga accounts held locally (subject to the Exchange Control requirements) to accounts held abroad.

Approval required

No.

Accounts in domestic currency held abroad

Yes. Pa‘anga accounts abroad require NRBT approval. Transfers to pa‘anga accounts abroad require NRBT approval regardless of the amount.
### Nonresident Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>No.</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
<td>Foreign exchange accounts can be opened for residents and nonresidents. The NRBT allows banks to open these accounts as long as the funds come from abroad. Outward transfers from foreign currency accounts require NRBT approval for amounts above T$100,000. Any deposit and/or withdrawal to/from the foreign currency accounts from/to a local Tongan pa’anga account or another local foreign currency account must be converted to its Tongan pa’anga equivalent first before being converted back to the relevant foreign currency.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
<td>NRBT approval is required to open these accounts or make payments to these accounts if they are sourced from local funds.</td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
<td>Nonresidents may hold domestic currency accounts.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
<td>Nonresidents may convert the balances of their pa’anga accounts held domestically with banks to foreign currency and transfer abroad in compliance with the Exchange Control requirements. Nonresident withholding tax on interest of 15% of the gross amount is applicable.</td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
<td>NRBT approval is required for transfers from domestic currency accounts to foreign currency accounts held in Tonga as per the Exchange Control requirements. Tax clearance is required if funds are sent overseas for amounts above T$10,000.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.</td>
<td>An accumulated delegated limit of T$500,000 an applicant on advanced import payments is granted to banks. Once this limit is exceeded, NRBT approval is required. An invoice is required, and once the goods arrived and were cleared by customs, the customs import entry forms need to be submitted to the NRBT.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
<td>The NRBT’s Exchange Control requirements for import payments include an invoice and customs import entry forms.</td>
</tr>
</tbody>
</table>
### Import licenses and other nontariff measures

**Yes.** Licenses are required for selected imports, such as firearms, explosives, alcoholic beverages, tobacco and cigarettes, and other restricted imports. A business license is required for all commercial imports and other commercial merchandise. Goods imported under this license must not (1) be counterfeit; (2) be labeled in a way that is false, misleading, or deceptive as to the nature or character of the goods; or (3) be described or presented on any label by words or pictures or in any way that suggests any other goods with which such goods may be confused. Labeling must be in Tongan or English.

<table>
<thead>
<tr>
<th>Positive list</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports of noxious gases and fireworks are prohibited. The following are prohibited under Business Licenses Act 2002, Schedule 1: (1) storage, disposal, or transportation of nuclear or toxic waste; (2) pornography; (3) exportation, importation, or production of products prohibited under the laws of Tonga; (4) prostitution; (5) processing or exportation of endangered species; and (6) production of weapons. The following are prohibited under the Customs and Excise Management Act Order 2007: (1) Base or counterfeit or imitation currency or banknote or fictitious postage or revenue stamps of any country and any dye, plate, instrument, or materials capable of making any such coin, currency, or banknote or any such revenue or postage stamps. (2) Counterfeit goods. (3) Indecent or obscene books, paintings, drawings, cards, lithographic or other engravings, photographs, prints, films, or other indecent products which depict child pornography. (4) Goods bearing the Royal Arms of the Kingdom or arms so closely resembling such arms as to be calculated to deceive unless the importer of such goods holds His Majesty’s written authority to use them in connection with his trade, business, calling, or profession. (5) All books, written or printed matter, and sounds and visual recordings which the chief commissioner by notice declares to be prohibited imports on account of any copyright or intellectual property right laws which apply in the Kingdom. (6) All books and any written or printed matter and sound and visual recordings which the chief commissioner by notice declares to be seditious or which advocate violence, lawlessness, or disorder. (7) All toxic or hazardous wastes. (8) Goods the importation of which is prohibited by any other law in force in the Kingdom. (9) Effective July 1, 2020, all meat of mutton and lamb breast.

### Open general licenses

**No.**

### Licenses with quotas

**Yes.** Imports of certain items are restricted for cultural, environmental, health, or security reasons. Imports of ozone-depleting substances and imports of firearms and ammunition have predetermined quotas.

### Other nontariff measures

**No.**

### Import taxes and/or tariffs

**Yes.** Ad valorem import tariffs on most goods range up to 20%. Some items (including petroleum, tobacco, vehicles, alcoholic beverages) are subject to specific excise tax rates effective July 1, 2019: petroleum, T$0.75 a liter (previously T$0.65); petroleum gases, $300 per metric ton; tobacco, T$750 (previously T$600) for 1,000 sticks/1 kg (imported) and T$580 (previously T$500) for 1,000 sticks/1 kg; cigarettes made from imported tobacco – locally manufactured, $100 for 1,000 sticks/1 kg cigarettes made from locally grown tobacco – locally manufactured, $750 per kg for other tobacco products – imported, $200 per kg local tobacco (Tapaka Tonga); vehicles, effective July 1, 2020, reduced to T$0.35–T$0.75 a cc of engine capacity; and alcohol, T$65 per lal (lal stands for liters of alcohol contained in a mixture) for imports, T$25 per lal for locally produced beer, and T$35 for locally produced spirits. Effective July 1, 2020,
Excise taxes were imposed on importation of animal fats ($2/kg), flavors in powdered and ready to drink form ($4/kg), confectionery sugar ($5/kg), chocolate in blocks, slabs $5/kg, instant noodles (imported $2/kg), ice cream, sausages (locally manufactured $0.50/kg, imported $1/kg), sweet biscuits ($1.50/kg), fruit juices containing sugar exceeding 5g/100ml but less than 20g/ltr ($1.50/ltr), fruit juices containing sugar exceeding 20g/100ml ($4/ltr), other sugar sweetened beverages with sugar not exceeding 5g/100ml (locally manufactured $0.05/ltr), other sugar sweetened beverages with sugar exceeding 5g/100ml but not exceeding 20g/ltr (locally manufactured $0.75/ltr, imported $1.50/ltr), other sugar sweetened beverages with sugar exceeding 20g/ltr (locally manufactured $1.50/ltr, imported $4/ltr), mayonnaise ($2/kg), ice cream (imported $1.50/ltr, locally manufactured $0.25/ltr), and turkey tail (manufactured $0.50/kg, imported $2/kg). The government is not exempt from duty or taxes. Imports are also subject to a 15% consumption tax, which registered businesses may claim back as input tax. Imports by public international organizations, foreign governments, participants in agreements with the government of Tonga, and charitable organizations do not pay consumption tax (provided such exemptions are specifically stipulated in the agreement with the Government of Tonga), and the rate is zero on fuel, aircraft, and vessel parts for use in public domestic air and shipping services. Imports by diplomatic missions, international organizations, officers under technical assistance agreements, charitable organizations, and returning residents (absent for two years) are exempt from tariffs and taxes. Electricity is zero rated for consumption tax, and there are exemptions from duty and consumption tax for agricultural and fishing sector inputs. Some manufacturing inputs are also duty-free.

Taxes collected through the exchange system
No.

State import monopoly
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
Yes. Exporters of goods are required to repatriate back to a Tongan pa’anga account with a bank that is licensed in Tonga within six months from the date of export at least 60% of foreign exchange earnings from the sale of goods, unless approval has been granted by the Reserve Bank for an extension of this period or the retention of funds in a foreign currency account with a local bank or overseas.

Surrender requirements
Yes.

Surrender to the central bank
No.

Surrender to authorized dealers
Yes. Repatriated export proceeds must be surrendered on repatriation, unless approval has been granted by the Reserve Bank for an extension of this period or the retention of funds in a foreign currency account with a local bank or overseas.

Financing requirements
No.

Documentation requirements
Yes.

Letters of credit
No.

Guarantees
No.
Domiciliation No. 

Preshipment inspection Yes. Customs documentation regarding exports must be completed, and each shipment is inspected by the customs export officer. In the case of agricultural commodities inspected by the Ministry of Agriculture, Food and Forestry (MAFF), Customs relies on the inspections conducted by MAFF to complete the Customs export clearance, and there is no separate inspection required by Customs.

Other No.

Export licenses Yes.

Without quotas Yes. Licenses are required for exports weighing more than 10 kg. Licenses are granted liberally.

With quotas Yes. There are export quotas only for sea cucumbers, which are stipulated in the export license. Other export quotas, such as for sandalwood, are at the discretion of the Ministry of Agriculture and Food, Forests and Fisheries.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREALER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes.

Trade-related payments Yes. Banks and authorized FEDs are delegated the authority to approve all payments not exceeding T$100,000. An invoice is required for payments of services, and a tax clearance is required by the Ministry of Revenue and Customs for amounts above T$10,000.

Prior approval Yes. All payments above T$100,000 require prior approval from the NRBT subject to a tax clearance. The NRBT delegated to banks and authorized FEDs the authority for current payments below T$5,000 a month without supporting documents.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments Yes. Banks and authorized FEDs are delegated the authority to approve all payments not exceeding T$100,000, subject to the Exchange Control documentary requirements.

Prior approval Yes. All payments above T$100,000 require prior approval from the NRBT. The NRBT delegated to banks and authorized FEDs the authority for current payments below T$5,000 a month without supporting documents. For loan repayments, only loan agreement and repayment schedule are required.

Quantitative limits No.

Indicative limits/bona fide test No.

Payments for travel Yes. Banks and authorized FEDs are delegated the authority to approve payments of travel allowance not exceeding T$20,000 or its equivalent a traveler a trip. An airline ticket and valid passport are still required for travel payments.
<table>
<thead>
<tr>
<th>Category</th>
<th>Approval Required</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>NRBT approval is required for amounts exceeding T$20,000 or its equivalent a traveler a trip.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Personal payments</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>The Ministry of Revenue and Customs requires a tax clearance for amounts above T$10,000. NRBT approval and submission of supporting documents are required for gift payments above T$50,000 a remitter a beneficiary a year. Authorized FEDs are delegated the approval authority for smaller amounts. Gift payments up to T$50,000 a remitter a beneficiary a year without supporting documents are permitted. The documentation requirements for education and medical payments are: offer letter and statement/invoices of tuition fees and expenses for education payments and invoice/letter from the medical institution for medical payments. Education and medical payments may be made to third parties, such as parents or guardians of the student and relative or caregiver of the patients overseas, respectively.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>Yes.</td>
<td>Banks and authorized FEDs are delegated the authority to approve payments of wages and salaries for amounts not exceeding T$100,000 subject to provision of employment contract (or pay slip). Employment contract or pay slip must indicate that tax has been deducted. The Ministry of Revenue and Customs requires a tax clearance for amounts above T$10,000. It is no longer required to provide evidence for &quot;sources of funds from offshore&quot; for wages paid in foreign currency cash to foreign crew members. The current requirement is to provide evidence of &quot;receipt of funds from offshore&quot; to be paid to foreign crew members in foreign currency cash in Tonga.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>NRBT approval is required for amounts exceeding T$100,000.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes.</td>
<td>Banks and authorized FEDs are delegated the authority to approve credit card payments of up to T$100,000 an application with the provision of the monthly statements due. The Ministry of Revenue and Customs requires a tax clearance for amounts above T$10,000.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>NRBT approval is required for amounts above T$100,000, and tax clearance must be obtained from the Ministry of Revenue and Customs.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes.</td>
<td>Banks and authorized FEDs are delegated the authority to approve current transfers of up to T$100,000 an application subject to the Exchange Control documentary requirements. The Ministry of Revenue and Customs requires a tax clearance for amounts above T $10,000 for all other current transfers.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes.</td>
<td>NRBT approval is required for amounts above T$100,000. The</td>
</tr>
</tbody>
</table>
NRBT delegated to banks and authorized FEDs the authority for current payments below T$5,000 a month without supporting documents.

<table>
<thead>
<tr>
<th>Quantitative limits</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
No.

<table>
<thead>
<tr>
<th>Restrictions on use of funds</th>
<th>No.</th>
</tr>
</thead>
</table>

References to legal instruments and hyperlinks
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**Capital Transactions**

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks and authorized FEDs are delegated to approve capital payments not exceeding T$100,000 an application subject to provision of unaudited accounts and company resolution. NRBT approval is required for outward capital payment transactions exceeding T$100,000 accompanied by the audited accounts and company resolution. The Ministry of Revenue and Customs requires a tax clearance for amounts above T$10,000. Lending institutions in Tonga are delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the event that the level of foreign reserves falls to critical levels of two months equivalent of imports of goods and services, local companies will be required to take all reasonable steps to realize their offshore investment and any amount that is due or has been accrued on the investment must be repatriated back to Tonga. The repatriation of funds is to be conducted within two months from the date of notification from NRBT, and funds must be transferred and held in an account with a bank that is licensed in Tonga. Failure to comply with such requirements is an offence under the Foreign Exchange Control Act 2018 and is liable on conviction to a fine not exceeding T$10,000 in the case of an individual or a fine not exceeding T$200,000 in a case of a body corporate.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
</tr>
</thead>
</table>

**Surrender to the central bank**
No.

**Surrender to authorized dealers**
No.

<table>
<thead>
<tr>
<th>Controls on capital and money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase locally by nonresidents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
<td>Allowance</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
resident or nonresident.

Purchase abroad by residents
Yes. Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. For transactions exceeding T $100,000, NRBT approval is required.

Sale or issue abroad by residents
Yes. Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. For transactions exceeding T $100,000, NRBT approval is required if the transaction involves a payment abroad regardless of whether the payment is made by a resident or nonresident.

On collective investment securities
Yes.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
Yes. Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. For transactions exceeding T $100,000, NRBT approval is required if the transaction involves a payment abroad regardless of whether the payment is made by a resident or nonresident.

Purchase abroad by residents
Yes. Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. For transactions exceeding T $100,000, NRBT approval is required if the transaction involves a payment abroad regardless of whether the payment is made by a resident or nonresident.

Sale or issue abroad by residents
Yes. Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. For transactions exceeding T $100,000, NRBT approval is required if the transaction involves a payment abroad regardless of whether the payment is made by a resident or nonresident.

Controls on derivatives and other instruments
Yes.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
Yes. Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. For transactions exceeding T $100,000, NRBT approval is required if the transaction involves a payment abroad regardless of whether the payment is made by a resident or nonresident.

Purchase abroad by residents
Yes. Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a
month without supporting documents. For transactions exceeding T$100,000, NRBT approval is required if the transaction involves a payment abroad regardless of whether the payment is made by a resident or nonresident.

**Sale or issue abroad by residents**

Yes.

Banks and authorized FEDs are delegated to authorize outward transfers for portfolio investment, including equity and debt securities and financial derivatives up to T$100,000, subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. For transactions exceeding T$100,000, NRBT approval is required if the transaction involves a payment abroad regardless of whether the payment is made by a resident or nonresident.

**Controls on credit operations**

No.

Lending institutions in Tonga were delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.

**Commercial credits**

No.

**By residents to nonresidents**

No.

Lending institutions in Tonga were delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.

**To residents from nonresidents**

No.

**Financial credits**

No.

**By residents to nonresidents**

No.

Lending institutions in Tonga were delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.

**To residents from nonresidents**

No.

**Guarantees, sureties, and financial backup facilities**

No.

**By residents to nonresidents**

No.

Lending institutions in Tonga were delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.

**To residents from nonresidents**

No.

**Controls on direct investment**

Yes.

NRBT approval is required for outward transfers for direct investment, including equity capital and portfolio investments, for amounts above T$100,000. Approval for lower amounts was delegated to banks and authorized FEDs subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents.

**Outward direct investment**

Yes.

Controls on FDI are codified in the Foreign Investment Act 2002. Foreign investors and foreign companies – whose shares are more than 25% owned by foreigners – must obtain a foreign registration certificate and a business license to trade in Tonga. Foreign investment is allowed in all sectors except those reserved for Tongans, which include (1) retail food and grocery business, (2) taxi service, (3) used motor vehicle dealership, (4) exports of green and mature coconuts, (5) wholesaling activity, (6) baking of white loaf bread, (7) raising of chickens for the production of eggs, (8) passenger vehicles for hire, (9) wiring and installation of residential and commercial buildings with capital investment of less than $500,000, (10) Tongan cultural activities including: (a) folklores, folk poetry, and folk riddles, (b) folk songs and instrumental folk music, (c) folk dances and folk plays, and (d) woodwork, jewelry, handicrafts, costumes, and indigenous textile, (11)
production/farming of: (a) root crops (yams, taro, sweet potato, cassava), (b) squash, (c) paper mulberry, (d) pandanus, and (e) kava, (12) fishing activities comprising: (a) reef fishing, (b) inshore fishing within 12 m (Zone C) in water less than 1000 meters, and (c) bottom fishing in water depth less than 500 m, and (13) security business. Restricted business activities are open to foreigners under certain conditions. Joint ventures may be allowed if the project is deemed beneficial to Tonga. Approval usually takes three days. Once licensed, foreign manufacturing and tourism projects are eligible for incentives that are available.

Controls on liquidation of direct investment
Yes. NRBT approval is required if the transaction requires an outward transfer from a pa’anga account in Tonga.

Controls on real estate transactions
Yes. NRBT approval is required if the transaction requires an outward transfer from a pa’anga account in Tonga.

Purchase abroad by residents
Yes. NRBT approval is required for payments of real estate overseas above T$100,000. A copy of the purchase agreement, legal documents relating to the purchase, and evidence of source of funds is to be provided to the NRBT.

Purchase locally by nonresidents
Yes. The requirements of the Land Act would be applicable for the sale of land to nonresidents.

Sale locally by nonresidents
Yes. If the funds received from selling real estate locally by nonresidents are to be transferred abroad, the NRBT Exchange Control requirements will be applied which require the sales agreement and a tax clearance for amounts above T$10,000 as required by the Ministry of Revenue and Customs. Banks and ADs may authorize transfers of amounts up to T$100,000 subject to the Exchange Control documentary requirements, and up to T$5,000 a month without supporting documents. NRBT approval is required if the amount exceeds T$100,000.

Controls on personal capital transactions
Yes.

Loans
No.

By residents to nonresidents
No. Lending institutions in Tonga were delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.

To residents from nonresidents
No.

Gifts, endowments, inheritances, and legacies
Yes.

By residents to nonresidents
Yes. NRBT approval and submission of supporting documents are required for gift payments above T$50,000 a remitter a beneficiary a year. Authorized FEDs are delegated the approval authority for smaller amounts. Gift payments up to T$50,000 a remitter a beneficiary a year without monthly limit without supporting documents are delegated to ADs. The Ministry of Revenue and Customs requires a tax clearance for amounts above T$10,000.

To residents from nonresidents
No.

Settlement of debts abroad by immigrants
Yes. Banks and authorized FEDs are delegated to approve loan payments of up to T$100,000 an applicant, subject to the provision of loan agreement and tax clearance for amount above T$10,000 as required by the Ministry of Revenue and Customs. NRBT approval is required for payments exceeding T$100,000.

Transfer of assets
Yes.

Transfer abroad by emigrants
Yes. Banks and authorized FEDs are delegated the authority to approve migrant transfers of up to T$100,000 an application subject to the provision of a valid passport and permanent visa, evidence of source
of funds, and an airline ticket and a tax clearance as required by the Ministry of Revenue and Customs. All migrant transfers exceeding this amount require NRBT approval.

Transfer into the country by immigrants
No. There are no restrictions on transfer of personal assets into the country by immigrants.

Transfer of gambling and prize earnings
Yes. NRBT approval is required if the transaction requires an outward transfer from a pa’anga account in Tonga.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions
Yes.

Borrowing abroad
No.

Maintenance of accounts abroad
Yes. A limit of T$1 million applies to commercial banks’ total net nostro account balances, with the exception of one commercial bank with a temporary limit of T$2.5 million that was necessary to allow this bank to meet the minimum requirements for a US dollar correspondent bank account in Australia. Any excess must be sold to the NRBT within two business days. There are no limits on individuals or companies maintaining accounts overseas.

Lending to nonresidents (financial or commercial credits)
No. Lending institutions in Tonga were delegated authority to lend to nonresident individuals and businesses without the prior approval of the Reserve Bank.

Lending locally in foreign exchange
Yes. Foreign currency loans must be financed from overseas banks or customer foreign exchange receipts. Banks may not buy foreign exchange from the NRBT to finance foreign currency loans. Local borrowing by customers to fund profit remittances is prohibited.

Purchase of locally issued securities denominated in foreign exchange
No.

Differential treatment of deposit accounts in foreign exchange
No.

Reserve requirements
No. Statutory Reserves Deposit is set at 10% of deposit and similar liabilities of banks in both local and foreign currency. There are no separate reserve requirements for just foreign currency or local currency.

Liquid asset requirements
No.

Interest rate controls
No.

Credit controls
No.

Differential treatment of deposit accounts held by nonresidents
No.

Reserve requirements
No.

Liquid asset requirements
No.

Interest rate controls
No.

Credit controls
No.

Investment regulations
No.

Abroad by banks
No.

In banks by nonresidents
No.
Open foreign exchange position limits Yes. NRBT Prudential Statement No. 11 imposes limits on overall net positions (25% of eligible capital) and single currency net positions (12.5% of eligible capital).

On resident assets and liabilities Yes. NRBT Prudential Statement No. 11 imposes limits on overall net positions (25% of eligible capital) and single currency net positions (12.5% of eligible capital).

On nonresident assets and liabilities Yes. NRBT Prudential Statement No. 11 imposes limits on overall net positions (25% of eligible capital) and single currency net positions (12.5% of eligible capital).

Provisions specific to institutional investors No.

Insurance companies No.

Limits (max.) on securities issued by nonresidents No.

Limits (max.) on investment portfolio held abroad No.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition No.

Pension funds No.

Limits (max.) on securities issued by nonresidents No.

Limits (max.) on investment portfolio held abroad No.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition No.

Investment firms and collective investment funds No.

Limits (max.) on securities issued by nonresidents No.

Limits (max.) on investment portfolio held abroad No.

Limits (min.) on investment portfolio held locally No.

Currency-matching regulations on assets/liabilities composition No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Classification

Other managed arrangement 01/01/2019 Because the composite weights cannot be confirmed, the de facto exchange rate arrangement was reclassified to “other managed” from “pegged exchange rate with horizontal bands.”

Imports and Import Payments

Import licenses and other nontariff measures Negative list 07/01/2020 The import of all meat of mutton and lamb breast was prohibited.
Import taxes and/or tariffs

07/01/2020

Excise taxes were imposed on importation of animal fats ($2/kg), flavors in powdered and ready to drink form ($4/kg), confectionery sugar ($5/kg), chocolate in blocks, slabs ($5/kg), instant noodles (imported $2/kg), ice cream, sausages (locally manufactured $0.50/kg, imported $1/kg), sweet biscuits ($1.50/kg), fruit juices containing sugar exceeding 5g/100ml but less than 20g/ltr ($1.50/ltr), fruit juices containing sugar exceeding 20g/100ml ($1/ltr), other sugar sweetened beverages with sugar not exceeding 5g/100ml (locally manufactured $0.05/ltr), other sugar sweetened beverages with sugar exceeding 5g/100ml but not exceeding 20g/ltr (locally manufactured $0.75/ltr, imported $1.50/ltr), other sugar sweetened beverages with sugar exceeding 20g/ltr (locally manufactured $1.50/ltr, imported $4/ltr), mayonnaise ($2/kg), ice cream (imported $1.50/ltr, locally manufactured $0.25/ltr), and turkey tail (manufactured $0.50/kg, imported $2/kg).

07/01/2020

The following excise taxes applied: petroleum, T$0.75 a liter (previously T$0.65); petroleum gases, $300 per metric ton; tobacco, T$750 (previously T$600) for 1,000 sticks/1 kg (imported) and T$580 (previously T$500) for 1,000 sticks/1 kg – cigarettes made from imported tobacco – locally manufactured, $100 for 1,000 sticks/1 kg – cigarettes made from locally grown tobacco – locally manufactured, $750 per kg for other tobacco products – imported, $200 per kg local tobacco (Tapaka Tonga).

07/01/2020

Excise taxes were reduced for vehicles to T$0.35–T$0.75 a cc of engine capacity.
TRINIDAD AND TOBAGO

Status under IMF Articles of Agreement

Date of membership
September 16, 1963.

Article VIII
Yes. Date of acceptance: December 13, 1993.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
Yes.

The IMF staff report for the 2018 Article IV Consultation with Trinidad and Tobago states that, as of August 6, 2018, Trinidad and Tobago maintained an exchange restriction and two MCPs subject to IMF approval under Article VIII, Section 2(a) and Section 3. The exchange restriction arises from the authorities’ restriction of the exchange rate (that is, by restricting the maximum market buying and selling rates, and prohibiting foreign exchange transactions beyond the maximum rates), while not providing enough foreign exchange (that is, through the Central Bank of Trinidad and Tobago (CBTT)'s foreign exchange interventions) to meet all demand for current transactions at that rate. The CBTT also limits sales of its foreign exchange intervention funds to meeting only “trade-related” demand, which do not include non-trade transactions that are, however, current international transactions as defined under Article XXX(d) of the IMF’s Articles of Agreement, and encourages ADs to similarly prioritize sales of foreign exchange obtained from other sources. Further, the authorities prioritize provision of foreign exchange to certain manufacturers through a special foreign exchange facility using the Export–Import Bank of Trinidad and Tobago (EximBank). These actions result in undue delays in access to foreign exchange to make payments or transfers for current international transactions and external payment arrears. The two MCPs arise from the absence of a mechanism to prevent the potential deviation of more than 2% at any given time among several effective exchange rates regulated by the authorities, for spot exchange transactions, namely: (1) the potential 2% deviation between: (a) on the one hand, the CBTT’s intervention rate and the ADs’ selling rates (the maximum of which is anchored on the intervention rate plus fixed margins), and (b) on the other hand, the ADs’ buying rates (the maximum of which is limited at the previous day’s mid-rate); (2) the potential 2% deviation between: (a) on the one hand, the buying and selling rates for foreign exchange transactions between the CBTT and the government, and (b) on the other hand, the ADs’ selling rates. (Country Report No. 18/285)

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes.

The currency of Trinidad and Tobago is the Trinidad and Tobago...
The system is multiple as the authorities’ actions give rise to several exchange rates for spot exchange transactions, resulting in MCPs. The exchange rates for spot transactions in effect include: (1) the CBTT’s intervention rate, (2) the ADs’ selling rates, the ceiling of which is set by the CBTT based on fixed margins over the latest intervention rate, (3) the ADs’ buying rates for purchases from the market, the ceiling of which is established at the prior day’s mid-rate as guided and monitored by the CBTT, (4) the CBTT to government’s selling rate, which is set at the prior day’s average selling rate, and (5) the CBTT from government’s buying rate, which is set at the prior day’s mid-rate. The two MCPs arise from the absence of a mechanism to prevent the potential deviation of more than 2% at any given time among these multiple effective exchange rates regulated by the authorities, for spot exchange transactions, namely: (1) the potential 2% deviation between: (a) on the one hand, the CBTT’s intervention rate and the ADs’ selling rates (the maximum of which is anchored on the intervention rate plus fixed margins), and (b) on the other hand, the ADs’ buying rates (the maximum of which is limited at the previous day’s mid-rate); (2) the potential 2% deviation between: (a) on the one hand, the buying and selling rates for foreign exchange transactions between the CBTT and the government, and (b) on the other hand, the ADs’ selling rates.

The de jure exchange rate arrangement is floating. The CBTT intervenes regularly, and with no significant developments in the domestic foreign exchange market, the exchange rate has remained relatively stable. Because the Trinidad and Tobago dollar stabilized within a 2% band against the US dollar, the de facto exchange rate arrangement is classified as stabilized. The CBTT publishes daily and monthly purchases and sales by the CB and ADs, with a one-day lag.
average exchange rate for the US dollar of all transactions settled during a business day by commercial banks and other ADs. The selling and buying rates have a ceiling that is defined by a fixed margin over the latest intervention rate, and the prior day’s mid-rate as guided and monitored by the CB. The intervention rate is not published.

Monetary policy framework

Exchange rate anchor

Yes.

U.S. dollar

Yes. The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other
Commercial banks and nonbank financial institutions may conduct foreign exchange transactions, both spot and forward, with the public without limitation. ADs determine their trading rates to maintain a maximum spread of 1% above the CB intervention rate on the intervention settlement date with fixed margins thereafter for all spot transactions. (Please refer to Section III.D.)

As of December 31, 2019, there were 13 institutions: 8 commercial banks and 5 nonbank financial institutions, licensed by the CBTT to deal in foreign exchange with the public. These institutions constitute the group of ADs. Since 2018, the EximBank holds a limited-scope AD license to conduct specific foreign exchange transactions. The terms and conditions of this license are in accordance with the existing laws and regulations. Through the EximBank, the authorities prioritize provision of foreign exchange to certain manufacturers. Through the US$100-million EximBank Facility, eligible small and medium exporters are able to obtain foreign exchange to finance inputs for export operations. Foreign exchange bureaus are also licensed by the CBTT, but they may only buy currency notes, coins, and traveler’s checks and sell currency notes and coins (Clause 1 of the Terms and Conditions agreed to by all operators on the issuance of a license from the CBTT). As of June 30, 2020, there were six authorized foreign exchange bureau operators with 61 locations; they do not conduct foreign exchange transactions directly with the CBTT.

Until May 2012, the CBTT intervened in the foreign exchange market solely through a predetermined allocation system. In May 2012, the CBTT introduced an auction system that operated alongside its usual fixed allocation system for a portion of its intervention. The last auction held under this system was in June 2014.

The CBTT also provides a Foreign Exchange Liquidity Guarantee Facility to the ADs. The facility provides a source of liquidity that ADs can draw upon if needed to quickly reduce an extended open position during times when there is a paucity of supply, as happens seasonally in the domestic market. The last Foreign Exchange Liquidity Guarantee Facility expired December 31, 2019. The current Foreign Exchange Liquidity Guarantee Facility commenced June 1, 2020. During 2019, the ADs accessed US$54.0 million from the facility.
<table>
<thead>
<tr>
<th>Allocation</th>
<th>Yes. The CBTT allocates some foreign exchange as part of its intervention. This system is based, among other things, on ADs’ market share, asset base, and distribution network. Based on these criteria, dealers and their allocations are assessed annually. Intervention funds are to be used to settle trade-related requests for foreign exchange from the public. The CBTT encourages ADs to prioritize foreign exchange interventions to meet trade-related demand.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes. There is an interbank foreign exchange market, which as of June 30, 2020, comprises 13 ADs licensed by the CB. The ADs trade among themselves at freely determined rates, without any additional conditions. The CBTT does not intervene directly with individual participants.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>Yes. The market operates over the counter. The CBTT intervenes directly by selling, at its discretion, foreign currency to ADs in amounts and at prices that it determines based on market conditions.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes. Only ADs may engage in forward transactions, which are used on a very limited basis. There were no reported swap transactions in the foreign exchange market in 2019.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

<p>| Prescription of currency requirements | Yes. Settlements are made in Canadian dollars, euros, Japanese yen, Swiss francs, pounds sterling, and US dollars. |
| Controls on the use of domestic currency | No. No controls apply to the use of domestic currency in international transactions. |
| For current transactions and payments | No. |
| For capital transactions | No. |
| Transactions in capital and money market instruments | No. |
| Transactions in derivatives and other instruments | No. |
| Credit operations | No. |
| Use of foreign exchange among residents | Yes. No person may buy, sell, borrow, or lend foreign currency to any person other than an AD without a license from the CBTT under the Exchange Control Act. |
| Payments arrangements | Yes. |
| Bilateral payments arrangements | No. |
| Operative | No. |
| Inoperative | No. |
| Regional arrangements | No. The CBTT has no special payment system arrangements with |</p>
<table>
<thead>
<tr>
<th>Clearing agreements</th>
<th>Yes.</th>
<th>CARICOM. The CBTT is the agent for the inoperative CARICOM Multilateral Clearing Facility.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
<td>Exchange control authority is vested in the CBTT by the MOF under the Exchange Control Act.</td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
<td>Residents may purchase, hold, and sell gold coins for numismatic purposes, as long as one party to the transaction is a gold and foreign currency AD.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes.</td>
<td>Exports of gold are controlled by the Ministry of Trade, Industry and Investment and are subject to specific export licenses, which are normally issued only to monetary authorities.</td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>On exports</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
<td>A customs declaration is required for amounts exceeding TT$20,000.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
<td>A customs declaration is required for amounts exceeding the equivalent of US$5,000.</td>
</tr>
<tr>
<td>On imports</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency</td>
<td>No.</td>
<td>A customs declaration is required for amounts exceeding TT$20,000.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>No.</td>
<td>A customs declaration is required for amounts exceeding the equivalent of US$5,000.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

**Resident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
<th>Residents may have deposit accounts in local banks, and balances may be freely transferred abroad.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
<td>Investment and brokerage accounts may be held abroad, and transfers to a foreign currency deposit account at a local bank are permitted. A source of funds declaration is required for amounts larger than TT $60,000.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>Yes.</td>
<td>Residents may freely open and maintain accounts abroad in Trinidad and Tobago dollars, but because the Trinidad and Tobago dollar is not a “hard currency,” such instruments are rarely, if ever, offered by foreign financial institutions.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
<td>There are no restrictions on the amount of foreign currency residents may convert from their local currency accounts.</td>
</tr>
<tr>
<td>References to legal instruments and</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>
Nonresident Accounts

Foreign exchange accounts permitted
Yes. There are no limitations for nonresidents.

Approval required
No.

Domestic currency accounts
Yes.

Convertible into foreign currency
Yes. There are no limitations on conversion.

Approval required
No.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
No.

Minimum financing requirements
No.

Advance payment requirements
No.

Advance import deposits
No.

Documentation requirements for release of foreign exchange for imports
No.

Domiciliation requirements
No.

Preshipment inspection
No.

Letters of credit
No.

Import licenses used as exchange licenses
No.

Other
No.

Import licenses and other non tariff measures
Yes. Duty-free licenses are granted to local concessionary manufacturers for imports of certain inputs for manufacturing.

Positive list
No.

Negative list
Yes. Imports of firearms, ammunition, and narcotics are tightly controlled.

Open general licenses
Yes. All goods, unless exempt for reasons of health or security or included on the negative list, may be imported without a license.

Licenses with quotas
No.

Other nontariff measures
Yes. Imports of food and drugs must satisfy prescribed standards. Imports of meat, live animals, plants, and mining materials are subject to specific regulations.

Import taxes and/or tariffs
Yes. Under the fourth phase of the CARICOM CET, customs duty rates on most goods range from 5% to 20%. The rate on agricultural products is 40%. The rates on new motor vehicles range from 25% to 45%. All goods from CARICOM countries are exempt, as are imports of some foodstuffs, fertilizers, and raw materials. Local companies that produce import substitutes or export goods may
receive a customs duty exemption from the Ministry of Trade, Industry and Investment.

<table>
<thead>
<tr>
<th>Taxes collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State import monopoly</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of animal feed, flour, rice, petroleum, and edible oils are traded principally by government-owned companies.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The foreign-owned energy sector companies operating in Trinidad and Tobago may repatriate all foreign exchange that exceeds their local currency needs.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The authorities prioritize provision of foreign exchange to certain manufacturers through the EximBank. In 2018, the US$100-million EximBank Facility was launched, through which eligible small and medium exporters would be able to obtain foreign exchange to finance inputs for export operations. To qualify, a business must export a minimum of 30% of its production and agree to repatriate a certain amount of its foreign exchange earnings.</td>
<td></td>
</tr>
<tr>
<td><strong>Documentation requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Individual licenses are required for some foodstuffs, firearms and explosives, animals, gold, petroleum and petroleum products, and certain products not produced locally. Export licenses for all other commodities are granted under OGLs. General licenses may also be issued at the discretion of the Ministry of Trade, Industry and Investment.</td>
<td></td>
</tr>
<tr>
<td>Without quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Most export licenses are granted without quotas.</td>
<td></td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Quotas are sometimes established for the exportation of some products, including fish, on the basis of local supply.</td>
<td></td>
</tr>
<tr>
<td><strong>Export taxes</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

| Controls on these transfers | No. |
Trade-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Investment-related payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Payments for travel No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Personal payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Foreign workers' wages No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Credit card use abroad No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Other payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Restrictions on use of funds

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions

Yes.

Repatriation requirements

No.

Surrender requirements

No.

Surrender to the central bank

No.

Surrender to authorized dealers

No.

Controls on capital and money market instruments

Yes. Cross-border trading of shares of companies listed on the respective stock exchanges is permitted among the residents of Barbados, Jamaica, and Trinidad and Tobago; residents and companies of Barbados and Jamaica are designated as residents of Trinidad and Tobago for exchange control purposes in cross-border trading.

On capital market securities

Yes.

Shares or other securities of a participating nature

Yes. Cross-border trading of shares of companies listed on the respective stock exchanges is permitted among the residents of Barbados, Jamaica, and Trinidad and Tobago; residents and companies of Barbados and Jamaica are designated as residents of Trinidad and Tobago for exchange control purposes in cross-border trading.

Purchase locally by nonresidents

Yes. Holding shares in local companies is subject to compliance with the provisions of the Foreign Investment Act.

Sale or issue locally by nonresidents

No.

Purchase abroad by residents

No.

Sale or issue abroad by residents

No.

Bonds or other debt securities

No.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

No.

Purchase abroad by residents

No.

Sale or issue abroad by residents

No.

On money market instruments

No.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

No.

Purchase abroad by residents

No.

Sale or issue abroad by residents

No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Holding shares in local companies is subject to compliance with the provisions of the Foreign Investment Act.</td>
<td></td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Holding interest in real estate is subject to compliance with the provisions of the Foreign Investment Act. Foreign investors may acquire land not exceeding five acres for the purpose of trade or business without a license.</td>
<td></td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>
Controls on personal capital transactions | No.
---|---
Loans | No.
By residents to nonresidents | No.
To residents from nonresidents | No.
Gifts, endowments, inheritances, and legacies | No.
By residents to nonresidents | No.
To residents from nonresidents | No.
Settlement of debts abroad by immigrants | No.
Transfer of assets | No.
Transfer abroad by emigrants | No.
Transfer into the country by immigrants | No.
Transfer of gambling and prize earnings | No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

All institutions licensed under the FIA, 2008, must comply with the limits on credit exposures under Section 42(1) of the FIA, whether lending is to residents and/or nonresidents (lending is limited to 25% of capital base, except for exposures which are exempted under Section 42(1)(a)–(g)).

All institutions licensed under the FIA, 2008, must comply with the limits on credit exposures under Section 42(1) of the FIA, whether lending is in local and/or foreign currency (lending is limited to 25% of capital base, except for exposures which are exempted under Section 42(1)(a)–(g)).

The FIA defines “credit exposures” as amount at risk arising through the extension of credit or funds by a licensee and includes, inter alia “… investments including equities, participations, guarantees and acceptance.”

All institutions licensed under the FIA, 2008, must comply with the limits on credit exposures under Section 42(1) of the FIA, whether securities are purchased locally and/or abroad/ if denominated in local and/or foreign currency (lending is limited to 25% of capital base, except for exposures which are exempted under Section 42(1)(a)–(g)).

Foreign currency deposits are not covered by deposit insurance.

The reserve requirement applicable to domestic currency deposits in banks was reduced by 3% to 14% from 17%, effective March 17, 2020.
From time to time, the CB may also request licensed bank and nonbank financial institutions to hold a certain percentage of their prescribed liabilities in a secondary reserve, usually on a remunerated basis. A secondary (remunerated) reserve requirement of 2% was removed August 2, 2018.

In addition to the primary and secondary reserve requirements, the CB has from time to time, requested that commercial banks deposit some proportion of their prescribed liabilities in an interest-bearing facility at the CB for an agreed timeframe.

A reserve requirement of 9% applies to nonbank institutions. There are no reserve requirements on foreign currency deposits.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid asset requirements</td>
<td>Yes</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts</td>
<td>No</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No</td>
</tr>
</tbody>
</table>

The FIA defines “credit exposures” as amount at risk arising through the extension of credit or funds by a licensee and includes, inter alia “… investments including equities, participations, guarantees and acceptance.”

All institutions licensed under the FIA, 2008, must comply with the limits on credit exposures under Section 42(1) of the FIA, whether investments are made locally and/or abroad (lending is limited to 25% of capital base, except for exposures which are exempted under Section 42(1)(a)–(g)).

<table>
<thead>
<tr>
<th>Limits</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>In banks by nonresidents</td>
<td>No</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The second schedule (SS) of the Insurance Act imposes controls and lists assets approved for pledging to the statutory fund. Allowable investment assets include: (1) bonds, debentures, and other evidence of indebtedness by issuers approved by the Act; (2) guaranteed investment certificates issued by a trust company in approved countries; (3) ordinary or preferred shares of a company incorporated in Trinidad and Tobago and approved by the CBTT; (4) ordinary or preferred shares of a company incorporated in any country approved by the CBTT; (5) units, certificates, and other evidence of...
participation in an indebtedness program of the Unit Trust Corporation of Trinidad and Tobago; (6) unit certificates and other evidence of participation in financial assets not exceeding 10% of the statutory fund requirement and whose portfolio is regulated by approved countries; (7) mortgages and real estate in Trinidad and Tobago; and (8) cash deposits in any bank or other financial institution licensed under the FIA.

Restrictions under the SS are as follows: (1) Investments in ordinary shares may not exceed 50% of the statutory fund requirement in Trinidad and Tobago. (2) Investments in real estate or leaseholds may not exceed 20% of the value or assets required to satisfy the statutory fund requirement of a company engaged in long-term insurance business. (3) No single mortgage may exceed 10% of the total assets of the company. (4) Investment is not allowed in trust bonds, debentures, or other evidence of indebtedness on which payment of principal or interest is in default. (5) Investments in a single corporation may not exceed 30% of the ordinary shares of the corporation. (6) Life insurance companies may not, with respect to that business, purchase the shares of a company incorporated in Trinidad and Tobago and engaged in such business.

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| Limits (min.) on investment portfolio held locally | Yes. |
| Currency-matching regulations on assets/liabilities composition | Yes. |
| Pension funds | Yes. |

Securities issued by nonresidents approved to be pledged to the statutory fund must be issued by companies incorporated in any Commonwealth country or dependency of Ireland, any member country of the OECD, the USA, the country in which the head office of the company is situated or a country specifically approved by the CB.

The Insurance Act stipulates that foreign assets held in the statutory fund are limited to 20% of the statutory fund liability.

Insurance companies are required to hold at least 80% of their investment assets locally (that is, investments denominated in Trinidad and Tobago dollars).

The Insurance Act stipulates that the value of assets in the statutory fund that are denominated in a currency other than the denomination of the statutory fund liability cannot exceed 20% of that liability.

The SS of the Insurance Act (the Act) also applies to pension plans with one additional amendment. The SS imposes controls and lists assets approved for the pension funds. Allowable investment assets include: (1) bonds, debentures, and other evidence of indebtedness by issuers approved by the Act; (2) guaranteed investment certificates issued by a trust company in approved countries; (3) ordinary or preferred shares of a company incorporated in Trinidad and Tobago and approved by the CBTT; (4) ordinary or preferred shares of a company incorporated in any country approved by the CBTT; (5) units, certificates, and other evidence of participation in an indebtedness program of the Unit Trust Corporation of Trinidad and Tobago; (6) mortgages and real estate in Trinidad and Tobago; and (7) cash deposits in any bank or other financial institution licensed under the FIA.

Restrictions under the SS are as follows: (1) Investments in ordinary shares may not exceed 50% of the assets in Trinidad and Tobago except for a well-funded pension plan (with a funding ratio in excess of 150%) for which the limit is 70%. (2) Investments in real estate or leaseholds may not exceed 20% of the total value or assets. (3) No single mortgage may exceed 10% of the total assets. (4) Investment is not allowed in trust bonds, debentures, or other evidence of indebtedness on which payment of principal or interest is in default. (5) Investments in a single corporation may not exceed 30% of the ordinary shares of the corporation.

| Limits (max.) on securities issued by nonresidents | No. |
The Insurance (Pension Fund Plan Investments) Regulations of the Insurance Act state that at least 80% of a registered plan’s total assets must originate in Trinidad and Tobago; hence, a pension plan’s assets abroad are limited to 20%.

Collective investment fund certificates of participation are limited to 10% and may not include securities issued by the Unit Trust.

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Provisions Specific to the Financial Sector

The reserve requirement applicable to domestic currency deposits in banks was reduced by 3% to 14% from 17%.
TUNISIA

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

April 14, 1958.

Article VIII

Yes.

Date of acceptance: January 6, 1993.

Article XIV

Restrictions and/or multiple currency practices

Yes.

The IMF staff report for the 2017 Article IV Consultation, Second Review under the Extended Fund Facility, and Request for Waivers of Nonobservance of Performance Criteria, and Rephasing of Access with Tunisia states that, as of March 14, 2018, Tunisia maintained the following measures subject to IMF approval under Article VIII, Sections 2(a) and 3: (1) an exchange restriction arising from the measures that restricts access to short-term financing for current international transactions that was customarily available; and (2) an MCP resulting from honoring exchange rate guarantees extended prior to August 1988 to development banks, which will automatically expire after maturity of existing commitments (total loans covered by these guarantees amount to about US$20 million). (Country Report No. 18/120)

Exchange Measures

The IMF staff report for the Fifth Review Under the Extended Fund Facility, and Requests for Waivers of Nonobservance and Modification of Performance Criteria and for Rephasing of Access with Tunisia states that effective December 31, 2018, the exchange restrictions introduced in 2017 (banning trade credits for imports that are deemed nonessential) was repealed. (Country Report No. 19/233)

Restrictions imposed for security reasons

Yes.

In accordance with UNSC resolutions, Tunisia maintains certain exchange restrictions related to Iraq and the former Federal Republic of Yugoslavia (Serbia and Montenegro), which are subject to notification to the IMF in accordance with IMF Executive Board Decision No. 144 (52/51).

Other security restrictions

No.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes.

The currency of Tunisia is the Tunisian dinar.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

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**Classification**

No separate legal tender
Currency board
Conventional peg
Stabilized arrangement
Crawling peg

Crawl-like arrangement | Yes. The de jure exchange rate arrangement is floating, as indicated on the Central Bank of Tunisia (BCT—Banque Centrale de Tunisie) website. The BCT intervenes in the foreign exchange market mostly to cover banks’ short net open positions in foreign exchange. Effective January 1, 2019, the foreign exchange auctions became more frequent and the BCT ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar. The de facto exchange rate arrangement is classified as a crawl-like arrangement.

Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

**Official exchange rate**

Yes. Effective January 1, 2019, the BCT’s reference exchange rate is based on the results of foreign exchange auctions to allow for price discovery. Previously, a fixing arrangement (that is, the average of market participants’ quotes) determined the reference exchange rate published by the BCT. At the start of the business day, the most active banks in the market were consulted to get their dinar–US dollar quotes. The BCT calculated the average of these quotes and used the average rate obtained as the daily reference exchange rate. At the close of the business day, banks reported a second quote to the BCT. The BCT’s reference exchange rates are used for transactions between the BCT and the government. Customs also uses the BCT’s reference rates for valuation. August 1, 2018, the BCT began resorting to competitive foreign exchange auctions to support price discovery in the foreign exchange market but maintained bilateral transactions. Effective January 1, 2019, the foreign exchange auctions became more frequent and the BCT ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*
Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes
August 1, 2018, the BCT introduced competitive foreign exchange auctions but maintained bilateral transactions. Effective January 1, 2019, the foreign exchange auctions became more frequent and the BCT ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market via bilateral transactions when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar and to cover a share of banks’ short net open positions in foreign exchange with a prorated allocation. The Central Bank Board was instituted pursuant to Law No. 2016-35 of April 25, 2016, Establishing the Charter of the BCT. Pursuant to Article 7, the main objective of the BCT is to ensure price stability. The MPC was instituted pursuant to Regulatory Decision No. 743 of November 5, 2012. This advisory body is responsible for providing the BCT Board with information and analysis necessary for monetary policy decision making. Significantly, the Committee may propose to the Board measures related in particular to changing the policy rate, modifying the reserve ratio, and modifying the rules governing monetary policy operations. It is chaired by the governor and has, in addition, eight members of which two are members of the Board. The Board is a decision-making body vested with the powers defined in Article 63 and comprised of members according to Article 57 of Law No. 2016-35.

Despite progress made in developing macro-forecasting models and establishing an interest rate corridor system, the BCT is still working on a number of prerequisites for the move to an inflation-targeting framework (macroeconomic stabilization, exchange rate flexibility, markets deepening, and monetary policy communication).

Under the current monetary policy framework, the interest rate is BCT’s preferred monetary policy instrument, while inflation projections constitute the intermediate target. The regulatory framework for conducting monetary policy was overhauled in 2017. Circular No. 2017-02 on the Implementation of Monetary Policy by the BCT defines the monetary policy instruments, the money market participants, and eligible collateral. The BCT aims to keep the overnight interbank rate close to its policy rate (taux directeur). To contain inflationary pressures, the BCT has increased its policy rate by a cumulative 275 basis points since March 2018, bringing it to the level of 7.75% in February 2019. The overnight standing deposit and lending facilities have been in place since February 2009 and established a firm floor and ceiling for the interest rate corridor system.

On the operational front, the BCT follows developments in autonomous liquidity factors and provides banks with refinancing on the basis of its forecasts of their weekly liquidity requirements and its monetary policy objectives. The obligation, under the IMF-supported Extended Fund Facility (EFF) arrangement, to comply with quantitative criteria for net domestic assets (NDA) pushed the BCT to cap its primary refinancing operations at TD 7 billion since July 12, 2017; however, the total volume of refinancing has increased since then, in particular as a result of the dinar liquidities injected in connection with foreign currency swaps, structural open market operations, and the overnight lending facility. Foreign exchange swaps are carried out through auctions at the initiative of the BCT. The further tightening of monetary policy (in terms of both prices and quantities), the introduction of, since November 1, 2018, a
Credit/deposit ratio, and the introduction of heightened consistency in monetary policy instruments (reduction in the outstanding volume of foreign exchange swaps) have made it possible to put the overall volume of refinancing on a gradually declining trend.

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>Yes.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
</tbody>
</table>

Authorized intermediaries are free to determine their bid-ask spread and foreign exchange commission with their clients, except for marker makers.

Transactions in the foreign exchange market are conducted at exchange rates freely negotiated by banks. Regarding OTC activity, authorized intermediary banks may perform OTC operations through specialized agencies referred to as exchange bureaus. Exchange bureaus publish buying and selling exchange rates in dinars and transact with clients for foreign banknotes and traveler’s checks. This activity is carried out via simple declaration to the BCT and is subject to Circular No. 2008-04. Exchange bureau operations are limited to buying and selling foreign banknotes and traveler’s checks. Banks carry out transactions with the BCT and open accounts with foreign correspondents. On the functioning of the foreign exchange market, all resident and nonresident authorized intermediaries may act as counterparties in transactions carried out in the foreign exchange market. There are about 20 active participants in the foreign exchange market. Twenty-three banks participate actively in the exchange market.

Currency swaps are carried out through auctions at the initiative of the BCT, which consist of spot buying or selling of dinars in exchange for foreign currency and simultaneously undertaking to resell or repurchase the amount in the future at a predetermined rate. On August 1, 2018, the BCT began resorting to competitive foreign exchange auctions to support price discovery in the foreign exchange market but maintained bilateral transactions. The results of the auctions are published daily after each auction on the BCT contribution pages on Reuters. Effective January 1, 2019, the foreign exchange auctions became more frequent to support price discovery in the foreign exchange market and the BCT ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar.

Commercial banks, including offshore banks acting on behalf of their resident customers, conduct transactions at freely negotiated rates. There is no limit on the spread between the buying and selling rates or on commissions of market participants, except for market makers. Market makers must present a firm two-way spot rate of (euro–dinar and dinar–euro), 15 percentage in points (pips) between buying and selling rates for a minimum amount of 0.5 million and maximum amount of 3 million euros or US dollars. Resident banks trade freely in foreign currencies in the spot market among themselves, with their...
foreign correspondents, and with nonresident banks operating in Tunisia. August 1, 2018, the BCT began intervening in the interbank market through competitive foreign exchange auctions to support price discovery. Effective January 1, 2019, the foreign exchange auctions became more frequent to support price discovery in the foreign exchange market and the BCT ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the interbank market through bilateral transactions when market quotes deviated substantially from the daily fixing rates.

All authorized intermediaries (resident and nonresident banks) may act as counterparties in spot exchange transactions. Twenty-three banks participate actively in the exchange market.

Over the counter | Yes.  
Brokerage | No.  
Market making | Yes.  
Forward exchange market | Yes.

Most of the transactions in the foreign exchange market occur over the counter.

There is an electronic bank interlinking platform which was established to compile and monitor in real time the transactions conducted on the foreign exchange market. Ten banks are currently classified as market makers. Market makers are required to post a spread of 15 pips between their buying and selling rates for a minimum amount of 0.5 million and maximum amount of 3 million euros or US dollars.

Importers, exporters, and persons who provide services are authorized to obtain forward exchange cover on the interbank market as of the date a contract is signed or the date on which foreign commercial paper is domiciled, depending on the arrangements for the product concerned. Forward rates are freely negotiated by the authorized counterparty bank.

The maturity of the forward exchange contract must coincide with the date of contractual settlement of the underlying operation. For financial operations involving the repatriation or transfer of capital or income, the maximum term of cover is set at 12 months. Persons who provided services were eligible for exchange cover for up to 12 months, to be provided within 30 days of the date on which the claim originated. Resident enterprises may purchase, in the forward market, futures maturing in up to 12 months to hedge against exchange rate risk related to the repayment of their foreign currency loans. They may also sell foreign currency drawn on external loans or foreign currency investments.

Nonresidents may enter into contracts with resident authorized intermediaries for forward purchases of convertible dinars where the maturity of the forward exchange contract must coincide with the date of contractual settlement of the underlying transaction. Authorized intermediaries are authorized to engage in foreign exchange–dinar forward exchange transactions among themselves, in the context of their efforts to manage their foreign exchange positions.

Resident authorized intermediaries may engage, among themselves or with resident enterprises, in foreign currency and convertible dinar swaps where the maturity of cover must correspond to the term of the lending or borrowing agreement. They may also engage in foreign currency and convertible dinar swaps with nonresident banks in Tunisia, their foreign correspondent banks, and nonresident enterprises operating in Tunisia to make spot purchases and forward sales of convertible dinars. For the purpose of hedging against foreign currency interest rate risk, forward rate agreements are permitted between resident banks and foreign correspondent banks and by resident enterprises with resident banks and nonresident enterprises.
banks operating in Tunisia. The term of cover must correspond to the term of the lending or borrowing agreement. Authorized intermediaries may list foreign currency and dinar exchange options for their resident customers to allow them to hedge against exchange rate risk of their commercial operations involving goods and services and financial transactions. In the context of one particular commercial or financial operation, authorized intermediaries may propose to their customers a buying or selling exchange option or a mix of foreign exchange operations. They may engage among themselves in foreign currency and dinar exchange options to hedge against the exchange risk associated with their customers’ transactions. Prices for the option and the premium are freely negotiated between the authorized intermediaries and the customer. The maturity of the foreign exchange option must coincide with the contractual settlement date of the underlying transaction. For transactions to repatriate or transfer capital and revenue, the maximum term of the foreign exchange options is 12 months. The BCT does not participate in the foreign exchange derivatives market.

Official cover of forward operations Yes. The national reinsurance company manages the exchange cover mechanism for banks and financial institutions with respect to their borrowing abroad.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. Settlements between Tunisia and other countries may be made in any convertible currency (traded in the interbank market) or in convertible dinars through foreign accounts. Payments to Israel are prohibited. Settlements between Tunisia and Algeria, Libya, Mauritania, and Morocco may be effected through convertible accounts in the national currencies concerned at the respective CBs and in foreign currencies accepted by the respective CBs.

Controls on the use of domestic currency Yes. Payments in convertible dinars may be made abroad or from abroad through convertible dinar foreign accounts maintained domestically in the name of the foreign creditors or debtors or of their banks, respectively.

For current transactions and payments Yes.

For capital transactions Yes.

Transactions in capital and money market instruments Yes.

Transactions in derivatives and other instruments Yes.

Credit operations Yes.

Use of foreign exchange among residents Yes. The dinar is the currency of account and the currency of payment in transactions among residents, unless otherwise authorized by the BCT, subject to the opinion of the MOF.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Settlements with Algeria, Libya, Mauritania, and Morocco may be
effected through convertible national currency accounts at the respective CBs.

<table>
<thead>
<tr>
<th>Clearing agreements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Exchange control is administered by the BCT. The BCT delegates authority over payments for imports and most invisibles to the authorized intermediaries. The Ministry of Trade administers foreign trade control, which entails issuing import and export authorization for products not covered by the liberalization of foreign trade.</td>
<td></td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on trade in gold (coins and/or bullion)</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>Yes</td>
</tr>
<tr>
<td>Gold may be acquired only from authorized importers by jewelry craftsmen, legal entities established by jewelry craftsmen to supply gold to their members, agencies legally permitted to process gold for use as in manufacturing and authorized by joint order of the minister of finance and the minister responsible for arts and crafts, and individuals who need gold for scientific, training, or occasional use, with authorization by the minister for the sector.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes</td>
</tr>
<tr>
<td>Gold may be imported by the BCT as well as by one or more other agencies so authorized by decree. Imports and exports of other forms of gold are subject to authorization from the BCT and the Ministry of Trade.</td>
<td></td>
</tr>
<tr>
<td><strong>Controls on exports and imports of banknotes</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>On exports</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes</td>
</tr>
<tr>
<td>Exports of dinar banknotes and coins are prohibited, unless authorized by the BCT or unless the BCT has signed an agreement with the counterparty or another pertinent authority abroad. According to an agreement between the BCT and the Central Bank of Libya (CBL), citizens of both countries may export Tunisian dinars and Libyan dinars in banknotes for tourism-related or personal purposes.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes</td>
</tr>
</tbody>
</table>
| Nonresident travelers wishing to reexport the foreign exchange equivalent of amounts equal to or exceeding TD 5,000 must declare to customs the foreign currencies they are importing on arrival. The reconversion of Tunisian banknotes (dinars) to foreign currency by nonresident travelers for reexportation occurs on presentation of a foreign exchange voucher or receipt if the amount is less than TD 5,000 or if the foreign exchange used in the purchase of the dinars was received abroad in the form of a check, draft, money order, or any other evidence of a claim or by debiting a foreign account in foreign currency or in convertible dinars. A foreign exchange import declaration of foreign currency in foreign banknotes approved by customs is also required if the amount of foreign exchange from dinar reconversion equals or exceeds the equivalent of TD 5,000 and if the dinars were derived from the surrender of foreign currencies physically imported from abroad. The reexport of foreign banknotes from Tunisia cannot exceed a ceiling of 30,000 dinars a person a trip. The export of foreign banknotes not converted to dinars on entry into
Tunisia is subject to the customs declaration, when the amount to be reexported is equal to or exceeds 20,000 dinars.

On imports
Yes.

Domestic currency
Yes. The importation of dinar banknotes and coins is prohibited, unless the BCT has signed agreements with the counterparties or another pertinent authority abroad. According to an agreement between the BCT and the CBL, nationals of both countries may import Tunisian dinars and Libyan dinars in banknotes for tourism-related or personal purposes.

Foreign currency
No. According to an agreement between the BCT and the CBL, nationals of both countries may import Tunisian dinars and Libyan dinars in banknotes for tourism-related or personal purposes. Travelers may freely import foreign banknotes. However, a customs declaration must be submitted for imported banknotes, regardless of amount, if the banknotes are to be deposited in a foreign currency or convertible dinar account or to pay for imports of goods and services into Tunisia. Apart from these two cases, the importation of foreign banknotes by travelers is subject to the customs declaration, when the amount is equal to or exceeds the equivalent of 20,000 dinars.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted
Yes. Pursuant to Circular No. 2017-04 of June 23, 2017, the following resident individuals may open Resident Physical Person (PPR) accounts in foreign exchange: (1) Tunisian nationals transferring their normal residence and/or assets legitimately acquired abroad to Tunisia; (2) foreign nationals resident in Tunisia; (3) individuals holding capital stakes in resident legal entities that export goods or services; (4) individuals having status as foreign exchange subagents or those holding capital stakes in resident legal entities having status as foreign exchange subagents; (5) service providers targeting nonresidents established outside of Tunisia as defined in Annex 1 to this Circular; (6) diplomatic staff and public sector officers seconded abroad; and (7) individuals hired by resident employers to carry out missions having a minimum duration of six months in connection with contracts that can be executed abroad. The same individual cannot simultaneously hold a Resident Physical Person (PPR) account in foreign exchange or in convertible dinars and a business travel allowance.

PPR accounts in foreign exchange or in convertible dinars may be freely credited with revenue or proceeds from assets legitimately acquired abroad or funds deriving from the closing of one of the account holder’s foreign accounts in foreign exchange or convertible dinars; 20% of the earnings distributed in connection with the previous fiscal year and paid in dinars to persons holding capital stakes in resident legal entities that export goods or services; the account will be funded in proportion with the holder’s capital stakes in the company; 5% of the amount of foreign exchange surrendered during the previous year in connection with subagency foreign exchange activities carried out by the account holder or by a company in which the account holder owns capital stakes; in this case, the account is funded proportionally with the holder’s capital stakes in the company; remuneration for service providers for their services to nonresidents outside of Tunisia; wage savings of diplomatic staff and public officers seconded abroad; remuneration in dinars accrued to persons hired by resident employers under a contract that can be executed abroad in connection with an
expatriation indemnity; proceeds from the surrender and/or transfer of revenue deriving from assets acquired abroad by debiting this account; interest accrued on funds deposited to the PPR account calculated as provided under the current regulatory texts. All account credit operations are subject to prior authorization from the BCT. Credits to PPR accounts through the deposit of foreign banknotes require a valid foreign exchange import declaration in the name of the account holder and approved by the customs authorities. PPR accounts in foreign exchange or in convertible dinars may be freely debited with the surrender of foreign exchange on the foreign exchange market and any payments in dinars; any outward payments for duly justified personal expenses on behalf of the account holder, his or her spouse, parents, or children resident for purposes of foreign exchange; any transfers for the acquisition directly by the account holder of real and movable property located abroad, outward rights and claims, and to execute any act of management in connection with assets legitimately held abroad. However, the account holder is not permitted to place assets in bank accounts abroad; any transfers involving final payments in connection with the final departure of the foreign national who is the account holder, justified with a certificate of change of residence issued by the competent authorities, along with a certificate that the interested party’s tax situation has been regularized, or a certificate of exemption. Any other debits to the account are subject to prior authorization from the BCT. Transfers by debiting PPR accounts may take place by credit transfer, check drawn on the authorized intermediary with which the account is opened, by international payment card, or in cash, exclusively to cover subsistence expenses. PPR account holders are subject to the obligations incumbent on residents under the regulatory texts governing foreign exchange and foreign trade, and particularly to the requirement to declare foreign assets provided under the foreign exchange code.

Professional accounts in foreign currency may be opened by (1) resident individuals, (2) Tunisian legal entities, and (3) foreign legal entities in Tunisia with foreign currency assets in connection with their activities. These accounts may be credited with (1) up to 100% of foreign exchange proceeds from the account holder’s exports and foreign currency loans contracted in under current regulations, (2) interest accrued on the balances of these accounts, (3) transfers from the account holder’s other professional accounts in the same foreign currency or any other foreign currency, and (4) deposits of banknotes imported by foreigners and declared at customers. Foreign banknotes are deposited on the basis of a copy of the foreign currency import declaration accompanied by the original. After signing off on the two documents and indicating the amount paid in foreign currency, the authorized intermediary returns the original to its holder. Credit operations on the account must be performed on the basis of appropriate documents (contracts, pro forma, final invoices, etc.). Accounts may be debited for (1) payment of current operations pertaining to the activity for which they were opened and (2) other transactions with general or specific authorization. Balances may be sold in the foreign exchange money market. Holders of professional foreign exchange accounts must first use the cash in their account and should retain in the account only amounts they actually need to pay their expenses in foreign currency. Any surplus must be surrendered for dinars in the foreign exchange market. Further, authorized intermediaries may sell foreign currency spot or through hedging to account holders with funds in their professional foreign exchange account(s) only to acquire funds for...
payments exceeding the amount available in these accounts.
Foreign currency term deposits are deemed to be deposits available in the account.
Authorized intermediaries must require operators to certify that they do not have the necessary funds available in their professional foreign exchange accounts with another authorized intermediary before selling foreign exchange to them.

Residents may freely open foreign currency international trading accounts for payments related to their international trade and brokerage operations and associated expenses. These accounts may be credited with (1) the proceeds from exports of goods for which advance payment was received, (2) profits and/or commissions from international trade and brokerage operations, (3) foreign currency loans contracted to finance trade operations, (4) foreign currency from trade operations repurchased in the exchange market after it is sold in the market, and (5) interest generated by deposits in the account. They may be debited for (1) payments for purchases made within the framework of international trade operations and associated expenses, (2) settlement of expenses related to international brokerage operations, (3) repayment of foreign currency loans, (4) settlement of current operations carried out under exchange and foreign trade regulations and any operation carried out with general or special authorization, and (5) sales of foreign currencies in the exchange market.

Effective January 30, 2019, “start-up accounts in foreign currency” may be opened in the name of each resident company, with the “start-up” label issued in accordance with the regulations in force. The “start-up account in foreign currency” may be credited with: (1) foreign currency originating from export transactions of goods and services carried out by the start-up account holder; (2) foreign currency originating from (1) nonresident participation in the capital of the start-up, (2) acquisitions by nonresidents of bonds convertible into shares issued by the start-up, (3) advances in associated current accounts, and (4) in general any form of quasi-equity in the start-up’s foreign currency. The import of foreign currency for these operations must be the subject of investment forms drawn up in accordance with the regulations in force; (3) profits accruing to the start-up, made in respect of its investments referred to in paragraph (d) of Article 4 of Circular No. 2019-01; (4) interest earned on sums held in this account under the conditions set by the BCT for the foreign currency accounts of residents; (5) transfers from another “start-up account in foreign currency” of the same holder.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
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<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
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<thead>
<tr>
<th>Approval required</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

To pay their expenses in foreign currency, holders of professional foreign exchange accounts must first use the cash in their account and retain in the account only amounts they actually need. Surplus
must be surrendered for dinars in the foreign exchange market. Further, authorized intermediaries may sell foreign currency spot or through hedging to account holders who have deposits in their professional foreign exchange account(s) only to acquire funds to make payments in excess of the amount available in these accounts. Foreign currency term deposits are deemed to be deposits available in the account. Authorized intermediaries must require operators to certify that they do not have the necessary funds available in their professional foreign exchange accounts with another authorized intermediary before selling foreign exchange to them.

PPR accounts in convertible dinars may be opened by resident individuals authorized to open PPR accounts in foreign currencies.

“Tourist travel” accounts in convertible dinars may be opened by resident individuals with the balance of a travel allowance not fully used up abroad. These accounts may be freely credited no later than 15 days after returning to Tunisia with (1) the unused amount of the allowance and (2) interest earned on the amounts deposited in the accounts. The accounts may be freely debited for (1) payments in Tunisia, (2) the purchase of foreign exchange or the issuance of an international payment card linked to the account of its holder for payment of living expenses abroad, and (3) payment from Tunisia of foreign hotel booking expenses on behalf of the account holder by means of an international payment card.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes. Foreign accounts in convertible currency may be opened by all nonresidents, regardless of nationality. These accounts may be credited with (1) receipts in convertible foreign currency (banknotes must be declared at customs); (2) foreign exchange remitted to the account holder by a nonresident; (3) authorized payments by residents in favor of the account holder; (4) interest payable by authorized intermediaries on foreign exchange deposits in these accounts; (5) transfers from other foreign accounts; and (6) the proceeds of cashed checks, traveler’s checks, or drafts in convertible currency and made out by a nonresident to the order of the account holder. Other credits require BCT authorization, either directly or by delegation. These accounts may be debited freely for (1) payments of any kind in Tunisia; (2) transfers abroad or delivery of foreign currency to the account holder, another nonresident beneficiary, or residents who are permanent representatives or salaried employees of the account holder; and (3) transfers to other foreign accounts. Nonresident Libyans may open accounts in foreign exchange called foreign currency accounts of nonresident Libyans. These accounts may be credited with funds from (1) sales of foreign banknotes in any amount without customs declaration of importation, as set out in the foreign exchange notice published in the Official Journal of the Tunisian Republic of February 3, 2006, and Circular to Authorized Intermediaries No. 94-13 of September 7, 1994; and (2) interest on the account in accordance with BCT regulations. These accounts may be freely debited for (1) payments of any kind in Tunisia in dinars and (2) investment in currency in accordance with the regulations. Other debits and credits are subject to BCT approval. These accounts may not be overdrawn.
Domestic currency accounts Yes. Domestic nonresident accounts may be opened by authorized intermediaries in the name of nonresident individuals of foreign nationality residing temporarily in Tunisia. These accounts may be credited without authorization from the BCT with the following: (1) transfers of funds from abroad in convertible currency; (2) revenue of any kind accruing in Tunisia to the account holder; (3) liquid assets from estates settled in Tunisia; (4) proceeds from the repayment of loans in dinars by debiting the account; and (5) transfers from another domestic nonresident account opened in the name of the account holder. They may be debited for (1) support of account holders and their family in Tunisia, (2) payment of costs of managing property in Tunisia, (3) lending to residents, and (4) transfers to another domestic nonresident account opened in the name of the account holder.

Special dinar accounts may be opened freely by nonresident foreign enterprises with contracts in Tunisia. These enterprises are authorized to open for each contract a single special account in dinars, in which they may deposit the portion of the contract price payable in dinars to cover their local expenses. These accounts may also be credited with funds from a foreign account in foreign exchange or in convertible dinars, the dinar equivalent of any transfer in convertible foreign currency from abroad, and interest accruing on funds deposited in the account. The accounts may be freely debited for enterprises' contract-related expenses in Tunisia. These enterprises are free to retransfer dinar equivalents credited to their foreign exchange accounts, provided the funds available in the account are sufficient to cover the transfer. Any transfer operations from such accounts must be authorized by the BCT. Interest is paid at the same rates as those applied to resident demand accounts in dinars.

Capital accounts may be opened freely in the name of a nonresident individual of foreign nationality or by a nonresident legal entity. Subject to certain conditions, capital accounts may be credited, without the approval of the BCT, with the proceeds of sales on the stock exchange or the contractual or advance redemption of transferable Tunisian securities; the sales proceeds of real estate through an attorney at the Supreme Court, or of rights to real estate situated in Tunisia; and funds from another capital account. Capital accounts may be freely debited for the living expenses in Tunisia of account holders and their family, up to TD 100 a person a week, provided the total withdrawals from one or more capital accounts in a calendar year do not exceed TD 2,000. Such accounts may also be debited, subject to certain conditions, for expenses connected with the management of Tunisian securities; the maintenance, repair, and insurance of real estate and all taxes; and transfer for credit to another capital account. Balances on capital accounts are freely transferable between nonresidents of foreign nationality, with the exception of legal entities governed by public law. Subject to certain conditions, they may also be debited to assist the account holder’s parents and offspring residing in Tunisia, up to TD 50 a person a month. These accounts do not pay interest and may not be overdrawn.

Suspense accounts may be opened by all nonresidents regardless of nationality and may be used for crediting all proceeds accruing to nonresidents and awaiting use. These proceeds may, on general or specific approval, be used in Tunisia for specific purposes, transferred abroad, or transferred to other nonresident accounts. Suspense accounts may be debited, without the authorization of the BCT, for payments to the Tunisian government or public institutions.
or payment of the expenses for managing securities deposited in a suspense file opened in the name of the account holder. They may also be debited for settlement of living expenses in Tunisia by account holders and their family, up to TD 100 a person a week, provided the total withdrawals in any calendar year from one or more accounts do not exceed TD 2,000 a family. In addition, a suspense account holder traveling in Tunisia between November 1 and March 31 of the following year may withdraw from the account an amount equal to the foreign exchange imported for the trip and surrendered to the BCT, an authorized intermediary, or a subagency, provided the total withdrawals for the living expenses of account holders and their family do not exceed TD 2,000 a year.

Nonresident individuals of Libyan nationality may freely open accounts in Tunisian dinars. These accounts may be freely credited with funds from (1) cash payments in dinars made by the account holder or by any other nonresident individual of Libyan nationality; (2) the dinar equivalents of funds from convertible currency accounts of nonresidents; (3) convertible dinar accounts of nonresidents; (4) an account in dinars opened in the name of a nonresident Libyan; and (5) investment income from funds in the account as prescribed by the BCT for dinar accounts. These accounts may be debited freely for (1) payments in Tunisia in dinars, including for credit to dinar accounts of nonresident Libyans opened in the name of a nonresident Libyan; and (2) investment in dinars in accordance with the regulations. Other debits and credits are subject to approval by the BCT. These accounts may not be overdrawn.

Foreign accounts in convertible dinars may be opened by all nonresidents, regardless of nationality. These accounts may be freely credited with (1) the dinar proceeds from sales of foreign currency on the foreign exchange market (banknotes must be declared at customs); (2) proceeds from authorized payments by residents in favor of the account holder; (3) proceeds from the conversion of cashed checks, traveler’s checks, or drafts expressed in foreign currency and made out by a nonresident to the order of the account holder; (4) transfers from other foreign accounts; and (5) interest on balances in these accounts. No other amount may be credited to these accounts without BCT authorization, granted either directly or by delegation. These accounts may be freely debited for (1) payments of any kind in Tunisia and (2) purchases on the foreign exchange market of foreign currency either for transfers abroad or for delivery to the account holder, to any other nonresident beneficiary, or to residents who are representatives or salaried employees of the account holder.

Nonresident Libyans may open accounts in convertible dinars called “accounts in convertible dinars of nonresident Libyans.” These accounts may be credited with funds from (1) the sale of foreign banknotes, in any amount without customs declaration of importation, as set out in the foreign exchange notice published in the Official Journal of the Tunisian Republic of February 3, 2006, and Circular to Authorized Intermediaries No. 94-13 of September 7, 1994; and (2) interest earned on funds deposited in the account as determined by the BCT for foreign currency accounts of nonresidents. These accounts may be debited for (1) payments in Tunisia in dinars and (2) investment in convertible dinars in accordance with the regulations. Other debits and credits are subject to approval by the BCT. These accounts may not be overdrawn.

Convertible into foreign currency Yes.

Approval required No.

Blocked accounts No.
| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx). |
| **Imports and Import Payments** | |
| **Foreign exchange budget** | No. |
| **Financing requirements for imports** | Yes. To pay their expenses in foreign currency, resident holders of professional foreign exchange accounts must first use the funds in their account and retain in the account only amounts they actually need. Surplus must be surrendered for dinars in the foreign exchange market. Further, authorized intermediaries may sell foreign currency spot or through hedging to account holders who have deposits in their professional foreign exchange account(s) only to acquire funds to make payments in excess of the amount available in these accounts. Foreign currency term deposits are deemed to be deposits available in the account. Authorized intermediaries must require operators to certify that they do not have the necessary funds available in their professional foreign exchange accounts with another authorized intermediary before selling foreign exchange to them. |
| **Minimum financing requirements** | No. |
| **Advance payment requirements** | Yes. Resident operators may make advance payments for their imports, provided they are issued with a first-demand bank guarantee. The issuance of such a guarantee is not required for the settlement of advance payments relating to the importation of products intended for direct use by the resident importer in the production cycle of goods or services of its business or of products necessary for the execution of a government contract, and this, within the limit of the quantities provided for by this contract. Effective February 4, 2020, Circular No. 2020-02 clarified and eased certain requirements for advance payment. The advance payment may not exceed 50% of the value of the import operation subject to the payment, except when the value of the imported products does not exceed TD 20,000. The advance payment must be made on submission of the commercial contract or a copy of the market contract. Advance payment of the price of imported goods is permitted, provided: (1) the imported goods are intended for direct use by the resident importer in the production cycle of goods or services of its business; (2) the value of the goods subject to the import operation is not more than TD 20,000 as stipulated in the commercial contract; (3) the advance payment is required by the supplier under the commercial contract. Sales prices may be settled by any means of payment, where the related contracts provide for payment terms of up to 60 days from the date of shipment of the goods. Sales for which the related contracts provide for payment terms ranging from 61 days to 360 days from the date of shipment of the goods are made freely when they meet one of the following conditions: (1) They are accompanied by a payment guarantee issued by a nonresident bank. (2) They provide for the opening of an irrevocable documentary credit or standby LC for the benefit of the resident exporter. (3) They provide for payment by a draft issued in the name of the approved intermediary or endorsed in its favor and endorsed by a nonresident bank. (4) They are covered by an export credit insurance policy. In addition, sales for which the related contracts provide for payment periods ranging from 61 days to 360 days from the date of shipment |
of goods and which do not meet one of the conditions referred to in Article 11 paragraph 1 of Circular No. 2020-02 as well as sales providing for payment periods exceeding 360 days are subject to prior authorization of the BCT. For sales paid by documentary credit or documentary remittance against payment or acceptance, the exporter must submit to the Authorized Intermediary, on receipt of the goods by the carrier, the documents representing the goods (final invoice, transport document, etc.). Any direct delivery of these documents to the customer or the carrier is prohibited.

**Advance import deposits**  
No.

**Documentation requirements for release of foreign exchange for imports**  
Yes.

**Domiciliation requirements**  
Yes.

Financial settlement of imports may be effected through the authorized intermediary with which the import operation is domiciled.

**Preshipment inspection**  
No.

**Letters of credit**  
No.

**Import licenses used as exchange licenses**  
No.

**Other**  
Yes.

Importers must have a tax identification number. Financial settlement of imports is effected, based on (1) an import authorization for products not liberalized, (2) the commercial invoice for products for which trade has been liberalized, and (3) the commercial contract for the importation of empty packaging to be reexported filled and for merchandise imported into Tunisia for reexportation after inward processing; and (4) customs documents documenting that the merchandise has actually entered the country. Imports are free of licensing requirements, except those that affect security, law and order, hygiene, health, morals, protection of fauna and flora, or cultural heritage, and are effected by a commercial invoice domiciled with an authorized intermediary. Goods not liberalized need an import authorization granted through the Ministry of Trade. Imports of raw materials, semifinished products, spare parts, and equipment that are paid for by sources outside Tunisia and do not involve the payment or delivery of foreign currency may be effected by enterprises for their own use without foreign trade formalities, up to TD 100,000 or its equivalent a year. Furthermore, companies exclusively engaged in exporting goods or services or established in an industrial park and holders of permits for exploration, research, and the operation of concessions in the hydrocarbon sector and contractors or subcontractors employed by such companies may import freely, without foreign trade formalities, any goods required for their production process, subject only to customs declaration.

**Import licenses and other nontariff measures**  
Yes.

Goods not covered by the liberalization of foreign trade and those that have an impact on security, law and order, hygiene, health, morals, protection of flora and fauna, and cultural heritage are included in a list issued by decree, published on the BCT website.

**Positive list**  
No.

**Negative list**  
Yes.

Goods not covered by the liberalization of foreign trade and those that have an impact on security, law and order, hygiene, health, morals, protection of flora and fauna, and cultural heritage are included in a list issued by decree, published on the BCT website.

**Open general licenses**  
No.

**Licenses with quotas**  
No.

**Other nontariff measures**  
Yes.  
Imports from Israel are prohibited. Some items, a list of which is
Import taxes and/or tariffs | Yes. | In addition to customs duties, imports are subject to VAT and, in some cases, to consumption tax. Certain imports destined for domestic investment projects are eligible for full or partial exemption from import duties.

Taxes collected through the exchange system | No. |

State import monopoly | No. |

References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

**Repatriation requirements** | Yes. | Export proceeds must be repatriated within 10 days of the payment due date. If no credit is extended, payment is due within, effective February 4, 2020, 60 days (previously 30 days) of the date of shipment. Nonresident companies exclusively engaged in exporting goods or services and covered by Law No. 2016-71 of September 30, 2016 relating to investment, as well as nonresident international trading companies and nonresident enterprises established in an economic business park, are not required to repatriate or surrender their export proceeds. Authorized intermediaries must repatriate to their CB accounts any positive balance on correspondent accounts related to residents’ foreign exchange transactions at the end of every business day. Balances resulting from nonresident transactions may be kept in correspondent accounts and invested abroad. Exports by nonresidents are subject only to customs declaration.

**Surrender requirements** | Yes. | Resident exporters may retain in their professional accounts up to 100% of their foreign exchange export proceeds and their foreign currency loans contracted in accordance with existing exchange regulations. To pay their expenses in foreign currency, holders of professional foreign exchange accounts must first use the funds in their account and should retain in the account only amounts they actually need. Any surplus must be surrendered for dinars in the foreign exchange market, potentially amounting to 100% of the proceeds repatriated.

**Surrender to the central bank** | No. |

**Surrender to authorized dealers** | Yes. | Resident exporters may retain in their professional accounts up to 100% of their foreign exchange export proceeds and their foreign currency loans contracted in accordance with existing exchange regulations. To pay their expenses in foreign currency, holders of professional foreign exchange accounts must first use the funds in their account and should retain in the account only amounts they actually need. Any surplus must be surrendered for dinars in the foreign exchange market, potentially amounting to 100% of the proceeds repatriated.

**Financing requirements** | No. | Resident operators may agree to terms of up to 360 days for payment of their exports, under the regulations.

**Documentation requirements** | Yes. |

**Letters of credit** | No. |

**Guarantees** | No. |

**Domiciliation** | Yes. | Exports of goods must be domiciled with an approved intermediary.
Preshipment inspection | Yes. | Some products listed by the Ministry of Trade are subject to technical export controls.
---|---|---
Other | No. | 

**Export licenses**

Without quotas | Yes. | Most exports are free from licensing requirements, and certain goods may be exported with an authorization issued by the Ministry of Trade. Tunisia has signed bilateral free trade agreements with Egypt, Iraq, Jordan, Libya, Morocco, Syria, and Turkey providing for the reduction of tariff barriers. A quadripartite free trade agreement was signed with the Mediterranean Arab countries (Egypt, Jordan, Morocco).
---|---|---
With quotas | No. | 

**Export taxes**

Collect through the exchange system | No. | 
---|---|---
Other export taxes | No. | 

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers** | Yes. | 
Trade-related payments | Yes. | Transfers may be made without restriction for payment of freight, storage, and warehousing services; transit and administrative fees; customs duties; commissions; and fees for analyses and controls of materials and products.
---|---|---

**Prior approval**

Quantitative limits | No. | 
Indicative limits/bona fide test | No. | 

**Investment-related payments** | Yes. | Income from foreign capital invested in accordance with the laws and regulations in effect and interest on foreign currency loans contracted by residents in accordance with the regulations in effect may be transferred freely in accordance with the provisions of Article 1 of the Foreign Exchange and Foreign Trade Code and various BCT circulars. Rent from real estate purchased or constructed before 1956, owned by nonresidents, may be transferred. Rent from second homes owned by nonresidents and integrated into tourism projects is freely transferable.
---|---|---

**Prior approval**

Quantitative limits | No. | 
Indicative limits/bona fide test | No. | 

**Payments for travel** | Yes. | The annual allowance for tourism travel is TD 6,000 an adult and TD 3,000 a child under 10.
---|---|---

**Prior approval**

Quantitative limits | Yes. | The business travel allowance (Allocation Voyages d’Affaires—AVA) for exporters is 25% of export proceeds for the
current year. Any unused portion of this allowance may be carried forward to subsequent years, provided the cumulative amount does not exceed the annual limit of TD 500,000.

Effective February 4, 2020, resident individuals or legal entities that have concluded contracts for studies, design, works, monitoring, control, and other services with a contracting authority based outside Tunisia may apply to approved intermediaries for business travel allowances for “Contracts Executable Abroad.” The amount of this allowance is set at 15% of the portion of the contract price payable in convertible currencies under which the granting of the allowance is requested. These individuals and entities can combine the “Exporter” business travel allowance and the “Contracts Executable Abroad” business travel allowance. Under no circumstances may the foreign currency receipts that have already been used for the calculation of the transfer rights under one of the two allowances be included in the foreign currency receipts accepted for the calculation of the transfer.

Previously, resident individuals and legal entities that had signed service or work contracts with nonresidents that could be fully or partially implemented abroad could receive an “Exporter” business travel advance based on the agreed amount payable in convertible foreign exchange indicated in the agreement, within the annual limit. Resident individuals and legal entities that do not receive “Exporter” or the “Contracts Executable Abroad” business travel allowances and that carry out a professional activity requiring travel abroad and that are among the activities listed in the list may apply to approved intermediaries for business travel allowances for “Other Activities.” The amount of the “Other Activities” business travel allowance is set at: 8% of the turnover excluding taxes of the previous year declared to the tax authorities with a ceiling of TD 50,000 a calendar year for the activities mentioned in numbers 1–25 of the list in Annex No. 2 to Circular No. 2020-03. The allowance is set at TD 400,000 a calendar year for banking activity.

Developers of new projects for which the execution requires travel abroad may receive a business travel allowance for “Other Activities” of TD 50,000.

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Ceilings may be raised on approval in case of documented need.</td>
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<tr>
<td>Personal payments</td>
<td>Yes.</td>
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<tr>
<td>There are no restrictions on the transfer of pensions.</td>
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<tr>
<td>Prior approval</td>
<td>Yes.</td>
</tr>
<tr>
<td>Alimony payments to an ex-spouse and child support under a final judgment are freely transferable.</td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>The annual allowance for expenses related to travel abroad for reasons of health is TD 1,500. Persons accompanying patients may transfer up to TD 250 a trip in the case of medical or paramedical staff and TD 1,000 in all other cases. The annual settlement allowance for residents pursuing studies abroad is TD 4,000, and the monthly living expense allowance for each cycle for students is TD 3,000. Registration fees and education allowances are freely transferable up to the amount due to a foreign educational institution. The amounts that may be transferred abroad for professional training are TD 4,000 for each training cycle as a settlement allowance and TD 3,000 a month for living expenses. Registration and training fees are freely transferable up to the amounts required by the foreign training institution.</td>
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| Indicative limits/bona fide test | Yes. |
| The limit of TD 1,500 for expenses related to travel abroad for reasons of health may be exceeded if the patient’s condition requires several trips abroad during the same year. |
| Foreign workers' wages | Yes. |
| Prior approval | No. |
Foreign employees working in Tunisia as contractors or technical cooperation personnel may transfer without restriction the full amount of their pay net of taxes, including bonuses and allowances. There is no limit on transfers of savings from salaries. The same applies to Tunisian individuals residing abroad, recruited by a nonresident parent company located abroad and seconded by it to its subsidiaries in Tunisia.

Operators eligible for the AVA may use their credit cards abroad. The tourism travel allowance may be transferred using international payment cards. The cards may also be used for transfers of funds from tourist travel accounts. Annual allowance usable by international payment card is granted to any resident company and to any resident individual Tunisian national holding a diploma at least equivalent to a baccalaureate, up to annual ceilings of TD 10,000 and TD 1,000, respectively, to freely engage in Internet transactions such as payment for subscription or hosting costs for websites or mobile applications, advertising and access to subcontracting platforms, and expenses related to the collection of information and the purchase of online training services, application development tools, and software licenses. Effective January 30, 2019, the amount of the maximum annual allowance is set at TD 100,000 for any resident company having obtained the “Startup” Label in accordance with the regulations in force.

Authorized intermediaries are required to comply with the ceilings that have been set.

Those eligible for the AVA may use their international payment cards abroad only to the extent of their entitlement for the allowance.

Authorized intermediaries are required to comply with the ceilings that have been set.

Subscription fees for journals and periodicals, membership fees, dues for foreign associations and organizations, publication fees for scientific articles, payments for literary and artistic rights, legal proceedings, arbitrage, and attorney fees are freely transferable. Payments that are not on subsistence expenditure, in connection with contracts for works, studies, monitoring, supervision, and other services carried out abroad, excluding commercial agreements for the purchase of selling merchandise abroad (constituting international trade operations provided under Circular No. 2001-01 of January 10, 2001), may be carried out freely after repatriations executed under the agreement.

Residents are required to repatriate promptly all remuneration for services rendered to nonresidents and all proceeds from invisible transactions received from abroad.

Resident corporate exporters may retain in their professional foreign exchange accounts 100% of their foreign currency from export.
earnings as well as from their foreign exchange borrowing contracted in accordance with the exchange regulations in effect. To pay their expenses in foreign currency, holders of professional foreign exchange accounts must first, under their authority, use the funds in their account and should retain in the account only amounts they actually need, which may potentially amount to 100% of the proceeds repatriated. Resident individuals providing services abroad are exempted from surrendering foreign currency proceeds, which are earmarked for deposit in a PPR account in foreign exchange or in convertible dinars.

<table>
<thead>
<tr>
<th>Restrictions on use of funds</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents are required to repatriate promptly all income from investment abroad as well as all proceeds from the divestiture or liquidation of such investments.

Stocks in existing companies in Tunisia may be acquired freely with foreign exchange transferred from abroad by foreign nonresidents. Authorization from the Higher Investment Commission (HIC) for acquisition by foreigners of shares with voting rights when the foreign ownership in the capital of the companies is equal to or more than 50% is no longer required.

The following two operations are no longer subject to prior authorization from the BCT: (1) Acquisition, through outward payment of the relevant price, of stock or equity stakes in resident companies operating in Tunisia in accordance with the relevant legislation, by a nonresident individual or legal entity of foreign nationality from a nonresident individual or legal entity of foreign nationality; and (2) subscription by nonresidents to increase capital in companies established in Tunisia in accordance with the relevant legislation, by conversion of advances on their partner current accounts arranged in foreign exchange to capital stakes in accordance with the current foreign exchange regulations.

Nonresidents may sell freely shares of companies established in Tunisia. They may also transfer freely net real proceeds from the sale of shares that were purchased with foreign exchange transferred from...
abroad for an investment made in accordance with the legislation in
effect, pursuant to Article 1 of the Foreign Exchange and Foreign
Trade Code and Circular No. 2018-14 of December 26, 2018,
relating to investment in foreign currency by nonresidents in Tunisia.

Purchase abroad by residents

Yes. The acquisition of assets abroad by residents is subject to BCT
authorization. However, resident exporters may transfer freely the
equivalent of TD 100,000–1 million a year, or up to TD 3 million a
year for those who use the foreign exchange export proceeds held in
their professional accounts to finance equity participation in
companies abroad. Nonexporting companies may transfer funds
abroad for equity participation in the amount of TD 100,000–
500,000.

Sale or issue abroad by residents

Yes. Any act intended to dispose of or to change the composition of the
assets of persons abroad and to reduce their rights to these assets is
subject to the approval of the BCT.

All residents are required to declare to the BCT and to repatriate their
foreign assets invested from Tunisia.

However, Tunisian nationals returning to Tunisia from abroad and
foreign individuals in Tunisia are subject to the obligation to declare
and repatriate their assets accumulated abroad before the date of
change of residence.

Bonds or other debt securities

Yes.

Purchase locally by nonresidents

Yes. Subscription by nonresident foreigners of debt securities issued by
the government or resident companies is subject to BCT approval,
except (1) 20% of the estimated semiannual amount of treasury bond
issues and (2) 20% of bonds issued by resident companies listed on
the stock exchange or with a rating from a rating agency. Such bonds
are not subject to a minimum holding period requirement.

Sale or issue locally by nonresidents

Yes. Transfers linked to the redemption of public securities are made on
the basis of a notification of execution delivered by the intermediary
authorized to engage in transactions involving such securities and
after verification—with respect to the latter, as in the case of private
securities—that the initial acquisition was financed by means of
imported foreign exchange, pursuant to the provisions of Circular

The issue of bonds or other debt securities on the national market by
nonresidents is subject to prior authorization.

Purchase abroad by residents

Yes. The acquisition of assets abroad by residents is subject to BCT
authorization. However, the holders of PPR accounts in foreign
currency may purchase securities abroad by debiting these accounts.

Sale or issue abroad by residents

Yes. Any act intended to dispose of or to change the composition of the
assets of residents abroad and to reduce their rights to these assets is
subject to the approval of the BCT.

All residents are required to declare to the BCT and to repatriate their
foreign assets invested from Tunisia.

On money market instruments

Yes.

Purchase locally by nonresidents

Yes. Transfers linked to the redemption of public securities are made on
the basis of a notification of execution delivered by the intermediary
authorized to engage in transactions involving such securities and
after verification—with respect to the latter, as in the case of private
securities—that the initial acquisition was financed by means of
imported foreign exchange.

Sale or issue locally by nonresidents

Yes. Transfers linked to the redemption of public securities are made on
the basis of a notification of execution delivered by the intermediary
authorized to engage in transactions involving such securities and
after verification—with respect to the latter, as in the case of private
securities—that the initial acquisition was financed by means of
Imported foreign exchange.

The acquisition of assets abroad by residents is subject to authorization. However, holders of special accounts in foreign currency or in convertible dinars, exchange subagency accounts, service provider accounts, or Law No. 2007-41 special accounts may purchase securities abroad by debiting these accounts.

Sale or issue abroad by residents

Yes. Any act intended to dispose of or to change the composition of the assets of residents abroad and to reduce their rights to these assets is subject to the approval of the BCT. All residents are required to declare to the BCT, dispose of and repatriate their assets abroad. Investment income from PPR accounts of resident individuals is not covered by the disposal obligation.

On collective investment securities

Yes.

Purchase locally by nonresidents

Yes. Nonresidents may acquire freely shares of Tunisian mutual funds with foreign exchange transferred from abroad.

Sale or issue locally by nonresidents

Yes. Nonresidents may transfer freely net real proceeds from sales of Tunisian mutual fund shares acquired with foreign exchange transferred from abroad. The issuance of SICAV (Société d'investissement à capital variable—an open-ended collective investment scheme) and other collective investment securities on the domestic market by nonresidents is governed by Law No. 2009-64 of August 12, 2009, promulgating the code on financial services rendered to nonresidents.

Controls on derivatives and other instruments

Yes. Controls apply to all transactions in derivatives and other instruments. However, resident banks may engage in (1) foreign currency swaps maturing in up to 12 months with nonresident banks operating in Tunisia and with foreign correspondent banks; (2) foreign currency/dinar swaps maturing in up to 12 months among themselves and with resident enterprises, provided the transactions in question back actual commercial or financial transactions; and (3) foreign currency/convertible dinar swaps, by making spot purchases and forward sales of convertible dinars to nonresident banks operating in Tunisia, foreign correspondent banks, and nonresident enterprises operating in Tunisia. For the purposes of hedging against foreign exchange rate risk, resident and nonresident authorized intermediaries may enter into forward rate agreements for terms of up to 12 months with resident enterprises or with their foreign correspondent banks.

Purchase locally by nonresidents

Yes.

Sale or issue locally by nonresidents

Yes.

Purchase abroad by residents

Yes. The acquisition of assets abroad by residents is subject to authorization. However, resident exporters may transfer freely the equivalent of TD 100,000–1 million a year or, using funds from their professional accounts, up to TD 3 million a year to finance equity participation in companies located abroad. Nonexporting companies may transfer funds abroad for equity participation in the amount of TD 100,000–500,000.

Sale or issue abroad by residents

Yes. Residents must promptly repatriate any proceeds from an investment abroad, as well as the proceeds from the eventual sale or liquidation of such investment pursuant to the Foreign Exchange and Foreign Trade Code.
### Controls on credit operations

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

These credits require BCT approval, except for credits in foreign currency granted on the money market to refinance import or export operations of nonresident industrial enterprises established in Tunisia. Authorized intermediaries may finance, out of resources from the foreign exchange money market, the imports and exports of nonresident service companies established in Tunisia, as well as exports of products of local origin by nonresident international trading companies established in Tunisia. These nonresident companies may also be granted operating loans against resources in the foreign exchange money market. In addition, resident banks may extend short-term dinar loans to nonresident companies to finance local operating expenses and to finance the purchase, on the local market, of products and merchandise necessary for the nonresidents’ operations.

Resident banks may extend operating loans against resources in the foreign exchange money market to nonresident service companies in Tunisia engaged in imports and exports as well as to nonresident international trading companies in Tunisia engaged in exports of products of local origin.

Resident exporting companies may have foreign currency credits on foreign currency money market resources for investment transactions.

### To residents from nonresidents

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Pursuant to Circular No. 2020-13, effective June 2, 2020, resident enterprises may, for their own business needs, contract foreign currency loans from nonresidents. Foreign currency loans whose repayment period does not exceed 12 months are freely contracted up to the following amounts: (1) TD 25 million a calendar year for banks and financial institutions approved within the framework of Law No. 2016-48; (2) TD 10 million a calendar year for other enterprises, including micro-finance companies. Foreign currency loans with a repayment period exceeding 12 months are freely contracted under the following conditions: (1) without limit of amount for the banks and financial institutions referred to in Article 3, listed on the stock exchange or having obtained a rating from one of the rating organizations appearing on the list in the appendix of the Circular; (2) up to a limit of TD 50 million a calendar year for other enterprises, including micro-finance companies referred to in Article 3, provided these enterprises are listed on the stock exchange or have obtained a rating from one of the rating organizations appearing on the list in the Annex of the Circular; (3) up to a limit of TD 30 million a calendar year for enterprises that do not meet the condition of listing on the stock exchange or rating.

Previously, resident credit institutions and other resident enterprises could freely contract foreign currency commercial loans from nonresidents up to the limit of TD 10 million and TD 3 million, respectively. Resident credit institutions and other enterprises with a rating from a credit rating agency or listed on the stock exchange could freely contract foreign currency commercial loans from nonresidents in maturities of more than 12 months without limit for the former and up to TD 10 million for the latter. Decree No. 77-608 of July 27, 1977 applies to credits outside the limits set by Circular No. 93-16 of October 7, 1993.
Pursuant to Circular No. 2020-13, effective June 2, 2020, resident enterprises may, for their own business needs, contract foreign currency loans from nonresidents. Foreign currency loans whose repayment period does not exceed 12 months are freely contracted up to the following amounts: (1) TD 25 million a calendar year for banks and financial institutions approved within the framework of Law No. 2016-48; (2) TD 10 million a calendar year for other enterprises, including micro-finance companies. Foreign currency loans with a repayment period exceeding 12 months are freely contracted under the following conditions: (1) without limit of amount for the banks and financial institutions referred to in Article 3, listed on the stock exchange or having obtained a rating from one of the rating organizations appearing on the list in the appendix of the Circular; (2) up to a limit of TD 50 million a calendar year for other enterprises, including micro-finance companies referred to in Article 3, provided these enterprises are listed on the stock exchange or have obtained a rating from one of the rating organizations appearing on the list in the Annex of the Circular; and (3) up to a limit of TD 30 million a calendar year for enterprises that do not meet the condition of listing on the stock exchange or rating.

Previously, resident credit institutions and other resident enterprises could freely contract foreign currency commercial loans from nonresidents up to the limit of TD 10 million and TD 3 million, respectively. Resident credit institutions and other enterprises with a rating from a credit rating agency or listed on the stock exchange could freely contract foreign currency commercial loans from nonresidents in maturities of more than 12 months without limit for the former and up to TD 10 million for the latter. Decree No. 77-608 of July 27, 1977 applies to credits outside the limits set by Circular No. 93-16 of October 7, 1993.

Resident banks may freely issue bid bonds, performance bonds, advance payment bonds, contract holdback bonds, or any other bonds on behalf of resident exporters of goods or services to guarantee their obligations to nonresidents.

They may also freely issue guarantees for the payment by residents, on the order of resident importers, with respect to their purchases from nonresident suppliers.

The same applies to the issuance and establishment of repayment guarantees for foreign currency loans freely contracted by residents.

At the request and with the counter guarantee of a nonresident bank, resident banks may grant the usual bank guarantees required of nonresident service providers by residents in connection with business contracts, work contracts, and service contracts executable in Tunisia.

Direct investment by residents abroad is generally subject to BCT approval. However, resident exporting companies may freely transfer the equivalent of TD 50,000–500,000 a year to finance representative or liaison offices abroad; TD 100,000–1 million a year for foreign investment in the form of branches, subsidiaries, and equity participation in companies; and up to TD 3 million a year for investments funded from foreign exchange export proceeds held in professional accounts. For nonexporting companies, the limit on
transfers abroad for the same types of investment is TD 50,000–250,000 to finance representative or liaison offices and TD 100,000–500,000 for branches, subsidiaries, and equity participation abroad. Residents may freely participate in the capital of nonresident companies established in Tunisia, at the time either of incorporation or of a capital increase and through the purchase of shares or equity in such companies.

**Inward direct investment**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
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<tbody>
<tr>
<td>Yes.</td>
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</table>

Foreigners may invest in most economic sectors. However, the participation of nonresident foreigners in certain sectors remains subject to BCT approval after a favorable opinion from the supervisory authority. Foreign nonresidents may, using foreign exchange transferred from abroad, purchase shares or equity in companies in Tunisia under Law No. 2016-71 of September 30, 2016, on Investment, or at the time of a capital increase beyond their preferential subscription rights without exchange authorization, subject to compliance with the legislation governing the activity. Foreign nonresidents may purchase land and buildings in industrial zones and land in tourism areas for economic development projects with foreign exchange transferred from abroad.

**Controls on liquidation of direct investment**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
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<tbody>
<tr>
<td>No.</td>
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</table>

All FDIs carried out legitimately in Tunisia with foreign exchange transferred from abroad are guaranteed the right to repatriate the net proceeds from the sale or liquidation of the invested capital, even if the net proceeds exceed the initial value of the foreign exchange invested.

**Controls on real estate transactions**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
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</tbody>
</table>

Purchases require BCT approval, except transactions debited from PPR accounts in foreign currency or convertible dinars.

**Purchase abroad by residents**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Yes.</td>
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</tbody>
</table>

Purchases by nonresident foreigners require BCT approval. However, foreign nonresidents may freely purchase land and buildings in industrial zones and land in tourism areas for economic projects with foreign exchange transferred from abroad.

**Sale locally by nonresidents**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
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</tbody>
</table>

Authorization is required for sales other than those made to a resident and involving real estate that is the subject of a land title. These sales are recorded in the Land Registry solely on presentation of documentation showing that the price was deposited by the buyer in a suspense or capital account maintained in the name of the seller on the books of an authorized intermediary.

**Controls on personal capital transactions**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Yes.</td>
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</table>

**Loans**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
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</tbody>
</table>

Residents must obtain BCT approval for lending to nonresidents.

**By residents to nonresidents**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
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</tbody>
</table>

Residents must obtain BCT approval for borrowing from nonresidents.

**Gifts, endowments, inheritances, and legacies**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

Authorization is not required to take possession of an inheritance established in Tunisia for the benefit of a nonresident. The transfer of proceeds from gifts, endowments, and inheritances not previously guaranteed is subject to BCT approval.

**By residents to nonresidents**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

Authorization is not required for gifts from nonresidents to residents and for taking possession of an inheritance established abroad for a resident. Proceeds from gifts and inheritances must be declared and repatriated.

**Settlement of debts abroad by immigrants**

<table>
<thead>
<tr>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

Repayment of debt contracted in foreign currencies by nonresident immigrants from dinar accounts is subject to approval by the BCT.
### Transfer of assets

- **Transfer abroad by emigrants:** Yes. The transfer of the proceeds from assets not qualifying for the transfer guarantee is subject to approval by the BCT.

- **Transfer into the country by immigrants:** Yes. Nonresident Tunisian nationals returning permanently to the country must declare their assets or proceeds and revenue from their assets abroad.

- **Transfer of gambling and prize earnings:** Yes. The cash transfer of the proceeds of earnings from casino games duly authorized, including by the gaming commission, is not restricted. Such transfers are generally allowed as of the opening of the casino pursuant to an approval granted by the BCT.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

#### Provisions specific to commercial banks and other credit institutions

- **Borrowing abroad:** Yes. Resident credit institutions may contract all types of foreign currency loans (for example, buyer credits, supplier credits, financial loans, financial leases) for their business needs from nonresidents, up to effective June 2, 2020, TD 25 million (previously TD 10 million) a year if the repayment period does not exceed 12 months. There is no limit on such loans if their maturity is longer than 12 months and they are contracted by credit institutions rated by a rating agency and by credit institutions listed on the stock exchange.

- **Maintenance of accounts abroad:** Yes. Resident banks may freely open correspondent accounts with foreign banks. Authorized intermediaries must repatriate to their CB account at the end of every business day any balance on their correspondent accounts related to residents’ foreign exchange transactions. Balances resulting from nonresident transactions may be kept in correspondent accounts and invested abroad.

- **Lending to nonresidents (financial or commercial credits):** Yes. BCT approval is required for loans granted by resident banks to nonresidents. However, resident banks may freely extend loans in the foreign exchange money market to nonresident industrial enterprises in Tunisia for operating expenses and to finance their imports and exports. Authorized intermediaries may finance, out of resources from the foreign exchange money market, the imports and exports of nonresident service companies in Tunisia, as well as exports of products of local origin by nonresident international trading companies in Tunisia. These nonresident companies may also receive operating loans against resources in the foreign exchange money market. Resident banks may extend dinar loans to nonresident companies to finance local (dinar-denominated) operating expenses and purchases of products and merchandise necessary for their operations. Such loans may not be used to purchase foreign exchange and must be placed in special accounts.

- **Lending locally in foreign exchange:** Yes. Resident banks may freely finance in the foreign exchange money market the import and export operations of resident entities. They may lend foreign exchange to exporting resident companies to finance investments made under current foreign exchange regulations. They may also freely lend their foreign currency surpluses to other resident banks and to their correspondent banks in exchange for loans with the same maturity in another currency.

- **Purchase of locally issued securities denominated in foreign exchange:** Yes. Purchases of locally issued securities denominated in foreign exchange are subject to BCT approval.

- **Differential treatment of deposit accounts in foreign exchange:** Yes.
### Reserve requirements
Yes.
Tunisia does not impose reserve requirements on foreign currency deposit accounts. Only deposits in dinars are taken into account in the calculation of the reserve requirement at a rate of 1%. To determine the reserve requirement, a rate of 1% is imposed on demand deposits and other liabilities to customers.

### Liquid asset requirements
Yes.
The liquidity ratio requirement takes foreign currency deposits into account and is calculated as the ratio between readily convertible assets and callable liabilities. The numerator is primarily composed as follows: cash and holdings with the BCT and banks (100%); short-term discount portfolio (60%); advances on deposit accounts, cash vouchers, and other financial income (100%); debtor accounts (7%); and collection portfolio and security holdings in portfolio and listed on the stock exchange (100%). The denominator of the liquidity ratio is primarily composed of the following, weighted as follows: borrowing from the BCT, banks, and specialized financial institutions (100%); required credit balance on the required reserve (100%); demand accounts (60%); special savings accounts (3%); time accounts; other financial instruments (13%); CDs (40%); and funds in transit (comptes exigibles après encaissement—accounts payable after cashing—100%).

### Interest rate controls
Yes.
The remuneration on foreign exchange accounts is freely negotiated with banks. Dinar balances in suspense accounts and capital accounts do not earn interest.

### Credit controls
n.a.

### Differential treatment of deposit accounts held by nonresidents
Yes.

<table>
<thead>
<tr>
<th>Reserve requirements</th>
<th>Yes. Dinar deposits of nonresidents are included in the calculation of the reserve requirement ratios.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid asset requirements</td>
<td>Yes. The liquidity ratio requirement takes nonresidents’ deposits into account.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>Yes. Interest rates on dinar and convertible dinar deposits of nonresidents are freely negotiated, except for demand accounts, for which there is a cap of 2%. The annual interest rate on foreign exchange accounts in convertible dinars held by Tunisian residents abroad and special accounts in convertible dinars must equal at least the average overnight money market rate minus 2 percentage points (pps). The minimum interest rate on savings in dinars is 3.50%.</td>
</tr>
</tbody>
</table>

### Credit controls
n.a.

### Investment regulations
Yes.

<table>
<thead>
<tr>
<th>Abroad by banks</th>
<th>Yes. Approval of the MOF and the BCT is required for a credit institution to open an office or branch. Resident banks may invest abroad up to 20% of the foreign exchange assets belonging to their resident customers, according to the terms and conditions specified by the BCT. However, this measure has not yet been implemented.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In banks by nonresidents</td>
<td>Yes. Approval is required for any acquisition of capital in a bank or other financial institution and, in all cases, for the acquisition of a proportion of the voting rights equal to or exceeding one-tenth, one-fifth, one-third, one-half, or two-thirds of the voting rights, as well as of any instrument that may result in the transfer of a significant proportion of the assets, potentially changing its financial structure or the focus of its activities.</td>
</tr>
</tbody>
</table>

### Open foreign exchange position limits
Yes.
Net open positions of banks operating in the foreign exchange market resulting from both spot and forward transactions are limited to 10% of banks’ net own funds in each currency, with a limit of 20% for positions in all currencies. The net open position regulation also includes a provision that banks must liquidate a foreign exchange...
position if it has lost more than 3% of its value if it is equal to or higher than TD 200,000.

| **On resident assets and liabilities** | Yes. |
| **On nonresident assets and liabilities** | No. |
| **Provisions specific to institutional investors** | Yes. |
| **Insurance companies** | Yes. |
| **Limits (max.) on securities issued by nonresidents** | Yes. |
| **Limits (max.) on investment portfolio held abroad** | Yes. |
| **Limits (min.) on investment portfolio held locally** | No. |
| **Currency-matching regulations on assets/liabilities composition** | No. |
| **Pension funds** | Yes. |
| **Limits (max.) on securities issued by nonresidents** | Yes. |
| **Limits (max.) on investment portfolio held abroad** | Yes. |
| **Limits (min.) on investment portfolio held locally** | n.a. |
| **Currency-matching regulations on assets/liabilities composition** | n.a. |
| **Investment firms and collective investment funds** | Yes. |
| **Limits (max.) on securities issued by nonresidents** | n.a. |
| **Limits (max.) on investment portfolio held abroad** | Yes. |
| **Limits (min.) on investment portfolio held locally** | Yes. |
| **Currency-matching regulations on assets/liabilities composition** | No. |

| **References to legal instruments and hyperlinks** | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Changes during 2019 and 2020**

**Exchange Arrangement**

| **Classification** | Crawl-like arrangement 01/01/2019 |
| **Changes during 2019 and 2020** | The foreign exchange auctions became more frequent in the foreign exchange market and the Central Bank of Tunisia (BCT) ceased interventions outside the auction mechanism, and calls for tender |
(appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar.

The Central Bank of Tunisia’s (BCT’s) reference exchange rate is based on the results of foreign exchange auctions to allow for price discovery. Previously, a fixing arrangement (that is, the average of market participants’ quotes) determined the reference exchange rate published by the BCT. At the start of the business day, the most active banks in the market were consulted to get their dinar–US dollar quotes. The BCT calculated the average of these quotes and used the average rate obtained as the daily reference exchange rate. At the close of the business day, banks reported a second quote to the BCT.

The foreign exchange auctions became more frequent and the Central Bank of Tunisia (BCT) ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar.

The foreign exchange auctions became more frequent to support price discovery in the foreign exchange market and the Central Bank of Tunisia (BCT) ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar.

The foreign exchange auctions became more frequent to support price discovery in the foreign exchange market and the Central Bank of Tunisia (BCT) ceased interventions outside the auction mechanism, and calls for tender (appel d’offre) became the sole intervention method. Previously, the BCT intervened in the foreign exchange market when market rates differed substantially from the day’s fixing rates, to smooth excessive fluctuations in the exchange rate for the dinar.

Foreign exchange accounts permitted

“Start-up accounts in foreign currency” may be opened in the name of each resident company, with the “start-up” label issued in accordance with the regulations in force.
The “start-up account in foreign currency” may be credited with: (1) foreign currency originating from export transactions of goods and services carried out by the start-up account holder; (2) foreign currency originating from (1) nonresident participation in the capital of the start-up, (2) acquisitions by nonresidents of bonds convertible into shares issued by the start-up, (3) advances in associated current accounts, and (4) in general any form of quasi-equity in the start-up’s foreign currency. The import of foreign currency for these operations must be the subject of investment forms drawn up in accordance with the regulations in force; (3) profits accruing to the start-up, made in respect of its investments referred to in paragraph (d) of Article 4 of Circular No. 2019-01; (4) interest earned on sums held in this account under the conditions set by the Central Bank of Tunisia for the foreign currency accounts of residents; (5) transfers from another “start-up account in foreign currency” of the same holder.

Imports and Import Payments

Circular No. 2020-02 clarified and eased certain requirements for advance payment. The advance payment may not exceed 50% of the value of the import operation subject to the payment, except when the value of the imported products does not exceed TD 20,000. The advance payment must be made on submission of the commercial contract or a copy of the market contract.

Advance payment of the price of imported goods is permitted, provided: (1) the imported goods are intended for direct use by the resident importer in the production cycle of goods or services of its business; (2) the value of the goods subject to the import operation is not more than TD 20,000 as stipulated in the commercial contract; (3) the advance payment is required by the supplier under the commercial contract.

Sales prices may be settled by any means of payment, where the related contracts provide for payment terms of up to 60 days from the date of shipment of the goods.

Sales for which the related contracts provide for payment terms ranging from 61 days to 360 days from the date of shipment of the goods are made freely when they meet one of the following conditions: (1) They are accompanied by a payment guarantee issued by a nonresident bank. (2) They provide for the opening of an irrevocable documentary credit or standby LC for the benefit of the resident exporter. (3) They provide for payment by a draft issued in the name of the approved intermediary or endorsed in its favor and endorsed by a nonresident bank. (4) They are covered by an export credit insurance policy.

In addition, sales for which the related contracts provide for payment periods ranging from 61 days to 360 days from the date of shipment of goods and which do not meet one of the conditions referred to in Article 11 paragraph 1 of Circular No. 2020-02 as well as sales providing for payment periods exceeding 360 days are subject to prior authorization of the BCT.

For sales paid by documentary credit or documentary remittance against payment or acceptance, the exporter must submit to the Authorized Intermediary, on receipt of the goods by the carrier, the documents representing the goods (final invoice, transport document, etc.). Any direct delivery of these documents to the customer or the carrier is prohibited.
Exports and Export Proceeds

Repatriation requirements

02/04/2020 If no credit is extended, payment is due within 60 days (previously 30 days) of the date of shipment.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Payments for travel

02/04/2020 Resident individuals or legal entities that have concluded contracts for studies, design, works, monitoring, control, and other services with a contracting authority based outside Tunisia may apply to approved intermediaries for business travel allowances for “Contracts Executable Abroad.” The amount of this allowance is set at 15% of the portion of the contract price payable in convertible currencies under which the granting of the allowance is requested. These individuals and entities can combine the “Exporter” business travel allowance and the “Contracts Executable Abroad” business travel allowance. Under no circumstances may the foreign currency receipts that have already been used for the calculation of the transfer rights under one of the two allowances be included in the foreign currency receipts accepted for the calculation of the transfer. Previously, resident individuals and legal entities that had signed service or work contracts with nonresidents that could be fully or partially implemented abroad could receive an “Exporter” business travel advance based on the agreed amount payable in convertible foreign exchange indicated in the agreement, within the annual limit. The amount of the maximum annual allowance is set at TD 100,000 for any resident company having obtained the “Startup” Label in accordance with the regulations in force.

Capital Transactions

Controls on capital transactions

Controls on credit operations

Commercial credits

To residents from nonresidents

06/02/2020 Pursuant to Circular No. 2020-13, resident enterprises may, for their own business needs, contract foreign currency loans from nonresidents. Foreign currency loans whose repayment period does not exceed 12 months are freely contracted up to the following amounts: (1) TD 25 million a calendar year for banks and financial institutions approved within the framework of Law No. 2016-48; (2) TD 10 million a calendar year for other enterprises, including micro-finance companies. Foreign currency loans with a repayment period exceeding 12 months are freely contracted under the following conditions: (1) without limit of amount for the banks and financial institutions referred to in Article 3, listed on the stock exchange or having obtained a rating from one of the rating organizations appearing on the list in the appendix of the Circular; (2) up to a limit of TD 50 million a calendar year for other enterprises, including micro-finance companies referred to in Article 3, provided these enterprises are listed on the stock exchange or have obtained a rating from one of the rating organizations appearing on the list in the Annex of the Circular; (3) up to a limit of TD 30 million a calendar year for enterprises that do not meet the condition of listing on the stock exchange or rating. Previously, resident credit institutions and other resident enterprises could freely contract foreign currency commercial loans from
Financial credits

Pursuant to Circular No. 2020-13, resident enterprises may, for their own business needs, contract foreign currency loans from nonresidents. Foreign currency loans whose repayment period does not exceed 12 months are freely contracted up to the following amounts: (1) TD 25 million a calendar year for banks and financial institutions approved within the framework of Law No. 2016-48; (2) TD 10 million a calendar year for other enterprises, including micro-finance companies.

Foreign currency loans with a repayment period exceeding 12 months are freely contracted under the following conditions: (1) without limit of amount for the banks and financial institutions referred to in Article 3, listed on the stock exchange or having obtained a rating from one of the rating organizations appearing on the list in the appendix of the Circular; (2) up to a limit of TD 50 million a calendar year for other enterprises, including micro-finance companies referred to in Article 3, provided these enterprises are listed on the stock exchange or have obtained a rating from one of the rating organizations appearing on the list in the Annex of the Circular; (3) up to a limit of TD 30 million a calendar year for enterprises that do not meet the condition of listing on the stock exchange or rating.

Previously, resident credit institutions and other resident enterprises could freely contract foreign currency commercial loans from nonresidents up to the limit of TD 10 million and TD 3 million, respectively. Resident credit institutions and other enterprises with a rating from a credit rating agency or listed on the stock exchange could freely contract foreign currency commercial loans from nonresidents in maturities of more than 12 months without limit for the former and up to TD 10 million for the latter. Decree No. 77-608 of July 27, 1977 applies to credits outside the limits set by Circular No. 93-16 of October 7, 1993.

Provisions Specific to the Financial Sector

Resident credit institutions may contract all types of foreign currency loans (for example, buyer credits, supplier credits, financial loans, financial leases) for their business needs from nonresidents, up to TD 25 million (previously TD 10 million) a year if the repayment period does not exceed 12 months.

Provisions specific to commercial banks and other credit institutions

Borrowing abroad

06/02/2020
**Turkey**

*(Position as of June 30, 2020)*

## Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Status</th>
<th>Date of Acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII</td>
<td>Yes</td>
<td>March 22, 1990</td>
</tr>
<tr>
<td>XIV</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

## Exchange Measures

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictions and/or multiple currency practices</td>
<td>No</td>
</tr>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>Yes</td>
</tr>
</tbody>
</table>

For the implementation of the UNSC Resolution No. 1267 and its successor resolutions related to individuals and entities associated with Al-Qaida, Taliban, and Da’esh, and UNSC Resolution No. 1373 related to combating terrorism and the financing of terrorism, Turkey maintains an asset freezing mechanism under provisions of the Law No. 6415 on the Prevention of Financing of Terrorism (Official Gazette No. 28561 of February 16, 2013). Turkey maintains the following exchange measures in accordance with EU regulations: Iraq, the Islamic Republic of Iran, Liberia, certain individuals associated with the previous government of the former Federal Republic of Yugoslavia, and Zimbabwe. Turkey maintains security restrictions imposed by the following UNSC resolutions: (1) Resolution No. 1737, which bans the supply of nuclear-related materials and technology, and calls for a freeze of the assets of key individuals and companies related to the Iranian nuclear program; (2) Resolution No. 1747, which imposes an arms embargo and expands the freeze on Iranian assets; (3) Resolution No. 1803, which extends the asset freeze and directs states to monitor the activities of Iranian banks, inspect Iranian ships and aircraft, and monitor the movement of individuals involved with the program; (4) Resolution No. 1929, which bars Iran from activities related to ballistic missiles, tightens the arms embargo, imposes travel bans on individuals involved with Iranian shipping lines, and recommends that countries inspect Iranian cargo, prohibit servicing of Iranian vessels involved in prohibited activities, closely watch Iranian individuals and entities when dealing with them, prohibit Iranian banks from opening on their territory and entering into relationships with their banks if it could contribute to the nuclear program, and prevent financial institutions operating in their territory from opening offices and accounts in Iran; and (5) Resolutions Nos. 1970 and 1973, which impose an arms embargo on Libya, freeze assets, and impose a travel ban on those listed in the annexes of the resolutions.

## Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td>The currency of Turkey is the Turkish lira (TRY), replacing the new</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Turkish lira, which was used during a transitional period from January 1, 2005, through December 31, 2008.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
Yes.

The de jure exchange rate arrangement is free floating. Under the current regime, the foreign exchange supply and demand is mainly determined by economic fundamentals, the monetary and fiscal policies implemented, international developments and expectations. The Central Bank of the Republic of Turkey (CBRT) has no nominal or real exchange rate target. Nevertheless, if the exchange rates are at odds with economic fundamentals or excessive volatility poses risk to financial stability, the CBRT will not remain indifferent to these developments. If the exchange rate movements permanently affect price stability, the CBRT will change its monetary policy stance and give the necessary reaction. The CBRT will continue to closely monitor exchange rate developments and any risk factors related to it and will take necessary measures and use the relevant instruments to make sure that the foreign exchange market operates efficiently. The CBRT announced the general framework of the monetary and exchange rate policies envisaged for 2019 in a presentation titled “Monetary and Exchange Rate Policy for 2019” on December 5, 2018. The CBRT applies a reserve option mechanism (ROM) as a monetary policy tool. In this framework, the CBRT allows banks to hold a fraction of their mandatory reserves for lira liabilities in foreign currency and gold. The CBRT may increase or decrease the reserve option coefficients (ROCs), the amount of foreign currency or gold required to meet one unit of Turkish lira required reserves (RR). Typically, the ROC is an increasing function of different tranches of lira RR; the tranches of the mechanism and the corresponding levels of ROC are determined by the CBRT. The ROM has been used as an active policy tool by the CBRT and has contributed to stabilization of capital flow volatility, indirectly influencing exchange rate movement. In 2018, the CBRT contributed to banks’ foreign exchange liquidity management through the instruments it used. The CBRT provided foreign exchange liquidity...
to the financial system via the reserve requirement ratios (RRRs) and ROM. Accordingly, the CBRT reduced foreign exchange and Turkish lira (TL) RRRs, and lowered the upper limit for the foreign exchange maintenance facility under the ROM, thereby providing approximately US$13.4 billion of liquidity to the financial system. The CBRT continued to conduct Foreign Exchange Deposits against Turkish lira deposits auctions, and with revisions made throughout the year, the auction amount was reduced to US$500 million from US$1.5 billion, the highest level in 2018. With a view to providing depth in foreign exchange markets and contributing to the corporate sector’s management of exchange rate risk, the CBRT continued to hold Turkish lira-settled forward foreign exchange sale auctions, which were launched in November 2017. In addition to these auctions, on August 31, 2018, the TL-settled forward foreign exchange transactions were also launched at the Derivatives Market (VIOP) operating under BIST to contribute to the effective functioning of the foreign exchange markets. Total position amount of Turkish lira-settled forward foreign exchange transactions against TL at the CBRT and BIST VIOP has recently registered a decline. On November 1, 2018, TL currency swap market was opened at the CB to enhance banks’ efficiency in TL and foreign exchange liquidity management. Moreover, CBRT, in line with its current monetary policy, conducts swap transactions in the BIST Swap Market. The CBRT continued with the efforts to bring out domestic gold savings into the financial system in this period as well. At the same time, transactions at the gold against foreign exchange market were launched, and banks were provided with the location swap facility in gold transactions. In 2018, the foreign exchange demand of US$7.2 billion of energy-importing state-owned enterprises was met by the CBRT. Given the CBRT’s policy focus on limiting exchange rate volatility through the various instruments used, the de facto exchange rate arrangement is classified as floating.

Free floating

**Official exchange rate**

Yes. There is no official exchange rate determined by the CBRT. However, there is an indicative rate, which is determined through six CBRT observations between 10:00 a.m. and 3:00 p.m., at one-hour intervals, taking the average value of the averages of the buying and selling rates as quoted by banks in the interbank foreign exchange market for US$1. The arithmetic average of the six observed values thus obtained is the CBRT’s midrate for US$1. The buying and selling rates for US$1 are calculated based on the midrate. Similarly, the respective cross-rates of the currencies for which the CBRT announces indicative exchange rates are collected between 10:00 a.m. and 3:00 p.m. at one-hour intervals. The indicative exchange rates are announced at 3:30 p.m. and used for accounting transactions and some branch transactions of the CBRT, but there are no mandatory rates for individuals or entities.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*
Monetary aggregate target

Inflation-targeting framework  Yes.  The CBRT has a formal inflation-targeting framework since 2006.

Target setting body  Yes.

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank  Yes.  Inflation target is set jointly by the government and CBRT.

Inflation target  Yes.

Target number  Yes.

Point target

Target with tolerance band  Yes.  From 2012 onwards, the target is 5% consumer price index inflation at the end of the year. A 2 percentage point (pp) uncertainty band is set around the midpoint inflation target of 5%.

Band/Range

Target measure  Yes.

CPI  Yes.  The headline consumer price index is publicly announced by the Turkish Statistical Institute (TURKSTAT). The end-year consumer price index inflation is calculated in year-on-year (y-o-y) terms.

Core inflation

Target horizon  Yes.  The horizon over which the inflation target must be accomplished is two years.

Operating target (policy rate)  Yes.

Policy rate  Yes.  On June 1, 2018, the CB simplified its operational framework of monetary policy and decided to adopt the one-week repo rate as the sole monetary policy rate. The CB overnight borrowing and lending rates since this date are determined at 150 basis points below/above the one-week repo rate, and the Monetary Policy Committee does not make separate announcements for these rates.

Target corridor band  Yes.  From June 1, 2018, the target corridor band is determined between 150 basis points below/above the policy rate, that is, the one-week repo rate.

Other  Yes.  From June 1, 2018, the CB overnight borrowing and lending rates are determined at 150 basis points below/above the one-week repo rate (the policy rate). The CB borrowing rate for Late Liquidity Window operations is 0%, whereas the lending rate for these operations is determined by adding 150 basis points to the CBRT’s overnight lending rate.

Accountability  Yes.

Open letter  Yes.  If the end-year inflation outcome breaches the upper or lower end of the uncertainty band, the CBRT is required by law to send a letter to the government to explain the reasons behind why the target was missed.
<table>
<thead>
<tr>
<th><strong>Parliamentary hearings</strong></th>
<th>Yes.</th>
<th>Two presentations are made by the governor to the Council of Ministers. Two presentations are made by the governor to the parliament’s Plan and Budget Committee.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Publication of votes</strong></td>
<td>No.</td>
<td>No information is published on the number of votes.</td>
</tr>
<tr>
<td><strong>Publication of minutes</strong></td>
<td>Yes.</td>
<td>The CBRT used to hold policy meetings each month and publicly announce the minutes on a monthly basis. But starting from 2017, the number of policy meetings has been reduced to 8, and the minutes will be announced within a week following the policy meeting date.</td>
</tr>
<tr>
<td><strong>Publication of inflation forecasts</strong></td>
<td>Yes.</td>
<td>The CBRT announces the inflation forecasts through quarterly inflation reports.</td>
</tr>
<tr>
<td><strong>Other monetary framework</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Exchange tax</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Exchange subsidy</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange market</strong></td>
<td>Yes.</td>
<td>Commercial banks may freely set their exchange rates and commissions in transactions with their clients. Banks are allowed to freely trade all foreign currencies by the amendment of Decree No. 32 on the Protection of the Value of Turkish Currency.</td>
</tr>
<tr>
<td><strong>Spot exchange market</strong></td>
<td>Yes.</td>
<td>Banks, the General Directorate of Post and Telegraph Organization Branches (PTT), and foreign exchange bureaus are authorized to deal in foreign exchange with the public in the spot market. The Ministry of Treasury and Finance grants licenses to the foreign exchange bureaus. As of December 31, 2019, there were 748 foreign exchange bureaus operating in Turkey with 121 branches. Banks are legally authorized to perform foreign exchange transactions. As of December 31, 2019, there were 47 banks and 5 Islamic banks operating in the foreign exchange market.</td>
</tr>
<tr>
<td><strong>Operated by the central bank</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange standing facility</strong></td>
<td>Yes.</td>
<td>The CBRT was an intermediary in the foreign exchange market until it gradually phased out its functions in 2002 by reducing banks’ transaction limits to zero. By abandoning intermediation, the CBRT aimed to enhance the depth of the foreign exchange market to allow for pricing that fully reflects risk perception. However, CBRT has temporarily resumed intermediation in several instances since then, to enhance foreign exchange liquidity in the interbank market. Most recently, the CBRT resumed its intermediary function at the Foreign Exchange Deposit Market from August 13, 2018. From September 27, 2018, the selling rate for foreign exchange deposits at one-week maturity was increased from 2.75% to 4.25% for USD and from 1.25% to 2% for EUR and the selling rate for foreign exchange deposits at one-month maturity was increased from 3% to 5% for USD and from 1.4% to 2.5% for EUR. Effective August 1, 2019, the selling rate for foreign exchange deposits at 1-week maturity was reduced from 4.25% to 4% and at 1-month maturity from 5% to 4.75% for USD. Also, when deemed necessary, without any need for a press release, these rates, the rates applied to banks’ borrowings of the USD and EUR from the CB as a last resort facility, may be adjusted in either direction at 9:30 a.m. on business days and will be valid for the same business day. The rates are announced through Anadolu Agency DV006, Reuters CBTJ, and Bloomberg CBT pages.</td>
</tr>
</tbody>
</table>
To support the foreign exchange liquidity, the transaction limits of the banks in the CBRT Foreign Exchange and Banknotes Markets were increased by approximately 130% to US$50 billion (as calculated by current EURUSD parity) on September 1, 2015.

The CBRT accepts foreign exchange deposits as a collateral, and on November 11, 2016, the limits were set as US$20 billion and EUR 7.2 billion. From August 13, 2018, collateral foreign exchange deposit limits for Turkish lira transactions of banks were raised to 20 billion euros from 7.2 billion euros. The buying rate on collateral foreign exchange deposits for the USD was raised to 2% (from 1.50%) from September 27, 2018, and to 2.25% from December 24, 2018, for 1-week, 2-week, and 1-month maturities. Effective August 1, 2019, the buying rate on collateral foreign exchange deposits for the USD was reduced from 2.25% to 2% for 1-week, 2-week, and 1-month maturities. The buying rate on collateral foreign exchange deposits for the EUR remains at 0%.

From November 1, 2018, TL currency swap market was opened to enhance banks’ efficiency in TL and foreign exchange liquidity management. These transactions are conducted at one-week maturities via quotation method with banks, and the maximum amount for these transactions is limited to 10% of the banks’ predetermined transaction limits at the Foreign Exchange and Banknotes Market. Currently, the amount of TL swap transactions against foreign exchange is at US$295 million as of November 30, 2018.

The CBRT, in line with its current monetary policy, conducts bilateral transactions in the BIST Swap Market at various maturities.

The CBRT may intervene directly or through flexible auctions in the market, in case of unhealthy price formations because of speculative behavior stemming from a loss in market depth. The CBRT has issued the following auction guidelines for Foreign Exchange Buying-Selling Auctions against Turkish lira: (1) Only banks authorized to operate in Foreign Exchange and Banknotes Markets in the CB may participate in intraday auctions. (2) The number and other details of the auction are announced through Reuters CBTQ, Bloomberg CBT/Foreign Exchange Auctions, and Anadolu Agency DV007 pages. Following the announcement of the auction, banks may submit their offers within 15 minutes. (3) Offers may be sent via the CBRT Payment Systems Auction System (IhS). (4) Auctions are held under the multiple price method. (5) The results of the auctions are announced through Reuters CBTQ, Bloomberg CBT/Foreign Exchange Auctions, and Anadolu Agency DV007 pages within 15 minutes of the deadline for submission of the offers. (6) The minimum offer amount is US$1 million and larger amounts in multiples thereof. (7) The maximum bid amount for each bank is limited to 10% of the total auction amount. (8) Banks may not change their offer amounts and/or prices during the auction. (9) The full amount of offers received is met up to the auction amount. (10) If there is more than one offer at the price at which the auction is finalized, the distribution is made on pro-rata basis. (11) Banks that do not fulfill their obligations arising from the auctions are subject to the sanctions specified in the Implementation Instructions of the Foreign Exchange and Banknotes Markets.

Between February 2015 and April 2016, the foreign exchange auction selling amount was set on a daily basis depending on the conditions in the foreign exchange market. The CBRT suspended the foreign exchange sale auctions from April 28, 2016. CBRT did not conduct foreign exchange buying or selling transactions, neither directly nor via auctions since then. However, the CBRT continues to
supply foreign exchange to energy state-owned enterprises (SOEs) which started in December 2014.

With the aim of enhancing flexibility and instrument diversity of the Turkish lira and foreign exchange liquidity management within the current monetary and exchange rate policy framework, the CBRT held foreign exchange deposits against Turkish lira deposit auctions between January 18, 2017, and March 22, 2019, and conducted Turkish lira-settled forward foreign exchange sale auctions between November 20, 2017, and December 31, 2018.

Fixing

Interbank market

Yes. Banks may carry out foreign exchange transactions according to Decree No. 32 and the Banking Law. There are no limitations on foreign exchange transactions among banks. The main participants in the foreign exchange market are banks and authorized institutions. As of December 31, 2019, there were 52 banks (including two banks under management of the Savings Deposit Insurance Fund (SDIF) and six branches of foreign banks) and 748 authorized institutions in the foreign exchange market. Regulations on foreign exchange transactions are issued by the Ministry of Treasury and Finance.

Over the counter

Yes. There is a functioning OTC foreign exchange market in which banks may engage in foreign exchange transactions.

Brokerage

Yes. The foreign exchange market usually operates on the basis of an electronic broker system such as Reuters or some other brokers. Banks also provide foreign exchange quotes via Reuters page IYIX directly and update them throughout the day. The pricing is continuous in the market, with quotes given from 9:00 a.m. to 6:00 p.m. throughout the day on Reuters page IYIX or by brokers. After the domestic market closes, quotes continue to be provided by brokers in the international markets.

Market making

No.

Forward exchange market

Yes. Banks may carry out forward transactions according to Decree No. 32 on the Protection of the Value of Turkish Currency. From September 20, 2018, banks which are authorized in accordance with BIST regulations and the CBRT may trade on BIST Swap Market. In the market, swap transactions are carried out aiming the exchange of Turkish lira and US dollar, Turkish lira and euro currencies with each other in the determined conditions. Orders are placed only on House accounts. Takasbank provides central counterparty service for the Market and guarantees the settlement termination by acting as buyer to the seller and seller to the buyer for any transaction executed. Previously, banks carried out foreign exchange swap transactions over the counter.

Official cover of forward operations

Yes. The CBRT may carry out swap, forward, and derivatives transactions with respect to its reserve position in light of the exchange rate policy.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements

Yes.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.
<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may conduct foreign exchange transactions and execute contracts among themselves in foreign currency as stated and permitted under exchange legislation.</td>
<td></td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outstanding balances of an agreement with Poland are being settled in accordance with the terms of that agreement.</td>
<td></td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
<tr>
<td>The Ministry of Treasury and Finance and the CBRT administer exchange controls.</td>
<td></td>
</tr>
<tr>
<td>Payments arrears</td>
<td>No.</td>
</tr>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>Yes.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with the Foreign Trade Regime, exports and imports of precious metals and stones or articles containing them may be conducted freely. However, imports and exports of standard and nonstandard unwrought precious metals must be declared to the customs administration and are not subject to the provisions of the Imports and Exports Regime, Decrees and Regulations. Only the CBRT and intermediary institutions dealing in precious metals that are members of the BIST may import standard unprocessed precious metals (gold, silver, platinum, and palladium) without being subject to the provisions of the Foreign Trade Regime, but the latter must surrender the gold to the BIST within three days. Nonstandard unprocessed precious metals may be imported by BIST members and nonmembers. However, if these nonstandard unprocessed precious metals are imported by a member of the BIST, they must be delivered to the BIST within three business days as in the case of standard unprocessed precious metal imports. Selling operations of gold imported by BIST members must initially take place in the BIST. Banks may open gold deposit accounts for natural and juridical entities in Turkey and abroad. However, the processed gold must be delivered to banks by account holders or transferred through bank accounts in Turkey or abroad or sold by banks to open gold deposit accounts. Banks may trade in precious metals according to Article 4/h of the Banking Law. Within the framework of the foreign exchange regulations, banks may extend gold credits to customers. The buying and selling prices of gold are freely determined by banks.</td>
<td></td>
</tr>
<tr>
<td>On external trade</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Intermediary institutions dealing in precious metals may obtain gold credits from abroad on their own behalf and/or on behalf of their customers. However, unprocessed gold obtained and brought into Turkey as a credit must be transferred to the BIST within three days. Travelers may import and export ornamental articles of precious metals and stones valued at not more than the equivalent of US$15,000. Articles exceeding this value may be exported only if they were declared on arrival or with proof that they were purchased in Turkey.

According to the provision of Article 16 of the Law No. 5549 on Prevention of Laundering Proceeds of Crime (Official Gazette No. 26323 of October 18, 2006), travelers making a physical cross-border transportation of Turkish currency, foreign currency, or payment instruments, must disclose them fully and accurately on the request of Customs Administration. In case no explanations are made or are false or a misleading explanation is made on the request by the authorities, values carried along by the travelers must be sequestrated by the Customs Administration. The Customs Administration shall impose an administrative fine equal to one tenth of the amount carried along on travelers who do not make a disclosure and one tenth of the difference between the value carried along and the value disclosed on travelers who make a false disclosure about the amount. Besides, the case must be considered as suspicious and must be conveyed to MASAK (Mali Suçları Araştırma Kurulu—the Financial Crimes Investigation Board) and other related authorities. The provisions of this paragraph may not apply to the differences up to TRY 1,500. (According to Article 28 of the Law No. 5549 on Prevention of Laundering Proceeds of Crime, fixed amounts, which is stated in the Articles 13 and 16 of this Law, are applied at the beginning of each year by increasing the rate of revaluation determined in accordance with the Tax Procedure Law No. 213 of April 1, 1961, for the previous year. The amounts up to ten new Turkish liras are not considered in the calculations. According to calculations, the amount for 2019 is TRY 4,400.)

Besides, the Ministry of Trade issued a Circular No. 2016/1 about the implementation. Accordingly, passengers entering or leaving Turkey are obliged to disclose their cash that they are carrying with them when they are officially invited to disclose.

Travelers may freely take abroad up to TRY 25,000 (Amendment to the Decree No. 32 on the Protection of the Value of Turkish Currency by the Decree No. 2015/7603 – April 14, 2015). Amounts permitted to be freely taken out of the country in cash were changed to TRY 25,000 for national currency and €10,000 or its equivalent for foreign currencies.

According to Decree No. 32 on the Protection of the Value of Turkish Currency (as amended) the limits for a person taking out foreign currency banknotes and Turkish currency abroad without any obligations are as follows: for Turkish currency, the equivalent of TRY 25,000; for foreign currency banknotes, the €10,000 or its equivalent.

Decree No. 32 on the Protection of the Value of Turkish Currency, published in Official Gazette No. 29578 of June 11, 2015, was amended to authorize the ministry to set principles for taking out Turkish currency greater than TRY 25,000 and foreign currency banknotes greater than €10,000 or its equivalent abroad.

Communique No. 2008-32/34 attached to the Decree No. 32 Regarding the Protection of the Value of Turkish Currency, published in Official Gazette No. 29578 of December 30, 2015, was amended.
to set principles for taking out Turkish currency and foreign currency banknotes as follows: taking out foreign exchange greater than €10,000 or its equivalent or Turkish currency and payment instruments denominated in Turkish currency greater than TRY 25,000, accompanied by a traveler must be declared to customs authorities with cash declaration form issued by the Trade Ministry. The obligation to declare is not fulfilled if the traveler makes no declaration or if the information provided is incorrect or misleading. In the event of failure to comply with the declaration obligation, cash must be sequestrated and the matter reported to MASAK, the Financial Crimes Investigation Board as suspicious case. Also, it must be reported to the public prosecution office to impose a fine for failure to comply with the declaration obligation.

Besides, the Ministry of Trade issued a Circular No. 2016/1 about the implementation. Accordingly, passengers entering or leaving Turkey are obliged to disclose their cash that they are carrying with them when they are officially invited to disclose.

<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travelers may freely take foreign currency up to €10,000 or its equivalent out of the country.</td>
<td></td>
</tr>
<tr>
<td>According to Decree No. 32 on the Protection of the Value of Turkish Currency (as amended) the limits for a person taking out foreign currency banknotes abroad without any obligations is €10,000 or its equivalent.</td>
<td></td>
</tr>
<tr>
<td>Decree No. 32 on the Protection of the Value of Turkish Currency, published in Official Gazette No. 29578 of June 11, 2015, was amended to authorize the ministry to set principles for taking out foreign currency banknotes greater than €10,000 or its equivalent.</td>
<td></td>
</tr>
<tr>
<td>According to Communiqué No. 2008-32/34 attached to the Decree No. 32 Regarding the Protection of the Value of Turkish Currency, published in Official Gazette No. 29578 of December 30, 2015, for taking out foreign exchange greater than €10,000 or its equivalent accompanied by a traveler must be declared to customs authorities with cash declaration form issued by the Trade Ministry. The obligation to declare is not fulfilled if the traveler makes no declaration or the information provided is incorrect or misleading. In the event of failure to comply with the declaration obligation, cash must be sequestrated and the matter reported to MASAK, the Financial Crimes Investigation Board as suspicious case. Also, it must be reported to the public prosecution office to impose a fine for failure to comply with the declaration obligation.</td>
<td></td>
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<tr>
<td>Besides, the Ministry of Trade issued a Circular No. 2016/1 about the implementation. Accordingly, passengers entering or leaving Turkey are obliged to disclose their cash that they are carrying with them when they are officially invited to disclose.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On imports</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to the provision of Article 16 of the Law No. 5549 on Prevention of Laundering Proceeds of Crime (Official Gazette No. 26323 of October 18, 2006), travelers making a physical cross-border transportation of Turkish currency, foreign currency, or payment by them, must disclose them fully and accurately on the request of Customs Administration. In case no explanations are made or false or misleading explanation is made on the request by the authorities, values carried along by the travelers must be sequestrated by the Customs Administration. The Customs Administration shall impose an administrative fine equal to one tenth of the amount carried along on travelers who do not make a disclosure and one tenth of the difference between the value carried along and the value disclosed on travelers who make a false disclosure about the amount. Besides, the case must be considered as suspicious and must be conveyed to MASAK and other related authorities. The provisions of this paragraph may not apply to the differences up to TRY 1,500.</td>
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**Domestic currency**  
No.

**Foreign currency**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Resident Accounts**

**Foreign exchange accounts permitted**  
Yes.

**Held domestically**  
Yes.

**Approval required**  
No.

**Held abroad**  
Yes.

**Approval required**  
No.

**Accounts in domestic currency held abroad**  
Yes.

**Accounts in domestic currency convertible into foreign currency**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Nonresident Accounts**

**Foreign exchange accounts permitted**  
Yes.

**Approval required**  
No.

**Domestic currency accounts**  
Yes.

**Convertible into foreign currency**  
Yes.

**Approval required**  
No.

**Blocked accounts**  
No.

**References to legal instruments and hyperlinks**  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Imports and Import Payments

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import licenses and other nontariff measures</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Imports of certain items are restricted or prohibited for environmental, security, health, or public morality reasons or in accordance with international obligations. These items include certain carcinogenic dyes, chemicals used in the production of chemical weapons or other arms and ammunition, counterfeit labels, gambling instruments, narcotics, and ozone-depleting substances. Import licenses, which are issued by the relevant authorities, are required for a limited group of items, including some machinery, motor vehicles, and chemicals, and a number of items related to civil aircraft. Imports of old, used, renovated, faulty, or obsolete goods are subject to permission from the Ministry of Trade.

With the expiration of the WTO Agreement on Textiles and Clothing, quotas on textiles and clothing under that agreement, and those implemented to harmonize Turkey’s import policy with that of the EU, were abolished. Quotas remain in place for one non-WTO member.

Turkey applies the EU’s GSP (except some countries as India, Vietnam, Indonesia, etc., and GSP+) the GSP rates that are indicated in List II and List III of the Import Regime. In this context, preferences are granted for all industrial products and industrial components of processed agricultural products covered by the EU’s GSP program. Least developed countries have duty- and quota-free access to the Turkish market for all industrial products under Chapters 25–97 (except Chapter 93) and for processed agricultural products in terms of industrial components covered by the customs union between Turkey and the EU. In accordance with the EU’s GSP program, for developing economies duties have been suspended or reduced in accordance with the sensitivity of the product. Beneficiary
countries are announced annually in annexes to the import regime decree. The simple average tariff rates that apply to imports of (1) industrial products are 4.2% and (2) agricultural products listed in Annex 1 of the Import Regime are 58%. Turkey also provides additional market access possibilities to countries with which it has preferential agreements. Duty rates that are lower than MFN rates are applied for industrial and certain agricultural products originating in these countries. From December 31, 2017, India, Indonesia, and Vietnam were excluded from GSP of Turkey.

CBRT is the sole importer of special types of paper used for printing banknotes and similar valuable papers, treasury bills, and securities issued by the Privatization Administration.

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

From September 4, 2018, Communiqué No. 2018-32/48 Regarding the Decree No. 32 on Protection of the Value of Turkish Currency was put into force for 6 months. Effective March 3, 2019, the validity period of the regulation was extended to one year with the Communiqué No. 2018-32/53 Amending the Communiqué No. 2018-32/48 Regarding the Decree No. 32 on Protection of the Value of Turkish Currency (published on March 3, 2019, at Official Gazette No. 30703). In other words, the regulation was in force until September 3, 2019. According to the regulation, export proceeds relating to export transactions carried out by residents in Turkey must be transferred or brought to the intermediary bank directly and without delay following the importer’s payment. The period of bringing export proceeds to country cannot exceed 180 days from the date of actual export. At least 80% of the export proceeds must be sold to a bank.

Export proceeds, relating to export transactions carried out by residents in Turkey, must be transferred or brought to the intermediary bank directly and without delay following the importer’s payment. The period of bringing export proceeds to country cannot exceed 180 days from the date of actual export. At least 80% of the export proceeds must be sold to a bank.
## TURKEY

<table>
<thead>
<tr>
<th>Without quotas</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All goods, other than those whose exportation is prohibited by law, decrees, or international agreements, may be exported freely within the framework of the Export Regime Decree. However, within the framework of WTO rules, restrictions and prohibitions on exports may be imposed in case of market turmoil; scarcity of the goods to be exported; concerns about public safety, morals, or health; or environmental concerns. (Restricted goods include several varieties of flora and fauna.) Exports of articles of artistic, historical, or archeological value are also restricted.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>With quotas</th>
<th>No.</th>
</tr>
</thead>
</table>

### Export taxes

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Collected through the exchange system</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Other export taxes</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazelnuts and raw skins are subject to export taxes levied as deductions payable to the Support and Price Stabilization Fund, at a rate equivalent to US$0.08 and US$0.04 a kilogram for shelled and in-shell hazelnuts, respectively, and US$0.50 a kilogram for raw skins.</td>
<td></td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

| This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

## Payments for Invisible Transactions and Current Transfers

### Controls on these transfers

<table>
<thead>
<tr>
<th>Yes.</th>
</tr>
</thead>
</table>

### Trade-related payments

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Prior approval</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Quantitative limits</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
</tr>
</thead>
</table>

### Investment-related payments

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Prior approval</th>
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</tr>
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</table>

<table>
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<tr>
<th>Quantitative limits</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
</tr>
</thead>
</table>

### Payments for travel

<table>
<thead>
<tr>
<th>No.</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Prior approval</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Quantitative limits</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
</tr>
</thead>
</table>

### Personal payments

<table>
<thead>
<tr>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Prior approval</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Quantitative limits</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
</tr>
</thead>
</table>

### Foreign workers' wages

<table>
<thead>
<tr>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Prior approval</th>
<th>No.</th>
</tr>
</thead>
</table>

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<tr>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Indicative limits/bona fide test</th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Foreign workers' wages</th>
<th>No.</th>
</tr>
</thead>
</table>

| Prior approval | No. |
Credit cards may be used on a revolving basis up to the equivalent of US$50,000. Balances exceeding this limit must be settled within 30 days.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

According to Decree No. 32 on the Protection of the Value of Turkish Currency, purchases and sales of domestic securities and other instruments by nonresidents and of foreign securities by residents are free of restrictions. However, securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation, and all related transfers must be carried out through banks (including participation banks). Securities and derivative instruments issued or offered to the public by resident legal persons other than public institutions may be freely sold abroad if the prospectus or issue documents are approved by the CMB. According to Communiqué No. III-37.1 on Principles Regarding Investment Services, Investment Activities and Ancillary Services,
On capital market securities  Yes. Securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation.

Istanbul Clearing, Settlement and Custody Bank Inc. (Takasbank) is authorized to provide cash and securities settlement transactions as the central clearing and settlement institution to BIST equities, debt securities, foreign securities, derivatives, and precious metals markets. Securities delivery/receipt as well as cash obligations of BIST members arising from the buy-sell transactions in the related markets are executed via Takasbank.

Additionally, rights related to dematerialized capital market instruments are monitored by the Central Registry Agency. Central Registry Agency is the central securities depository for capital market instruments which are decided by CMB to be dematerialized.

Shares or other securities of a participating nature  Yes.

Purchase locally by nonresidents  No. Purchases of domestic securities and other instruments by nonresidents are free of restrictions, except for investments in (1) mining, except through a company established in Turkey; (2) exploration and exploitation of petroleum by enterprises controlled or owned by foreign countries, unless authorization is granted; (3) radio and television broadcasting, whose foreign partner share may not exceed 50%. Further, Law No. 6112 on the Establishment of Radio and Television Enterprises and Their Media Services Article 19f reads as follows: “A foreign real or legal person can directly become a partner of maximum two media service providers. If foreign real or legal persons hold shares in companies that are shareholders of media service providers and become an indirect partner of the broadcasters, the chair, the deputy chair and the majority of the Board of Executives and the general director of the broadcasting enterprises have to be the citizens of Republic of Turkey, and the majority of the votes in the general assemblies of broadcasting enterprises should belong to real or legal persons having Turkish citizenship. In main contracts of such corporations, the arrangements ensuring these provisions must be stated clearly”; (4) the accounting sector; (5) transportation, in accordance with cabotage rights; and (6) electricity, in the scope of privatization activities; foreign individuals and legal entities may not have a controlling market share in electricity generation, transmission, and distribution. Securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation, and all related transfers must be carried out through banks.

Sale or issue locally by nonresidents  Yes. Foreign capital markets instruments and related terms are defined in the CMB Communiqué on the Foreign Capital Market Instruments, Depository Receipts and Foreign Investment Funds (VII-128.4) as
follows: “Foreign capital market instruments” refers to securities issued by foreign corporations or foreign states and local administrations, except for foreign investment fund units, as further defined in subparagraph (§) of first paragraph of Article 3 of the Capital Market Law (No. 6362); a “Foreign corporation” refers to a corporation or, an establishment issuing capital market instruments according to laws of the relevant country, out of persons resident abroad, as defined in the Governmental Decree on Protection of Value of Turkish Currency No. 32 and “Foreign investment fund units” refer to securities which are issued by a foreign investment fund classified as a collective investment scheme founded abroad, and are considered as other capital market instruments.

The issuance, public offering, private placement, and sale of foreign capital market instruments, fund units, and depository receipts by nonresidents are subject to the provisions of the capital markets legislation. Under New Capital Markets Law No. 6362, nonresident and resident issuers must submit the prospectus to the CMB for approval before a public offering. The principles regarding public offering, private placement, sales to qualified investors, and sales must conform to the provisions of the relevant Communiqué appropriate for the nature of the relevant capital market instrument, unless specified otherwise by the regulations of the CMB. Under the CMB Communiqué on the Foreign Capital Market Instruments, Depository Receipts and Foreign Investment Funds (VII-128.4, published in the Official Gazette of October 23, 2013, along with annulment of Communiqué Serial VII, No. 14, on Principles Regarding the Registration with the Board and Sale of Foreign Mutual Funds), issuers must apply to the CMB for approval of prospectus or issue documents prepared for foreign capital market instruments and depository receipts for the following transactions: (1) public offerings of foreign capital market instruments and depository receipts; (2) sales of foreign capital market instruments and depository receipts through private placement and/or to qualified investors; (3) shares issued by foreign corporations whose shares are traded on the stock exchange through capital contributions and capital contributions to be paid from equities. Further, the Communiqué (1) modifies the requirements for public disclosure, auditing, and independent auditing reports of foreign corporations in line with the new Capital Market Law and related subregulations; (2) establishes a new tool of public disclosure called the Investor Information Document that replaces the circular to inform investors; (3) sets the minimum requirement for net asset value of the fund at €10 million or the equivalent in other currencies and stipulates that they must have been traded for at least three years; (4) indicates that controversy among representative and foreign fund units may be solved through arbitration; and (5) requires that foreign investment fund units sold in Turkey be recorded collectively or individually by rightful owners in accounts opened in the name of the fund representative in the organization of registry where ownership records are kept abroad. In addition, foreign investment fund units must be registered electronically but separately for rightful owners in a subaccount of the fund representative in the Central Registry Agency. Foreign capital market instruments offered to the public must comply with the following: (1) They must not have been rejected for trading on an exchange of the country of issue by the exchange or capital market authority for protection of investors or on similar grounds. (2) The foreign capital market instruments must have been drawn up in liras or foreign currency whose daily exchange rates are announced by the CBRT. (3) Foreign debt instruments must have received an investment rating for long-term...
demand according to the rating scale of the rating agency of the
issuing partnership. This rating must be received one year before
application to the CMB. (4) In case of public offering of foreign
capital market instruments, foreign companies must appoint a
representative agent whose qualifications and obligations are set by
Communiqué No. VII-128.4. (5) The financial reports to be drawn up
by foreign corporations (financial statements, annual report of the
board of directors, statement of responsibility reports) and their
preparation must comply with the accounting standards accepted in
CMB regulations for corporations whose shares are traded on the
stock exchange or, if deemed appropriate by the CMB, with
internationally accepted accounting standards. (6) Foreign
corporations are subject to the same principles as corporations whose
shares are traded on the stock exchange, in terms of independent
audit obligations of financial statements. The independent auditing of
financial tables must be conducted by an independent auditing firm
included on the list of authorized independent auditing firms of the
CMB or an international independent auditing firm to which these
firms belong, in compliance with internationally accepted
independent auditing standards. (7) Foreign corporations must fulfill
all obligations concerning public disclosure to which similar
corporations in Turkey are subject.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
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<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are no restrictions with regard to assets, except when these
assets are to form part of the cover of the technical reserves of an
insurance company. Insurance, reinsurance, and pension companies
may invest their technical reserves in securities issued by residents of
OECD countries to cover their risk held outside Turkey. Securities
transactions must be carried out through banks and intermediary
institutions authorized under the capital markets legislation, and all
related transfers must be carried out through banks (including
participation banks).

The sale, issuance, and public offering of capital market instruments
abroad by resident legal entities, except public institutions and
establishments, are not restricted, provided the document regarding
the issue is submitted to and approved by the CMB, pursuant to the
capital markets legislation. The Capital Markets Law regulates the
registration of capital market instruments. Securities transactions
must be carried out through banks and intermediary institutions
authorized under the capital markets legislation, and all related
transfers must be carried out through banks (including participation banks).

Nonresidents (including investment partnership and investment funds
abroad) may purchase all kinds of securities and other capital market
instruments through banks and intermediary institutions that are
authorized under the capital market legislation.

Foreign capital markets instruments and related terms are defined in
the CMB Communiqué on the Foreign Capital Market Instruments,
Depositary Receipts and Foreign Investment Funds (VII-128.4) as
follows: “Foreign capital market instruments” refer to securities
issued by foreign corporations or foreign states and local
administrations, except for foreign investment fund units, as further
defined in subparagraph (§) of the first paragraph of Article 3 of the
Capital Market Law (6362); a “Foreign corporation” refers to a
corporation or, an establishment issuing capital market instruments
according to laws of the relevant country, from persons resident
abroad, as defined in the Governmental Decree on Protection of
Value of Turkish Currency No.32, and “Foreign investment fund
units” refer to securities issued by a foreign investment fund classified as a collective investment scheme founded abroad, and are considered as other capital market instruments.

The issuance, public offering, private placement, and sale of foreign capital market instruments and depository receipts by nonresidents are subject to the provisions of the capital markets legislation. Nonresident and resident issuers must apply to the CMB for the approval of the prospectus before public offering. The principles regarding public offering, private placement, sales to qualified investors, and sales must be carried out within the framework of the provisions of the Communiqué appropriate for the nature of the capital market instrument, unless specified otherwise by the regulations of the CMB. In accordance with the CMB Communiqué on Foreign Capital Market Instruments, Depository Receipts and Foreign Investment Funds (VII-128.4), issuers must apply to the CMB for approval of the prospectus or issuance document of the following foreign capital market instruments and depository receipts: (1) public offerings of foreign capital market instruments and depository receipts, (2) sales of foreign capital market instruments and depository receipts through private placement and/or to qualified investors, and (3) shares issued by foreign corporations whose shares are traded on the stock exchange through capital contributions and capital contributions to be paid from equities.

Foreign capital market instruments offered to the public in Turkey (1) must not have been rejected for trading on the exchange of the country of issue by the exchange or capital market authority on protection of investors and on similar grounds; (2) must have been drawn up in liras or foreign currencies whose daily exchange rates are announced by the CBRT; (3) must have received an investment rating for long-term demand according to the rating scale of the rating agency of the issuing partnership; this rating must be received one year before application to the CMB; (4) in case of public offering of foreign capital market instruments, foreign companies must appoint a representative agent whose qualifications and obligations are set by Communiqué No. VII-128.4; (5) must have financial reports drawn up by foreign corporations (financial statements, annual report of board of directors, statement of responsibility reports) prepared in compliance with the accounting standards accepted in CMB regulations for corporations whose shares are traded on the stock exchange or, if deemed appropriate by the CMB, with internationally accepted accounting standards; (6) are subject to the same principles as corporations whose shares are traded on the stock exchange, in terms of independent audit obligations of financial statements; independent auditing of financial tables must be conducted by the independent auditing firms listed by the CMB or the international independent auditing firms of which they are members, in compliance with internationally accepted independent auditing standards; and (7) must fulfill all obligations concerning public disclosure to which similar corporations residing in Turkey are subject.

There are no restrictions with regard to assets, except when these assets are to form part of the cover of the technical reserves of an insurance company. Insurance, reinsurance, and pension companies may invest their technical reserves in securities issued by residents of OECD countries to cover risk held outside Turkey. These assets are also held as collateral, provided they are at TAKASBANK (Istanbul Settlement and Custody Bank Inc.). Securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation, and all related transfers must be carried out through banks (including participation banks).
Sale or issue abroad by residents

Yes. The sale, issuance, and public offering of capital market instruments abroad by resident legal entities, except public institutions and establishments, are not restricted, provided the document regarding the issue is approved by the CMB, pursuant to the capital markets legislation. The Capital Markets Law regulates the registration of capital market instruments. In addition to the regulations governing shares or other securities of a participating nature, issuers are required to submit the issue document regarding the issued capital market instrument to be approved by the CMB pursuant to the Communiqué Prospectus and Issue Document (II-5.1).

On money market instruments

Yes.

Purchase locally by nonresidents

No. Purchases of domestic securities and other instruments by nonresidents are free of restrictions. However, securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation, and all related transfers must be carried out through banks (including participation banks).

Sale or issue locally by nonresidents

Yes. Controls apply to the issuance and public sale of money market securities, except for securities that are not regulated under the current legislation on capital markets, such as certificates of deposit (CDs) and bankers’ acceptances. Commercial paper, bank bills, and bank-guaranteed bills with a maturity of less than one year are subject to CMB regulations. Nonresidents are required to apply to the CMB for approval of the prospectus and offer these securities to the public according to Communiqué on Foreign Capital Market Instruments Depository Receipts and Foreign Investment Funds (VII-128.4).

Purchase abroad by residents

Yes. There are no restrictions with regard to assets, except when these assets are to form part of the cover of the technical reserves of an insurance company. Insurance, reinsurance, and pension companies may invest their technical reserves in securities issued by residents of OECD countries with regard to their risk held outside Turkey. Securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation, and all related transfers must be carried out through banks (including participation banks).

Sale or issue abroad by residents

Yes. Commercial paper, bank bills, and bank-guaranteed bills with a maturity of less than one year are subject to the regulations of the CMB. Issuers must apply to the CMB for the approval of the issue document before issuing these securities in a foreign capital market.

On collective investment securities

Yes.

Purchase locally by nonresidents

No.

Sale or issue locally by nonresidents

Yes. Pursuant to Communiqué No. VII-128.4, the sale through active marketing or issuance of these instruments is subject to CMB legislation. Foreign collective investment companies are required to apply to the CMB for approval of fund rules just as domestic collective investment companies must do, before offering their securities to the public. Foreign collective investment companies must have a representative that is a bank or a broadly authorized intermediary institution in Turkey. Public offerings are made by this representative and/or through banks or intermediary institutions authorized by the representative. Fund representative must apply to the CMB for approval of prospectus.

Purchase abroad by residents

Yes. There are no restrictions with regard to purchase of assets abroad by residents, except when these assets are to form part of the cover of...
the technical reserves of an insurance company. Insurance, reinsurance, and pension companies may invest their technical reserves in securities issued by residents of OECD countries with regard to their risk held outside Turkey.

Resident collective investment funds may invest up to 20% of the fund’s net asset value in foreign exchange-traded funds.

Sale or issue abroad by residents  Yes.

According to Capital Markets Law No. 6362, national collective investment companies must apply to the CMB for approval when issuing or selling securities in Turkey or abroad.

Controls on derivatives and other instruments  Yes.

Purchases of derivatives and other instruments by nonresidents are free of restrictions. However, securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation, and all related transfers must be carried out through banks (including participation banks).

Purchase locally by nonresidents  No.

Purchases of derivatives and other instruments by nonresidents are free of restrictions. However, securities transactions must be carried out through banks and intermediary institutions authorized under the capital markets legislation, and all related transfers must be carried out through banks (including participation banks).

Sale or issue locally by nonresidents  Yes.

According to Capital Markets Law No. 6362, the performance of investment services and activities as a regular occupation, business, or a professional activity requires permission from the CMB. Investment services and activities may only be performed by investment firms, which are defined as intermediary institutions as well as other capital market institutions established to perform investment services and activities, the establishment and operation principles of which are designated by the CMB, and banks. Sale and issuance of derivatives are regarded as investment service and activity, which require permission of the CMB. The only exception is noncommercial or nonoccupational sale and purchase of derivative instruments by natural or legal persons among themselves without intermediation of an investment firm.

Sale and issuance of derivatives are regarded as investment service and activity, which require permission of the CMB. The only exception is noncommercial or nonoccupational sale and purchase of derivative instruments by natural or legal persons among themselves without intermediation of an investment firm.

According to Communiqué No. III-37.1 on Principles Regarding Investment Services, Investment Activities and Ancillary Services, investment services and activities obtained by persons residing in Turkey, including from investment firms on their own initiative and from financial institutions abroad, accounts opened at such institutions, cash and other assets transferred to such accounts, and transactions in these accounts are beyond the scope of this Communiqué, provided activities such as promotion, advertisement, and marketing are not intended for persons residing in Turkey.

Purchase abroad by residents  Yes.

There are no restrictions with regard to assets abroad, except when these assets are to form part of the cover of the technical reserves of an insurance company. Insurance, reinsurance, and pension companies may invest their technical reserves in financial institutions established in OECD countries to cover their risk held outside Turkey. There are no controls on derivatives traded abroad whose underlying instruments are the same as those traded in local derivative exchanges. According to Decree No. 32, leveraged transactions and derivative transactions determined to be subject to the same provisions as the former must be conducted by the people resident in Turkey only through competent institutions authorized by the CMB.

Starting March 13, 2017, leveraged transaction of foreign exchange, precious metals, and other assets designated by the CMB must only be conducted by resident through competent institutions authorized by the CMB.

Leveraged transactions are defined as “sale and purchase transactions through leverage of the foreign exchange, precious metals, and other assets designated by the CMB, on an electronic platform, in consideration of collateral deposited” in the Communiqué No. III-37.1.
Furthermore, Article 99 of the Capital Markets Law states that unauthorized leveraged transaction activities which have been carried out via Internet and directed to persons residing in Turkey by companies abroad must be banned by blocking off the access to the relevant website by the Information and Communications Technologies Authority on the request of the CMB.

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<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>No.</th>
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<tbody>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
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<tr>
<td>Commercial credits</td>
<td>Yes.</td>
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<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
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<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
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Credits extended by nonresidents with a maturity of more than one year that are obtained by the public sector or guaranteed by the Treasury must be registered in the External Financing Information System maintained by the Ministry of Treasury and Finance. All other credits are monitored by the CBRT for statistical purposes.

Restrictions apply only to commodity credits of more than two years for exports of nondurable goods and of more than five years for exports of other goods.

Residents may freely obtain Turkish lira credits from abroad, provided they use such credits through banks (including participating banks). With an amendment to Decree No. 32, the authority to determine the maximum maturity period for pre-financing credits is delegated to the Ministry of Treasury and Finance. These credits can be utilized to finance exportation.

An amendment on foreign exchange legislation has been put into force from May 2, 2018 (Official Gazette No. 30312 of January 25, 2018). With the new legislation, in general Turkish residents, who do not have income in foreign currency, cannot take loans in foreign currency domestically or from abroad. The rule will be applied to all Turkish residents apart from those which have some special conditions. For residents that have income in foreign currency who have foreign exchange liabilities less than US$15 million, can borrow in foreign exchange according to a limit which does not exceed the sum of their foreign exchange income of the last three fiscal years. Previously, no such limit was in place. Natural persons resident in Turkey cannot use foreign currency credits domestically or from abroad. Residents in Turkey cannot use foreign currency indexed credits domestically or from abroad.

By residents to nonresidents

Banks, financial leasing companies, factoring companies, financing companies resident in Turkey, and other persons determined by the ministry can extend foreign currency and Turkish lira loans to nonresidents. Residents may extend financial credits in foreign exchange and liras to their parent companies, group companies, affiliates, and subsidiaries abroad. There are no restrictions with regard to assets abroad, except when these assets are to form part of the cover of the technical reserves of an insurance company. Insurance, reinsurance, and pension companies may invest their technical reserves in financial institutions established in OECD countries to cover their risk held outside Turkey.

To residents from nonresidents

An amendment on foreign exchange legislation has been put into force from May 2, 2018 (Official Gazette No. 30312 of January 25, 2018). With the new legislation, in general Turkish residents, who do not have income in foreign currency, cannot take loans in foreign currency domestically or from abroad. The rule will be applied to all Turkish residents apart from those which have some special conditions. For residents that have income in foreign currency who have foreign exchange liabilities less than US$15 million, can
borrow in foreign exchange according to a limit which does not exceed the sum of their foreign exchange income of the last three fiscal years. Previously, no such limit was in place and residents in Turkey could freely obtain credits from abroad, provided such credits were disbursed by means of banks. Natural persons resident in Turkey cannot use foreign currency credits domestically or from abroad. Residents in Turkey cannot use foreign currency indexed credits domestically or from abroad.

<table>
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<tr>
<th>Guarantees, sureties, and financial backup facilities</th>
<th>No.</th>
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<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
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<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
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<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
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<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
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Controls apply to investment in (1) mining, except through a company established in Turkey; (2) exploration and exploitation of petroleum by enterprises controlled or owned by foreign countries, unless authorization is granted; (3) radio and television broadcasting, whose foreign partner share may not exceed 50%. Further, Law No. 6112 on the Establishment of Radio and Television Enterprises and Their Media Services Article 19f reads as follows: “A foreign real or legal person can directly become a partner of maximum two media service providers. If foreign real or legal persons hold shares in companies that are shareholders of media service providers and become an indirect partner of the broadcasters, the chair, the deputy chair and the majority of the Board of Executives and the general director of the broadcasting enterprises have to be the citizens of Republic of Turkey, and the majority of the votes in the general assemblies of broadcasting enterprises should belong to real or legal persons having Turkish citizenship. In main contracts of such corporations, the arrangements ensuring these provisions must be stated clearly”; (4) the accounting, auditing, and bookkeeping services sector; (5) transportation, in accordance with cabotage rights; (6) electricity, in the scope of privatization activities; foreign individuals and legal entities may not have a controlling market share in electricity generation, transmission, and distribution; (7) education; foreign real or legal persons may not set up education institutions unless all students are foreigners. International private education institutions may be set up by real or legal persons on authorization of the Council of Ministers. For tertiary education institutions, the majority in the administrative bodies must be Turkish nationals; (8) aviation; no more than 49% equity participation by foreigners is allowed. Licenses to operate airlines are only granted to locally incorporated companies whose management is under the control of Turkish citizens and the majority of voting shares are owned by Turkish citizens. Airlines, of which the majority of shares are controlled by foreigners, are not permitted to carry passengers from one national airport to another. To obtain ground handling services licenses (A and C Group Licenses), the majority authorized administration and representation of the company must be Turkish. The contract of such a company has to guarantee that the votes of its majority shareholders belong to Turkish nationals; (9) fishing; foreign persons may not obtain a fishing license. Enterprises that are established in Turkey in conformity with the legislation on FDI are subject to prior authorization and license requirements of the Ministry of Agriculture and Forestry. According to Communiqué No...
2012/66 of August 18, 2012, on Regulation of Fish Hunting, foreign persons cannot operate in tuna fishing by renting Turkish vessels; (10) banking; permission to establish a bank, which has to be founded in the form of a joint-stock company, or to open the first branch of a foreign bank in Turkey, shall be given by the Banking Regulation and Supervision Board; (11) port services; port services are provided under concession agreements; (12) advisory services on foreign and international law by foreign lawyers in the Turkish territory; except for establishment in the form of “foreign attorney partnership (yabancı avukatlık ortaklığı)” and based on reciprocity; (13) health-related services; foreign persons can only establish private hospitals with the permission of the Ministry of Health; (14) pharmaceuticals and medical products; an enterprise, which will produce pharmaceuticals or medical products, has to be managed by a responsible director who must be Turkish National.

Controls on liquidation of direct investment
No. Proceeds may be transferred abroad freely but must be reported to the CBRT.

Controls on real estate transactions
Yes.

*Purchase abroad by residents*
Yes. There are no restrictions with regard to assets abroad, except when these assets are to form part of the cover of the technical reserves of an insurance company. Insurance, reinsurance, and pension companies may invest their technical reserves in real estate located in OECD countries to cover their risk held outside Turkey.

*Purchase locally by nonresidents*
Yes. There is no reciprocity requirement in real estate acquisitions of foreign real persons, and the Council of Ministers, in compliance with legal restrictions, bilateral international relations, and national interests, is authorized to determine the countries authorized to acquire real estate in Turkey. The total area of the real estate acquired by foreign real persons may not exceed 10% of the privately owned land in the town and 30 hectares a person across the country. The Council of Ministers may also authorize an increase of 30 hectares not more than twice.

If a foreign real or legal person acquires vacant land, a project must be developed within two years and submitted to the relevant ministry for approval. The project must be monitored by the same ministry. These restrictions for foreign real and legal persons do not apply to the pledge on real estate.

In case of national interest, the Council of Ministers may limit, suspend, or prohibit the acquisition of immovable and/or limited rights in rem of foreign real and legal persons in terms of country, person, geographic area, duration, number, ratio, sort, qualification, area, or quantity. In principle, foreign capital companies established in Turkey may freely acquire and use real estate to conduct business activities listed in the articles of association of their companies. Within this context, companies controlled by foreign investors (the companies in which foreign shareholders own at least 50% of the shares or have the authority to assign or dismiss the majority of the managers), willing to acquire immovable and/or limited rights in rem in Turkey, must apply to the Provincial Planning and Coordination Directorate (Prefecture Office) at the location of the property by presenting the required documents. Moreover, acquisitions in military zones and special security zones require permission from the Turkish military authorities and province governorships, respectively.

These restrictions for foreign capital companies do not apply to the pledge on real estate, liquidation of such pledges, acquisitions of real estate within the context of mergers and divisions of the companies, acquisitions in specific investment areas such as organized industrial zones, technology development zones, or free zones, and acquisitions of banks for the collection of their receivables. However, the banking
regulation stipulates liquidation of such properties within a specific
time frame.
Golden visa scheme is in place with the amendment of the
Regulation on the Implementation of the Turkish Citizenship Law
such that foreign persons may acquire Turkish citizenship by
purchasing real estate of at least US$1 million, which is validated by
the Ministry of Environment and Urbanization.

Sale locally by nonresidents No.

Golden visa scheme is in place with the amendment of the

Sale locally by nonresidents No.

Personal capital in the form of cash may be freely transferred into
and out of the country, in accordance with exchange legislation
through the banking channel. Inward and outward personal capital
transfers in kind may be effected, in accordance with customs and
exchange legislation.

Controls on personal capital transactions No.

Loans

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants

Transfer of assets

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Borrowing abroad No.

Banks and financial leasing companies, factoring companies, and
financing companies, which are resident in Turkey, can freely use
foreign currency credits from abroad.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits)

Yes.

Banks, financial leasing companies, factoring companies, financing
companies resident in Turkey, and other persons determined by the
ministry operating in Turkey may extend credit in foreign exchange
to nonresidents. Such credit may also be extended in liras.

Lending locally in foreign exchange

Yes.

In an attempt to contain risks associated with resident foreign
exchange borrowing, an amendment on foreign exchange legislation
has been put into force from May 2, 2018 (Official Gazette No.
30312 of January 25, 2018). With the new legislation, in general
Turkish residents, who do not have income in foreign currency,
cannot take loans in foreign currency domestically or from abroad.
The rule will be applied to all Turkish residents apart from those
which have some special conditions. For residents that have income
in foreign currency who have foreign exchange liabilities less than US$15 million, can borrow in foreign exchange according to a limit which does not exceed the sum of their foreign exchange income of the last three fiscal years. Previously, no such limit was in place. Natural persons resident in Turkey cannot use foreign currency credits domestically or from abroad. Residents in Turkey cannot use foreign currency indexed credits domestically or from abroad. With the amendment, most of the exceptions in the former regulation were preserved. However, according to previous regulation, banks could extend foreign exchange credit to residents without considering whether they have foreign currency income or not, if the credit has an average maturity exceeding one year and is in an amount not less than US$5 million. With the new regulation, this exception was removed and the rule of borrowing in foreign currency according to a limit which does not exceed the sum of foreign currency income of last three fiscal years has been put into practice for ensuring the firms borrow prudently and manage their foreign exchange risk efficiently.

Purchase of locally issued securities denominated in foreign exchange No.

Differential treatment of deposit accounts in foreign exchange Yes.

Reserve requirements Yes.

Banks (including participation banks) and financing companies must maintain reserve requirements at the CBRT for deposits and other liabilities. RRRs of financing companies have been 0% effective June 14, 2019 (previously, these RRRs were the same as those of banks subject to RRRs). RRRs on Turkish lira liabilities were changed as follows:

Demand deposits, notice deposits, private current accounts, and deposits and participation accounts with maturities up to one month and three months:
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 10.5% to 8%.
(2) As announced February 16, 2019, and effective February 8, 2019, decreased from 8% to 7%.

Deposits and participation accounts with maturities up to six months:
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 7.5% to 5%.
(2) As announced February 16, 2019, and effective February 8, 2019, decreased from 5% to 4%.

Deposits and participation accounts with maturities up to one year:
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 5.5% to 3%.
(2) As announced February 16, 2019, and effective February 8, 2019, decreased from 3% to 2%.

Deposits and participation accounts with one year or longer maturity:
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 4% to 1.5%.
(2) As announced February 16, 2019, and effective February 8, 2019, decreased from 1.5% to 1%.

Other liabilities up to one-year maturity (including one year):
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 10.5% to 8%.
(2) As announced February 16, 2019, and effective February 8, 2019, decreased from 8% to 7%.

Other liabilities up to three-year maturity (including three years):
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 7% to 4.5%.
(2) As announced February 16, 2019, and effective February 8, 2019, decreased from 4.5% to 3.5%.
Other liabilities longer than three-year maturity:
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 4% to 1.5%.
(2) As announced February 16, 2019, and effective February 8, 2019, decreased from 1.5% to 1%

The CBRT raised the RRRs of foreign currency noncore liabilities of banks and financing companies as a way to incentivize maturities of longer than three years as noted below.
The RRRs on foreign currency liabilities (including gold deposit accounts) were changed as follows:

Demand deposits, notice deposits, private current accounts, and deposits/participation accounts up to one-month, three-month, six-month, and one-year maturities:
(1) As announced May 9, 2019, and effective May 3, 2019, increased from 12% to 13%.
(2) As announced May 27, 2019, and effective May 17, 2019, increased from 13% to 15%.

Deposits/participation accounts with one-year or longer maturity:
(1) As announced May 9, 2019, and effective May 3, 2019, increased from 8% to 9%.
(2) As announced May 27, 2019, and effective May 17, 2019, increased from 9% to 11%.

Other liabilities up to one year (including one year):
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 24% to 20%.
(2) As announced May 9, 2019, and effective May 3, 2019, increased from 20% to 21%.

Other liabilities up to two-year maturity (including two years):
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 19% to 15%.
(2) As announced May 9, 2019, and effective May 3, 2019, increased from 15% to 16%.

Other liabilities up to three-year maturity (including three years):
(1) As announced August 13, 2018, and took effect July 27, 2018, decreased from 14% to 10%.
(2) As announced May 9, 2019, and effective May 3, 2019, increased from 10% to 11%.

Other liabilities up to five-year maturity (including five years):
(1) As announced May 9, 2019, and effective May 3, 2019, increased from 6% to 7%.

Other liabilities longer than five-year maturity:
(1) As announced May 9, 2019, and effective May 3, 2019, increased from 4% to 5%.

According to the Press Release No. 2016/2, development and investment banks’ borrower funds were subject to reserve requirements and RRRs for these liabilities are equal to RRRs of “Demand deposits, notice deposits, private current accounts, and deposits and participation accounts with maturities up to one month and three months.”

With the aim of narrowing the cost differential of meeting the lira reserve requirements in liras or foreign exchange, the ROM was launched September 16, 2011. The ROM expresses the structure that allows banks and financing companies to keep a certain ratio of lira reserve requirements in foreign exchange and standard gold and from September 1, 2016, wrought or scrap gold collected by banks from residents.

As announced May 7, 2018, and took effect April 20, 2018, the upper limit for the foreign exchange maintenance facility within the ROM was lowered to 45% from 55%, the first six tranches were reduced by 5 points, and the last five tranches were dropped.
As announced August 6, 2018, and took effect July 27, 2018, the upper limit for the foreign exchange maintenance facility within the ROM has been lowered to 40% from 45%.

As announced August 13, 2018, and took effect July 27, 2018, in addition to US dollars, euro can be used for the maintenance against Turkish lira reserves under the ROM.

As announced February 16, 2019, and effective February 22, 2019, the upper limit of the facility of holding standard gold converted from wrought or scrap gold collected from residents has been increased from 5% to 10% of Turkish lira reserve requirements.

As announced May 9, 2019, and effective May 3, 2019, the upper limit for the foreign exchange maintenance facility within the ROM has been lowered from 40% to 30%.

RR for banks and finance companies must be held in US dollars for liabilities in US dollars, and in US dollars or euros for liabilities in other foreign currencies.

Gold deposit accounts are subject to a reserve requirement. Total RR for precious metal deposit accounts may be maintained as standard gold. Domestic currency reserve requirements are maintained on a two-week-average basis. Banks may carry over 5% of excess or deficiency of their lira RR in one maintenance period to be used or made up only in the following maintenance period; the RR for foreign exchange liabilities must be held in special accounts with the CBRT; 4% may be maintained on a two-week-average basis.

In case of noncompliance with the required reserve obligations, banks and financing companies must hold non-interest-bearing deposits with the CBRT. The deposit must be twice the deficient amount of domestic currency RR and three times the deficient amount of foreign exchange RR and must be in liras and US dollars, respectively.

From October 23, 2018, the CBRT pays interest on banks’ and financing companies’ foreign exchange component of RR at 2% for US-dollar-denominated RR (increased from 1.5%) and 0% for euro-denominated RR.

Effective March 6, 2020, but announced March 7, 2020, the CBRT made changes to the reserve requirement framework to channel loan supply towards productive and production-oriented sectors. Accordingly, banks will be able to benefit from reserve requirement incentives under the following conditions:

For banks with a real annual loan growth rate above 15%: If their adjusted real loan growth rate, which is calculated by deducting the entire real changes in loans with a longer-than-two-year maturity extended to selected sectors and housing loans with a five-year and longer maturity from the numerator of the growth rate formula, is below 15%.

For banks with a real annual loan growth rate below 15%: If their adjusted real loan growth rate, which is calculated by deducting 75% of the real change in retail loans excluding housing loans with a five-year and longer maturity and the entire TL loans extended -starting from 9 March 2020 to facilitate early repayment or early restructuring of FX cash loans from the numerator of the growth rate formula, is above 5%.

Selected sectors have been determined according to the Statistical Classification of Economic Activities in the European Community (NACE) as follows:
Section A: Agriculture, Forestry and Fishing
Section B: Mining and Quarrying
Effective June 12, 2020, but announced June 20, 2020, the CBRT made further changes to the reserve requirement framework to provide banks with flexibility in meeting the loan demand specific to the pandemic by temporarily (until the year end) suspending the enforcement of the rule of having adjusted real loan growth rate below 15% for the banks with a real annual loan growth rate above 15% in order to be able to benefit from reserve requirement incentives.

### Liquid asset requirements

Yes. Foreign currency deposits/participation funds are treated as less stable deposits/participation funds and 10% run off rate is applied to foreign exchange retail deposits, whereas 5% run off rate is applied to national currency deposits. This implementation is in compliance with Basel III LCR Framework. The two LCRs deposit and participation banks must maintain are such that the total LCR must be at least 90% (previously 80%) (in line with the transition rules of the Basel III LCR standard) and foreign currency LCR must be at least 70% (previously 60%), from January 1, 2018. Effective January 1, 2019, total LCR requirement is 100% and foreign exchange LCR requirement is 80%.

### Credit controls

No.

### Differential treatment of deposit accounts held by nonresidents

No.

### Reserve requirements

No.

### Interest rate controls

No.

### Reserve requirements

No.

### Interest rate controls

No.

### Credit controls

No.

### Investment regulations

Yes.

### Abroad by banks

Yes.

The opening of branches or representative offices, establishment of companies, and participation in existing companies abroad by banks founded in Turkey are subject to Banking Regulation and Supervision Agency (BRSA) approval, on the condition of compliance with the corporate governance and protective provisions set forth in the Banking Law and the principles established by the BRSA.

### In banks by nonresidents

Yes.

Acquisition of shares that results in one person directly or indirectly owning shares representing 10% or more of the capital of a bank; acquisition of shares that results in one person owning capital shares exceeding 10%, 20%, 33%, or 50% of the capital of a bank; and transfers of shares that result in one person’s capital shares falling below these limits are subject to BRSA approval. Transactions that result in a reduction in the number of shareholders to fewer than five, or in shares being assigned without permission, may not be registered. These rules apply to the acquisition of voting rights and establishment of rights to usufruct in connection with shares. The assignment and transfer of preferential shares that confer the right to promote a member to the board of directors or audit committee or issue new shares require BRSA approval, regardless of the above...
limits. In the application of these regulations, there is no distinction
between residents and nonresidents.

Open foreign exchange position limits  Yes. The BRSA regulates, supervises, and monitors all banks’ open
foreign exchange positions. All foreign-exchange-indexed assets and
liabilities must be accounted for fully as foreign assets and foreign
liabilities. Banks are required to maintain a balance in their foreign
exchange assets and liabilities and maintain foreign exchange
positions that are in line with their own funds. The absolute value of
the weekly arithmetic mean of daily ratios between net foreign
exchange positions and own funds must be no greater than 20%. If
the maximum is exceeded, banks must inform the BRSA. The
weekly excess must be eliminated within two weeks. The weekly
excess may not exceed more than six times in a calendar year, even if
it is eliminated.

On resident assets and liabilities  Yes.

On nonresident assets and liabilities  Yes.

Provisions specific to institutional
investors  Yes.

Insurance companies  Yes. For insurance companies, limitations on investment instruments
apply equally to residents and nonresidents.

Limits (max.) on securities issued by
nonresidents  Yes. There are no restrictions with regard to assets, except for those that
cover technical reserves. Insurance, reinsurance, and pension
companies may invest their technical reserves in securities issued by
residents of OECD countries to cover risk held outside Turkey.

Limits (max.) on investment portfolio
held abroad  Yes. There are no restrictions with regard to assets, except for those that
cover technical reserves. Insurance, reinsurance, and pension
companies may invest their technical reserves in deposits in financial
institutions established in OECD countries to cover their risk held
outside Turkey.

Limits (min.) on investment portfolio
held locally  Yes. Securities of any one company held by insurance companies may not
exceed 10% of its equity, and a single group’s securities may not
exceed 20% of its equity. Insurance companies must invest their
technical reserves in the following assets: Turkish currency, foreign
currency traded by the CBRT, demand and time deposits in Turkish
currency, deposit accounts in foreign currency, loan facilities on
investment fund participation certificates, profit- or loss-sharing
certificates, treasury bonds, state bonds, foreign-currency-indexed
bonds, receivables from insurance and reinsurance operations,
blocked accounts of credit cards, private sector bonds, bank and
financing bonds, asset-based securities, stocks, real estate and
certificates of real estate repurchase, long-term loan facilities to
natural persons and secured by mortgages, deferred tax assets,
prepaid taxes and funds, other noncurrent assets other than real
estate, and other money and capital market instruments determined
by the Ministry of Treasury and Finance. Insurance companies must
invest their deposits in the following: (1) liras or foreign exchange
traded by the CBRT or accounts in such currencies; (2) government
bonds, treasury bills, and other securities issued by OECD countries
or temporary receipts drawn up by the CBRT for such assets,
provided they are in the name of the insurance company; (3) share
certificates of companies, at least 51% of whose capital is owned by
government economic establishments or public economic
institutions; (4) share certificates and debentures traded on the stock
exchange, provided they do not in general exceed 30% of the total
securities, the share of those belonging to one company does not
exceed 10% of the total securities, or the share of those belonging to
one capital group does not exceed 20% of the total securities; and (5)
participation certificates in investment funds, provided those belonging to one founder do not exceed 10% of the total securities.

Currency-matching regulations on assets/liabilities composition

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension funds</td>
<td>Yes</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Pension funds investing in foreign money and capital market instruments in an amount equal to at least 80% of the portfolio are required to use the word “Foreign” in their commercial names. Pension funds, which do not use the word “Foreign” in their commercial names, may invest in foreign money and capital market instruments up to 50% of their portfolio.

Up to 20% of the portfolio may be invested in investment funds and foreign mutual funds registered by the CMB. The investment for a single fund may not exceed 4% of the portfolio. Exchange-traded funds traded on foreign exchanges may be included in the portfolios of pension funds up to 10% without registration with the CMB.

Pension funds investing in foreign money and capital market instruments in an amount equal to at least 80% of the portfolio are required to use the word “Foreign” in their names. Pension funds, which do not use the word “Foreign” in their commercial names, may invest in foreign money and capital market instruments up to 50% of their portfolio. Pension funds investing in money and capital market instruments issued in foreign currency of domestic and foreign issuers in an amount equal to at least 80% of the portfolio are required to use the word “Foreign Exchange” in their names. (CMB Decision No. i-SPK.4632 s.k.n.17.3 (03.03.2016 tarif ve 7/723 s.k.).)

Up to 20% of the portfolio may be invested in investment funds and foreign mutual funds registered with the CMB. The investment for a single fund may not exceed 4% of the portfolio. Exchange-traded funds traded on foreign exchanges may be included in the portfolios of pension funds up to 10% without registration with the CMB. The rating for foreign debt instruments must bear adequate protection and investment grade in terms of its borrowing structure, sensitivity to changes in the market, and default risk. Rating documents of the relevant instruments must be kept within the body of the fund.

Real estate investment companies (REICs), venture capital and private equity investment companies, and securities investment companies (1) are subject to a minimum capital requirement stated in the relevant Communiqués; (2) must have independent members on their board of directors and list their qualifications; (3) may obtain paid advisory services from related companies as determined by the CMB; (4) may open accounts in participation banks; and (5) must employ sufficient personnel and maintain technical equipment.

Mutual funds are subject to the following: (1) Protected or guaranteed funds may include private sector bonds and notes in their portfolios without concentration limits. (2) A fund service unit may be established with the founders, portfolio managers, or another institution. (3) Mutual funds and protected funds may include lease certificates (SUKUK) in their portfolios. Protected or guaranteed funds may invest in lease certificates (SUKUK) issued by the private sector without concentration limits. (4) Funds of funds may have up to 25% of total number of fund units or exchange-traded fund units in total number of units of the investment fund included in their portfolio. Moreover, funds of funds may invest up to 20% of their
portfolio in a fund or an exchange-traded fund (Article 26). (5) Mutual funds may invest in the same types of funds with different investment strategies. (6) Exchange-traded funds traded on foreign exchanges may be included in the portfolios of mutual funds up to 20% without registration with the CMB. (7) Hedge funds may invest in foreign funds that are not registered by the CMB but are registered by the related authorities. (8) Mutual funds may invest in the precious metals lending market up to 75% of their portfolios. (9) There is a limit on the total expense ratio.

The Capital Markets Law ensures compliance with the UCITS regulations, increases effectiveness and competitiveness, and complies with changes and improvements in the financial sector.

Investment funds investing in foreign money and capital market instruments in an amount equal to at least 80% of the fund net asset value must use the word “foreign” in their name. In share and debt instruments funds that do not use this word in their names, foreign money and capital market instruments may be included in the fund portfolio for up to 20% of the fund net asset value. Regarding funds investing at least 80% of their net asset value in foreign money and capital market instruments, fund units may be purchased and redeemed in foreign currencies, at the daily purchase and sale exchange rates announced by the CBRT, by taking the opinion of the CBRT and Ministry of Treasury and Finance, and with the approval of the CMB. Funds investing at least 80% of their net asset value in foreign money and capital market instruments may enter into OTC repo contracts abroad to meet their cash requirements, provided the contract assets are kept in custody in the central settlement and custody institution of the relevant jurisdiction.

Communiqué No. III-56.1 regarding Portfolio Custody Services is in effect.

Communiqué No. III-48.1 regarding REICs was amended to align it with legislation on infrastructure investment companies.

According to Communiqué No. III-55.1 regarding Portfolio Management Companies, exchange-traded funds traded on foreign exchanges may be included in the portfolios of mutual funds up to 20% without registration with the CMB.

Communiqué No. III-48.3 regarding Venture Capital and Private Equity Investment Companies is in effect.

Communiqué No. III-52.1 regarding Mutual Funds is in effect.

Communiqué No. III-52.2 regarding Exchange-Traded Investment Funds is in effect.

Communiqué No. III-52.3 regarding Real Estate Investment Funds regulates the sale of these funds which is limited to qualified investors and the Communiqué is expected to further diversify types of institutional investors operating in Turkey and to provide additional financing sources for real estate markets.

Communiqué No. III-52.4 regarding Venture Capital Investment Funds paves the way for establishment of venture capital investment funds similar to those operating in European jurisdictions.

The guidelines for Investment Funds, which can be considered further extension of the Communiqué regarding investment funds, was published:

www.spk.gov.tr/Sayfa/Dosya/1087. (CMB Decision No. i-SPK.52.4 s.kn.17.3 (20.06.2014 tarih ve 19/614 s.k.)

Since January 2015, Turkish Electronic Fund Distribution Platform (TEFAS) is in effect. TEFAS, an electronic platform, is a fund supermarket that provides investors access to all funds registered by the CMB.

Investment firms are defined as intermediary institutions, banks, and other capital market institutions established to perform investment
services and activities. Intermediary institutions are required to fulfill general conditions, which are specified in Communiqué No. III-39.1 “Principles of Establishment and Activities of Investment Firms,” such as (1) fulfilling minimum capital requirement stated in the relevant Communiqués, (2) employing sufficient personnel and maintaining technical equipment, (3) establishing a data process infrastructure for having a sound operational management, and (4) taking security measures including insurance. Additionally, rules and principles regarding the establishment, founders, shareholders, personnel, starting of operations, obligations and liabilities, decentralized organization units, outsourcing of services, activities, cessation of activities, and collaterals of investment firms engaged in investment services and activities and ancillary services are stated in this Communiqué. In addition to the general conditions, several other specific requirements should be fulfilled for every relevant investment service or activity by the investment firm. All requirements are specified in Communiqué No. III-37.1 “Principles Regarding Investment Services, Activities And Ancillary Services.”

| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |
| REICs, other than REICs operating a portfolio consisting solely of infrastructure investments and services, may invest up to 49% of their total assets in foreign real estate and foreign capital market instruments and in subsidiaries. For REICs operating a portfolio consisting solely of infrastructural investments and services, that maximum rate is 25%.

Exchange-traded funds traded on foreign exchanges may be included in the portfolios of mutual funds up to 20% without registration with the CMB.

Investment funds investing in foreign money and capital market instruments in an amount equal to at least 80% of the fund net asset value must use the word “Foreign” in their name. In share and debt instruments funds that do not use this word in their names, foreign money and capital market instruments may be included in the fund portfolio for up to 20% of the fund net asset value. Regarding funds investing at least 80% of the fund total value in foreign money and capital market instruments, fund units may be purchased and redeemed in foreign currencies, at the daily purchase and sale exchange rates announced by the CBRT, by taking the opinion of the CBRT and Ministry of Treasury and Finance, and with the approval of the CMB. Funds investing at least 80% of their net asset value in foreign money and capital market instruments may enter into OTC repo contracts abroad to meet their cash requirements, provided the contract assets are kept in custody in the central settlement and custody institution of the relevant jurisdiction. Investment funds investing in money and capital market instruments issued in foreign currency of domestic and foreign issuers in an amount equal to at least 80% of the fund net asset value are required to use the word “Foreign Exchange” in their names.

| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Arrangement**
Foreign exchange market

Spot exchange market

Operated by the central bank

Foreign exchange standing facility

08/01/2019 The selling rates for foreign exchange deposits at 1-week maturity were reduced from 4.25% to 4% and at 1-month maturity from 5% to 4.75% for USD.

08/01/2019 The buying rate on collateral foreign exchange deposits for the USD was reduced from 2.25% to 2% for 1-week, 2-week, and 1-month maturities.

Exports and Export Proceeds

Repatriation requirements

03/03/2019 The validity period of the regulation on repatriation requirements for export proceeds was extended to one year. In other words, the regulation is in force until September 3, 2019. According to the regulation, export proceeds relating to export transactions carried out by residents in Turkey must be transferred or brought to the intermediary bank directly and without delay following the importer’s payment. The period of bringing export proceeds to country cannot exceed 180 days from the date of actual export. At least 80% of the export proceeds must be sold to a bank.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

02/08/2019 As announced February 16, 2019, reserve requirement ratios on Turkish lira liabilities were changed as follows:
- Demand deposits, notice deposits, private current accounts, and deposits and participation accounts with maturities up to one month and three months: decreased from 8% to 7%.
- Deposits and participation accounts with maturities up to six months: decreased from 5% to 4%.
- Deposits and participation accounts with maturities up to one year: decreased from 3% to 2%.
- Deposits and participation accounts with one year or longer maturity: decreased from 1.5% to 1%.
- Other liabilities up to one-year maturity (including one year): decreased from 8% to 7%.
- Other liabilities up to three-year maturity (including three years): decreased from 4.5% to 3.5%.
- Other liabilities longer than three-year maturity: decreased from 1.5% to 1%.

02/22/2019 As announced February 16, 2019, the upper limit of the facility of holding standard gold converted from wrought or scrap gold collected from residents has been increased from 5% to 10% of Turkish lira reserve requirements.

05/03/2019 As announced May 9, 2019, the reserve requirement ratios on foreign currency liabilities (including gold deposit accounts) were changed as follows:
- Demand deposits, notice deposits, private current accounts, and deposits/participation accounts up to one-month, three-month, six-month, and one-year maturities: increased from 12% to 13%.
- Deposits/participation accounts with one-year or longer maturity: increased from 8% to 9%.
- Other liabilities up to one year (including one year): increased from 20% to 21%.
Other liabilities up to two-year maturity (including two years): increased from 15% to 16%.
Other liabilities up to three-year maturity (including three years): increased from 10% to 11%.
Other liabilities up to five-year maturity (including five years): increased from 6% to 7%.
Other liabilities longer than five-year maturity: increased from 4% to 5%.

05/03/2019  As announced May 9, 2019, the upper limit for the foreign exchange maintenance facility within the reserve option mechanism has been lowered from 40% to 30%.

05/17/2019  As announced May 27, 2019, the reserve requirement ratios on foreign currency liabilities (including gold deposit accounts) were changed as follows:
Demand deposits, notice deposits, private current accounts, and deposits/participation accounts up to one-month, three-month, six-month, and one-year maturities: increased from 13% to 15%.
Deposits/participation accounts with one-year or longer maturity: increased from 9% to 11%.

06/14/2019  Reserve requirement ratios (RRRs) of financing companies were reduced to 0% (previously, these RRRs were the same as those of banks subject to RRRs).

03/06/2020  The CBRT enabled banks to benefit from reserve requirement incentives under the following conditions:
- For banks with a real annual loan growth rate above 15%: If their adjusted real loan growth rate, which is calculated by deducting the entire real changes in loans with a longer-than-two-year maturity extended to selected sectors and housing loans with a five-year and longer maturity from the numerator of the growth rate formula, is below 15%.
- For banks with a real annual loan growth rate below 15%: If their adjusted real loan growth rate, which is calculated by deducting 75% of the real change in retail loans excluding housing loans with a five-year and longer maturity and the entire TL loans extended from 9 March 2020 to facilitate early repayment or early restructuring of FX cash loans from the numerator of the growth rate formula, is above 5%.

06/12/2020  The CBRT temporarily (until the year end) suspended the enforcement of the rule of having adjusted real loan growth rate below 15% for the banks with a real annual loan growth rate above 15% in order to be able to benefit from reserve requirement incentives.

Liquid asset requirements

01/01/2019  Total liquidity coverage ratio (LCR) requirement is 100% (previously 90%), and foreign exchange LCR requirement is 80% (previously 70%).
### TURKMENISTAN

*(Position as of June 30, 2020)*

#### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 22, 1992.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Exchange Measures

| Restrictions and/or multiple currency practices | n.a. Information is not publicly available. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | No. |
| Other security restrictions | Yes. Other security restrictions may include measures such as monitoring to combat money laundering and the financing of terrorism in accordance with the law adopted in Turkmenistan in 2015, as well as payments to persons subject to international sanctions. |

#### Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Turkmenistan is the Turkmen manat (TMT).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Exchange rate structure

<table>
<thead>
<tr>
<th>Unitary</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

#### Classification

| No separate legal tender | |
| Currency board | |
| Conventional peg | Yes. The exchange rate arrangement is a conventional peg. The Central Bank of Turkmenistan (CBT) is responsible for exchange rate policy implementation. The Cabinet of Ministers of Turkmenistan (CMT) takes ultimate responsibility for economic policy decisions. |
| Stabilized arrangement | |
| Crawling peg | |
| Crawl-like arrangement | |
| Pegged exchange rate within horizontal bands | |
Other managed arrangement

Floating

Free floating

Official exchange rate  Yes.  From January 1, 2015, the CBT established exchange rate at TMT 3.50 per US dollar. Transactions in foreign currency may be reflected in accounting records at nominal value and for accounting purposes may be converted to domestic currency at the official exchange rate in effect at the time of its completion. With each change in the official exchange rate, balances in foreign currency accounts (deposits) in domestic currency must be recalculated without changing the nominal value of the foreign currency balance. The official rates are used in all official transactions, including mandatory foreign exchange sales, and for accounting and valuation purposes.

Monetary policy framework

Exchange rate anchor  Yes.

U.S. dollar  Yes.  The monetary policy framework is an exchange rate anchor vis-à-vis the US dollar.

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation
Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes. The official rates are used in all official transactions, including mandatory foreign exchange sales, and for accounting and valuation purposes. For all other transactions, the exchange rates in all foreign exchange market segments may deviate from the official exchange rates only by up to 0.25% for selling and 0.5% for buying, including fees and commissions.

Spot exchange market  Yes. Foreign currency is generated through the purchase of foreign exchange by authorized credit institutions at the Interbank Currency Exchange of Turkmenistan (ICET), interbank OTC market, and by foreign exchange bureaus from individuals. There were 204 foreign exchange bureaus operating in the country, opened by authorized credit institutions on the basis of a permit by the CBT. Foreign exchange bureaus only perform exchange operations (with individuals).

State-owned enterprises (SOEs) are required to conduct their foreign exchange transactions in the ICET, either directly or through banks’ intermediation. Banks and individual entrepreneurs and private legal entities, through banks’ intermediation, can conduct foreign exchange transactions in the ICET or the interbank OTC market. Authorized banks may conduct their clients’ foreign exchange transactions (except for government-owned institutions and enterprises) with their own resources and without recourse to the ICET.

Operated by the central bank  Yes.

Foreign exchange standing facility  Yes. In trading at the ICET, resident legal entities, whatever their organizational or legal form, may sell and purchase foreign currency directly or through intermediaries. Participants pay the ICET a commission on transactions as determined by a resolution of the
president of Turkmenistan. The exchange rate of foreign currency is defined as the weighted average price of all transactions with a specific foreign currency. The CBT intervenes in the ICET to prevent adverse currency fluctuations.

There is an established interbank foreign exchange market in Turkmenistan. Authorized credit institutions may sell and purchase foreign exchange directly in the exchange market and/or through correspondent banks. When selling or buying foreign exchange, rates established by participants in the interbank market may not deviate more than 0.25% and 0.5% from the official rate for the sale and purchase transactions, respectively, including fees and commissions.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements Yes. International transactions take place through correspondent accounts. Settlements with countries with which Turkmenistan has bilateral payments agreements are made in accordance with the terms of these agreements. Both domestic and foreign currency may be used for foreign trade transactions. Settlements and payments between residents are made in domestic currency only. The use of foreign currency for payments in Turkmenistan is governed by Turkmen legislation.

Controls on the use of domestic currency Yes. Controls apply in accordance with the Law of Turkmenistan on the CBT, Law of Turkmenistan on Foreign Exchange Regulation and Control in Foreign Economic Relations, and the CBT instructions on provision of loans, bank accounts, noncash settlements, and cash operations of banks in Turkmenistan.

For current transactions and payments Yes. These transactions and payments are regulated by the general rules according to the foreign exchange legislation, and there are no special restrictions.

For capital transactions Yes. According to the Law of Turkmenistan on the CBT and Law of Turkmenistan on Foreign Exchange Regulation and Control in Foreign Economic Relations, the manat is the sole legal tender. Foreign currency may not be used for payments between residents, except as stipulated by law.
**TURKMENISTAN**

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Approval of the CMT is required for SOEs only for a certain list of goods.

**Administration of control**

Yes. Foreign exchange control in Turkmenistan is exercised by the CMT and the exchange control bodies and agents. The CBT has authority over foreign exchange transactions of credit institutions and foreign currency exchanges. According to the Law on Foreign Exchange Regulation and Control in Foreign Economic Relations of 2011, exchange control agents in Turkmenistan are authorized credit institutions; stock, currency, and commodity exchanges; keepers of state registers and state registrars; bodies of the customs service of Turkmenistan; bodies of the tax service of Turkmenistan; other bodies authorized to exercise foreign exchange control under Turkmenistan law.

Along with the CBT, the exchange control bodies in Turkmenistan are the central executive bodies authorized by the CMT within their competence established by the legislation of Turkmenistan.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on trade in gold (coins and/or bullion)**

Yes. A license is required for domestic trade in gold.

Yes. A license is required for international trade in gold.

**Controls on exports and imports of banknotes**

Yes. National and foreign banknotes may be imported or exported freely. If the total amount of imported or exported currency exceeds the limit of freely available currency (set by the CBT), it must be declared at the customs office.

**On exports**

<table>
<thead>
<tr>
<th>Domestic currency</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

One-time exports from Turkmenistan of national cash currency by residents and nonresidents exceeding the limit for freely available currency set by the CBT (US$10,000.00) must be declared at customs by submitting a declaration of the entire amount.

One-time exports from Turkmenistan of foreign cash currency by residents and nonresidents exceeding the limit for freely available currency set by the CBT (US$10,000.00) must be declared at customs by submitting a declaration of the entire amount.

**On imports**

| Domestic currency | Yes. |

One-time imports into Turkmenistan of national cash currency by residents and nonresidents exceeding the limit for freely available currency set by the CBT (US$10,000.00) must be declared at customs by submitting a declaration of the entire amount.
### Foreign currency

| Foreign currency | Yes. | One-time imports into Turkmenistan of foreign cash currency by residents and nonresidents exceeding the limit for freely available currency set by the CBT (US$10,000.00) must be declared at customs by submitting a declaration of the entire amount. |

### References to legal instruments and hyperlinks

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Resident Accounts

| Foreign exchange accounts permitted | Yes. | Legal entities and individuals may hold foreign exchange accounts with local commercial banks. Each resident legal entity or branch or representative office thereof, and each resident non-incorporated sole proprietor, may have a current foreign currency account opened to service its principal activity in only one authorized credit institution. These accounts may be opened for legal entities with a certificate of registration issued by the Foreign Investments Registration Turkmenistan Ministry of Finance and the Economy (MFE). All external payments from these accounts must be made in accordance with CBT procedures. Authorized credit institutions may open foreign currency accounts (deposits) for individuals without restriction. Individuals may use these accounts for transactions both personally and through authorized persons in accordance with the law. |

| Approval required | No. |

| Held domestically | Yes. | Resident legal entities (their branches, representative offices) may open accounts in foreign credit institutions subject to registration with the authorized credit institutions. Opening (closing) of such accounts by resident entrepreneurs that are not legal entities requires notification of the authorized credit institutions. Resident individuals may open such accounts without restriction. |

| Approval required | Yes. | State-owned resident legal entities (their branches, representative offices) may open (close) accounts in foreign credit institutions with the approval of the CMT. Nongovernment resident legal entities (their branches, representative offices) may open such accounts with approval of their owner. |

| Accounts in domestic currency held abroad | No. |

| Accounts in domestic currency convertible into foreign currency | Yes. | Domestic currency can be converted to foreign currency according to the existing regulations. |

| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

### Nonresident Accounts

| Foreign exchange accounts permitted | Yes. | Legal entities and individuals may open foreign exchange accounts in accordance with the Law of Turkmenistan on Foreign Exchange Regulation and Control in Foreign Economic Relations. Each nonresident legal entity or branch or representative office thereof, and each nonresident non-incorporated sole proprietor, may have a current foreign currency account opened to service its principal activity in only one authorized credit institution. Authorized credit institutions may open foreign currency accounts (deposits) for nonresident individuals without restriction. |

| Approval required | No. |

<p>| Domestic currency accounts | Yes. | Nonresidents may open accounts (deposits) in domestic currency in... |</p>
<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible into foreign currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>n.a.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
<tr>
<td>Imports and Import Payments</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Advance Import deposits</td>
<td>Yes.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>No.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import contracts, except for import transactions by sole proprietors involving a payment of US$1 million or less, must be registered with the COMEX.</td>
<td>Import contracts, except for import transactions by sole proprietors involving a payment of US$1 million or less, must be registered with the COMEX.</td>
</tr>
<tr>
<td>Excise taxes are levied on a specific list of goods (alcoholic beverages, cigarettes, jewelry, cars).</td>
<td>Import taxes and/or tariffs Yes.</td>
</tr>
</tbody>
</table>

Imports of a small number of goods on a negative list (for example, arms, narcotics) are prohibited.
<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Exports and Export Proceeds

**Repatriation requirements**
- Yes.
- Under the Law on Foreign Exchange Regulation and Control in Foreign Economic Relations, foreign exchange proceeds on residents’ accounts from current and capital transactions with nonresidents must be repatriated.

**Surrender requirements**
- Yes.
- SOEs are required to contribute a certain portion of their receipts from exports of natural gas and oil and petroleum products to the CRT. Such contributions are allocated to the international reserves. A portion of the rest of the export receipts are subject to surrender to the CBT according to the general rules on surrendering export proceeds. Private sector companies are exempt from the surrender requirement.

**Surrender to the central bank**
- Yes.
- SOEs must surrender a portion of their foreign exchange export proceeds to the CBT through ICET.

**Surrender to authorized dealers**
- No.

**Financing requirements**
- Yes.

**Documentation requirements**
- Yes.

**Letters of credit**
- Yes.

**Guarantees**
- Yes.

**Domiciliation**
- No.

**Preshipment inspection**
- Yes.

**Other**
- n.a.

**Export licenses**
- Yes.
- Export contracts must be registered with the COMEX, with the exception of private sector contracts involving exports of goods of one’s own production without restrictions on the amount, and exports of goods produced by households and private companies in the country up to US$200,000.

**Without quotas**
- No.

**With quotas**
- Yes.
- Quantitative restrictions are imposed on exports of cotton and other raw materials to protect domestic supplies of goods.

**Export taxes**
- Yes.

**Collected through the exchange system**
- Yes.
- SOEs must contribute a certain portion of their receipts from exports of natural gas and petroleum products to the CRT. Such contributions are allocated to the international reserves.

**Other export taxes**
- No.

**References to legal instruments and hyperlinks**
- This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**
- Yes.
- Payments and money transfers for foreign currency transactions of residents and nonresidents through foreign currency accounts...
Payments and money transfers for foreign currency transactions of residents and nonresidents through foreign currency accounts (deposits) in authorized credit institutions are subject to documentation.

Trade-related payments

Yes.

Prior approval

Yes.

Quantitative limits

No.

Indicative limits/bona fide test

Yes. Payments and money transfers for foreign currency transactions of residents and nonresidents through foreign currency accounts (deposits) in authorized credit institutions are subject to documentation.

Investment-related payments

Yes. In accordance with the Law on Foreign Investments, after payment of taxes, profits may be reinvested in Turkmenistan, held in bank accounts in domestic or other currencies, or transferred abroad.

Prior approval

Yes.

Quantitative limits

Yes. There is a US$500 monthly absolute limit on the purchase of foreign exchange by individuals, regardless of whether the foreign exchange is transferred to the individual’s payment card to be used abroad or transferred abroad via wire transfer.

Indicative limits/bona fide test

Yes. Bona fide tests are applied by the Agency for Protection of the Economy against Risks with the MFE. Payments and money transfers for foreign currency transactions of residents and nonresidents through foreign currency accounts (deposits) in authorized credit institutions are subject to documentation.

Payments for travel

Yes.

Prior approval

Yes. Employees are sent on business trips by managers of the enterprises and this is documented by orders (directives) issued by the managers of the given enterprises.

Quantitative limits

Yes. Amounts (limits) for business travel expenses are set in accordance with a regulatory act.

Indicative limits/bona fide test

No.

Personal payments

Yes.

Prior approval

No.

Quantitative limits

Yes. There is a monthly absolute limit of a US$1,000 on the purchase of foreign exchange by individuals for education and medical expenses, as well as an annual limit of US$20,000 for medical and of US$12,000 for tuition expenses. The amounts may be paid in a lump sum or in installments on provision of supporting documents (for example, an invoice).

There is a monthly absolute limit of a US$500 on the purchase of foreign exchange by individuals for other personal payments. The limits are applicable, regardless of whether the foreign exchange is transferred to the individual’s payment card to be used abroad or transferred abroad via wire transfer.

Indicative limits/bona fide test

Yes. The amounts for medical and tuition expenses of individuals may be paid in a lump sum or in installments on provision of supporting documents (for example, an invoice). Payments and money transfers for foreign currency transactions of residents and nonresidents through foreign currency accounts

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Foreign workers' wages Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Payments and money transfers for foreign currency transactions of residents and nonresidents through foreign currency accounts (deposits) in authorized credit institutions are subject to documentation.

Credit card use abroad Yes.

Prior approval No.

Quantitative limits Yes. There is a monthly absolute limit of a US$1,000 on the purchase of foreign exchange by individuals for education and medical expenses, as well as an annual limit of US$20,000 for medical and of US$12,000 for tuition expenses. The amounts may be paid in a lump sum or in installments on provision of supporting documents (for example, an invoice).

Indicative limits/bona fide test Yes. The amounts for education and medical expenses abroad may be paid in a lump sum or in installments on provision of supporting documents (for example, an invoice).

Other payments Yes.

Prior approval No.

Quantitative limits Yes. There is a monthly absolute limit on the purchase of foreign exchange by individuals of a US$500, regardless of whether the foreign exchange is transferred to the individual’s payment card to be used abroad or transferred abroad via wire transfer.

Indicative limits/bona fide test Yes. Payments and money transfers for foreign currency transactions of residents and nonresidents through foreign currency accounts (deposits) in authorized credit institutions are subject to documentation.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements Yes.

Surrender requirements Yes. SOEs, after deduction for the international reserves, must surrender a portion of foreign currency proceeds to the CBT for its use in currency intervention.

Surrender to the central bank Yes. SOEs, after deduction for the international reserves, must surrender a portion of their foreign exchange proceeds from the sale of goods and services to the CBT through ICET.

Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database:
hyperlinks

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Capital Transactions**

**Controls on capital transactions**

Yes. These transactions are regulated by the Law on Foreign Exchange Regulation and Control in Foreign Economic Relations and by MOF and CBT regulations. Foreign exchange transactions involving the movement of capital between residents and nonresidents that exceed the CBT limit of US$10,000.00 are subject to registration and notification. Foreign exchange transactions involving the movement of capital between government-owned resident legal entities and nonresidents must be authorized by the CMT.

**Repatriation requirements**

Yes.

**Surrender requirements**

Yes. SOEs, after deduction for the international reserves, must surrender a portion of foreign currency proceeds to the CBT for use in currency intervention.

**Surrender to the central bank**

Yes. SOEs, after deduction for the international reserves, must surrender a portion of their foreign exchange proceeds to the CBT through the ICET.

**Surrender to authorized dealers**

No.

**Controls on capital and money market instruments**

Yes.

**On capital market securities**

Yes. Securities may be issued and circulated in Turkmenistan after registration with the MOF.

- Shares or other securities of a participating nature
  - Purchase locally by nonresidents
  - Sale or issue locally by nonresidents
- Purchase abroad by residents
- Sale or issue abroad by residents

**On money market instruments**

Yes. These transactions are subject to quotas by the CMT.

- Bonds or other debt securities
  - Purchase locally by nonresidents
  - Sale or issue locally by nonresidents
- Purchase abroad by residents
- Sale or issue abroad by residents

**On collective investment securities**

Yes.

- Purchase locally by nonresidents
- Sale or issue locally by nonresidents
**Purchase abroad by residents**  Yes.

**Sale or issue abroad by residents**  Yes.

**Controls on derivatives and other instruments**

- **Purchase locally by nonresidents**  No.
- **Sale or issue locally by nonresidents**  No.
- **Purchase abroad by residents**  No.
- **Sale or issue abroad by residents**  No.

**No market exists for transactions in derivatives.**

**Controls on credit operations**  Yes.  Credit institutions operate under licenses issued by the CBT.

**Commercial credits**

- By residents to nonresidents  Yes.
- To residents from nonresidents  Yes.

**Financial credits**

- By residents to nonresidents  Yes.
- To residents from nonresidents  Yes.

**Guarantees, sureties, and financial backup facilities**

- By residents to nonresidents  Yes.
- To residents from nonresidents  Yes.

**Controls on direct investment**  Yes.

**Outward direct investment**  Yes.

**Inward direct investment**

- Yes.  There are no restrictions on investments by legal entities. Investors are required to register with the Department for State Registration of Legal Entities and Investment Projects of the MFE.

**Controls on liquidation of direct investment**  Yes.

**Controls on real estate transactions**  Yes.

- **Purchase abroad by residents**  Yes.
- **Purchase locally by nonresidents**  Yes.
- **Sale locally by nonresidents**  Yes.

**Controls on personal capital transactions**  Yes.

- **Loans**  Yes.
  - By residents to nonresidents  Yes.
  - To residents from nonresidents  Yes.
- **Gifts, endowments, inheritances, and legacies**  No.
  - By residents to nonresidents  No.

---

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To residents from nonresidents  No.

Settlement of debts abroad by immigrants  No.

Transfer of assets  No.

Transfer abroad by emigrants  No.

Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions  Yes.  A CBT license is required.

Borrowing abroad  Yes.

Maintenance of accounts abroad  Yes.

Lending to nonresidents (financial or commercial credits)  Yes.

Lending locally in foreign exchange  Yes.

Purchase of locally issued securities denominated in foreign exchange  Yes.

Differential treatment of deposit accounts in foreign exchange  Yes.

Reserve requirements  Yes.

Liquid asset requirements  Yes.

Interest rate controls  No.

Credit controls  Yes.

Differential treatment of deposit accounts held by nonresidents  Yes.

Reserve requirements  Yes.

Liquid asset requirements  Yes.

Interest rate controls  Yes.

Credit controls  Yes.

Investment regulations  Yes.

Abroad by banks  Yes.

In banks by nonresidents  Yes.

Open foreign exchange position limits  Yes.  The CBT may set limits in accordance with the Law on Foreign Exchange Regulation and Control in Foreign Economic Relations. As established by the CBT, the absolute amount of open positions in each currency must not exceed 10% of the available equity capital, and the absolute amount of open positions in all currencies must not exceed 15% of the available equity capital.
| **On resident assets and liabilities** | No. |
| **On nonresident assets and liabilities** | No. |
| **Provisions specific to institutional investors** | Yes. | A CBT and/or an MFE license is required for investments, depending on the type of institutional investor. |
| Insurance companies | Yes. |
| **Limits (max.) on securities issued by nonresidents** | Yes. |
| **Limits (max.) on investment portfolio held abroad** | Yes. |
| **Limits (min.) on investment portfolio held locally** | n.a. |
| **Currency-matching regulations on assets/liabilities composition** | n.a. |
| Pension funds | Yes. |
| **Limits (max.) on securities issued by nonresidents** | Yes. |
| **Limits (max.) on investment portfolio held abroad** | Yes. |
| **Limits (min.) on investment portfolio held locally** | n.a. |
| **Currency-matching regulations on assets/liabilities composition** | n.a. |
| Investment firms and collective investment funds | Yes. |
| **Limits (max.) on securities issued by nonresidents** | Yes. |
| **Limits (max.) on investment portfolio held abroad** | Yes. |
| **Limits (min.) on investment portfolio held locally** | n.a. |
| **Currency-matching regulations on assets/liabilities composition** | n.a. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
TUVALU

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
June 24, 2010.

Article VIII
Yes. Date of acceptance, October 7, 2016.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
n.a.

In accordance with IMF Executive Board Decision No. 144-(52/51)
n.a.

Other security restrictions
n.a.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Tuvalu is the Australian dollar.

Other legal tender
n.a.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender
Yes. The exchange rate arrangement is an arrangement with no separate legal tender. The currency of Tuvalu is the Australian dollar, which circulates freely.

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating
**Free floating**

**Official exchange rate**

No.

**Monetary policy framework**

Exchange rate anchor

Yes.

*U.S. dollar*

*Euro*

*Composite*

*Other*

Yes. The Australian dollar is legal tender and circulates freely.

**Monetary aggregate target**

**Inflation-targeting framework**

*Target setting body*

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

*Inflation target*

*Target number*

*Point target*

*Target with tolerance band*

*Band/Range*

*Target measure*

*CPI*

*Core inflation*

*Target horizon*

*Operating target (policy rate)*

*Policy rate*

*Target corridor band*

*Other*

*Accountability*

*Open letter*
Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

**Exchange tax**  n.a.

**Exchange subsidy**  n.a.

**Foreign exchange market**  Yes.  Although the Exchange Control regulations are restrictive and prescribe approval requirements from the National Bank of Tuvalu (NBT), a commercial bank, or the minister of finance for most payments and transfers, in practice, approval is not required and transactions are administered liberally.

**Spot exchange market**  Yes.  There is no central monetary institution. The NBT is the only bank in Tuvalu handling foreign exchange transactions. The NBT buys and sells foreign exchange at rates determined daily by the NBT’s board on the basis of rates quoted in the international markets plus specific spreads dependent on the currency.

**Operated by the central bank**  No.

**Foreign exchange standing facility**  No.

**Allocation**  No.

**Auction**  No.

**Fixing**  No.

**Interbank market**  No.

**Over the counter**  No.

**Brokerage**  No.

**Market making**  No.

**Forward exchange market**  No.

**Official cover of forward operations**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

**Prescription of currency requirements**  No.

**Controls on the use of domestic currency**  No.

**For current transactions and payments**  No.

**For capital transactions**  No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Payments arrangements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Tuvalu participates in PACER and PICTA.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Payments arrears</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Official</td>
<td>n.a.</td>
</tr>
<tr>
<td>Private</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on trade in gold (coins and/or bullion)</td>
<td>n.a.</td>
</tr>
<tr>
<td>On domestic ownership and/or trade</td>
<td>n.a.</td>
</tr>
<tr>
<td>On external trade</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on exports and imports of banknotes</td>
<td>n.a.</td>
</tr>
<tr>
<td>On exports</td>
<td>n.a.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>On imports</td>
<td>n.a.</td>
</tr>
<tr>
<td>Domestic currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
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<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
<tr>
<td><strong>Resident Accounts</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>n.a.</td>
</tr>
<tr>
<td>Held domestically</td>
<td>n.a.</td>
</tr>
<tr>
<td>Approval required</td>
<td>n.a.</td>
</tr>
<tr>
<td>Held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Approval required</td>
<td>n.a.</td>
</tr>
<tr>
<td>Accounts in domestic currency held abroad</td>
<td>n.a.</td>
</tr>
<tr>
<td>Accounts in domestic currency convertible into foreign currency</td>
<td>n.a.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
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</tr>
</tbody>
</table>

**Nonresident Accounts**

| Foreign exchange accounts permitted | n.a. |
| Approval required | n.a. |
| Domestic currency accounts | n.a. |
| Convertible into foreign currency | n.a. |
| Approval required | n.a. |
| Blocked accounts | n.a. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Imports and Import Payments**

| Foreign exchange budget | n.a. |
| Financing requirements for imports | n.a. |
| Minimum financing requirements | n.a. |
| Advance payment requirements | n.a. |
| Advance import deposits | n.a. |
| Documentation requirements for release of foreign exchange for imports | Yes. |
| Domiciliation requirements | n.a. |
| Preshipment inspection | n.a. |
| Letters of credit | Yes. |
| The documents required for release of foreign exchange for imports include LC application, invoices, bills of lading, or airway bills, etc. |
| Import licenses used as exchange licenses | n.a. |
| Other | n.a. |
| Import licenses and other nontariff measures | n.a. |
| Positive list | n.a. |
| Negative list | n.a. |
| Open general licenses | n.a. |
| Licenses with quotas | n.a. |
| Other nontariff measures | n.a. |
Import taxes and/or tariffs  
n.a.

Taxes collected through the exchange system  
n.a.

State import monopoly  
n.a.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  
n.a.

Surrender requirements  
n.a.

Surrender to the central bank  
n.a.

Surrender to authorized dealers  
n.a.

Financing requirements  
n.a.

Documentation requirements  
n.a.

Letters of credit  
n.a.

Guarantees  
n.a.

Domiciliation  
n.a.

Preshipment inspection  
n.a.

Other  
n.a.

Export licenses  
n.a.

Without quotas  
n.a.

With quotas  
n.a.

Export taxes  
n.a.

Collected through the exchange system  
n.a.

Other export taxes  
n.a.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers  
n.a.

Trade-related payments  
n.a.

Prior approval  
n.a.

Quantitative limits  
n.a.

Indicative limits/bona fide test  
n.a.

Investment-related payments  
n.a.

Prior approval  
n.a.
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<tr>
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<tr>
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<tr>
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<td>Personal payments</td>
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<tr>
<td>Prior approval</td>
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<tr>
<td>Quantitative limits</td>
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<tr>
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<tr>
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<td>n.a.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
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<tr>
<td>Credit card use abroad</td>
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<tr>
<td>Prior approval</td>
<td>n.a.</td>
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<tr>
<td>Quantitative limits</td>
<td>n.a.</td>
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<td>Indicative limits/bona fide test</td>
<td>n.a.</td>
</tr>
<tr>
<td>Other payments</td>
<td>n.a.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>n.a.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>n.a.</td>
</tr>
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<td>n.a.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

- **Repatriation requirements**
  - n.a.
- **Surrender requirements**
  - n.a.
- **Surrender to the central bank**
  - n.a.
- **Surrender to authorized dealers**
  - n.a.

**Restrictions on use of funds**

- n.a.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

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</tr>
<tr>
<td>Repatriation requirements</td>
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<tr>
<td><strong>Surrender requirements</strong></td>
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<td>Surrender to the central bank</td>
<td>n.a.</td>
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<tr>
<td>Surrender to authorized dealers</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>n.a.</td>
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<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>n.a.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
Controls on credit operations: n.a.

Commercial credits: n.a.

By residents to nonresidents: n.a.

To residents from nonresidents: n.a.

Financial credits: n.a.

By residents to nonresidents: n.a.

To residents from nonresidents: n.a.

Guarantees, sureties, and financial backup facilities: n.a.

By residents to nonresidents: n.a.

To residents from nonresidents: n.a.

Controls on direct investment: n.a.

Outward direct investment: n.a.

Inward direct investment: n.a.

Controls on liquidation of direct investment: n.a.

Controls on real estate transactions: n.a.

Purchase abroad by residents: n.a.

Purchase locally by nonresidents: n.a.

Sale locally by nonresidents: n.a.

Controls on personal capital transactions: n.a.

Loans: n.a.

By residents to nonresidents: n.a.

To residents from nonresidents: n.a.

Gifts, endowments, inheritances, and legacies: n.a.

By residents to nonresidents: n.a.

To residents from nonresidents: n.a.

Settlement of debts abroad by immigrants: n.a.

Transfer of assets: n.a.

Transfer abroad by emigrants: n.a.

Transfer into the country by immigrants: n.a.

Transfer of gambling and prize earnings: n.a.

References to legal instruments and This information can be found at the AREAER ONLINE database:
Provisions Specific to the Financial Sector

- **Provisions specific to commercial banks and other credit institutions**: n.a.
- **Borrowing abroad**: n.a.
- **Maintenance of accounts abroad**: n.a.
- **Lending to nonresidents (financial or commercial credits)**: n.a.
- **Lending locally in foreign exchange**: n.a.
- **Purchase of locally issued securities denominated in foreign exchange**: n.a.
- **Differential treatment of deposit accounts in foreign exchange Reserve requirements**: n.a.
- **Liquid asset requirements**: n.a.
- **Interest rate controls**: n.a.
- **Credit controls**: n.a.
- **Differential treatment of deposit accounts held by nonresidents Reserve requirements**: n.a.
- **Liquid asset requirements**: n.a.
- **Interest rate controls**: n.a.
- **Credit controls**: n.a.
- **Investment regulations**: n.a.
- **Abroad by banks**: n.a.
- **In banks by nonresidents**: n.a.
- **Open foreign exchange position limits**: n.a.
- **On resident assets and liabilities**: n.a.
- **On nonresident assets and liabilities**: n.a.

**Provisions specific to institutional investors**: n.a.

- **Insurance companies**: n.a.
  - **Limits (max.) on securities issued by nonresidents**: n.a.
  - **Limits (max.) on investment portfolio held abroad**: n.a.
  - **Limits (min.) on investment portfolio held locally**: n.a.
  - **Currency-matching regulations on assets/liabilities composition**: n.a.
- **Pension funds**: n.a.
| **Limits (max.) on securities issued by nonresidents** | n.a. |
| **Limits (max.) on investment portfolio held abroad** | n.a. |
| **Limits (min.) on investment portfolio held locally** | n.a. |
| **Currency-matching regulations on assets/liabilities composition** | n.a. |
| Investment firms and collective investment funds | n.a. |
| **Limits (max.) on securities issued by nonresidents** | n.a. |
| **Limits (max.) on investment portfolio held abroad** | n.a. |
| **Limits (min.) on investment portfolio held locally** | n.a. |
| **Currency-matching regulations on assets/liabilities composition** | n.a. |

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
UGANDA

(Status as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership

September 27, 1963.

Article VIII

Yes. Date of acceptance: April 5, 1994.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

No.

Exchange measures imposed for security reasons

Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

Yes. Transactions are not allowed with countries subject to UN sanctions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Uganda is the Ugandan shilling.

Other legal tender

No.

Exchange rate structure

Unitary

Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Yes. The de jure exchange rate arrangement is free floating. The authorities intervene in Uganda’s foreign exchange market when short-term fluctuations jeopardize its orderly operation. The BOU
intervenes in the interbank foreign exchange market (IFEM) at the banks’ quoted rates using the best bid-ask principle. The BOU publishes information on its interventions in its bimonthly, quarterly state of the economy, and annual reports. The information includes amounts purchased and sold through the reserve buildup program, interventions, and targeted transactions. The data is made available in the Monetary Policy Report two weeks following the MPC Meeting. The de facto exchange rate arrangement is floating.

Free floating

**Official exchange rate**  Yes. The daily official exchange rate is calculated as the midrate computed from the simple average interbank exchange rates for purchases and sales of foreign exchange. The average rate for the previous month is used by the customs authority for tax computation on imports. The BOU’s foreign exchange transactions with government (ministries, departments, and agencies) are conducted at the day’s opening spot rates.

**Monetary policy framework**

**Exchange rate anchor**

- **U.S. dollar**
- **Euro**
- **Composite**
- **Other**

**Monetary aggregate target**

**Inflation-targeting framework**  Yes.

**Target setting body**  Yes.

- **Government**
- **Central Bank**  Yes.
- **Monetary Policy Committee**  Yes. Decisions are made by consensus of all members of the MPC. The CB decides on the type of target, in this case a medium-term target with a band.

**Central Bank Board**

**Other**

- **Government and Central Bank**

**Inflation target**  Yes.

- **Target number**  Yes.
- **Point target**
- **Target with tolerance band**  Yes. A 5% medium-term target ±3 percentage points on core inflation has been specified and publicly announced.
- **Band/Range**
- **Target measure**  Yes.
CPI

Core inflation  Yes.  Inflation target is expressed as average annual core inflation. Core inflation excludes energy, fuel, and utilities and food crops.

Target horizon  Yes.  The target horizon stands at 1–3 years.

Operating target (policy rate)  Yes.

Policy rate  Yes.  The policy rate used by the CB is the Central Bank Rate (CBR). The CBR was 7% as of June 2020. The short-term policy rate that is guided by the CBR is the seven-day interest rate.

Target corridor band  Yes.  The monetary policy framework uses the BOU interest rate (called the CBR) as a signaling device of the monetary policy stance to meet the inflation target. The CBR guides the seven-day interbank money market rate, which is the operational target of monetary policy. The seven-day interbank money market rate can fluctuate within a band of, effective June 8, 2020, ±2 (previously ±3) percentage points around the CBR without the BOU intervention. The CBR as of end-June 2020 was 7%. The rediscount rate is set as the CBR plus a margin of 3 percentage points, and the Bank Rate (the rate at which commercial banks borrow from the BOU through the Lombard window) at a margin of 4 percentage points.

Other  n.a.

Accountability  Yes.

Open letter  No.

Parliamentary hearings  Yes.  The BOU is statutorily expected to appear before Parliament to answer queries that may arise from the Auditor General’s report. The frequency of these hearings depends on whether there are any issues raised by the Auditor General.

Other  Yes.  Inflation forecasts and explanation of any deviations from the previous forecasts are published.

Transparency  Yes.

Publication of votes  No.  No information on votes of individual members or total number of votes in favor or against the decision is published.

Publication of minutes  No.  The minutes of the meetings of the MPC are not published.

Publication of inflation forecasts  Yes.  Every two months inflation forecasts are published in the MPC Statement and Reports that follow the MPC meetings.

Other monetary framework

Exchange tax  No.

Exchange subsidy  No.

Foreign exchange market  Yes.  Commercial banks and foreign exchange bureaus are free to set exchange rates and commissions in transactions with their clients.

Spot exchange market  Yes.  The BOU is authorized to grant licenses to deal in foreign exchange. ADs include commercial banks and foreign exchange bureaus. ADs may freely determine their bid-ask spreads and foreign exchange commissions in transactions in the retail market with their clients. However, ADs that participate in the wholesale market (IFEM) must maintain a 10 shilling spread on the bid-ask quotes they post on the Reuters Dealing System. Foreign exchange bureaus may operate if they are licensed by the BOU and adhere to the Foreign Exchange Act (FEA) and regulations. There were 207 authorized foreign
exchange bureaus as of March 10, 2020, which engaged in transactions with commercial banks and the public, but not with the BOU. There are no restrictions on foreign exchange bureaus’ accounts abroad, although their operations are limited to spot transactions and OTC purchases and sales of foreign currency. There are special licenses permitting foreign exchange bureaus to transfer or receive funds to or from abroad on behalf of their clients, which they must perform through international money transfer agencies or domestic banks, with which they must maintain an account for clients’ funds.

Operated by the central bank: Yes.
Foreign exchange standing facility: No.
Allocation: No.
Auction: Yes. The BOU occasionally intervenes in the interbank foreign exchange rate market to stem volatility. It also conducts opportunistic purchases of US dollars to build up reserves. These interventions take place through auctions conducted using the Reuters Dealing System. Participation in the IFEM is restricted to Tier 1 financial institutions. The BOU Act 2000, Section 19, authorizes the auctioning of foreign currency and states that “the bank may buy and sell foreign currency at rates determined by market conditions and on terms that may be determined by the Board.” Since August 2010, the BOU has been conducting opportunistic purchases for reserve building through auctions on a daily basis depending on the prevailing IFEM conditions, as ensuring smooth and stable exchange rate movements takes precedence over reserve buildup. Interventions in the IFEM are only conducted when the market experiences high volatility of the shilling. Intervention amounts are not announced in advance. In conducting intervention, the banks that are hit on the Reuters Dealing System by the CB at their quoted rate are obligated to execute a transaction for a minimum of US$250,000. Participants that default to deliver/settle are charged interest on the amount owed for each day of the default at the prevailing LIBOR. Participants are not required to use the acquired foreign currency for any specific purpose. Commercial banks that are members of the IFEM may participate. The intervention amounts are announced with a lag in the CB’s Monetary Policy, State of the Economy, and Annual reports.

Fixing: No.
Interbank market: Yes. In the IFEM, as of December 31, 2019, 26 banks (excluding the CB) traded among themselves. The BOU intervenes in the IFEM at the commercial banks’ quoted rates, using the best bid-ask principle. Participants in the IFEM must maintain a 10 shilling spread on the bid-ask quotes they post on the Reuters Dealing System.

Over the counter: Yes.
Brokerage: No.
Market making: Yes.
Forward exchange market: Yes. Authorized banks may deal with customers in the forward exchange market.

Official cover of forward operations: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Arrangements for Payments and Receipts

Prescription of currency requirements

Authorized payments, including import payments to nonresidents, may be made in shillings for credit to a nonresident’s account in Uganda or in the currency of the country of residence of the payee. Other convertible currencies may also be accepted for international payments.

Controls on the use of domestic currency

No.

For current transactions and payments

No.

For capital transactions

No.

Transactions in capital and money market instruments

No.

Transactions in derivatives and other instruments

No.

Credit operations

No.

Use of foreign exchange among residents

No. Except with the permission of the CB, individuals and institutions do not engage in foreign exchange business.

Payments arrangements

Yes.

Bilateral payments arrangements

Yes.

Operative

Yes.

Inoperative

No.

Regional arrangements

Yes. Uganda remains a signatory to the East African Payment System (EAPS) master agreement, which it signed in 2011. The agreement allows the connection of the Real-Time Gross Settlement (RTGS) systems of the EAC partner states into a regional RTGS system. Uganda went live on the EAPS in November 2013 and as of the end of June 2020, four countries—namely Kenya, Rwanda, Tanzania, and Uganda—were live on the system. Currently, tests are being carried out with Burundi.

Uganda is also a signatory to the COMESA Regional Payment and Settlement System (REPPS) agreement, which allows member countries to directly transfer funds within the region, through member countries’ CBs, the settlement bank (Bank of Mauritius), and the COMESA Clearing House. The system went live in Uganda on February 28, 2014, and is currently operational in the Democratic Republic of the Congo, Egypt, Eswatini, Kenya, Malawi, Mauritius, Rwanda, Uganda, and Zambia.

Clearing agreements

Yes. The REPSs is an electronic platform that facilitates cross-border payments within COMESA. The REPSs operates through the COMESA Clearing House, located in Harare, and through the Bank of Mauritius, which serves as the Settlement Bank. Payments are settled in convertible currencies, namely US dollars and euros.

Barter agreements and open accounts

No.

Administration of control

No.

Payments arrears

Yes. As of end-June 2020, external debt legacy arrears stood at US$77.1 million owed to three countries: Tanzania (US$58.25 million), Nigeria (US$18.85 million), and Iraq (US$1,580.7 million).
Controls on trade in gold (coins and/or bullion)  Yes.
On domestic ownership and/or trade Yes. Residents may hold and acquire gold coins for numismatic purposes. Only monetary authorities and licensed dealers are allowed to hold or acquire gold in any form other than jewelry.

On external trade Yes. Dealing in gold in any form other than jewelry constituting the personal effects of a traveler requires a license issued by the Ministry of Energy and Mineral Development. On the basis of these licenses, the Ministry of Trade, Industry, and Cooperatives issues export and import permits.

Controls on exports and imports of banknotes  Yes.
On exports Yes.

Domestic currency No. No monetary limits apply to exports of cash by residents or nonresidents. Section 8 of the FEA (2004) states that “the Bank of Uganda may, by regulations, impose restrictions on the importation into or exportation from Uganda of banknotes, coins, traveler’s checks, and securities denominated in the currency of Uganda and in foreign currency.”

Foreign currency Yes. No monetary limits apply to exports of cash by residents or nonresidents. Section 9.2 of the FEA (2004) states that “all payments in foreign currency, to or from Uganda, between residents and nonresidents, or between nonresidents, shall be made through a bank.” Section 9.3 of the FEA (2004) states that “every transfer of foreign exchange to or from Uganda shall be through a person licensed to carry out the business of money transfers.”

On imports Yes.

Domestic currency No. No monetary limits apply to imports of cash by residents or nonresidents. Section 8 of the FEA (2004) states that “the Bank of Uganda may, by regulations, impose restrictions on the importation into or exportation from Uganda of banknotes, coins, traveler’s checks, and securities denominated in the currency of Uganda and in foreign currency.”

Foreign currency Yes. There are no monetary limits on cash banknotes brought into Uganda by residents or nonresidents. Section 9.2 of the FEA (2004) states that “all payments in foreign currency, to or from Uganda, between residents and nonresidents, or between nonresidents, shall be made through a bank.”

Section 9.3 of the FEA (2004) states that “every transfer of foreign exchange to or from Uganda shall be through a person licensed to carry out the business of money transfers.”

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically Yes. Residents are free to open accounts in domestic or foreign currency locally. There are no restrictions on the operation of the accounts as long as anti-money-laundering regulations are not violated.

Approval required No.
Held abroad Yes. Residents are free to open accounts in foreign currency abroad.

Approval required No.
Accounts in domestic currency held abroad

Yes. Residents are free to open accounts in domestic currency abroad.

Accounts in domestic currency convertible into foreign currency

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes. Nonresidents are free to open and maintain foreign exchange accounts. There are no restrictions on the operation of the accounts as long as anti-money-laundering regulations are not violated.

Approval required

No.

Domestic currency accounts

Yes. Nonresidents are free to open and maintain domestic currency accounts.

Convertible into foreign currency

Yes.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

No.

Minimum financing requirements

No.

Advance payment requirements

No.

Advance import deposits

No.

Documentation requirements for release of foreign exchange for imports

No.

Domiciliation requirements

No.

Preshipment inspection

No.

Letters of credit

No.

Import licenses used as exchange licenses

No.

Other

No.

Import licenses and other nontariff measures

Yes.

Positive list

No.

Negative list

Yes. Counterfeit currency notes and coins, pornographic materials, used tires of light commercial and passenger vehicles, all soaps and cosmetic products containing mercury, narcotic drugs under international control, etc., are on the negative list. The complete list of prohibited goods is referenced in the East African Community Customs Management Act, 2004, Second Schedule (ss. 18, 19, and 20).

Open general licenses

No.
Licenses with quotas: No.
Other non-tariff measures: No.
Import taxes and/or tariffs: Yes. Customs duties on goods imported from countries outside the EAC are zero for essential goods, raw materials, and capital goods; 10% for intermediate goods; and 25% for finished goods. There is also an environmental levy of 10% on motor vehicles, excluding commercial vehicles eight years old and older.
Taxes collected through the exchange system: No.
State import monopoly: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements: No.
Surrender requirements: No.
  Surrender to the central bank: No.
  Surrender to authorized dealers: No.
Financing requirements: No.
Documentation requirements: No.
Letters of credit: No.
Guarantees: No.
Domiciliation: No.
Preshipment inspection: No.
Other: No.
Export licenses: No.
Without quotas: No.
With quotas: No.
Export taxes: No.
Collected through the exchange system: No.
Other export taxes: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers: No.
Trade-related payments: No. Section 9.2 of the FEA (2004) states that “all payments in foreign currency, to or from Uganda, between residents and nonresidents, or between nonresidents, shall be made through a bank.”
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Investment-related payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Payments for travel No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Personal payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Foreign workers' wages No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Credit card use abroad No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.
Other payments No.
Prior approval No.
Quantitative limits No.
Indicative limits/bona fide test No.

References to legal instruments and hyperlinks

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http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.
Surrender requirements No.
### Uganda

<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>No.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
</tbody>
</table>

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

There are no controls, as stated in Section 20.1 of the FEA, which repeals the Exchange Control Act. However, money laundering is prohibited.
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Loans</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

The Land Amendment Act (2004) stipulates that leases on land granted to non-Ugandans, irrespective of their residency status, may not exceed 99 years.
Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

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Commercial banks may borrow from abroad however, should they need to classify the borrowing as part of Tier 2 capital or as administered funds they would need to consult with the BOU.

Account balances may range between 20% and 50% of total capital, depending on the rating of the correspondent financial institution. See Section 8 of the Financial Institutions (Foreign Exchange Business) rules, 2010, referenced in Section C below.

A financial institution may not open or set up a subsidiary, branch, or representative office or transact financial institution business outside Uganda or acquire an interest in any enterprise conducting business outside Uganda, except with the consent of the CB.

Lending in foreign currency may have a maximum maturity of not more than one year unless the borrower has a clearly defined income stream in the currency being borrowed that matches the longer-term maturity of the loan, and it may not exceed in aggregate 80% of a bank’s total foreign currency deposits. See Section 7 of the Financial Institutions (Foreign Exchange Business) rules, 2010, referenced in Section C below.

Banks must maintain with the BOU unremunerated cash reserves of 8.0% against all deposit liabilities, irrespective of the denomination and term.

It is 20% against deposit liabilities for both domestic and foreign currency accounts.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>No.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities</td>
<td>No.</td>
</tr>
</tbody>
</table>

Rule 6 of the Financial Institutions (Foreign Exchange Business) Rules, 2010, states that the daily foreign exchange open position of authorized financial institutions must lie within ±25% of a financial institution’s core capital in the previous quarter.

The maximum limit for the net open position in foreign currencies generally or in any specified foreign currency that the financial institution may create may not exceed 25% of the core capital of the financial institution.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Changes during 2019 and 2020**

**Exchange Arrangement**

**Monetary policy framework**
Inflation-targeting framework

*Operating target (policy rate)*

Target corridor band  
06/08/2020  The seven-day interbank money market rate can fluctuate within a band of ±2 (previously ±3) percentage points around the Central Bank Rate.
**UKRAINE**

*(Position as of June 30, 2020)*

## Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Date of membership</th>
<th>Date of acceptance:</th>
</tr>
</thead>
</table>

## Exchange Measures

### Restrictions and/or multiple currency practices

- Yes. The IMF staff report for the Request for Stand-By Arrangement and Cancellation of Arrangement under the Extended Fund Facility with Ukraine states that as of December 7, 2018, Ukraine maintained exchange restrictions and MCPs, but a road map is in place to gradually phase them out. The exchange restrictions arise from: (1) absolute limits on the availability of foreign exchange for certain non-trade current international transactions; and (2) a partial ban on the transfer abroad of dividends received by nonresident investors from foreign investments in Ukraine. The MCPs arise from: (1) the use of multiple price foreign exchange auctions conducted by the National Bank of Ukraine (NBU) without a mechanism to prevent a spread deviation of more than 2% between the auction and market exchange rates; (2) the use of the official exchange rate for exchange transactions with the government without a mechanism to prevent a spread deviation of more than 2% between the official exchange rate and market exchange rates; and (3) the requirement to transfer any gains from the purchase of foreign exchange to the state budget if it is unused and resold. (Country Report No. 19/3)

### Exchange measures imposed for security reasons


### In accordance with IMF Executive Board Decision No. 144-(52/51)

- Yes. Restrictions established by the Cabinet of Ministers of Ukraine in accordance with UNSC resolutions for certain transactions with the Democratic Republic of the Congo, the Democratic Republic of Somalia, the Democratic People’s Republic of Korea, Lebanon, and Sudan, as well as restrictions with respect to the Libyan Arab Jamahiriya, the Taliban, and Al-Qaida, remain in place. The sanctions against Iran have not been repealed, but the mechanism for their introduction has been changed. Resolution No. 1092 of the Cabinet of Ministers of Ukraine of September 5, 2007, on Implementation of UNSC Resolutions Concerning the Islamic Republic of Iran was in effect until November 18, 2016 (became inoperative by virtue of Resolution of the Cabinet of Ministers of Ukraine No. 786, dated November 9, 2016). Sanctions are now introduced by a decision of the Ukraine National Security and Defense Council, and in particular with respect to Iran: Ukraine National Security and Defense Council Decisions of May 20, 2016, on Implementation of UNSC Resolution No. 2231 of July 20, 2015, Concerning the Joint Comprehensive Plan of Action with Respect to Sectoral Sanctions (introduced by Decree No. 254/2016 of the President of Ukraine of June 15, 2016, and approved by Ukraine Supreme Council Resolution No. 1471-VIII of July 14, 2016), and on Implementation of UNSC Resolution No. 2231 of July 20, 2015,
Concerning the Joint Comprehensive Plan of Action with Respect to Personal Sanctions (introduced by Decree No. 254/2016 of the President of Ukraine of June 15, 2016).

In its Directive No. 360-r, dated April 29, 2016, the Cabinet of Ministers of Ukraine proposed imposing personal sanctions on certain individuals and legal entities of Iran, including the freezing of assets (suspension of debit transactions in accounts) that are owned by or under the control of such individuals or legal entities, up to October 18, 2023. In accordance with a decision of the National Security and Defense Council of Ukraine dated May 20, 2016, “Concerning Implementation of UNSC Resolution No. 2231, dated July 20, 2015, Regarding the Joint Comprehensive Plan of Action on Personal Sanctions” (introduced by Order of the President of Ukraine No. 254/2016, dated June 15, 2016), personal sanctions against these individuals and legal entities of Iran were imposed up to October 18, 2018.

From the moment of the entry into force (May 17, 2017) of Decree No. 133/2017 of the President of Ukraine of May 15, 2017, on the Decision of the Ukraine National Security and Defense Council of April 28, 2017, on the Application of Personal Special Economic and Other Restrictive Measures (Sanctions) pursuant to which sanctions were applied to 1,228 individuals and 468 legal entities, the following were repealed: Decree No. 549/2015 of the President of Ukraine of September 16, 2015, which implemented the decision of the National Security and Defense Council of Ukraine of September 2, 2015, on the Application of Special Economic and Other Restrictive Measures (Sanctions) with respect to 388 individuals and 105 legal entities; Decree No. 121/2016 of the President of Ukraine of March 29, 2016, which implemented the decision of the National Security and Defense Council of Ukraine of March 25, 2016, on the Application of Special Economic and Other Restrictive Measures (Sanctions) with respect to 84 individuals; Decree No. 224/2016 of the President of Ukraine of May 27, 2016, which implemented the decision of the National Security and Defense Council of Ukraine of May 20, 2016, on the Application of Additional Special Economic and Other Restrictive Measures (Sanctions) with respect to 17 individuals; Decree No. 467/2016 of the President of Ukraine of October 17, 2016, on the Decision of the National Security and Defense Council of Ukraine of September 16, 2016, on the Application of Special Personal Economic and Other Restrictive Measures (Sanctions), which in due course extended special personal economic and other restrictive measures (sanctions) established by the decision of the National Security and Defense Council of Ukraine of September 2, 2015 (as amended by decisions of the National Security and Defense Council of Ukraine of September 17, 2015, and May 20, 2016), that was implemented by Decree No. 549/2015 of the President of Ukraine of September 16, 2015 (with respect to 347 individuals and 104 legal entities), and also applied sanctions to 335 individuals and 167 legal entities; Decree No. 63/2017 of the President of Ukraine of March 15, 2017 [sic], put into force the decision of the National Security and Defense Council of Ukraine of March 15, 2017, on the Application of Special Economic and Other Restrictive Measures (Sanctions) with respect to five banks for a period of one year; Decree No. 57/2018 of the President of Ukraine of March 6, 2018, which implemented the decision of the National Security and Defense Council of Ukraine of March 1, 2018, on the Application of Special Economic and Other Restrictive Measures (Sanctions), extended these sanctions for one year against four of the
five banks. In addition, Decree No. 126/2018 of the President of Ukraine of May 14, 2018, which implemented the decision of the National Security and Defense Council of Ukraine of May 2, 2018, on the Application of Special Personal Economic and Other Restrictive Measures (Sanctions), applied sanctions to 1,748 individuals and 756 legal entities. Furthermore, pursuant to the decision of the National Security and Defense Council of Ukraine of June 21, 2018, on the Application and Amendment of Special Personal Economic and Other Restrictive Measures (Sanctions), which was implemented by Decree No. 176/2018 of the President of Ukraine of June 21, 2018, new versions of the lists of persons subject to sanctions pursuant to the decision of the National Security and Defense Council of Ukraine of May 2, 2018 (which was implemented by Decree No. 126/2018 of the President of Ukraine of May 14, 2018), were prepared, as a result of which sanctions were applied to 1,759 individuals and 786 legal entities. Pursuant to Decree No. 82/2019 of the President of Ukraine of March 19, 2019, which implemented the decision of the National Security and Defense Council of Ukraine of March 19, 2019, on the Application, Repeal, and Amendment of Special Personal Economic and Other Restrictive Measures (Sanctions), sanctions were imposed (or extended) vis-à-vis 848 individuals and 294 legal entities, among which are banks with Russian capital, sanctions against which were extended for another two years. Decree No. 924/2019 of the President of Ukraine, dated December 20, 2019, put into effect a decision of the National Security and Defense Council of Ukraine of December 7, 2019, “Changes to Personal Special Economic and Other Restrictive Measures (Sanctions),” pursuant to which changes were made to the list of individuals on whom sanctions had been imposed by Decree No. 82/2019 of the President of Ukraine, dated March 19, 2019. Under Decree No. 184/2020 of the President of Ukraine, dated May 14, 2020, which put into effect a decision of the National Security and Defense Council of Ukraine dated May 14, 2020, “Concerning the Imposition, Repeal of, and Changes to Personal Special Economic and Other Restrictive Measures (Sanctions),” sanctions were imposed (or extended) vis-à-vis 377 individuals and 235 legal entities, and changes were made to sanction lists and/or the types of sanctions that were imposed on one or another entity pursuant to prior Decrees of the President of Ukraine.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of Ukraine is the Ukrainian hryvnia (UAH).

Other legal tender

No.

Exchange rate structure

Unitary

Dual

Multiple

Yes. The exchange rate structure is classified as multiple because of MCPs, which arise from (1) the use of multiple price foreign exchange auctions conducted by the NBU without a mechanism to prevent a spread deviation of more than 2% between the auction and...
market exchange rates; and (2) the use of the official exchange rate for exchange transactions with the government without a mechanism to prevent a spread deviation of more than 2% between the official exchange rate and market exchange rates.

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal bands
- Other managed arrangement

**Floating** Yes. The de jure and de facto exchange rate arrangements are classified as floating. The Monetary Policy Guidelines for 2020 and Medium Term (approved by the NBU Council September 10, 2019) call for the NBU to maintain a floating exchange rate arrangement, meaning that monetary policy will not be aimed at achieving a certain exchange rate target or range. At the same time, the NBU will use foreign currency interventions for the purpose of accumulating international reserves, smoothing out the functioning of the foreign exchange market, and maintaining the transmission of the key interest rate as the core monetary policy instrument.

In March 2020 deteriorating conditions in the global financial and commodity markets, combined with heightened uncertainty in the domestic market, triggered a surge in foreign exchange market turbulence. The NBU stepped up efforts to intervene in the foreign exchange market to smooth out excessive exchange rate fluctuations without counteracting market trends. The hryvnia weakened by 14.3% from February to March as measured at the end of the month. But, since the situation in the foreign exchange market stabilized in April and the supply of foreign currency exceeded demand, the NBU resumed foreign currency purchases for international reserves accumulation.

The NBU publishes foreign exchange intervention data (weekly amounts purchased or sold, by type of intervention) on its website.

**Free floating**

**Official exchange rate** Yes. As of August 1, 2018, the NBU calculates the official hryvnia exchange rate against the US dollar according to a new method based on information about all transactions involving the purchase and sale of US dollars on “tod,” “tom,” and “spot” terms, which on the day of calculation of the official exchange rate take place in the interbank currency market of Ukraine between banks and between banks and the NBU, and information whereof is provided by the NBU trading information systems until 3:30 p.m. of the current business day.

The new method of calculation provides a two-stage system for cutting off transactions whose parameters for various reasons deviate from the parameters of most transactions of the current day.
Beginning December 27, 2019, the official exchange rate of the hryvnia to other foreign currencies and the official price of precious metals have been calculated based on the official hryvnia–US dollar exchange rate and Bloomberg fixing (BFIX) quotes for the respective foreign currencies and precious metals, according to data from the Bloomberg trading and information system.

The official exchange rate of hryvnias against foreign currencies and precious metals is used by residents and nonresidents for recording transactions with foreign currencies and precious metals in their accounting records, in other cases as determined by the legislation of Ukraine, and for currency operations of the NBU with the State Treasury Service of Ukraine.

**Monetary policy framework**

Exchange rate anchor

- U.S. dollar
- Euro
- Composite
- Other

Monetary aggregate target

Inflation-targeting framework: Yes.

The NBU Board proposed the draft of the “Monetary Policy Guidelines for 2016–2020” (August 2015) to the NBU Council, stating that the NBU will conduct its monetary policy based on the inflation-targeting framework. This draft established the irrevocable inflation targets for 2016–20 and onward.

On December 21, 2016, the NBU Council adopted the “Monetary Policy Guidelines for 2017 and Medium Term” and formally established the inflation-targeting framework as the monetary policy framework in Ukraine.

The inflation targets set earlier remained unchanged.

On July 13, 2018, the NBU Council adopted the “Monetary Policy Strategy of the National Bank of Ukraine” which confirms that the NBU will carry out its monetary policy on the basis of inflation targeting and that its medium-term inflation target is 5% (the constant medium-term inflation target starting at the end of 2019).

The NBU detailed quarterly inflation targets for 2019 in the “Monetary Policy Guidelines for 2019 and Medium Term” (September 11, 2018):

- March 2019—5.75% ±2 percentage points;
- June 2019—5.5% ±2 percentage points;
- September 2019—5.25% ±2 percentage points;
- December 2019 and onward—5% ±1 percentage point.

The “Monetary Policy Guidelines for 2020 and Medium Term” (September 10, 2019) confirmed 5% ±1 percentage point as the inflation target for 2020 and onward.

**Target setting body**: Yes.

Government

Central Bank: Yes.
Inflation targets are specified in the “Monetary Policy Guidelines,” which are developed and adopted by the NBU Council, based on proposals of the NBU Board.

According to the “Monetary Policy Guidelines for 2017 and Medium Term” (adopted December 21, 2016), the NBU targets headline inflation (that is, annual growth of the consumer price index [CPI]), for which a disinflationary trajectory is set toward the medium-term inflation target at 5% ±1 percentage point. Specifically, this trajectory assumed the following targets for the annual changes in the CPI:
- December 2017—8% ±2 percentage points;
- December 2018—6% ±2 percentage points;
- December 2019 and onward—5% ±1 percentage points.

The “Monetary Policy Strategy of the NBU,” adopted by the NBU Council (July 13, 2018), confirmed the irrevocable medium-term inflation target at the level of 5% ±1 percentage point. The medium-term inflation target may be revised downward given a decrease in exchange rate volatility, the adjustment of relative prices, and the weakening effects of convergence of the economy of Ukraine with the economies of its major trading partners.

The “Monetary Policy Guidelines for 2019 and Medium Term” (September 11, 2018) confirmed the irrevocable medium-term inflation target at 5% ±1 percentage point and defined the inflation targets for 2019:
- March 2019—5.75% ±2 percentage points;
- June 2019—5.5% ±2 percentage points;
- September 2019—5.25% ±2 percentage points;
- December 2019 and onward—5% ±1 percentage point.

The “Monetary Policy Guidelines for 2020 and Medium Term” (September, 10, 2019) confirmed 5% ±1 percentage points as the inflation target for 2020 and onward.

CPI data are provided by the State Statistics Service of Ukraine: The CPI is an indicator of changes in the prices of goods and services purchased by households for consumption. The measurement of the CPI is based on data obtained through a monthly registration of prices in the consumer market and the aggregated national accounts data, with detailed information on the structure of actual consumer monetary expenditures of households.
The NBU reaches the inflation target indicators mainly by adjusting its key policy rate. The key policy rate is set by the NBU Board and reflects the monetary policy stance, functioning as an operational target for short-term interest rates in the interbank credit market. The key policy rate is supplemented by a symmetrical fixed interest rate corridor on standing facilities.

On June 12, 2020, the interest rate corridor was narrowed from ±2% to ±1% of the key policy rate.

As an accountability mechanism, the NBU uses mainly enhanced communication with the public (primarily through regular press briefings following NBU Board meetings on monetary policy issues, as well as the quarterly inflation report).

According to the legislation, the NBU Board is accountable to the NBU Council, which monitors the Board’s monetary policy implementation (that is, compatibility with the Monetary Policy Guidelines).

The legislation does not provide for other specific forms of reporting by the NBU to the government on monetary policy and inflation outcomes.

The law “On the National Bank of Ukraine” requires the governor to report to the Parliament on NBU activities. Once a year, the NBU provides information on the forecast of monetary indicators for the next year to the president, the Cabinet of Ministers, and the Parliament; twice a year, the NBU provides a report to the president and the Parliament on money market developments; quarterly, the NBU provides information to the president, the Cabinet of Ministers, and the Parliament Finance Committee on its noncash emissions (namely, foreign exchange interventions, refinancing of banks, and stock market operations).

In February 2018, the NBU began to publish on a regular basis the Summary of the Key Policy Rate Discussion by the NBU Monetary Policy Committee (MPC). The MPC serves as a discussion platform and includes all members of the NBU Board and directors of the NBU departments involved in monetary policy decision-making. Publication of the discussion outcomes is intended to give market participants a better understanding of the reasoning and motives behind NBU Board decisions (the NBU Board meeting on monetary policy issues is held the day after the MPC meeting). Publication of the discussion outcomes helps market participants anticipate further changes in the NBU’s monetary policy and, as a result, increases the

Operating target (policy rate) Yes.
Policy rate Yes.
Target corridor band Yes.
Other n.a.
Accountability Yes.
Open letter No.
Parliamentary hearings No.
Other Yes.
Transparency Yes.
Publication of votes No.
Publication of minutes Yes.
efficiency of the interest rate channel of the transmission mechanism and allows more effective management of inflation expectations by the NBU. This document details the impersonal views of all MPC members on necessary monetary policy decisions with relevant arguments from the majority as well as alternative views.

Publication of inflation forecasts

Yes.

The inflation report, with an inflation forecast, is published quarterly. Effective July 25, 2019, the NBU began to publish a key policy rate forecast as a part of the quarterly revisions of the macroeconomic forecast. Publication of the key policy rate forecast increases the transparency and predictability of monetary policy. The NBU updates the key policy rate forecast along with other indicators on a quarterly basis and publishes it in the inflation report.

Other monetary framework

**Exchange tax**

No.

Previously, Law of Ukraine No. 400/97-VR of June 26, 1997, on the Fee for Mandatory Government Pension Insurance, imposed a 2% tax on individuals’ foreign currency cash purchases (except for loan repayment) to replenish the state pension fund.

Banks must remit to the Special Fund of the State Budget the proceeds of this tax, and a monthly report is made by the Pension Fund of Ukraine to the NBU on the tax amount accrued/withheld (Article 1 of Law of Ukraine No. 400/97-VR of June 26, 1997, on the Fee for Mandatory Government Pension Insurance).

Law No. 1791-VIII of December 20, 2016, repealed this tax, on January 1, 2017.

**Exchange subsidy**

No.

**Foreign exchange market**

Yes.

Foreign currency may be traded in the foreign exchange market of Ukraine and in the international foreign exchange market via the NBU and market participants (banks that have obtained a banking license, nonbank financial institutions, and postal service operators that have obtained a license from the NBU to perform foreign exchange operations). Market participants may perform the following operations:

1. purchase and/or sale of foreign currency for hryvnias in the foreign exchange market of Ukraine;
2. purchase and/or sale of precious metals for hryvnias by banks in the foreign exchange market of Ukraine;
3. exchange of one foreign currency for another or one bank metal for another bank metal or foreign currency by banks without limit in the foreign exchange market of Ukraine and in the international foreign exchange market.

Foreign currency is traded on “tod,” “tom,” “spot,” “swap,” and “forward” terms.

Banks perform foreign exchange transactions on swap terms in the foreign exchange market of Ukraine

1. with the NBU—with foreign currency;
2. with other banks and bank customers (including international financial institutions [IFIs])—with foreign currency and precious metals.

Banks are prohibited from performing swap transactions with
customers

(1) who are residents, if the first part of the transaction involves the sale of foreign currency/precious metals to the customer;

(2) who are nonresidents, if the first part of the transaction involves the purchase of foreign currency/precious metals from the customer.

Banks perform foreign exchange transactions on forward terms (with or without the delivery of the underlying asset) in the foreign exchange market of Ukraine with other banks and bank customers.

Bank customers may perform forward transactions

(1) for the hedging of risk associated with a change in the exchange rate of foreign currency against the hryvnia in transactions

(a) involving exports/imports of goods;

(b) of resident borrowers under credit agreements (loan agreements) for the attraction of funds from nonresidents or banks;

(2) transactions with customers that are nonresident legal entities, if the nonresident receives funds in hryvnias for the purpose of purchasing Ukrainian domestic government bonds and if the deadline for fulfillment of obligations to the bank under the forward transaction is not more than 14 business days from the date the hryvnias are provided.

Banks perform foreign exchange transactions on the basis of a banking license issued by the NBU in accordance with the Law of Ukraine on Banks and Banking.

Banks perform their own transactions involving trade in foreign currency/precious metals within the open foreign exchange position limits established by the NBU.

Banks perform transactions with customers involving the purchase, sale, and exchange of foreign currency/precious metals at the exchange rate specified in the request or instruction to perform such a transaction.

Banks receive commission fees for transactions performed on behalf of customers, which are paid exclusively in the domestic currency of Ukraine.

As of August 1, 2018, banks may use both the transaction confirmation system (on a voluntary basis) and any other means acceptable to the parties to the transaction (for example, SWIFT) to confirm interbank transactions involving the purchase/sale of foreign currency in the currency market of Ukraine. At the same time, banks may conclude deals at any time, regardless of the time set for the transaction confirmation system.

Banks confirm transactions with the NBU involving the purchase/sale of foreign currency through the transaction confirmation system if the NBU uses this system for the confirmation of transactions.

The transaction confirmation system operates on business days (Monday through Friday) from 9:00 a.m. to 7:00 p.m. Kyiv time.
Banks engage in trading in foreign currency/precious metals regardless of the operating hours of the transaction confirmation system.

As of July 27, 2018, Resolution No. 86 of July 24, 2018, clarifies that banks may carry out transactions on forward terms with resident customers who engaged in foreign economic activity and with other authorized banks.

**Spot exchange market**

Yes.

Currency exchange transactions include

1. the purchase of foreign currency cash from (resident and nonresident) individuals for cash hryvnias;
2. the sale of foreign currency cash to (resident and nonresident) individuals for cash hryvnias;
3. the exchange of foreign currency cash of one country for foreign currency cash of another country.

These transactions may be performed by banks, nonbank financial institutions, postal service operators, and currency exchange offices of banks, nonbank financial institutions, and postal service operators.

Banks, nonbank financial institutions, and postal service operators may change the purchase and sale exchange rates for currency exchange transactions during the course of a business day.

Nonbank financial institutions and their stand-alone divisions and currency exchange offices of banks, nonbank financial institutions, and postal service operators may begin operations following registration of a cash register or electronic cash register with the tax authorities.

As of August 1, 2019, a total of 29 nonbank financial organizations and the national postal operator Ukrposhta may conduct currency exchange operations (in their local branches, offices, and exchange points); as of August 1, 2018, a total of 76 banks may conduct foreign currency exchange operations.

Under the Foreign Exchange Intervention Strategy of the NBU for 2016–20 (of September 6, 2016), the NBU conducts four types of interventions:

1. foreign currency auctions,
2. single exchange rate interventions,
3. interventions at the best rate,
4. targeted interventions.

Currency interventions at the best rate were introduced in October 2016; the first currency intervention in this form took place January 13, 2017.

The Strategy was amended in 2018, whereby the NBU deemed it feasible to cease prioritizing specific forms of interventions. Instead, feasibility of each form of intervention is determined according to conditions in the interbank foreign exchange market. Since 2018, the NBU has relied more on matching interventions.

**Operated by the central bank**

Yes.

**Foreign exchange standing facility**

No.

**Allocation**

No.
The NBU may organize single and multiple price auctions. The NBU resumed foreign currency auctions on September 17, 2015, after suspending them on February 5, 2015. Competitive and noncompetitive bids are considered: the competitive ones are fulfilled at the exchange rate indicated in the bid, while the noncompetitive ones are fulfilled at the weighted average exchange rate of the competitive bids.

In holding an auction at which bids are fulfilled at the exchange rate indicated in a bid, the cutoff rate may not deviate by more than 2% from the highest/lowest exchange rate declared by banks (depending on the type of transaction—sale or purchase).

The NBU informs market participants of auctions by posting the information on the official website of the NBU, as well as by means of the trade and information system, if the auction is held with the help of its functionality. Conditions are specified in the notification. Banks that have submitted bids must honor them.

Bids must be submitted no later than the time indicated in the notification. Following the auction, the NBU publishes the results on its website. Intervention on a single exchange rate takes place (1) either by collecting applications of market participants for the purchase/sale of foreign currency at a single exchange rate and their proportional fulfillment within the limits of the volume determined for currency intervention; or (2) by placing an offer to buy/sell foreign currency at a single exchange rate in the trading information system (Bloomberg or Reuters) and accepting offers from market participants before the supply is exhausted.

The intervention on the best exchange rate is carried out (1) either by asking market participants for the price of purchase/sale of foreign currency through the trading information system and the transaction at the best offered price, or (2) by choosing the best price for the purchase/sale of foreign currency from the quotes of market entities available in the trading information system and conducting a transaction with a market entity that offers this price.

The list of banks entitled to participate in the intervention at the best exchange rate, which is carried out by requesting the market entities' prices for the purchase/sale of foreign currency through the trading information system (updated every quarter), was first published October 31, 2016. This list includes 20 banks selected on the basis of a set of such criteria as the volume of interbank transactions, the volume of transactions with customers, and the size of bank assets.

The NBU engages in trading in foreign currency and/or precious metals for the purpose of performing the functions assigned to it by the legislation of Ukraine.

The NBU may carry out currency interventions in the interbank currency market of Ukraine by holding currency auctions, interventions at a single rate, or interventions at the best rate.

Banks perform their own transactions involving trade in foreign currency/precious metals within the open foreign exchange position limits established by the NBU.
Banks perform transactions with customers involving the purchase, sale, and exchange of foreign currency/precious metals at the exchange rate specified in the request or instruction to perform such a transaction. Banks receive commissions for transactions performed on behalf of customers, which are paid exclusively in hryvnias. As of August 1, 2018, banks may use both the transaction confirmation system (on a voluntary basis) and any other means acceptable to the parties to the transaction (for example, SWIFT) to confirm interbank transactions involving the purchase/sale of foreign currency in the currency market of Ukraine.

Banks confirm transactions with the NBU involving the purchase/sale of foreign currency through the transaction confirmation system if the NBU uses this system for the confirmation of transactions.

The transaction confirmation system operates on business days (Monday through Friday) from 9:00 a.m. to 7:00 p.m. Kyiv time. Banks engage in trading in foreign currency/precious metals regardless of the operating hours of the transaction confirmation system.

<table>
<thead>
<tr>
<th>Over the counter</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Brokerage</td>
<td>No.</td>
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<tr>
<td>Market making</td>
<td>No.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are no market makers in the interbank foreign exchange market. Banks perform foreign exchange transactions on swap terms in the foreign exchange market of Ukraine:

1. with the NBU— with foreign currency;

2. with other banks and bank customers (including IFIs) — with foreign currency and precious metals.

Banks are prohibited from performing swap transactions with customers:

1. who are residents, if the first part of the transaction involves the sale of foreign currency/precious metals to the customer;

2. who are nonresidents, if the first part of the transaction involves the purchase of foreign currency/precious metals from the customer.

Banks perform foreign exchange transactions on forward terms (with or without the delivery of the underlying asset) in the foreign exchange market of Ukraine with other banks and bank customers.

Bank customers may perform forward transactions:

1. to hedge risk associated with a change in the exchange rate of foreign currency against the hryvnia in transactions:

   a. involving exports/imports of goods;

   b. effective February 7, 2019, of resident borrowers under credit agreements (loan agreements) for the attraction of funds from nonresidents or banks.
(2) transactions with customers that are nonresident legal entities, if the nonresident is receiving funds in hryvnias for the purpose of purchasing Ukrainian domestic government bonds and the deadline for the fulfillment of obligations to the bank under the forward transaction is not more than 14 business days from the date the funds in hryvnias are provided.

The new foreign exchange legislation does not prohibit the performance of transactions with other foreign currency derivatives, or transactions in foreign currency with other derivative financial instruments based on underlying assets in foreign currency, foreign currency exchange rates, interest rates, and indices.

“Comprehensive regulation of transactions with derivatives is provided in the Law of Ukraine Amendments to Certain Statutes of Ukraine on Facilitating Investment Generation and Introducing New Financial Instruments.” (As of August 7, 2020, this law is awaiting the signature of the president of Ukraine.)

Banks may perform transactions with derivatives both in the foreign exchange market of Ukraine and on stock exchanges.

On April 2, 2016, the Regulation on the Performance of Swap Transactions by the NBU for the Purchase and Sale of Foreign Currency (NBU Board Resolution No. 222 of March 31, 2016) entered into force. Currency swap transactions between the NBU and banks are performed with US dollars and euros. The NBU Executive Board determines the maximum term for which swap transactions may be performed. The NBU does not perform forward swap transactions for which the size of the haircut has not been approved.

As of March 30, 2018, the requirement to comply with the limit on a bank’s daily net foreign exchange purchase in the interbank and retail market for its own position with respect to all transactions related to the purchase and sale of foreign currency and banking metals was eliminated.

As of July 27, 2018, banks may carry out transactions on forward terms with resident customers involved in foreign economic activity and/or with other authorized banks.

To prevent the spread of systemic risks resulting from market participants’ foreign currency derivatives contracts, the NBU may adopt a decision regarding the date on which banks must create and hold reserves for forward transactions. Reserves must be held by banks in hryvnias in a correspondent account at the NBU in addition to their required reserves.

The requirements of this provision do not extend to foreign currency forwards that are the second leg of foreign currency swaps. As of August 1, 2019, the NBU had not decided the date of banks’ obligation to create and hold reserves for forward transactions.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
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<tbody>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
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</table>

**Prescription of currency requirements**  Yes.

**Controls on the use of domestic currency**  Yes.

Payments to and receipts from all countries are settled in foreign
currency and also in hryvnias for certain transactions. Residents may conduct transactions in hryvnias with nonresidents through hryvnia correspondent accounts of nonresident banks with authorized Ukrainian banks for:

1. settlements between residents and nonresidents for exports and imports of goods (products, services, work, intellectual property rights, other nonproperty rights intended for sale/paid transfer);

2. transactions by residents with nonresidents under credit agreements/loan agreements related to the provision of funds (a credit/loan) by a nonresident to a resident borrower and/or the fulfillment of debt obligations to a nonresident for a credit/loan attracted by a resident borrower (repayment of a credit/loan, payment of interest, and other payments established under the relevant agreement);

3. transactions related to the performance of foreign investments in Ukraine and their return (including the return of profits, income, and other funds earned by foreign investors from investment activity in Ukraine);

4. transfers of funds to accounts of foreign investors/nonresidents in Ukraine from a correspondent account with a Ukrainian bank held by a depository foreign bank that has a securities account at the NBU;

5. deposits of funds account holders receive from the sale of securities, ownership interest, or other assets in Ukraine that do not constitute foreign investment items in Ukraine, as well as the receipt of income, profits, or other resources from such items;

6. transactions involving guarantees/sureties provided by nonresident guarantors/sureties that ensure fulfillment of obligations of resident debtors to resident creditors;

7. transactions involving guarantees/sureties provided by nonresident guarantors/sureties that ensure fulfillment of obligations of resident debtors to nonresident creditors (provided the obligation of the resident debtor that is backed by the guarantee/surety arises from contracts/transactions referred to under subparagraphs 1–3 above);

8. transactions involving guarantees provided by a resident guarantor (bank, nonbank financial institution) that ensure the fulfillment of obligations of resident debtors to nonresident creditors (provided the obligation of the resident debtor that is backed by the guarantee arises from contracts/transactions referred to under subparagraphs 1–3 above);

9. transactions related to the satisfaction of a nonresident’s claims as a creditor through the sale of collateral for hryvnias or the payment of insurance compensation to a nonresident under insurance contracts within Ukraine if a resident debtor fails to fulfill its obligations under the relevant contract (provided the creditor’s rights of claim with respect to the resident debtor’s obligations arose from contracts/transactions referred to under 1–3 above);

10. transactions by the Personal Deposit Guarantee Fund, or authorized official of the Fund, related to the satisfaction of nonresident creditors’ claims during the liquidation of a bank.
transactions pursuant to a court ruling or a decision by other bodies (or officials) that is subject to enforcement;

transactions related to the payment of taxes, levies, and other mandatory fees according to the legislation of Ukraine and/or foreign states;

transactions involving the transfer of funds from/to a nonresident bank’s correspondent accounts at Ukrainian banks/the NBU;

transactions involving the placement of deposits and the return of funds from such transactions, including interest on deposits and on balances of funds in the accounts;

transactions involving the transfer of funds from/to correspondent accounts of other nonresident banks;

transactions involving trade in foreign exchange assets;

transactions by a liquidator of a legal entity to satisfy claims of nonresident creditors during the liquidation of the given legal entity;

transfers by a nonresident bank of funds to a current account opened for its representative office or branch in Ukraine;

transactions between banks and nonresident legal entities under credit agreements and other types of agreements that stipulate for banks to provide nonresidents with hryvnias for the purchase of sovereign bonds of Ukraine, with the funds to be repaid to the bank no later than 14 business days from the day when hryvnias are provided;

transactions involving the purchase/sale of domestic bonds, payment of income on them, and their redemption;

transactions by nominal holders with securities in accordance with the Law of Ukraine on the Depository System of Ukraine;

transactions involving the payment/receipt of a commission;

transfers of funds from abroad to accounts of nonresidents in Ukraine;

transfers of funds from accounts of nonresidents in Ukraine to nonresidents’ accounts abroad;

Residents may conduct settlements with nonresidents on export and import transactions in hryvnias through hryvnia correspondent accounts of nonresident banks with authorized Ukrainian banks, provided they present to the servicing bank documents/information confirming the legality of the payment.

The bank servicing the resident is responsible for monitoring the timely receipt of export earnings or imported goods.

For capital transactions

Transactions in capital and money market instruments

Yes.

Yes.

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Transactions in derivatives and other instruments: Yes. In certain circumstances, authorization is required from the National Securities and Stock Market Commission (NSSMC).

Credit operations: Yes. Only foreign exchange and hryvnias may be used for settlements between residents and nonresidents.

Residents may obtain credits and loans from nonresidents in both foreign currency and hryvnias.

Banks may grant loans to their resident clients in hryvnias and foreign currency (except consumer loans to individuals, which are granted loans only in hryvnias); nonresident banks and other nonresident legal entities may receive loans in foreign currency (loans in hryvnias—only where so provided); nonresident individuals may receive consumer loans in hryvnias.

Residents (including banks and nonbank financial institutions) may not extend credit (loans, financial assistance) in hryvnias to nonresidents or their representative offices in Ukraine, except for:

1. Provision of consumer credit to an individual nonresident by a bank or nonbank financial institution;

2. Transactions between banks and nonresident legal entities under credit or other agreements that stipulate for a bank to provide a nonresident with funds in hryvnias for the purchase of Ukraine sovereign bonds, with the funds to be repaid to the bank no later than 14 business days from the day when hryvnias are provided;

3. Transactions with an IFI (or its representative office).

Residents that are not banks may lend to nonresidents in foreign currency up to €100,000 a year for resident individuals and €2 million for resident legal entities (or the equivalent in another foreign currency).

Effective February 7, 2019, if the delivery time of goods and services exceeds 365 calendar days (previously 180 calendar days), it may be extended with approval of the central executive government body implementing economic development policy.

Nonresidents (legal entities and individuals) may open current accounts in hryvnias and in foreign currency in banks located within the territory of Ukraine to carry out settlements and payments with residents and other nonresidents.

Use of foreign exchange among residents: Yes. The hryvnia is the sole legal tender in Ukraine, taking into account the special considerations established by the second part of Article 5 of the Law of Ukraine on Foreign Exchange and Foreign Exchange Operations (referred to hereinafter as the Law on Foreign Exchange).

Effective February 7, 2019, foreign currency may be used by residents:

1. In the performance of operations by banks to provide banking and other financial services on the basis of a banking license;

2. In the performance of operations by nonbank financial institutions and postal service operators that have a license from the NBU to perform foreign exchange operations;
(3) in the performance of operations involving the placement of, payment of monetary income on, and redemption of bonds and Treasury bills of Ukraine denominated in foreign currency, if so indicated in the securities prospectus (by the terms of their placement);

(4) in the performance of operations involving the purchase/sale of government securities denominated in foreign currency, if the initiator or recipient of such a foreign exchange operation is a bank;

(5) for other operations defined by the Customs Code of Ukraine and/or regulatory legal acts of the NBU.

Previously, an NBU license was required.

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inoperative</strong></td>
<td>Yes.</td>
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<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
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<tr>
<td>Clearing agreements</td>
<td>No.</td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

There are arrangements with the Baltic countries, Russia, and the other FSU countries.

Barter is one of the forms of trade of Ukrainian companies in their transactions, used largely with the Baltic countries, Russia, and other FSU countries. The use of barter in foreign trade transactions is prohibited for a group of goods determined by the Ukrainian Cabinet of Ministers.

Foreign exchange supervision in Ukraine is administered by foreign exchange supervisory bodies and foreign exchange supervisory agents.

According to the Law on Foreign Exchange, foreign exchange supervisory bodies are the NBU and the central executive branch authority responsible for the development and implementation of state tax policy.

Authorized institutions (banks, nonbank financial institutions, and postal service operators that have obtained a license in accordance with the Law on Foreign Exchange) are foreign exchange supervisory agents that are accountable to the NBU.

When foreign exchange transactions are performed, authorized institutions directly supervise compliance with the requirements of the foreign exchange legislation by residents (except for other authorized institutions) and nonresidents who are performing foreign exchange transactions through these authorized institutions.

Effective February 7, 2019, foreign exchange supervision is not performed with regard to transactions involving exports and imports in an amount that is below the threshold established for financial transactions (stipulated in Article 20 of the Law of Ukraine on Preventing and Combating Money Laundering, the Financing of Terrorism, and the Financing of the Proliferation of Weapons of Mass Destruction (No. 361-IX, dated December 6, 2019).

The procedure for the performance of foreign exchange supervision by foreign exchange supervisory agents is established by the NBU.
Foreign exchange supervisory agents may request documents related to the performance of foreign exchange transactions from participants in foreign exchange transactions, and participants must provide such documents at the request of foreign exchange supervisory agents within the specified deadlines.

In order for authorized institutions to prevent their customers from using these institutions to perform foreign exchange transactions that do not meet the requirements of Ukrainian law, an authorized institution is required to perform a comprehensive analysis and verification of documents (information) concerning foreign exchange transactions, if the presentation of the relevant documents (information) is provided for by Ukrainian law for certain transactions identified by the NBU.

Resolution of the NBU Board No. 90, dated June 30, 2020, approved the Regulation on Procedures for Organizing and Performing Supervision in the Area of Financial Monitoring, Exchange Supervision, Supervision of the Implementation and Monitoring the Effectiveness of Personal Special Economic and Other Restrictive Measures (Sanctions), which went into effect July 1, 2020. As a result, the following NBU Resolutions are inoperative:

Resolution of the NBU Board No. 338, dated September 21, 2007, “Approval of the Regulation on Procedures for Conducting Onsite and Remote (Desk) Audits of Compliance by Banks, Other Financial Institutions, and the National Postal Communications Operator of Requirements of Foreign Exchange Statutes of Ukraine, and Audits of Foreign Currency Exchange Offices within the Territory of Ukraine”;


In accordance with Ukrainian legislation pertaining to money laundering and combating the financing of terrorism, banks and nonbank institutions must report the following to the specially authorized agency:

(1) threshold financial transactions (financial transaction is considered a threshold transaction if its amount is equal to or greater than UAH 400,000 [for business entities in the area of lotteries or games of chance—UAH 30,000]) or the equivalent in foreign currency, precious metals, or other assets;

(2) the presence of one or more of the attributes defined in Article 20, part 1, paragraphs 2–5 of the Law of Ukraine “Preventing and Combating Money Laundering, Terrorism Financing, and Proliferation Financing” (No. 361-IX, dated December 6, 2019);

(3) suspicious financial transactions (activities), or attempts to perform them, regardless of the amount (financial transactions or an attempt to perform them, regardless of the amounts in which they are performed, are considered suspicious if there is a suspicion or sufficient grounds for suspicion that they result from criminal activities or are related to or involve financing of terrorism or of the proliferation of weapons of mass destruction).
Controls on trade in gold (coins and/or bullion) Yes. Banks engage in trade in precious metals on the basis of a banking license issued by the NBU in accordance with the Law of Ukraine on Banks and Banking.

Banks may not conduct transactions involving the sale of precious metals without physical delivery for noncash hryvnias to customers (individuals, legal entities, individual entrepreneurs) above a small amount (the amount of a foreign exchange transaction below the threshold established for financial transactions subject to mandatory financial monitoring in accordance with the legislation on preventing and combating money laundering, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction) in one calendar day a customer. Conversion is at the exchange rate determined based on the official exchange rates for precious metals established by the NBU on the day of the transaction.

The above prohibition does not apply to

(1) interbank transactions and transactions involving the sale of precious metals by banks to enable resident customers to fulfill their obligations to the bank in precious metals under credit agreements;

(2) transactions involving the purchase by legal entities/individual entrepreneurs of precious metals for noncash hryvnias on the condition that they need to do so as a result of their business activities.

On external trade Yes. Permission for residents to export precious metals and precious stones is granted by the Ministry of Economic Development and Trade in consultation with the MOF.

Legal entities (including banks) may import or export precious metals into or from Ukraine without restriction subject to written declaration to the customs authority of the full amount, if such import/export is necessitated by their business activities.

A contract with a counterparty or a document serving in its place serves as the grounds for the import or export of precious metals into or from Ukraine by a legal entity.

A contract with a counterparty or a document serving in its place, or a contract for the delivery of precious metals to the NBU, serves as the grounds for the import of precious metals into Ukraine by a legal entity, when they were refined from precious metals (which were previously exported outside the customs territory of Ukraine).

Banks perform the cross-border movement of precious metals on the basis of a banking license and the relevant contracts with counterparties or a document serving in the place of such contracts.

Legal entities/banks export precious metals manufactured by Ukrainian producers with a written notice from the NBU declining to purchase the precious metals.
An individual may import into or export from Ukraine precious metals whose value does not exceed the equivalent of €10,000 without written declaration to the customs authority.

An individual may import into or export from Ukraine precious metals whose value is equal to or greater than the equivalent of €10,000 with written declaration of the full amount to the customs authority.

When precious metals whose value is greater than the equivalent of €10,000 are exported from Ukraine, in addition to a written declaration to the customs authority, resident individuals must also present documents confirming the acquisition of the precious metals from banks and/or the NBU in the amount that exceeds the equivalent of €10,000 on the day of exportation.

The conversion of the value of precious metals to euros is performed at the cross-rate determined on the basis of the official exchange rate of the hryvnia to the euro or the corresponding precious metals established by the NBU on the day they cross the customs border of Ukraine.

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>On exports</td>
<td>Yes.</td>
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<tr>
<td>Domestic currency</td>
<td>Yes.</td>
</tr>
<tr>
<td>An individual may import/export domestic currency cash in an amount that does not exceed the equivalent of €10,000 without written declaration to the customs authority.</td>
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<tr>
<td>The conversion of the amount of cash to euros is performed at the official exchange rate of the hryvnia to the euro established by the NBU on the day the cash crosses the customs border of Ukraine.</td>
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<tr>
<td>Exports of domestic currency by individuals in amounts equal to or greater than the equivalent of €10,000 require written declaration to the customs authority.</td>
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<tr>
<td>When domestic currency cash is exported from Ukraine in an amount that exceeds the equivalent of €10,000, in addition to a written declaration to the customs authority, resident individuals must also present documents confirming the withdrawal of cash from their own bank accounts in the amount exceeding the equivalent of €10,000 on the day of exportation.</td>
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<tr>
<td>Legal entities (including banks) may export domestic currency cash from Ukraine through an authorized representative without restriction, subject to written declaration to the customs authority of the full amount, if such exportation is necessary for their business activities.</td>
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<table>
<thead>
<tr>
<th>Foreign currency</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Individual may export foreign currency cash in an amount that does not exceed the equivalent of €10,000 without written declaration to the customs authority.</td>
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<tr>
<td>The conversion of the value of foreign currency cash to euros is performed at the cross-rate determined on the basis of the official exchange rate of the hryvnia to the corresponding foreign currencies established by the NBU on the day the cash crosses the customs border of Ukraine.</td>
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</tbody>
</table>
Exports of foreign currency by individuals in an amount equal to or greater than the equivalent of €10,000 is subject to written declaration to the customs authority.

When exporting foreign currency cash exceeding the equivalent of €10,000, in addition to a written declaration to the customs authority, resident individuals must also present documents confirming the withdrawal of foreign currency cash from their own bank accounts and a receipt for the currency exchange with this cash (if such a transaction was performed) in the amount that exceeds the equivalent of €10,000 on the day of exportation.

Legal entities (including banks) may export foreign currency cash through an authorized representative without restriction, subject to written declaration to the customs authority of the full amount, if such exportation is necessary for their business activities.

<table>
<thead>
<tr>
<th>On imports</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>Domestic currency</td>
<td>Yes.</td>
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<tr>
<td>Individuals may import domestic currency cash not exceeding the equivalent of €10,000 without written declaration to the customs authority.</td>
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<tr>
<td>The conversion of the amount of cash to euros is performed at the official exchange rate of the hryvnia against the euro established by the NBU on the day the cash crosses the customs border of Ukraine.</td>
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<tr>
<td>The importation of domestic currency by individuals equal to or greater than the equivalent of €10,000 is subject to written declaration to the customs authority.</td>
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</tbody>
</table>

Foreign currency | Yes. |
| Individuals may import domestic currency cash not exceeding the equivalent of €10,000 without written declaration to the customs authority. |
| The conversion of the value of foreign currency cash to euros is performed at the cross-rate determined on the basis of the official exchange rate of the hryvnia against the corresponding foreign currencies established by the NBU on the day the cash crosses the customs border of Ukraine. |
| The importation of foreign currency by individuals in an amount equal to or greater than the equivalent of €10,000 is subject to written declaration to the customs authority. |
| Legal entities (including banks) may import foreign currency cash through an authorized representative without restriction, subject to written declaration to the customs authority of the full amount, if such importation is necessary for their business activities. |

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted | Yes. |
| Held domestically | Yes. |
| Banks may open deposit accounts, current accounts, and escrow accounts. |
accounts for residents of Ukraine (legal entities, autonomous units thereof, individuals) and correspondent accounts for resident banks to carry out interbank settlements in accordance with the Law of Ukraine on Payment Systems and Money Transfers in Ukraine. Banks may open accounts for their resident clients both in hryvnias and in foreign currencies.

Resident legal entities and resident sole proprietors may freely open accounts in foreign currency with banks for the performance of settlements with respect to current transactions and transactions associated with capital flows, in accordance with Ukrainian law.

Certain conditions apply to the use of these accounts, as specified in Resolution of the NBU Board No. 5, dated January 2, 2019 (effective February 7, 2019).

Funds from term foreign currency deposits may be withdrawn before the expiration date in a domestic currency equivalent (at the exchange rate of purchase of the authorized bank as of the transaction date) if so allowed in the agreement with the bank regarding the term deposit (amendment to Resolution of the NBU Board No. 516, dated December 3, 2003).

Accepting of deposits in Russian rubles on the basis of bank account agreements is prohibited within the mainland territory of Ukraine, including by increasing the amount of deposits made before the Law of Ukraine on the Creation of the Free Economic Zone of Crimea and the Particularities of Engaging in Economic Activities in Temporarily Occupied Territory of Ukraine went into effect. Extending such agreements is also prohibited, in accordance with NBU Board Resolution No. 699, dated November 3, 2014.

<table>
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<tr>
<th>Approval required</th>
<th>No.</th>
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<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Residents may open accounts at foreign financial institutions and to perform foreign exchange transactions through these accounts. Residents must notify tax authorities of the use of their foreign currency accounts and provide statistical reporting to the NBU.

Article 13 of the Law on Foreign Exchange states that in the event that the NBU establishes a deadline for the performance of settlements under transactions by residents involving exports of goods, funds must be credited to the residents’ accounts at Ukrainian banks within the deadlines specified in the contracts, but no later, and in the amount established by the NBU.

Effective February 7, 2019, the NBU has established a deadline of 365 calendar days (previously 180 calendar days) for settlements under transactions by residents involving exports of goods.

Effective February 7, 2019, a license from the NBU is no longer required to transfer foreign currency by residents to their own accounts abroad as long as the amount is within the established limits (NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency).

Resident legal entities may purchase and transfer foreign currency for placement in their accounts abroad in an amount not exceeding
€2 million a year or the equivalent in another currency.

This limit does not extend to banks’ operations and transfers of funds by resident legal entities to accounts of their branch offices, representative offices, and other separate subdivisions without the creation of a legal entity, opened abroad, with the exception of those opened in states (territories) listed by the Cabinet of Ministers of Ukraine as offshore zones and/or recognized by the Supreme Council of Ukraine as an aggressor or occupying state, and/or that do not comply with or do not comply properly with the recommendations of international or intergovernmental organizations involved in combating money laundering, the financing of terrorism, or the financing of the proliferation of weapons of mass destruction, and/or have strategic deficiencies in the sphere of combating money laundering, the financing of terrorism, or the financing of the proliferation of weapons of mass destruction according to a statement by the FATF.

Resident individuals may purchase and transfer foreign currency for placement in their accounts abroad in an amount not exceeding €100,000 a year or the equivalent in another currency.

The given limits do not extend to residents’ placement in foreign accounts of foreign currency originating outside Ukraine; for example, funds received by residents outside Ukraine in the form of wages, stipends, pensions, child support, dividends, cash, etc., may be placed in foreign accounts without restriction.

| Accounts in domestic currency held abroad | No. |
| Accounts in domestic currency convertible into foreign currency | Yes. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Nonresident Accounts**

Foreign exchange accounts permitted Yes. Ukrainian banks may open accounts for nonresidents (legal entities, representative offices of legal entities in Ukraine, investment funds, etc.).
and asset management companies acting on behalf of such investment funds, individuals). Banks may open accounts for nonresident clients both in hryvnias and in foreign currencies.

The procedure for the use of accounts by nonresidents is established by Resolution No. 5 of January 2, 2019 (in effect February 7, 2019).

Direct foreign investors may open nonresident corporate accounts, investment accounts, deposit accounts, and escrow accounts in Ukraine.

An investment account of a foreign investor in foreign currency may be used in accordance with the legislation of Ukraine for:

1. foreign investments in Ukraine and the return of foreign investments, income, profits, and other funds earned by the foreign investor from investment activity in Ukraine;
2. trading in foreign currency;
3. posting/transfer of funds from/to other accounts held by the foreign investor in Ukraine/abroad;
4. posting of funds transferred by other nonresidents from abroad as authorized by the holder of the investment account for the performance of operations involving investment activity in Ukraine by the holder of the investment account;
5. operations involving the posting of funds from a deposit account of another foreign investor opened at a bank in Ukraine, in connection with assignment to the holder of the investment account by the foreign investor of rights of claim under a bank deposit agreement with regard to the payment of a monetary sum (deposit) and interest earned on the deposit;
6. posting of interest accrued on balances of funds on the foreign investor’s investment account;
7. posting of funds mistakenly transferred from the account;
8. settlements with customs authorities as specified by the legislation of Ukraine;
9. the return of funds received in error;

The posting of foreign currency cash to investment accounts is not permitted.

Effective July 10, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, the following changes had been made to the ban:

On June 13, 2016, pursuant to NBU Resolution No. 342 of June 9, 2016, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor do not apply to purchases/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for 2014 and 2015, provided the following conditions are simultaneously met:
(1) purchase/transfer of foreign currency to repatriate dividends abroad is performed by the issuer of the corporate rights/shares under which dividends are paid, by the depository servicing the foreign investor’s accounts, or by the foreign investor directly;

(2) within one calendar month, the person/entity indicated in clause 2 of this subarticle acquires/transfers foreign exchange for repatriation abroad of dividends in an amount not exceeding one of the following two thresholds: US$1 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction) or 10% of the aggregate amount of the dividends subject to repatriation by that person/entity. If 10% of the aggregate amount of the dividends subject to repatriation abroad by that person/entity exceeds US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction), then during one calendar month, the purchases/transfers of foreign exchange for repatriation abroad by that person/entity within the framework of the total amount may not exceed US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On April 14, 2017, investors were allowed to repatriate dividends accrued in 2016, in addition to dividends accrued in 2014 and 2015. Dividend repatriations for 2014–16 were allowed within a monthly limit of US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On November 15, 2017, foreign investors were allowed to repatriate dividends under corporate rights/shares for 2013 and earlier within a monthly limit of US$2 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On March 2, 2018, pursuant to NBU Resolution No. 19 of March 1, 2018, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to purchases/transfers of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding US$7 million (or the equivalent).

Effective May 7, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to purchases/transfers of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding €12 million (or equivalent). Previously the threshold was US$7 million.

Effective February 7, 2019, the purchase/transfer of foreign exchange is permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met:

(1) The purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced, and
(2) Throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or equivalent).

(3) Such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions).

This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds:

(1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed;

(2) abroad from current accounts of nonresidents (other than investment accounts);

(3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.

Effective September 10, 2019, the monthly limit of €5 million was eliminated on repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction of authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Accounts of permanent representative offices of foreign legal entities that conduct all or part of their business activities in Ukraine are designated P current accounts and may be used for the performance of the following kinds of transactions:

(1) with cash and checks;

(2) trading in foreign currency;

(3) payment/return of funds for business travel abroad;

(4) posting of funds transferred from abroad in the name of the holder of the account through Ukrainian banks;

(5) posting of funds transferred within Ukraine in accordance with the legislation of Ukraine;

(6) posting of funds transferred within Ukraine from one’s own current or deposit account/transfer of funds to one’s own current or deposit account (including the posting of interest accrued on balances of funds on one’s own current or deposit account);

(7) transfers in favor of a resident legal entity, if the payment of funds received from abroad specifies that these funds belong to the given resident in accordance with an agreement (contract, arrangement);
(8) transfers of funds to an account of a resident legal entity at a bank as a charitable donation;

(9) transfers of funds outside Ukraine to accounts of nonresident legal entities whose interests in Ukraine are represented by these permanent representative offices (also in the event such an account is being closed);

(10) posting of proceeds whose receipt is not in conflict with the legislation of Ukraine;

(11) transfers of funds to pay for participation in international symposiums, seminars, conferences, exhibitions, and athletic events.

Approval required Yes.

Domestic currency accounts Yes.

Ukrainian banks may open accounts in hryvnias for nonresidents (legal entities and representative offices of legal entities in Ukraine, investment funds and asset management companies acting on behalf of such investment funds, and individuals). Banks may open deposit accounts and current accounts, escrow accounts, and correspondent accounts for nonresident banks.

The procedure for the use of accounts is established by NBU Executive Board Resolution No. 5 of January 2, 2019 (in effect as of February 7, 2019).

Direct foreign investors may open nonresident corporate accounts, investment accounts, deposit accounts, and escrow accounts in Ukraine. An investment account of a foreign investor in domestic currency may be used in accordance with the legislation of Ukraine for

(1) foreign investments in Ukraine and the return of foreign investments, income, profits, and other funds earned by the foreign investor from investment activity in Ukraine;

(2) trading in foreign currency;

(3) posting/transfer of funds from/to other accounts held by foreign investors in Ukraine/abroad;

(4) posting of funds transferred by other nonresidents from abroad/current accounts in Ukraine as authorized by the holder of the investment account for the performance of operations involving investment activity in Ukraine by the holder of the investment account;

(5) operations involving the posting of funds from a deposit account of another foreign investor opened at a bank in Ukraine, in connection with the assignment to the holder of the investment account by that foreign investor of rights of claim under a bank deposit agreement with regard to the payment of a monetary sum (deposit) and interest earned on the deposit;

(6) posting of interest accrued on balances of funds on the foreign investor’s own investment account;

(7) posting of funds mistakenly transferred from the account;

(8) settlements with customs, tax, and other authorities as specified
by the legislation of Ukraine;

(9) settlements with residents (professional participants in the stock market, appraisers, notaries, attorneys, brokers, other residents/nonresidents) for goods (products, work, services) related to the performance/return of foreign investments, including the maintenance (servicing) of foreign investment projects in Ukraine;

(10) payment for services to a Ukrainian bank servicing an account;

(11) return of funds received in error;

(12) posting of funds transferred from a correspondent account with a Ukrainian bank by a depository foreign bank that has a securities account at the NBU.

N accounts may be opened for (1) official representative offices and representative offices of nonresident legal entities that represent their interests but do not do business in Ukraine; (2) representative offices of foreign banks; (3) organizations and institutions (program or project management groups) running international or technical assistance programs and projects.

The following operations take place through current accounts in domestic currency for settlements related to the maintenance of an official representative office, representative offices of nonresident legal entities not doing business in Ukraine (including representative offices of foreign banks), institutions (program management groups, international assistance and international technical assistance project management groups), and for carrying out charitable activities in Ukraine:

(1) trading in foreign currency;

(2) posting of funds received by an embassy or consulate for consular services performed, including funds received in cash;

(3) payments for property and motor vehicle insurance for a representative office, as well as for life and health insurance for its employees, including compensation payments;

(4) posting of funds from the sale of property in Ukraine belonging to a representative office and funds from the leasing of property;

(5) payments of cash for expenses of resident individuals who have entered into a contract (agreement) with a nonresident legal entity for employment outside Ukraine, related to travel within Ukraine in the event of their departure from the country, and the return of the unused balance;

(6) posting of funds transferred within Ukraine from one’s own current or deposit account/transfer of funds to one’s own current or deposit account (including the posting of interest accrued on the balance of funds on one’s own current or deposit account);

(7) posting of funds received as reimbursement of VAT paid by a representative office on a purchase in domestic currency of property for its own needs in Ukraine;

(8) posting of funds received pursuant to a court ruling or a decision
by other bodies (or officials) that is subject to enforcement;

(9) posting of funds received by a representative office of a nonresident bank in Ukraine from its correspondent domestic currency account with a Ukrainian bank;

(10) posting of funds previously transferred in error by a representative office from the account (in excess of the required amount) and returned by economic entities in connection with a failure to fulfill or partial fulfillment of their obligations under agreements concluded by the representative office to pay expenses related to its maintenance, or from resident legal entities previously transferred to them by the representative office from this account for charitable contributions/from the transfer of funds received in error from the account. These funds are posted to the account of a representative office/transferred from this account in an amount that does not exceed the sum previously transferred/received;

(11) transfers by an official representative office, a representative office of a nonresident legal entity, or a representative office of a nonresident bank of charitable contributions to resident legal entities in accordance with the legislation of Ukraine;

(12) transfers of funds for needs under the charter of an international organization and its branch offices, which enjoy immunity and diplomatic privileges, and the charter of the representative office of a nonresident legal entity;

(13) transfers of funds for the implementation by an organization or institution (program or project management group) of international assistance and international technical assistance programs and projects;

(14) settlements in Ukraine related to the maintenance of a representative office, organization, or institution (including wages, payment of rent, purchase and maintenance of equipment and motor vehicles, or repair of the building or premises), as well as the performance of hospitality functions.

Nonresident banks may open correspondent accounts in hryvnias with banks for settlements between residents and nonresidents.

A correspondent account in the domestic currency of Ukraine opened with a bank by a nonresident bank may be used for

(1) settlements between residents and nonresidents for exports and imports of goods (products, services, work, intellectual property rights, and other nonproperty rights intended for sale/paid transfer);

(2) transactions by residents with nonresidents under credit agreements/loan agreements that are related to the provision of funds (a credit/loan) by a nonresident to a resident borrower and/or the fulfillment of debt obligations to a nonresident for a credit/loan attracted by a resident borrower (repayment of a credit/loan, payment of interest, and other payments established under the relevant agreement);

(3) transactions related to the performance of foreign investments in Ukraine and their return (including the return of profits, income, and other funds earned by foreign investors from investment activity in
(4) transfers of funds to accounts of foreign investors/nonresidents in Ukraine from a correspondent account with a Ukrainian bank of a depository foreign bank that has a securities account at the NBU;

(5) deposits of funds that the account holder has received from the sale of securities, ownership interest, or other assets in Ukraine that do not constitute foreign investment items in Ukraine, as well as the receipt of income, profits, or other resources from such items by the account holder;

(6) transactions involving guarantees/sureties that are provided by nonresident guarantors/sureties and that ensure the fulfillment of obligations of resident debtors to resident creditors;

(7) transactions involving guarantees/sureties that are provided by nonresident guarantors/sureties and that ensure the fulfillment of obligations of resident debtors to nonresident creditors (provided the obligation of the resident debtor that is backed by the guarantee/surety arises from contracts/transactions referred to under 1–3 above);

(8) transactions involving guarantees that are provided by a resident guarantor (bank, nonbank financial institution) and that ensure the fulfillment of obligations of resident debtors to nonresident creditors (provided the obligation of the resident debtor that is backed by the guarantee arises from contracts/transactions referred to under 1–3 above);

(9) transactions related to the satisfaction of a nonresident’s claims as a creditor through the sale of collateral for hryvnias or the payment of insurance compensation to a nonresident under insurance contracts within Ukraine in the event that a resident debtor fails to fulfill its obligations under the relevant contract (provided the creditor’s rights of claim with respect to the resident debtor’s obligations arose from contracts/transactions referred to under 1–3 above);

(10) transactions by the Personal Deposit Guarantee Fund, or an authorized official of the Fund, related to the satisfaction of nonresident creditors’ claims during the liquidation of a bank;

(11) transactions pursuant to a court ruling or a decision by other bodies (or officials) that is subject to enforcement;

(12) transactions related to the payment of taxes, levies, and other mandatory fees according to the legislation of Ukraine and/or foreign states;

(13) transactions involving the transfer of funds from/to a nonresident bank’s correspondent accounts at Ukrainian banks/the NBU;

(14) transactions involving the placement of deposits and the return of funds from such transactions, including interest on deposits and on balances of funds in the accounts;

(15) transactions involving the transfer of funds from/to correspondent accounts of other nonresident banks;
(16) transactions involving trade in foreign exchange assets;

(17) transactions by a liquidator of a legal entity to satisfy claims of nonresident creditors during the liquidation of the legal entity;

(18) transfers by the nonresident bank of funds to a current account opened for its representative office or branch in Ukraine;

(19) transactions between banks and nonresident legal entities under credit agreements and other types of agreements stipulating for a bank to provide a nonresident with hryvnias for the purchases of sovereign bonds of Ukraine, with the funds to be repaid to the bank no later than 14 business days from the day when hryvnias are provided;

(20) transactions involving the purchase/sale of domestic bonds, payment of income on them, and their redemption;

(21) transactions by nominal holders with securities in accordance with the Law of Ukraine on the Depository System of Ukraine;

(22) transactions involving the payment/receipt of a commission;

(23) transfers of funds from abroad to accounts of nonresidents in Ukraine;

(24) transfers of funds from accounts of nonresidents in Ukraine to the nonresidents’ accounts abroad.

The following operations are performed through a nonresident legal entity’s current accounts in domestic currency:

(1) settlements with residents for exports/imports of goods (products, services, work, intellectual property rights, and other nonproperty rights intended for sale/paid transfer);

(2) settlements with residents under loan agreements that involve the fulfillment of debt obligations to the account holder on a loan attracted by a resident borrower (repayment of the loan, payment of interest, and other payments established by the loan agreement);

(3) operations related to the performance of foreign investments in Ukraine and their return (including of profits, income, and other funds earned by foreign investors from their investment activity in Ukraine) and operations involving the purchase/sale of securities of foreign issuers that are circulated in Ukraine;

(4) deposits of funds the account holder has received from the sale of securities, real estate, ownership interests, or other assets in Ukraine that do not constitute foreign investment items in Ukraine for the account holder, as well as the receipt of income, profits, or other resources from such items by the account holder;

(5) deposits of funds the account holder has received from the sale of sovereign bonds of Ukraine;

(6) operations involving guarantees/sureties provided by the account holder that ensure the fulfillment of obligations of resident debtors to resident creditors;
(7) operations involving guarantees/sureties provided by the account holder that ensure fulfillment of obligations of resident debtors to nonresident creditors (provided the obligation of the resident debtor that is backed by the guarantee/surety arises from contracts/transactions referred to under Section X, paragraph 128, subparagraphs 1–3(a) of Regulation No. 5);

(8) operations involving guarantees provided by a resident guarantor (authorized institutions) that ensure the fulfillment of obligations of resident debtors to the account holder (provided the obligation of the resident debtor that is backed by the guarantee arises from contracts/transactions referred to under Section X, paragraph 128, subparagraphs 1–3(a) of Regulation No. 5);

(9) operations related to the satisfaction of the account holder’s claims as a creditor through the sale of collateral for hryvnias or the payment of insurance compensation to the account holder under insurance contracts within Ukraine if a resident debtor fails to fulfill its obligations under the relevant contract (provided the creditor’s rights of claim with respect to the resident debtor’s obligations arose from contracts/transactions referred to under Section X, paragraph 128, subparagraphs 1–3(a) of Regulation No. 5);

(10) operations performed by the Personal Deposit Guarantee Fund, or an authorized official of the Fund, related to the satisfaction of nonresident creditors’ claims during the liquidation of a bank;

(11) operations pursuant to a court ruling or a decision by other bodies (or officials) that is subject to enforcement;

(12) payments of taxes, fees, and other mandatory payments;

(13) transfers of funds from/to the nonresident’s account(s) at banks in Ukraine and abroad;

(14) operations involving the placement of deposits and the return of funds from such transactions, including interest on deposits and on balances of funds on the account(s);

(15) transfers of funds from/to the current account(s) of other nonresident legal entities in Ukraine;

(16) operations involving trade in foreign exchange assets;

(17) operations with a liquidator of a legal entity to satisfy claims of a nonresident creditor (account holder) during the liquidation of the given legal entity;

(18) transfers of funds to/from a current account(s) of its own representative office in Ukraine;

(19) transactions by nominal holders with securities in accordance with the Law of Ukraine on the Depository System of Ukraine;

(20) posting of interest accrued on balances of funds on its investment account;

(21) posting of funds mistakenly transferred from this account and return of funds received in error;
(22) transfers to customs, tax, and other authorities as provided for by the legislation of Ukraine;

(23) operations related to the provision of financial assistance by the account holder to residents on the condition that it be repaid/the return of such assistance;

(24) payment for the services of a servicing Ukrainian bank.

A current account of permanent representative offices of foreign legal entities that conduct all or some of their business in Ukraine through this representative office is used according to the rules for current accounts of resident legal entities, except in cases involving the purchase of foreign currency in the Ukrainian exchange market.

Current accounts may be opened for (1) official representative offices and representative offices of nonresident legal entities that represent their interests but do not do business in Ukraine; (2) representative offices of foreign banks; (3) organizations and institutions (program or project management groups) running international or technical assistance programs and projects. The following operations may be performed through current accounts of an official representative office, representative offices of nonresident legal entities that are not doing business (including representative offices of foreign banks), and institutions (international assistance and international technical assistance program or project management groups):

(1) trading in foreign currency;

(2) posting of funds received by an embassy or consulate for consular services performed, including funds received in cash;

(3) payments for property and motor vehicle insurance for a representative office, as well as for life and health insurance for its employees, including compensation payments;

(4) posting of funds from the sale of property in Ukraine belonging to a representative office and funds from the leasing of property;

(5) payments of cash to cover expenses of resident individuals who have entered into a contract (agreement) with a nonresident legal entity for employment outside Ukraine related to travel within Ukraine in the event of their departure from the country, and the return of the unused balance;

(6) posting of funds transferred within Ukraine from one’s current or deposit account/transfer of funds to one’s current or deposit account (including interest);

(7) posting of funds received as reimbursement of VAT paid by a representative office on a purchase in domestic currency of property for its own needs in Ukraine;

(8) posting of funds received pursuant to a court ruling or a decision by other bodies (or officials) that is subject to enforcement;

(9) posting of funds received by a representative office of a nonresident bank in Ukraine from its correspondent domestic currency account with a Ukrainian bank following the procedure
established by this Regulation;

(10) posting of funds previously transferred in error (in excess of the required amount) by a representative office from the account and returned by economic entities in connection with a failure to fulfill or partial fulfillment of their obligations under agreements concluded by the representative office to pay expenses related to its maintenance, or from resident legal entities previously transferred to them by the representative office from this account for charitable contributions/the transfer of funds received in error (in excess of the intended amount) from the account. These funds are posted to the account of a representative office/transferred from this account in an amount that does not exceed the sum previously transferred/received;

(11) transfers by an official representative office, a representative office of a nonresident legal entity, or a representative office of a nonresident bank of charitable contributions to resident legal entities in accordance with the legislation of Ukraine;

(12) transfers of funds for needs provided for under the charter of an international organization and its branch offices, which enjoy immunity and diplomatic privileges, and the charter of the representative office of a nonresident legal entity;

(13) transfers of funds for the implementation by an organization or institution (program or project management group) of international assistance and international technical assistance programs and projects;

(14) settlements in Ukraine related to the maintenance of a representative office, organization, or institution (including wages, payment of rent, purchase and maintenance of equipment and motor vehicles, repair of the building or premises of the representative office, organization, or institution), as well as the performance of hospitality functions.

Nonresident banks may open correspondent accounts in hryvnias with banks for settlements between residents and nonresidents under foreign trade agreements. The EBRD may use correspondent accounts in hryvnias with authorized Ukrainian banks for settlements by residents with the EBRD under lending agreements in hryvnias. Funds in hryvnias received by the EBRD from authorized Ukrainian banks based on interbank lending operations may be credited to EBRD correspondent accounts in hryvnias.

Accounts of IFIs may be used to perform transactions related to the issuance of hryvnia bonds of these organizations in Ukraine.

Term foreign currency deposits may be withdrawn before the expiration date in domestic currency equivalent (at the exchange rate of purchase of the authorized bank on the date of the transaction) if the bank’s agreement allows.

The return of a time deposit before the expiration of the term established by the agreement is permitted if provided for under the bank time deposit agreement (Amendment to NBU Board Resolution No. 516 of December 3, 2003).

Accepting of deposits in Russian rubles on the basis of bank account agreements is prohibited within the mainland territory of Ukraine,
including by increasing the amount of deposits made before the Law of Ukraine on the Creation of the Free Economic Zone of Crimea and the Particularities of Engaging in Economic Activities in Temporarily Occupied Territory of Ukraine went into effect. Extending such agreements is also prohibited, in accordance with NBU Resolution No. 699, dated November 3, 2014.

The purchase of foreign currency from current accounts of permanent representative offices of foreign legal entities that do all or some of their business in Ukraine through these representative offices is performed for (1) transferring foreign currency to the account of the nonresident legal entity whose interests in Ukraine are represented by this representative office, within the limits of the balance of funds in the account; (2) the payment of expenses related to business travel outside Ukraine and operating expenses for vehicles traveling outside Ukraine; (3) payment for participation in international symposiums, seminars, conferences, exhibitions, and athletic events.

The purchase of foreign currency from current accounts of an official representative office and representative offices of nonresident legal entities that are not doing business is performed for the purposes of (1) transferring foreign currency to the account of the relevant bodies of a foreign state or to the account of the nonresident legal entity whose interests in Ukraine are represented by the given representative office; (2) the payment of expenses related to business travel outside Ukraine; (3) the payment of wages to employees of official representative offices (including supplemental payments, allowances, bonuses, and other incentive and compensation payments) if the individuals are not Ukrainian citizens or are not permanent residents of Ukraine, are accredited by the Ukrainian Ministry of Foreign Affairs, and work in Ukraine under valid employment agreements (contracts).

The ban on transfers of dividends and proceeds from the sale of securities not traded on the stock exchange and from corporate rights not represented by shares was extended to dividends and proceeds from the sale of securities traded on the stock exchange (except from the sale of debt securities on stock exchanges). Authorized banks may not transfer hryvnias from investment accounts for the purchase of Ukrainian government bonds, except for purchases on the stock exchange with hryvnias originating from the sale of foreign exchange or from the sale and income of Ukrainian government bonds.

Nonresident individuals may purchase foreign currency from hryvnia accounts within the limits of the balance of funds on these accounts (other than investment accounts) without providing to the bank documents related to the performance of a foreign exchange operation.

Approval required
Yes.

Blocked accounts
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget
No.

Financing requirements for imports
Yes.
<table>
<thead>
<tr>
<th><strong>Minimum financing requirements</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advance payment requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>If the NBU sets a deadline for the settlement of operations by residents involving imports of goods, their delivery may be performed within the deadlines specified in the agreements, but no later than the deadline set by the NBU starting from the date of the advance payment (prepayment). Effective February 7, 2019, the deadline for settlements on foreign trade operations was increased from 180 to 365 days. For certain operations involving imports of goods, the deadline for settlements (365 days) may be extended with approval of the central executive government body responsible for the implementation of economic development policy.</td>
<td></td>
</tr>
<tr>
<td><strong>Advance import deposits</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Documentation requirements for release of foreign exchange for imports</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Residents may purchase foreign currency in the Ukrainian foreign exchange market for import payments based on import contracts. When transferring and/or purchasing foreign currency under reinsurance agreements with nonresident reinsurers, resident insurers and resident insurance (reinsurance) brokers must provide the authorized bank with copies of these agreements.</td>
<td></td>
</tr>
<tr>
<td><strong>Domiciliation requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Settlements on import operations are performed exclusively through current accounts at banks.</td>
<td></td>
</tr>
<tr>
<td><strong>Preshipment inspection</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Inspection is not mandatory but may be undertaken by the Ukrainian Chamber of Commerce and Industry at the request of nonresidents.</td>
<td></td>
</tr>
<tr>
<td><strong>Letters of credit</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>The requirement of banks’ LCs for advance payments for imports of goods in foreign currency (on contracts exceeding US$5 million) has been eliminated, and Resolution No. 125 has been repealed. The Law of Ukraine on the Ways of Stabilization of Balance of Payments of Ukraine according to Article XII of the General Agreement on Tariffs and Trade 1994, No. 73-VIII of December 28, 2014, which approved the list of essential goods, is no longer in effect, in accordance with the Law of Ukraine of December 24, 2015, No. 912-VIII.</td>
<td></td>
</tr>
<tr>
<td><strong>Import licenses used as exchange licenses</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Effective February 7, 2019, the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market of Ukraine within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals. For legal entities the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place, but the requirement to transfer any gains from those transactions to the budget was eliminated, effective February 7, 2019. Effective May 16, 2019, the deadline for settlements on foreign trade operations (changed from 180 to 365 days effective February 7,
2019) do not extend to the following operations:

(1) imports of goods under government defense procurement contracts;

(2) imports of services or medicines under transactions of the Ukrainian Ministry of Health with specialized organizations, as well as imports of services for the treatment of persons with rare (orphan) diseases;

(3) imports of goods used for the production of space and aviation equipment and assemblies;

(4) imports of goods under production-sharing agreements;

(5) goods and services subject to procurement in accordance with agreements with the civic organization “National Olympic Committee of Ukraine” and needed to support participation of Ukrainian national teams and official delegations of Ukraine in the Olympic Games, Youth Olympic Games, European Games, and other international athletic events held under the aegis of the International Olympic Committee, European Olympic Committees, and Association of National Olympic Committees (Resolution of the NBU Board No. 67, dated May 14, 2019).

Residents and nonresidents may conduct foreign exchange operations involving the purchase of noncash foreign currency and/or the transfer of foreign currency/domestic currency if there are grounds/obligations for such operations, which must be confirmed by relevant documents presented to banks for the performance of a purchase or to authorized institutions for the performance of a transfer (NBU Executive Board Resolution No. 2, dated January 2, 2019).

Banks must thoroughly analyze and verify documents (information) concerning foreign exchange operations that support the purchase of foreign currency for settlements/transfers of funds outside Ukraine or to current accounts of nonresident legal entities in Ukraine, if the presentation of the relevant documents (information) is provided for by the legislation of Ukraine (NBU Board Resolution No. 8 of January 2, 2019).

<table>
<thead>
<tr>
<th>Import licenses and other non tariff measures</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other non tariff measures</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Non tariff measures are limited to those carried out for national security or environmental protection reasons.

<table>
<thead>
<tr>
<th>Import taxes and/or tariffs</th>
<th>Yes.</th>
</tr>
</thead>
</table>

There are three customs duty categories with a trade-weighted average rate of about 5% (including energy imports). The first category (preferred duty rate) applies to goods from countries with which Ukraine has free trade agreements, imports from developing economies, and imports from countries that have a preferential agreement with Ukraine. The second category (concessional duty rate) applies to imports from countries that have entered into MFN
agreements with Ukraine. The third category applies to imports from other countries.

A VAT of 20% is levied on most imports, and some imports are subject to excise taxes.

As of January 1, 2016, the surcharge established on February 27, 2015, equal to 10% of the value of imports for all imported goods (with the exception of essential goods, including electricity, coal, oil, gas, and certain medical equipment, which were subject to a 5% surcharge), was repealed.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

**Repatriation requirements**

According to NBU Executive Board Resolution No. 5 of January 2, 2019 (effective February 7, 2019), the deadline for settlements on operations involving exports of goods is 365 calendar days (previously 180 calendar days). Exemption from the 365-day deadline may be granted by the central executive authority that implements government policy in economic development.

The deadline for the payment of debt is calculated from the date of the customs processing of products being exported; in the case of the exportation of work, services, intellectual property rights, and/or other nonproperty rights, from the date a certificate, bill (invoice), or other document confirming delivery is prepared in written form (in hard copy or in electronic form).

Funds received by a resident from a nonresident under an export operation are to be posted to the resident’s account at a bank in Ukraine.

Effective May 16, 2019, the deadline for settlements on foreign trade operations (365 days effective February 7, 2019) do not extend to the following operations:
(1) exports of goods under production-sharing agreements; and (2) exports of work, services (other than transportation and insurance services and work), and intellectual property rights (NBU Executive Board Resolution No. 67 of May 14, 2019).

**Surrender requirements**

The NBU may institute temporary surrender requirements for mandatory proceeds in foreign currency, including for export transactions for a period of up to six months.

Effective March 1, 2019, the share of export proceeds subject to surrender requirement was reduced to 30% from 50%.

Effective June 20, 2019, the surrender requirement on export proceeds was eliminated. Previously, it was 30% of certain export proceeds (NBU Executive Board Resolution No. 78 of June 18, 2019, “Amendment to the Regulation on Protection Measures and
the Procedure for the Performance of Certain Operations in Foreign Currency”.

<table>
<thead>
<tr>
<th>Financing requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation</td>
<td>Yes.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>n.a.</td>
</tr>
<tr>
<td>Export licenses</td>
<td>Yes.</td>
</tr>
<tr>
<td>Without quotas</td>
<td>No.</td>
</tr>
<tr>
<td>With quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Export taxes</td>
<td>Yes.</td>
</tr>
<tr>
<td>Collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>Other export taxes</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Settlements on export operations are performed through accounts at Ukrainian banks.

Inspection is not mandatory but may be undertaken by the Ukrainian Chamber of Commerce and Industry at the request of residents.

Goods subject to voluntary export restrictions or international agreements and those under the “special export regime” (coal, precious metal scrap, alcoholic beverages) are subject to export quotas and license requirements. The licenses required for these goods are, however, freely provided to exporters, except in the case of precious metal scrap. For grain exports, sales must take place through the agricultural commodity exchange. Export contract preregistration is limited to goods subject to voluntary export restrictions or antidumping measures. Registration of exports is automatic and for statistical purposes only.

Taxes are applied to exports of sunflower seeds, livestock, skins, and hides.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

<table>
<thead>
<tr>
<th>Controls on these transfers</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Effective February 7, 2019, the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market of Ukraine within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals. For legal entities the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place, but the requirement to transfer any gains from those transactions to the budget was eliminated, effective February 7, 2019.
not used within 10 days in the foreign exchange market within 5 days remains in place, but the requirement to transfer any gains from those transactions to the budget was eliminated, effective February 7, 2019.

**Investment-related payments**

Yes.

**Prior approval**

No.

Effective September 10, 2019, the monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction of authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Effective July 10, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, the following changes had been made to the ban:

On June 13, 2016, pursuant to NBU Resolution No. 342 of June 9, 2016, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor may not apply to cases of the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for 2014 and 2015, provided the following conditions are simultaneously met:

1. Purchase/transfer of foreign currency to repatriate dividends abroad is performed by the issuer of the corporate rights/shares under which dividends are paid, by the depository servicing the foreign investor’s accounts, or by the foreign investor directly.

2. Within one calendar month, the person/entity indicated in clause 2 of this subarticle may acquire/transfer foreign exchange for the repatriation abroad of dividends in an amount not exceeding one of the following two thresholds: US$1 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the relevant transaction) or 10% of the aggregate amount of dividends subject to repatriation by that person/entity. If 10% of the aggregate amount of the dividends subject to repatriation abroad by that person/entity exceeds US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the relevant transaction), then during one calendar month, purchases/transfers of foreign exchange for repatriation abroad by that person/entity within the framework of the total amount may not exceed US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the relevant transaction).

On April 14, 2017, investors were allowed to repatriate dividends accrued in 2016, in addition to dividends accrued in 2014 and 2015. Dividend repatriations for 2014–16 were allowed within a monthly limit of US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the relevant transaction).

On November 15, 2017, foreign investors were allowed to repatriate dividends under corporate rights/shares for 2013 and earlier within a monthly limit of US$2 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the relevant transaction).

On March 2, 2018, pursuant to NBU Resolution No. 19 of March 1,
2018, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, in the amount not exceeding US$7 million (or equivalent).

Effective May 7, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, in the amount not exceeding €12 million (or equivalent). Previously, the threshold was US$7 million.

**Quantitative limits**  No.  See IX.A.2.a.

**Indicative limits/bona fide test**  Yes.  For payments to nonresidents, banks are required to check the documents that serve as the basis for the transactions being performed.

Funds transfers by residents (legal entities or individuals) abroad, or to current accounts of nonresident legal entities in Ukraine (other than investment accounts) for the purpose of carrying out investments abroad may be performed within a limit of €100,000 for individuals or €2 million for legal entities (or the equivalent in another currency).

**Payments for travel**  Yes.

**Prior approval**  No.

**Quantitative limits**  Yes.  Legal entities may purchase unlimited amount of noncash foreign currency to pay for business travel. Individuals may purchase noncash foreign currency in small amounts without grounds/obligations. Banks perform such transactions (with the same individual on the same calendar day at the same bank) on the basis of a request or a remote instruction from a customer without the presentation of documents related to the performance of the foreign exchange transaction. An individual may purchase foreign currency cash in a small amount on the same calendar day at the same bank/financial institution.

**Indicative limits/bona fide test**  Yes.  Effective February 7, 2019, the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market of Ukraine within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals. For legal entities the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place, but the requirement to transfer any gains from those transactions to the budget was eliminated, effective February 7, 2019.

**Personal payments**  Yes.

**Prior approval**  Yes.  Resident individuals may purchase and transfer foreign currency abroad for the purpose of obtaining life insurance under agreements with nonresidents, provided the total amount does not exceed €100,000 a year or the equivalent in another currency.

**Quantitative limits**  Yes.  There are no limits on the amounts of transfers by individuals for current noncommercial transactions.

Individual residents may transfer funds from Ukraine/to current accounts of nonresident legal entities in Ukraine (other than investment accounts) to pay nonresidents under insurance contracts,
Invest abroad, and provide loans to a nonresident in foreign currency up to €100,000 (or equivalent) a year.

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Economic entities that are residents of Ukraine may use payment cards for settlements with nonresidents under foreign economic contracts involving exports/imports of goods, if a transaction made under the same contract on the same business day does not exceed a small amount: effective April 28, 2020, up to UAH 400,000 (previously up to UAH 150,000).</td>
<td></td>
</tr>
<tr>
<td>Prior approval</td>
<td>No</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
</tr>
<tr>
<td>Other payments</td>
<td>Yes</td>
</tr>
<tr>
<td>Prior approval</td>
<td>Yes</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>Yes</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements**

Effective February 7, 2019, the settlement deadline for receiving payment for exports was increased from 180 days to 365 days from the date of delivery. Exemptions from the 365-day (previously 180-day) deadline may be granted by the central executive authority for national economic development policy.

**Surrender requirements**

No.

**Surrender to the central bank**

No.

**Surrender to authorized dealers**

No. The surrender requirement on export proceeds was repealed effective June 20, 2019.

Effective February 7, 2019, the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market of Ukraine within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals. For legal entities the requirement to resell noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place, but the requirement to transfer any gains from those transactions to the budget was eliminated, effective February 7, 2019.

**Restrictions on use of funds**

No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Capital Transactions

<table>
<thead>
<tr>
<th>Controls on capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Surrender requirements</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on capital and money market instruments</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

- Effective June 20, 2019, the surrender requirement on foreign exchange proceeds was eliminated. Previously, it was 50% of certain export proceeds and, effective March 1, 2019, it was reduced to 30%.

- The transfer by residents of foreign currency abroad for the acquisition from nonresidents of Ukrainian-issuers’ securities previously acquired by these nonresidents in Ukraine—but not as a foreign investment—takes place within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency (as of February 7, 2019).

- Resident legal entities may purchase and transfer foreign currency for the acquisition of securities in a total amount not exceeding €2 million a year or the equivalent in another currency. This limit does not apply to operations by residents (legal entities/individual entrepreneurs) to return to a foreign investor/nonresident a foreign investment/investment in Ukraine, as well as profits, income, dividends, and other funds earned by the foreign investor/nonresident from investment activity in Ukraine.

- Resident individuals may purchase and transfer foreign currency for investment abroad through the acquisition of securities in a total amount not exceeding €50,000 a year or the equivalent in another currency.

<table>
<thead>
<tr>
<th>On capital market securities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

- Acquisition by a foreign investor of equity securities does not require state registration.

- Foreign securities may be traded in Ukraine once they have been registered with the NSSMC. The securities must be placed with a depository in their country of origin and either listed on the stock exchange or cleared for trading in the trading information system in their country of origin, and listed with one of the following stock exchanges: American Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange, Tokyo Stock Exchange, Toronto Stock Exchange, The Stock Exchange of Hong Kong, or London Stock Exchange. Persons offering foreign securities for sale in Ukraine must provide Ukrainian investors with a prospectus and the issuer’s report for the most recent fiscal year.

- IFIs may issue bonds in hryvnias within Ukraine, provided they obtain the requisite approvals from the Cabinet of Ministers of Ukraine (Law of Ukraine No. 3480-IV of February 23, 2006, on Securities and the Stock Market).

- Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the acquisition
of securities abroad if the total amount does not exceed established limits.

The transfer of foreign currency abroad by residents for the acquisition of securities of foreign issuers or of Ukrainian issuers that were previously acquired by nonresidents—but not as foreign investment in Ukraine—is allowed within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for the acquisition of securities in a total amount not exceeding €2 million a year or the equivalent in another currency. This limit does not apply to operations by residents (legal entities/individual entrepreneurs) to return to a foreign investor/nonresident a foreign investment/investment in Ukraine, as well as profits, income, dividends, and other funds earned by the foreign investor/nonresident from investment activity in Ukraine.

Resident individuals may purchase and transfer foreign currency for the acquisition of securities abroad in a total amount not exceeding €100,000 a year or the equivalent in another currency.

The placement of securities by residents outside Ukraine is subject to permission of the NSSMC.

Nonresidents are not required to deposit hryvnias in advance in the bid amounts for government securities in primary auctions. Transactions involving the purchase of government securities must be registered with the NBU depository. Authorized banks may acquire bonds on behalf of nonresidents at auctions. Authorized banks may not transfer hryvnias from investment accounts for the purchase of Ukrainian government bonds, except for the purchase of bonds on the stock exchange with hryvnias originating from the sale of foreign exchange or from the sale of, and income from, Ukrainian government bonds.

As of July 10, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, the following changes had been made to the ban:

On June 13, 2016, pursuant to NBU Resolution No. 342 of June 9, 2016, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for 2014 and 2015, provided the following conditions are simultaneously met:

1. purchases/transfers of foreign currency to repatriate dividends abroad are performed by the issuer of the corporate rights/shares under which dividends are paid, by the depository servicing the foreign investor’s accounts or by the foreign investor directly;

2. within one calendar month, the person/entity indicated in clause 2 of this subarticle may acquire/transfer foreign exchange for the repatriation abroad of dividends in an amount not exceeding one of the following two thresholds: US$1 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia...
against foreign currencies on the date of the transaction) or 10% of the aggregate amount of the dividends subject to repatriation by that person/entity. If 10% of the aggregate amount of the dividends subject to repatriation abroad by that person/entity exceeds US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction), then during one calendar month, the purchases/transfers of foreign exchange for repatriation abroad by that person/entity within the framework of the total amount may not exceed US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On April 14, 2017, investors were allowed to repatriate dividends accrued in 2016, in addition to dividends accrued in 2014 and 2015. Dividend repatriations for 2014–16 were allowed within a monthly limit of US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On November 15, 2017, foreign investors were allowed to repatriate dividends under corporate rights/shares for 2013 and earlier within a monthly limit of US$2 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

As of March 2, 2018, pursuant to NBU Resolution No. 19 of March 1, 2018, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to purchases/transfers of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding US$7 million (or the equivalent).

As of May 7, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to purchases/transfers of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding €12 million (or equivalent). Previously, the threshold was US$7 million.

Effective February 7, 2019, purchases/transfers of foreign exchange are permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) the purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor; (2) throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or equivalent); (3) such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions).

This limit does not apply to purchases/transfers of foreign exchange/hryvnias for the purpose of returning funds

(1) to investment accounts of foreign investors within Ukraine;
further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed;

(2) abroad from current accounts of nonresidents (other than investment accounts);

(3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.

Effective September 10, 2019, the monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction in authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Sale or issue locally by nonresidents

Yes.

Foreign securities may be traded in Ukraine once they have been registered with the NSSMC. The securities must be placed with a depository in their country of origin and either listed on the stock exchange or cleared for trading in the trading information system in their country of origin and listed with one of the following stock exchanges: American Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange, Tokyo Stock Exchange, Toronto Stock Exchange, The Stock Exchange of Hong Kong, or London Stock Exchange. Persons offering foreign securities for sale in Ukraine must provide Ukrainian investors a prospectus and the issuer’s report for the most recent fiscal year.

IFIs may issue bonds in hryvnias within Ukraine, provided they obtain the requisite approvals from the Cabinet of Ministers of Ukraine (Law of Ukraine No. 3480-IV of February 23, 2006, on Securities and the Stock Market).

Purchase abroad by residents

Yes.

Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the acquisition of securities abroad if the total amount does not exceed established limits.

The transfer of foreign currency abroad for the acquisition of foreign securities is allowed to residents within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Transfers of foreign currency by residents to nonresident accounts abroad for the purpose of paying for Ukrainian external government bonds are performed within limits.

Resident legal entities may purchase and transfer foreign currency for investment abroad through the acquisition of securities in a total amount not exceeding €2 million a year or the equivalent in another currency.

Resident individuals may purchase and transfer foreign currency for investment abroad through the acquisition of securities in a total amount not exceeding €50,000 a year or the equivalent in another currency.

Sale or issue abroad by residents

Yes.

Residents must obtain permission from the NSSMC to place
As of July 10, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, the following changes had been made to the ban:

On June 13, 2016, pursuant to NBU Resolution No. 342 of June 9, 2016, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for 2014 and 2015, provided the following conditions are simultaneously met:

(1) purchases/transfers of foreign currency to repatriate dividends abroad are performed by the issuer of the corporate rights/shares under which dividends are paid, by the depository servicing the foreign investor’s accounts, or by the foreign investor directly;

(2) within one calendar month, the person/entity indicated in clause 2 of this subarticle acquires/transfers foreign exchange for the repatriation abroad of dividends in an amount not exceeding one of the following two thresholds: US$1 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the relevant transaction) or 10% of the aggregate amount of the dividends subject to repatriation by that person/entity. If 10% of the aggregate amount of dividends subject to repatriation abroad by that person/entity exceeds US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction), then during one calendar month, the purchases/transfers of foreign exchange for repatriation abroad by that person/entity within the framework of the total amount may not exceed US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On April 14, 2017, investors were allowed to repatriate dividends accrued in 2016, in addition to dividends accrued in 2014 and 2015. Dividend repatriations for 2014–16 were allowed up to a monthly limit of US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On November 15, 2017, foreign investors were allowed to repatriate dividends under corporate rights/shares for 2013 and earlier, within a monthly limit of US$2 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

As of March 2, 2018, pursuant to NBU Resolution No. 19 of March 1, 2018, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding US$7 million (or the equivalent).

As of May 7, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated.
The investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding €12 million (or the equivalent). Previously, the threshold was US$7 million.

Effective February 7, 2019, the purchase/transfer of foreign exchange is permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) the purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced, and from which a foreign investor participant is withdrawing), intermediary, or foreign investor; (2) throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or the equivalent); (3) such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions).

This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds

(1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed;

(2) abroad from current accounts of nonresidents (other than investment accounts);

(3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.

Effective September 10, 2019, the monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction in authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Sale or issue locally by nonresidents: Yes.

Foreign securities may be traded in Ukraine once they have been registered with the NSSMC. The securities must be placed with a depository in the country of their origin and either listed on the stock exchange or cleared for trading in the trading information system in their country of origin and listed with one of the following stock exchanges: American Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange, Tokyo Stock Exchange, Toronto Stock Exchange, The Stock Exchange of Hong Kong, or London Stock Exchange. Persons offering foreign securities for sale in Ukraine must provide Ukrainian investors with a prospectus and the issuer’s report for the most recent fiscal year.

Purchase abroad by residents: Yes.

Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the acquisition of securities abroad if the total amount does not exceed established limits.

The transfer of foreign currency abroad for the acquisition of foreign securities is allowed to residents within the limits established by
NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for investments abroad through the acquisition of securities in a total amount not exceeding €2 million a year or the equivalent in another currency.

Resident individuals may purchase and transfer foreign currency for investment abroad through the acquisition of securities in a total amount not exceeding €100,000 a year or the equivalent in another currency.

<table>
<thead>
<tr>
<th>Sale or issue abroad by residents</th>
<th>Yes.</th>
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<tbody>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The placement of securities by residents outside Ukraine is subject to permission of the NSSMC.

As of July 10, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, the following changes had been made to the ban:

On June 13, 2016, pursuant to NBU Resolution No. 342 of June 9, 2016, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor may not apply to cases of the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for 2014 and 2015, provided the following conditions are simultaneously met:

1. The purchase/transfer of foreign currency to repatriate dividends abroad is performed by the issuer of the corporate rights/shares under which dividends are paid, by the depository servicing the foreign investor’s accounts, or by the foreign investor directly.
2. Within one calendar month, the person/entity indicated in clause 2 of this subarticle acquires/transfers foreign exchange for the repatriation abroad of dividends in an amount not exceeding one of the following two thresholds: US$1 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction) or 10% of the aggregate amount of the dividends subject to repatriation by that person/entity. If 10% of the aggregate amount of the dividends subject to repatriation abroad by that person/entity exceeds US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction), then during one calendar month, the purchases/transfers of foreign exchange for repatriation abroad by that person/entity within the framework of the total amount may not exceed US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On April 14, 2017, investors were allowed to repatriate dividends accrued in 2016, in addition to dividends accrued in 2014 and 2015. Dividend repatriations for 2014–16 were allowed within a monthly limit of US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On November 15, 2017, foreign investors were allowed to repatriate dividends under corporate rights/shares for 2013, and earlier, within
a monthly limit of US$2 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

As of March 2, 2018, pursuant to NBU Resolution No. 19 of March 1, 2018, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to purchases/transfers of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding US$7 million (or the equivalent).

As of May 7, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to cases of purchases/transfers of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017 inclusive, not exceeding €12 million (or the equivalent). Previously, the threshold was US$7 million.

Effective February 7, 2019, the purchase/transfer of foreign exchange is permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) The purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor. (2) Throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or the equivalent). (3) Such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions).

This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds

(1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed;

(2) abroad from current accounts of nonresidents (other than investment accounts);

(3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.

Effective September 10, 2019, the monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of the funds received from a reduction in authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Foreign securities may be traded in Ukraine once they have been registered with the NSSMC. The securities must be placed with a depository in their country of their origin and either listed on the stock exchange, or cleared for trading in the trading information
system in their country of origin, and listed with one of the following stock exchanges: American Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange, Tokyo Stock Exchange, Toronto Stock Exchange, The Stock Exchange of Hong Kong, or London Stock Exchange. Persons offering foreign securities for sale in Ukraine must provide Ukrainian investors with a prospectus and the issuer’s report for the most recent fiscal year.

Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

These operations are considered investments abroad, and they are performed within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for investments abroad not exceeding €2 million a year or the equivalent in another currency. Resident individuals may purchase and transfer foreign currency for investments abroad not exceeding €100,000 a year or the equivalent in another currency.

The placement of securities by residents outside Ukraine is subject to permission of the NSSMC.

Banks may conduct forward exchange transactions (with or without delivery of the underlying asset) in the exchange market of Ukraine with other banks and bank clients.

Bank clients may perform forward foreign exchange transactions

(1) to hedge the risk of changes in the exchange rate of a foreign currency to the hryvnia on transactions

(a) involving export/import of a commodity;
(b) effective February 7, 2019, of resident borrowers on lending (loan) agreements to raise funds from nonresidents or banks;

(2) with clients that are nonresident legal entities, if a nonresident receives funds in hryvnias to purchase sovereign bonds of Ukraine and the due date to fulfill obligations to the bank on forward transactions does not exceed 14 business days from the day funds in hryvnias were provided.

Clients that are nonresident legal entities may perform forward transactions if a nonresident receives funds in hryvnias to purchase sovereign bonds of Ukraine and the due date to fulfill obligations to the bank on forward transactions does not exceed 14 business days from the day funds in hryvnias were provided.

There are no provisions allowing nonresidents to participate in transactions with derivatives in the Ukrainian domestic foreign exchange market.

Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

The purchase of property, securities, and corporate rights outside Ukraine is considered investment abroad and is performed within the

<table>
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<tr>
<th>Category</th>
<th>Status</th>
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<tbody>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
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<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
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<td>Purchase abroad by residents</td>
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</table>
limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for investments abroad not exceeding €2 million a year or the equivalent in another currency.

Resident individuals may purchase and transfer foreign currency for investments abroad not exceeding €100,000 a year or the equivalent in another currency.

| Sale or issue abroad by residents | Yes. | The placement of securities by residents outside Ukraine is subject to permission of the NSSMC. |
| Controls on credit operations    | Yes. | Initially, restrictions on the provision by financial institutions of loans, credits in foreign currency to individual residents and nonresidents not engaged in entrepreneurial activities, were established by law on November 24, 2009, and were effective until January 1, 2011 (except for loans and credits in foreign currency to pay for the services of nonresidents for treatment or education abroad). |
|                                 |      | Later, the ban on the provision of consumer loans to individuals in foreign currency was legislated as of October 16, 2011; as of June 10, 2017, the relevant rule on the prohibition of consumer loans in foreign currency in Ukraine was established by the Law of Ukraine on Consumer Lending. |

| Commercial credits              | Yes. | Beginning May 26, 2016, residents could extend commercial credit to nonresidents with a maturity of up to 180 days. The limitation is tied to the requirement to repatriate export proceeds and receive imports within the payment cutoff date on commodity export and import transactions after the date of delivery and payment, respectively. Effective February 7, 2019, the payment cutoff date is 365 days. |
| By residents to nonresidents    | Yes. | Residents provide financial credits to nonresidents in foreign currency. Banks provide credits with no restrictions on the amount, while individuals, legal entities, and individuals involved in entrepreneurial activity may provide loans within established limits. |
| To residents from nonresidents  | No.  | |

| Financial credits              | Yes. | Residents may engage in lending to nonresidents in hryvnias, with the exception of |
| By residents to nonresidents    | Yes. | Legal entities and individual entrepreneurs may perform foreign exchange operations involving the transfer of funds outside Ukraine/to current accounts of nonresident legal entities in Ukraine (other than investment accounts) up to €2 million a year (or the equivalent in another currency). |

Thus, resident individuals may conduct foreign exchange operations involving (1) the transfer of funds outside Ukraine/to current accounts of nonresident legal entities in Ukraine (other than investment accounts)/under life insurance agreements/the performance of investments abroad/the placement of funds on their accounts abroad and (2) loans to nonresidents up to €100,000 a year (or the equivalent in another currency).
(1) the granting of consumer credits to nonresident individuals by banks and nonbank financial institutions;

(2) the granting of credits by banks to nonresidents for the purpose of the purchase by the nonresident of Ukrainian domestic government bonds, if the repayment date for the given credit is not later than 14 days from the date the funds in hryvnias are posted.

Residents may engage in borrowing from nonresidents both in foreign currency and in hryvnias. The previous requirement concerning the registration of external borrowing with the NBU was eliminated effective February 7, 2019, and was replaced with a notification system.

Also, effective February 7, 2019, the NBU does not set a maximum interest rate on external borrowing.

As of February 16, 2018, the NBU allowed residents to take loans from nonresidents if the loan amount is determined in hryvnias and all calculations are carried out in foreign currency, provided

(1) the creditor is an IFI of which Ukraine is a member or an IFI with respect to which Ukraine is obligated to provide the same legal regime;

(2) the borrower is an authorized bank and the lender of the IFI or another person. Such loan agreements do not require registration with the NBU.

As of March 3, 2018, the NBU allowed residents to make early repayment of loans within a monthly limit of US$2 million (for one resident borrower under loan agreements serviced by one authorized bank).

As of March 30, 2018, the NBU allowed residents to make early repayment of loans involving a foreign person (by way of crediting, insurance, guarantee, or surety) in full or in part, with participant that is a foreign state or a foreign bank with a shareholder that is a foreign state.

As of April 27, 2018, the NBU established an exception to the general procedure for controlling the level of the maximum interest rate on foreign loans for credit projects implemented with the participation (in the form of guarantee, insurance, surety) of a foreign state.

As of May 5, 2018, the NBU lifted the restriction on credit funds in foreign currency, as a means of payment in Ukraine, received from an IFI by the state or under state guarantees.

As of May 17, 2018, the NBU simplified the procedure for purchasing foreign currency through authorized banks for repayment of loans by resident borrowers.

The reserve requirement to be placed in the NBU by banks on short-term (up to six months) deposits or loans in foreign exchange from nonresidents is 0. The requirement does not apply to funds (1) with a term of no more than one business day, (2) under government guarantees, or (3) from IFIs of which Ukraine is a member.
By residents to nonresidents: Yes. The purchase or transfer of funds in transactions involving a resident’s fulfillment of obligations under a guarantee or suretyship—or a resident debtor’s reimbursement of funds to a nonresident guarantor (surety) who has fulfilled the resident debtor’s obligation to a creditor (resident or nonresident) secured by the guarantee/suretyship—is performed based on corroborating documents submitted to the bank. Such transactions of resident legal entities are performed within a limit of €2 million (or the equivalent in another foreign currency or hryvnias) a year. The limit on guarantee transactions and sureties is not applied if that limit does not extend to transactions involving the fulfillment of an underlying obligation secured by such a guarantee or suretyship.

Residents perform foreign exchange operations involving the purchase of foreign currency/precious metals and/or the transfer of foreign exchange assets (foreign currency/hryvnias/precious metals) abroad/to a nonresident current account in Ukraine (other than an investment account) from their own accounts for the purpose of payments to fulfill debt obligations of a resident borrower to a nonresident (guarantor/surety/mortgagor who has fulfilled an obligation to a nonresident creditor on behalf of a resident borrower) specified in a credit agreement (loan agreement/agreement on financial assistance to be repaid) on the condition that there is (1) documented confirmation of the existence, amount, and deadlines for the fulfillment of these obligations; (2) documented confirmation of the fulfillment by the nonresident guarantor (surety/mortgagor) of obligations on behalf of the resident borrower specified in a credit agreement/loan agreement/agreement on financial assistance to be repaid with a nonresident creditor; (3) existence of an entry recorded in the NBU Credit Agreements with Nonresidents automated information system that corresponds to the given credit agreement/loan agreement/agreement on financial assistance to be repaid.

Only the bank servicing operations under the given credit agreement/loan agreement has the right to purchase foreign currency/precious metals and/or to transfer foreign exchange assets for the purpose of fulfilling the obligations of a resident borrower to a nonresident who fulfilled an obligation on behalf of the resident borrower under a credit agreement/loan agreement.

To residents from nonresidents: No.

Controls on direct investment: Yes.

Outward direct investment: Yes. Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

Direct investments (like any other types of investments in monetary form) are performed within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for the purpose of investments abroad not exceeding €2 million a year or the equivalent in another currency.

Resident individuals may purchase and transfer foreign currency for
Inward direct investment

Yes.

FDI in Ukraine may be made in foreign currency and hryvnias and does not have to be performed through investment accounts with authorized Ukrainian banks. Foreign investments do not require registration. State registration of investments has been discontinued.

Controls on liquidation of direct investment

Yes.

Effective February 7, 2019, the purchase/transfer of foreign exchange is permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) The purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor. (2) Throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or the equivalent). (3) Such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions).

This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds

(1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed;

(2) abroad from current accounts of nonresidents (other than investment accounts);

(3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.

Effective September 10, 2019, the monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction in authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

As of July 10, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, the following changes had been made to the ban:

On June 13, 2016, pursuant to NBU Resolution No. 342 of June 9, 2016, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for 2014 and 2015, provided the following conditions are simultaneously met:

(1) The purchase/transfer of foreign currency to repatriate dividends abroad is performed by the issuer of the corporate rights/shares under which dividends are paid, by the depository servicing the foreign investor’s accounts, or by the foreign investor directly.
Within one calendar month, the person/entity indicated in clause 2 of this subarticle acquires/transfers foreign exchange for the repatriation abroad of dividends within a total amount not exceeding one of the following two thresholds: (1) US$1 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction) or 10% of the aggregate amount of the dividends subject to repatriation by that person/entity. If 10% of the aggregate amount of the dividends subject to repatriation abroad by that person/entity exceeds US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction), then during one calendar month, the purchases/transfers of foreign exchange for repatriation abroad by that person/entity within the framework of the total amount may not exceed US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On April 14, 2017, investors were allowed to repatriate dividends accrued in 2016, in addition to dividends accrued in 2014 and 2015. Dividend repatriations for 2014–16 were allowed within a monthly limit of US$5 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

On November 15, 2017, foreign investors were allowed to repatriate dividends under corporate rights/shares for 2013 and earlier, within a monthly limit of US$2 million (or equivalent in another foreign currency at the NBU official exchange rate of the hryvnia against foreign currencies on the date of the transaction).

As of March 2, 2018, pursuant to NBU Resolution No. 19 of March 1, 2018, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding US$7 million (or the equivalent).

As of May 7, 2019, the ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding €12 million (or the equivalent). Previously, the threshold was US$7 million.

Controls on real estate transactions | Yes.
---|---
Purchase abroad by residents | Yes.

Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

The purchase of real estate outside Ukraine is considered investment abroad and must be within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for investments abroad not exceeding €2 million a year or the
equivalent in another currency. Resident individuals may purchase and transfer foreign currency for investments abroad not exceeding €100,000 a year or the equivalent in another currency.

**Purchase locally by nonresidents** Yes. These transactions are considered domestic capital investments by nonresidents.

**Sale locally by nonresidents** Yes. The transfer of proceeds, after payment of taxes due, is not restricted.

**Controls on personal capital transactions** Yes.

**Loans** Yes. Effective April 28, 2020, a daily UAH 400,000 foreign currency cash purchase limit for individuals applies. Previously it was UAH 150,000.

As of June 16, 2017 (pursuant to NBU Resolution No. 51 of June 8, 2017), resident legal entities may purchase and transfer up to US$2 million a year or the equivalent in foreign exchange abroad for investing on the basis of an individual license.

Effective February 7, 2019, residents (banks, legal entities, individuals) may provide credit and loans to nonresidents as follows:

1. **By residents to nonresidents** Effective April 28, 2020, a daily UAH 400,000 foreign currency cash purchase limit for individuals applies. Previously it was UAH 150,000.

   As of June 16, 2017 (pursuant to NBU Resolution No. 51 of June 8, 2017), resident legal entities may purchase and transfer up to US$2 million a year or the equivalent in foreign exchange abroad for investing on the basis of an individual license.

   Effective February 7, 2019, residents (banks, legal entities, individuals) may provide credit and loans to nonresidents as follows:

   1. **by residents to nonresidents**
      - **banks**—without limits on the amount, in foreign currency. Providing credit in hryvnias is prohibited, other than consumer loans to individual nonresidents and loans to nonresident legal entities for a nonresident to purchase sovereign bonds of Ukraine, provided the due date for repaying the funds to the bank does not exceed 14 business days from the date they were disbursed;
      - **legal entities**—foreign currency loans, not exceeding €2 million a year or the equivalent in another currency;
      - **individuals**—foreign currency loans, not exceeding €100,000 a year or the equivalent in another currency.

   2. **Transfers of funds are performed on the basis of supporting documentation, if the amount of the transfer exceeds the equivalent of 150,000 hryvnias. Inherited funds may be transferred by nonresidents without restriction on confirmation of the inheritance, if the amount of the transfer exceeds the equivalent of 150,000 hryvnias.

   3. **By residents to nonresidents** Effective April 28, 2020, a daily UAH 400,000 foreign currency cash purchase limit for individuals applies. Previously it was UAH 150,000.

   As of June 16, 2017 (pursuant to NBU Resolution No. 51 of June 8, 2017, in effect up to February 7, 2019), resident legal entities were permitted to purchase and transfer abroad up to US$2 million a year or the equivalent in foreign exchange for investment on the basis of an individual license. Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of investment abroad. Resident legal entities may perform such transactions not exceeding €2 million or the equivalent a year.

   4. **To residents from nonresidents**

   5. **Gifts, endowments, inheritances, and legacies** Yes.

   Transfers of funds are performed on the basis of supporting documentation, if the amount of the transfer exceeds the equivalent of 150,000 hryvnias. Inherited funds may be transferred by nonresidents without restriction on confirmation of the inheritance, if the amount of the transfer exceeds the equivalent of 150,000 hryvnias.

   6. **By residents to nonresidents** Effective April 28, 2020, a daily UAH 400,000 foreign currency cash purchase limit for individuals applies. Previously it was UAH 150,000.

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   7. **To residents from nonresidents**

   8. **Settlement of debts abroad by immigrants** No. Nonresidents, including immigrants, may transfer foreign currency from their accounts abroad without restriction.
Settlement of debts abroad by immigrants

No.

Residents who emigrate from Ukraine may transfer funds in foreign currency abroad from their current accounts in Ukraine by presenting their foreign travel passport, with a notation of their departure for permanent residence and the country of their destination.

Transfer of assets

No.

Transfer abroad by emigrants

No.

Residents who emigrate from Ukraine may transfer funds in foreign currency abroad from their current accounts in Ukraine by presenting their foreign travel passport, with a notation of their departure for permanent residence and the country of their destination.

Transfer into the country by immigrants

No.

Transfers by nonresident individuals to Ukraine are unrestricted.

Transfer of gambling and prize earnings

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Yes.

Borrowing abroad

No.

Effective February 7, 2019, foreign currency loans no longer require registration with the NBU.

Effective February 7, 2019, the NBU no longer sets interest rate ceilings (allowing for commissions and fees) for the borrowing of funds abroad.

Banks may purchase foreign currency for hryvnias without limit (including to discharge obligations on foreign loans (making payments toward redemption, including for early redemption, loan principal, interest, and other payments provided in the loan agreement).

On April 14, 2017, the NBU allowed Ukrainian banks to repay loans to nonresidents early as follows:

(1) The lender is a bank with a rating of at least A–.

(2) The loan was funded by issuance of Eurobonds.

On July 11, 2017, the NBU allowed early loan repayments to nonresidents as follows:

(1) Banks may repay loans early to all nonresidents.

(2) Residents may repay loans to nonresidents early, if a shareholder of such a borrower or nonresident creditor is an IFI.

(3) Resident borrowers may repay loans early to nonresident banks.

On August 24, 2017, early repayment of loans from nonresidents were allowed if a foreign state (at least single A rated by Fitch Ratings, Standard & Poor’s, Moody’s) or a foreign bank (with a rated foreign state in the stake) owning shares in the capital of this nonresident is exempt from the ban on early loan repayments.

On October 8, 2017, the NBU simplified for banks the procedure for early repurchases of their own Eurobonds (issued abroad to finance loans granted to these banks by nonresidents) without individual licenses.

On December 14, 2017, the NBU extended the list of exemptions for early loan repayments, including the repayment of loans in cases...
when a foreign state via the persons authorized by that state is participating (through crediting, insurance, guaranteeing) in the realization of such a loan (fully or partially).

On February 16, 2018, by NBU Board Resolution No. 12 of February 15, 2018, the NBU allowed residents to take out loans from nonresidents under the conditions at the time the loan amount is determined in hryvnias, and all calculations are carried out in foreign currency, provided

(1) the creditor is an IFI of which Ukraine is a member or an IFI with respect to which Ukraine is obligated to provide the same legal regime;

(2) the borrower is an authorized bank, and the lender of the IFI, or another person. Such a loan agreement does not require registration with the NBU.

On April 27, 2018, the NBU Board of Directors by its Resolution No. 45 of April 26, 2018, established an exception to the general procedure for controlling the level of the maximum interest rate on foreign loans for credit projects implemented with the participation (in the form of guarantee, insurance, surety) of a foreign state.

On May 5, 2018, NBU Board Resolution No. 48 of May 3, 2018, removed the restriction on credit funds in foreign currency, as a means of payment in Ukraine, received from the IFI by the state or under state guarantees.

The reserve requirement to be placed in the NBU by authorized banks on short-term (up to six months) deposits or loans in foreign exchange from nonresidents is 0.

### Maintenance of accounts abroad

- **Yes.**

### Lending to nonresidents (financial or commercial credits)

- **Yes.** Banks may provide foreign currency loans to nonresidents at authorized banks. Banks are prohibited from providing loans in hryvnias, except consumer loans to individual nonresidents and loans to nonresident legal entities for a nonresident to purchase sovereign bonds of Ukraine, provided the due date for repaying the funds to the bank does not exceed 14 business days from the date they were disbursed.

### Lending locally in foreign exchange

- **Yes.** Initially, the provision by financial institutions of loans and credits in foreign currency to individual residents and nonresidents not engaged in entrepreneurial activities was restricted by law on November 24, 2009, effective until January 1, 2011 (except loans and credits in foreign currency to pay for the services of nonresidents for treatment and education abroad).

Later, the ban on the provision of consumer loans to individuals in foreign currency was legislated since October 16, 2011, and as of June 10, 2017, the relevant rule on the prohibition of consumer loans in foreign currency in Ukraine was established by the Law of Ukraine on Consumer Lending.

### Purchase of locally issued securities denominated in foreign exchange

- **Yes.**

### Differential treatment of deposit accounts in foreign exchange

- **Yes.**

### Reserve requirements

- **Yes.** Effective March 10, 2020, reserve requirements for banks depend on the currency of deposits rather than on terms of deposits, as before.
For hryvnia deposits, a zero rate is set for the reserve requirement and 10% for foreign currency deposits.

Banks maintain reserve requirements on their correspondent accounts in the NBU in domestic currency.

**Liquid asset requirements**  Yes.  The liquidity coverage ratio (LCR) requirement is set separately for all currencies and for the group of foreign currencies (while also monitored in domestic currency). The lists of eligible high-quality liquid assets (HQLAs) in all currencies and in foreign currencies differ somewhat. In particular, domestic government debt securities denominated in foreign currencies with residual maturity over 30 days are eligible for HQLAs in all currencies; however, they are not eligible for HQLAs in foreign currencies. The LCR requirement was phased in as follows:

As of December 1, 2018, the LCR was introduced at 80% in total and for the group of foreign currencies; effective June 1, 2019, the LCR was raised from 80% to 90% in total and for the group of foreign currencies; and effective December 1, 2019, it was raised from 90% to 100% in total and for the group of foreign currencies.

**Interest rate controls**  No.

**Credit controls**  No.

Differential treatment of deposit accounts held by nonresidents  No.

**Reserve requirements**  No.

**Liquid asset requirements**  No.

**Interest rate controls**  No.

**Credit controls**  No.

**Investment regulations**  Yes.

**Abroad by banks**  Yes.  Banks may make investments abroad under a banking license, with regard to restrictions in statutes of Ukraine and NBU regulations, in particular Resolution of the NBU Board No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and the Procedure for the Performance of Certain Foreign Currency Transactions. Pursuant to Article 50 of the Law of Ukraine on Banks and Banking, a bank may make direct investments with written permission from the NBU.

**In banks by nonresidents**  Yes.  Legal entities or individuals who intend to acquire substantial interest in a bank, or increase it, such that an individual or entity directly and/or indirectly, independently or together with other entities or persons, owns 10%, 25%, 50%, or 75% or more of the authorized capital or voting rights in the authorized capital of a bank, and/or regardless of formal ownership, has significant influence over the management or activities of a bank must notify that bank and the NBU of their intentions three months before acquiring or increasing substantial interest (except for strategic investors who apply for participation in the tender in accordance with the Law of Ukraine, on the Features of the Sale of Blocks of Shares That Are Owned by the State in the Authorized Capital of Banks in the Capitalization of Which the State Participated) and submit the relevant package of documents for clearing the acquisition with the NBU. The NBU may prohibit the acquisition of, or increase in, material participation in a bank.
Following the NBU’s methodology, banks calculate limits for the overall long and short open foreign exchange positions, taking into account a bank’s reserves for its asset-related operations in foreign exchange and the sum of the delta equivalent of an exchange derivative built into a financial instrument with an indexed value.

Off-balance-sheet items are included in the calculation of the open foreign exchange positions. The limits of the total (short/long) open currency position are set as a percentage of the regulatory capital.

Effective January 20, 2020, the limit of the aggregate long open currency position of a bank (L13-1) may not exceed 10% of the regulatory capital; the limit of the aggregate short open foreign exchange position may not exceed 10% of its regulatory capital in accordance with NBU Board Decision No. 10-RS of January 9, 2020, which amended Decision 184-RS of March 29, 2018. Previously, as of July 1, 2018, L13-1 was no more than 5% and L13-2 no more than 5%. As of May 1, 2018, L13-1 was no more than 3% and L13-2 no more than 8% of the bank’s regulatory capital, according to the decision of the NBU Board No. 184-rsh of March 29, 2018.

Previously, as of September 2, 2014, L13-1 was no more than 1% and L13-2 was 10% of the bank’s regulatory capital in accordance with the decisions of the NBU Board No. 205 of June 22, 2011, and No. 540 of August 29, 2014, extended by resolutions No. 758 of December 01, 2014, No. 124 of February 23, 2015, No. 160 of March 03, 2015, No. 354 of June 03, 2015, No. 581 of September 03, 2015, No. 863 of December 04, 2015, No. 140 from March 3, 2016, No. 342 of July 7, 2016, No. 386 of September 14, 2016, and No. 410 of December 13, 2016. As of June 29, 2011, L13-1 was no more than 5% and L13-2 was 10% of the bank’s regulatory capital in accordance with NBU Board Resolution No. 205 of June 22, 2011. NBU Resolution No. 847 on Approval of the Methodology for the Calculation of the Open Foreign Exchange Position by Authorized Banks, on December 1, 2015, repealed Resolution No. 182 of March 31, 2014, which previously established the timetable for the inclusion of provisions on asset-related operations, because these provisions are now included in their entirety. According to the new methodology, 100% of the reserves for asset-related banking operations in foreign currency are included in the calculation of the total (long/short) open foreign exchange position limits.

On September 1, 2016, as per NBU Board Decision No. 158-rsh of July 26, 2016, which amended Resolution No. 847, financial instruments with an indexed value (loans, deposits, securities, other instruments held by banks) are taken into account in calculating the foreign exchange position.

Effective January 31, 2020, pursuant to NBU Board Decision No. 1019-RS of December 28, 2019, the exchange position calculation also takes into account the sum of the delta equivalent of an exchange derivative built into a financial instrument with an indexed value. In addition, the requirements concerning financial instruments with indexed values were canceled.

On May 1, 2018, the limit of the total long open currency position of the bank (L13-1) was set at 3% (previously 1%), and the limit of the total short open currency position of the bank (L13-2) was set at 8% (previously 10%) of the regulatory capital of the bank.
As of July 1, 2018, the limit of the total long open currency position of the bank (L13-1) may not exceed 5% of the regulatory capital (previously 3%), and the limit of the total short open currency position of the bank may not exceed 5% of its regulatory capital (previously 8%).

On resident assets and liabilities Yes.

On nonresident assets and liabilities Yes.

Provisions specific to institutional investors Yes.

Insurance companies Yes.

Limits (max.) on securities issued by nonresidents Yes. Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

The transfer of funds to nonresident accounts at foreign banks for the purpose of the purchase of securities from nonresidents is performed within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for investments abroad not exceeding €2 million a year or the equivalent in another currency.

Limits (max.) on investment portfolio held abroad Yes.

Limits (min.) on investment portfolio held locally Yes.

Currency-matching regulations on assets/liabilities composition No.

Pension funds Yes.

Limits (max.) on securities issued by nonresidents Yes. Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

The transfer of funds to nonresident accounts at foreign banks for the purpose of the purchase of securities from nonresidents is performed within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for investments abroad not exceeding €2 million a year or the equivalent in another currency.

Limits (max.) on investment portfolio held abroad Yes.

Limits (min.) on investment portfolio held locally n.a.

Currency-matching regulations on assets/liabilities composition n.a.

Investment firms and collective investment funds Yes.
### Limits (max.) on securities issued by nonresidents

**Yes.** Effective February 7, 2019, a license from the NBU is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

The transfer of funds to nonresident accounts at foreign banks for the purpose of the purchase of securities from nonresidents is performed within the limits established by NBU Executive Board Resolution No. 5 of January 2, 2019, on Approval of the Regulation on Protection Measures and Determination of the Procedure for the Performance of Certain Operations in Foreign Currency.

Resident legal entities may purchase and transfer foreign currency for investments abroad not exceeding €2 million a year or the equivalent in another currency.

### Limits (max.) on investment portfolio held abroad

**Yes.** Diversified mutual funds may not (1) acquire or invest in shares and bonds of foreign issuers cleared for trading on organized stock exchanges of foreign countries in amounts exceeding 20% of their total value; (2) acquire or invest in other assets, as allowed by law, in amounts exceeding 5% of their assets; (3) acquire or exchange securities issued by persons, asset management companies, or depositories affiliated with the mutual fund; or (4) acquire or invest in securities with income guaranteed by foreign governments in amounts exceeding 20% of the total value of their assets.

If a closed, undiversified mutual fund makes an exclusively private placement of its own securities, and more than 50% of its assets consist of corporate rights and securities not cleared for trading on the stock exchange or in the trading information system, it is treated as a high-risk (venture) fund. Only legal entities may be participants in high-risk funds.

### Limits (min.) on investment portfolio held locally

**Yes.** Diversified mutual funds may not (1) hold more than 30% of their total assets in monetary resources, bank accounts, savings certificates, and/or bonds issued by commercial banks; (2) invest more than 5% of their total assets in securities of one issuer; (3) invest more than 25% of their total assets in government securities with income guaranteed by the Cabinet of Ministers (investment in fewer than three types of government securities is prohibited); (4) invest more than 10% of their total assets in securities of local governments; (5) invest more than 20% of their total assets in corporate bonds issued by residents (except commercial banks); or (6) invest more than 40% of their total assets in shares of Ukrainian issuers.

Assets of mutual funds are managed by asset management companies (the legal entity under Ukrainian legislation and licensed by the NSSMC). The total value of a mutual fund’s assets managed by a single asset management company may not exceed the amount in the NSSMC charter and regulations.

### Currency-matching regulations on assets/liabilities composition

**n.a.**

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

## Changes during 2019 and 2020

### Exchange Arrangement

**Monetary policy framework**

Inflation-targeting framework
The National Bank of Ukraine began to publish a key rate forecast as part of the quarterly revision of the macroeconomic forecast.

Banks were allowed to perform forward transactions with resident borrowers for the purpose of hedging debt operations under credit agreements (loan agreements) with nonresidents or banks. Previously, these were allowed only for hedging export and import payments.

If the delivery time of goods and services exceeds 365 calendar days (previously 180 calendar days), it may be extended with approval of the central executive government body implementing economic development policy.

Foreign currency may be used by residents
(1) in the performance of operations by banks to provide banking and other financial services on the basis of a banking license;
(2) in the performance of operations by nonbank financial institutions and postal service operators that have a license from the National Bank of Ukraine (NBU) to perform foreign exchange operations;
(3) in the performance of operations involving the placement of, payment of monetary income on, and redemption of bonds and Treasury bills of Ukraine denominated in foreign currency, if so indicated in the securities prospectus (by the terms of their placement);
(4) in the performance of operations involving the purchase/sale of government securities denominated in foreign currency, if the initiator or recipient of such a foreign exchange operation is a bank;
(5) for other operations defined by the Customs Code of Ukraine and/or regulatory legal acts of the NBU. Previously, an NBU license was required.

Foreign exchange supervision is no longer performed with regard to transactions involving exports and imports in an amount that is below the threshold established for financial transactions that are subject to mandatory financial monitoring in accordance with the legislation on combating money laundering, the financing of terrorism, or the financing of the proliferation of weapons of mass destruction.

The National Bank of Ukraine has established a deadline of 365 calendar days (previously 180 calendar days) for settlements under transactions by residents involving exports of goods.

A license from the National Bank of Ukraine is no longer required to transfer foreign currency by residents to their accounts opened abroad as long as the amount is within the established limits.

The requirement to resell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals.
The requirement to resell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place for legal entities, but the requirement to transfer any gains from those transactions to the budget was eliminated.

Nonresident Accounts

The purchase/transfer of foreign exchange is permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) The purchase/transfer of foreign exchange is performed by a resident (buyer of securities whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor. (2) Throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or equivalent). (3) Such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions). This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds (a) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed; (b) abroad from current accounts of nonresidents (other than investment accounts); (c) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.

The ban on purchases and transfers of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to purchases/transfers of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, not exceeding €12 million (or equivalent). Previously the threshold was US$7 million.

The ban on purchases and transfers of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, transfer of dividends was banned above a €12 million threshold.

The monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction of authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Imports and Import Payments

The National Bank of Ukraine extended the deadline to 365 calendar days (previously 180 calendar days) for settlements on foreign trade operations. For certain operations involving imports of goods the deadline may be extended with approval of the central executive government body responsible for the implementation of economic development policy.

The 365-day settlement deadlines do not extend to operations involving imports of goods (including incomplete settlements on operations), the amount of which (in the hryvnia equivalent at the official exchange rate against foreign currencies set by the National
Bank of Ukraine on the date the operation is performed) is less than UAH 400,000; previously, the limit was UAH 150,000.

**Documentation requirements for release of foreign exchange**

**for imports**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/07/2019</td>
<td>The requirement to resell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals.</td>
</tr>
<tr>
<td>02/07/2019</td>
<td>The deadline for settlements on foreign trade operations was changed from 180 to 365 days.</td>
</tr>
<tr>
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<td>05/16/2019</td>
<td>The deadline of 365 days for settlements on foreign trade operations do not extend to the following operations:</td>
</tr>
<tr>
<td></td>
<td>1) imports of goods under government defense procurement contracts;</td>
</tr>
<tr>
<td></td>
<td>2) imports of services or medicines under transactions of the Ukrainian Ministry of Health with specialized organizations, as well as imports of services for the treatment of persons with rare (orphan) diseases;</td>
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<tr>
<td></td>
<td>3) imports of goods used for the production of space and aviation equipment and assemblies;</td>
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<tr>
<td></td>
<td>4) exports/imports of goods under production-sharing agreements;</td>
</tr>
<tr>
<td></td>
<td>5) goods and services subject to procurement in accordance with agreements with the civic organization “National Olympic Committee of Ukraine” and needed to support participation of Ukrainian national teams and official delegations of Ukraine in the Olympic Games, Youth Olympic Games, European Games, and other international athletic events held under the aegis of the International Olympic Committee, European Olympic Committees, and the Association of National Olympic Committees (Resolution of the NBU Board No. 67, dated May 14, 2019).</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>02/07/2019</td>
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</tr>
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<td></td>
<td>1) exports of goods under production-sharing agreements; and</td>
</tr>
<tr>
<td></td>
<td>2) exports of work, services (other than transportation and insurance services and work), and intellectual property rights (NBU Executive Board Resolution No. 67 of May 14, 2019).</td>
</tr>
</tbody>
</table>

**Surrender requirements**

**Surrender to authorized dealers**

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>03/01/2019</td>
<td>The surrender requirement on export proceeds was reduced from 50% to 30%.</td>
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<tr>
<td>06/20/2019</td>
<td>The surrender requirement on export proceeds was eliminated. Previously, it was 30% of certain export proceeds.</td>
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</tbody>
</table>

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

<table>
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<td>02/07/2019</td>
<td>The requirement to sell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals.</td>
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The requirement to sell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place for legal entities, but the requirement to transfer any gains from those transactions to the budget was eliminated.

Trade-related payments

*Indicative limits/bona fide test*

The requirement to resell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals.

The requirement to resell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place for legal entities, but the requirement to transfer any gains from those transactions to the budget was eliminated.

Investment-related payments

*Prior approval*

The ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor does not apply to the purchase/transfer of foreign exchange for the repatriation of dividends on equity participation/shares for the period up to 2017, inclusive, in the amount not exceeding €12 million (or equivalent). Previously, the threshold was US$7 million.

The ban on the purchase and transfer of foreign exchange for the repatriation of dividends abroad to a foreign investor was eliminated. Previously, transfer of dividends was banned subject to a €12 million threshold.

The monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction of authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Payments for travel

*Indicative limits/bona fide test*

The requirement to resell previously bought and noncash foreign currency not used within 10 days in the foreign exchange market within 5 days remains in place for legal entities, but the requirement to transfer any gains from those transactions to the budget was eliminated.

The requirement to resell previously bought and noncash foreign currency not used within 10 days in the foreign exchange market within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals.

Credit card use abroad

Economic entities that are residents of Ukraine may use payment cards for settlements with nonresidents under foreign economic contracts involving exports/imports of goods, if a transaction made under the same contract on the same business day does not exceed UAH 400,000 (previously up to UAH 150,000).

**Proceeds from Invisible Transactions and Current Transfers**

*Repatriation requirements*

The settlement deadline for receiving payment for exports was increased from 180 days to 365 days from the date of delivery. Exemption from the 365-day (previously 180-day) deadline may be granted by the central executive authority that implements government policy in economic development.

*Surrender requirements*

*Surrender to authorized dealers*

The requirement to resell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days and transfer any gains from the purchase of foreign exchange to the state budget was eliminated for individuals.

The requirement to resell previously bought noncash foreign currency not used within 10 days in the foreign exchange market within 5 days was eliminated.
remains in place for legal entities, but the requirement to transfer any gains from those transactions to the budget was eliminated. The surrender requirement on export proceeds was repealed.

### Capital Transactions

**Repatriation requirements**

**Surrender requirements**

**Surrender to authorized dealers**

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**Controls on capital and money market instruments**

**On capital market securities**

**Shares or other securities of a participating nature**

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<td>02/07/2019</td>
<td>A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the acquisition of securities abroad if the total amount does not exceed established limits.</td>
</tr>
</tbody>
</table>

**Bonds or other debt securities**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/07/2019</td>
<td>Purchases/transfers of foreign exchange are permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction in the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) the purchase/transfer of foreign exchange is performed by a resident (buyer of securities whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor; (2) throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or equivalent); (3) such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions). This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds: (1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed; (2) abroad from current accounts of nonresidents (other than investment accounts); (3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/10/2019</td>
<td>The monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction in authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.</td>
</tr>
</tbody>
</table>

**Purchase locally by nonresidents**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/07/2019</td>
<td>A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the acquisition of securities abroad if the total amount does not exceed established limits.</td>
</tr>
</tbody>
</table>

**On money market instruments**
Purchase locally by nonresidents 02/07/2019

Purchases/transfer of foreign exchange are permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) The purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor. (2) Throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or the equivalent). (3) Such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions). This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds (1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed; (2) abroad from current accounts of nonresidents (other than investment accounts); (3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.

09/10/2019

The monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction in authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

Purchase abroad by residents 02/07/2019

A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the acquisition of securities abroad if the total amount does not exceed established limits.

On collective investment securities

Purchase locally by nonresidents 02/07/2019

The purchase/transfer of foreign exchange is permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) The purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor. (2) Throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or the equivalent). (3) Such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions). This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds (1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed; (2) abroad from current accounts of nonresidents (other than investment accounts); (3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter, and from the sale of debt/listed securities on securities exchanges.
The monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of the funds received from a reduction of authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

Banks were allowed to perform forward transactions with resident borrowers for the purpose of hedging debt operations under credit agreements (loan agreements) with nonresidents or banks. Previously, forward transactions were allowed only for hedging export and import payments.

A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

Maximum maturity of commercial credit from residents to nonresidents was extended from 180 days to 365 days.

The maximum interest rate on external borrowing was eliminated.

The requirement concerning the registration of external borrowing with the National Bank of Ukraine was eliminated and replaced with a notification system.

A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

The purchase/transfer of foreign exchange is permitted for the purpose of returning abroad funds obtained by foreign investors from transactions entailing the sale of securities, corporate rights, funds obtained as a result of reduction of the authorized capital of legal entities, and foreign investors’ withdrawal from companies, provided the following conditions are simultaneously met: (1) The purchase/transfer of foreign exchange is performed by a resident (buyer of securities, whose authorized capital is reduced and from which a foreign investor participant is withdrawing), intermediary, or foreign investor. (2) Throughout a calendar month, the aforementioned person/entity performs the purchase/transfer of foreign exchange for that purpose in an amount not exceeding €5 million (or the equivalent). (3) Such purchase/transfer is performed through a single bank (a change of banks is permitted under certain conditions). This limit does not apply to the purchase/transfer of foreign exchange/hryvnias for the purpose of returning funds (1) to investment accounts of foreign investors within Ukraine; further transfer of these funds from an investment account abroad and/or to a current account of a nonresident (other than an investment account) may be performed, provided the above limit is observed; (2) abroad from current accounts of nonresidents (other than investment accounts); (3) earned by foreign investors from operations involving the sale of Ukrainian government bonds on securities exchanges and over the counter and from the sale of debt/listed securities on securities exchanges.
The monthly limit of €5 million was eliminated on the repatriation of funds received from selling securities and equity rights as well as of funds received from a reduction of authorized capital of a legal entity or a foreign investor’s exit from an economic partnership.

A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.

Residents (banks, legal entities, individuals) may provide credit and loans to nonresidents as follows:

1. banks—without limits on the amount, in foreign currency. Providing credit in hryvnias is prohibited, other than consumer loans to individual nonresidents and loans to nonresident legal entities for a nonresident to purchase sovereign bonds of Ukraine, provided the due date for repaying the funds to the bank does not exceed 14 business days from the date they were disbursed;

2. legal entities—foreign currency loans, not exceeding €2 million a year or the equivalent in another currency;

3. individuals—foreign currency loans, not exceeding €100,000 a year or the equivalent in another currency.

The daily foreign currency cash purchase limit for individuals was raised from UAH 150,000 to UAH 400,000.

Resident legal entities may perform such transactions not exceeding €2 million or the equivalent a year.

Foreign currency loans no longer require registration with the National Bank of Ukraine.

The National Bank of Ukraine no longer sets interest rate ceilings (allowing for commissions and fees) for the borrowing of funds abroad.

Reserve requirements for banks depend on the currency of deposits rather than on terms of deposits, as before. For hryvnia deposits, a zero rate is set for the reserve requirement and 10% for foreign currency deposits.

The total liquidity coverage ratio was raised from 80% to 90%.

The liquidity coverage ratio for assets and liabilities denominated in foreign currency was raised from 80% to 90%.

The liquidity coverage ratio for assets and liabilities denominated in foreign currency was raised from 90% to 100%.
The liquidity coverage ratio was raised from 90% to 100% in total and for the group of foreign currencies.

The limit of the aggregate long open currency position of a bank (L13-1) may not exceed 10% of the regulatory capital; the limit of the aggregate short open foreign exchange position of the bank may not exceed 10% of its regulatory capital. Previously, both limits were 5% of regulatory capital.

The exchange position calculation also takes into account the sum of the delta equivalent of an exchange derivative built into a financial instrument with an indexed value. In addition, the requirements concerning financial instruments with indexed values were canceled.

Provisions specific to institutional investors

Insurance companies

<table>
<thead>
<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
<th>02/07/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A license from the National Bank of Ukraine is no longer required to purchase and transfer foreign currency for the purpose of making investments abroad if the total amount does not exceed established limits.</td>
<td></td>
</tr>
</tbody>
</table>

Pension funds

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<tr>
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</tbody>
</table>

Investment firms and collective investment funds

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<tr>
<th>Limits (max.) on securities issued by nonresidents</th>
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</tr>
</thead>
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<tr>
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<td></td>
</tr>
</tbody>
</table>
UNITED ARAB EMIRATES
(Position as of August 31, 2020)

Status under IMF Articles of Agreement

Date of membership
September 22, 1972.

Article VIII
Yes. Date of acceptance: February 13, 1974.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
Yes. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
Yes. In accordance with UNSC Resolutions 1267 (1999) and 1373 (2001) and other related resolutions, accounts of individuals and/or organizations suspected of involvement in terrorism are frozen. Banks must verify the identity of anyone who transfers Dh 3,500 or more or its equivalent in other currencies. Moneychangers must do so for transfers regardless of the amount.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of the United Arab Emirates is the Emirati dirham.

Other legal tender
No.

Exchange rate structure
Unitary
Yes.

Dual

Multiple

Classification
No separate legal tender

Currency board

Conventional peg
Yes. The exchange rate arrangement is a conventional peg. The dirham was pegged to the US dollar in 1980. A January 2003 decision made the peg official. The United Arab Emirates Central Bank (UAECB) publishes the official rate on Bloomberg and Refinitiv portals.

Stabilized arrangement

Crawling peg

Crawl-like arrangement
The dirham is pegged to the US dollar, the anchor currency, at the midrate of Dh 3.6725 per dollar (1 dirham = US$0.2723). The official selling and buying rates are Dh 3.6720 and Dh 3.6730 per dollar, respectively. The official midrate is used for accounting and valuation. The authority to change the exchange rate regime is vested in the federal government.

The exchange rate mechanism is a fixed peg regime with the US dollar as the anchor currency.

**Inflation-targeting framework**

**Target setting body**
- Government
- Central Bank
- Monetary Policy Committee
- Central Bank Board
- Other

Government and Central Bank

**Inflation target**

**Target number**

**Point target**

**Target with tolerance band**

**Band/Range**

**Target measure**
- CPI
- Core inflation

**Target horizon**
Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes.

The bid-ask spread and foreign exchange commissions are determined at banks’ discretion.

Spot exchange market

Yes.

As of end December 2019, there were 59 commercial and Islamic banks operating in the United Arab Emirates (UAE) (21 domestic, 27 foreign) and 11 wholesale banks. All banks may engage in foreign exchange transactions. In addition, 98 foreign exchange bureaus, commonly called exchange companies or moneychangers, are licensed by the UAECB. These institutions may maintain accounts and engage in foreign exchange transactions with the UAECB and may have nostro accounts abroad with the UAECB approval. There are three types of exchange companies: (1) Category 1, which may buy and sell only currency notes and traveler’s checks; and (2) Category 2, which may process remittances, buy, and sell currency notes and traveler’s checks, and (3) in addition to transactions allowed for Category 2, they may also process wage protection systems (WPS) payments.

Operated by the central bank

Yes.

The UAECB offers the following funding facilities with terms of one week and one and three months: (1) in dirhams and dollars against the UAECB certificates of deposit for conventional banks; (2) in dirhams against the UAECB Islamic certificates of deposit; and (3) dollar swaps against dirhams for Islamic banks. The facilities regulate the amount and use of the US dollars obtained. The UAECB also offers a dirham funding facility against US dollars via swaps with terms of one week and one, two, three, six, nine, and twelve months. The swap facility is available to all banks in the UAE, whether or not they have a shortfall in their dirham net position.

Foreign exchange standing facility

Yes.

The UAECB buys and sells unlimited dollars and dirhams to registered counterparties at the official exchange rate. Counterparties use the Reuters dealing code CBEM to deal with the UAECB, which also executes purchases and sales of foreign currency against dirhams with the federal government and ministries, local
All licensed banks participate in the interbank market. There are no limits set by the UAECB on bid-ask spreads or commissions of market participants.

The foreign exchange market operates on the basis of a market-making arrangement.

The UAE provides a facility for dirham funding against US dollars via swaps with terms of one week and one, two, three, six, nine, and twelve months. The swap facility is provided to all banks in the UAE, whether or not they have a shortfall in their dirham net position. The operations began with the UAECB simultaneous purchase of US dollars against dirhams (spot) and sale of US dollars against dirhams (forward).

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Arrangements for Payments and Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>No.</td>
</tr>
<tr>
<td>The prohibition on settlements with Israel was abolished effective August 29, 2020.</td>
<td></td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>No.</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>No.</td>
</tr>
<tr>
<td>Payments arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td>Operative</td>
<td>No.</td>
</tr>
<tr>
<td>Inoperative</td>
<td>No.</td>
</tr>
<tr>
<td>Regional arrangements</td>
<td>Yes.</td>
</tr>
<tr>
<td>The UAE is a member of the GCC Customs Union.</td>
<td></td>
</tr>
<tr>
<td>Clearing agreements</td>
<td>Yes.</td>
</tr>
<tr>
<td>The UAE hosts a Renminbi Clearing Center since 2017.</td>
<td></td>
</tr>
<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td>Administration of control</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Banks must verify identity for transfers of Dh 3,500 or more or its...
equivalent in other currency. Moneychangers must do so for transfers regardless of the amount. Establishment of a business in a free zone requires proof of identity.

<table>
<thead>
<tr>
<th>Payments arrears</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>No.</td>
</tr>
<tr>
<td>Private</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on trade in gold (coins and/or bullion)**

<table>
<thead>
<tr>
<th>On domestic ownership and/or trade</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>On external trade</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on exports and imports of banknotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>On exports</td>
</tr>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

**Domestic currency**

Importation and exportation of cash and monetary/financial bearer negotiable instruments exceeding Dh 100,000 or the equivalent in other currency are subject to the Cash and Bearer Negotiable Instruments Declaration Regulation. Amounts exceeding the ceiling must be declared at border entry and exit points. Cash and monetary/financial bearer instruments imported or exported by juridical persons (banks, moneychangers, and other entities) must be declared on the appropriate declaration form regardless of their value.

**Foreign currency**

Importation and exportation of cash and monetary/financial bearer negotiable instruments exceeding Dh 100,000 or the equivalent in other currency are subject to the Cash and Bearer Negotiable Instruments Declaration Regulation. Amounts exceeding the ceiling must be declared at border entry and exit points. Cash and monetary/financial bearer instruments imported or exported by juridical persons (banks, moneychangers, and other entities) must be declared on the appropriate declaration form regardless of their value.

<table>
<thead>
<tr>
<th>On imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

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**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Resident Accounts

Foreign exchange accounts permitted: Yes.
Held domestically: Yes.
Approval required: No.
Held abroad: Yes.
Approval required: No.
Accounts in domestic currency held abroad: Yes.
Accounts in domestic currency convertible into foreign currency: Yes.
References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted: Yes.
Approval required: No.
Domestic currency accounts: Yes.
Convertible into foreign currency: Yes.
Approval required: No.
Blocked accounts: No.
References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget: No.
Financing requirements for imports: No.
Minimum financing requirements: No.
Advance payment requirements: No.
Advance import deposits: No.
Documentation requirements for release of foreign exchange for imports: No.
Domiciliation requirements: No.
Preshipment inspection: No.
Letters of credit: No.
Import licenses used as exchange licenses: No.
### Import licenses and other nontariff measures

- **Import licenses and other nontariff measures**: Yes.
  - Only licensed parties may engage in the import trade. Importers may import only the goods specified in their licenses.

- **Positive list**: No.

- **Negative list**: Yes.
  - Imports of a few products are prohibited for health, security, or moral reasons.

- **Open general licenses**: No.

- **Licenses with quotas**: No.

- **Other nontariff measures**: Yes.
  - The prohibition on imports from Israel was lifted effective August 29, 2020.

### Import taxes and/or tariffs

- **Import taxes and/or tariffs**: Yes.
  - In accordance with the GCC Customs Union, a unified tariff of 5% applies to most dutiable goods.

- **Taxes collected through the exchange system**: No.

### State import monopoly

- **State import monopoly**: No.

### References to legal instruments and hyperlinks

- **References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Exports and Export Proceeds

- **Repatriation requirements**: No.

- **Surrender requirements**: No.
  - **Surrender to the central bank**: No.
  - **Surrender to authorized dealers**: No.

- **Financing requirements**: No.

- **Documentation requirements**: No.
  - **Letters of credit**: No.
  - **Guarantees**: No.
  - **Domiciliation**: No.
  - **Preshipment inspection**: No.
  - **Other**: No.

- **Export licenses**: No.
  - **Without quotas**: No.
  - **With quotas**: No.

- **Export taxes**: No.
  - **Collected through the exchange system**: No.
  - **Other export taxes**: No.

- **References to legal instruments and hyperlinks**: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Category</th>
<th>Control</th>
<th>Approval</th>
<th>Limits</th>
<th>Bona Fide Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
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<tr>
<td>Investment-related payments</td>
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<td>Quantitative limits</td>
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</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
<td></td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
<td></td>
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<tr>
<td>Personal payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
<td></td>
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<td></td>
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<tr>
<td>Quantitative limits</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
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<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
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<tr>
<td>Quantitative limits</td>
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<tr>
<td>Indicative limits/bona fide test</td>
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<tr>
<td>Credit card use abroad</td>
<td>No.</td>
<td>No.</td>
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<td>No.</td>
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<tr>
<td>Prior approval</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
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<tr>
<td>Other payments</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
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<td></td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
<td></td>
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</tbody>
</table>

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Proceeds from Invisible Transactions and Current Transfers

- Repatriation requirements: No.
- Surrender requirements: No.
- Surrender to the central bank: No.
- Surrender to authorized dealers: No.
- Restrictions on use of funds: No.

References to legal instruments and hyperlinks:
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

- Controls on capital transactions: Yes.
  - Repatriation requirements: No.
  - Surrender requirements: No.
  - Surrender to the central bank: No.
  - Surrender to authorized dealers: No.

- Controls on capital and money market instruments: Yes.
  - On capital market securities: Yes.
    - Shares or other securities of a participating nature: Yes. Companies listed on the UAE exchange make their own decisions regarding foreign ownership. At least 51% of the equity of companies other than foreign company branches must be held by Emirati citizens. Citizens of GCC countries may hold (1) up to 100% of the equity of companies in the industrial, agricultural, fisheries, and construction sectors as of November 2005; and (2) up to 100% of the equity of companies in the hotel industry. In free zones, foreign ownership is permitted up to 100%. There are no minimum holding requirements.

  - Sale or issue locally by nonresidents: Yes. The issuance of capital market securities by nonresidents is allowed, provided the sellers/issuers comply with the listing requirements of the Emirates Securities and Commodities Authority (SCA) pursuant to the SCA Board of Directors’ Decision No. (7/R) of 2002 concerning the Regulation for Listing of the Shares of Foreign Companies as amended. Among other requirements, shares issued for offer may not exceed 30% of the issuing company’s capital.

- Bonds or other debt securities: Yes.
- Purchase locally by nonresidents: No.
- Sale or issue locally by nonresidents: Yes. These transactions are subject to approval by the relevant regulatory authority.
- Purchase abroad by residents: No.
- Sale or issue abroad by residents: No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
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<tr>
<td>Purchase abroad by residents</td>
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<tr>
<td>Sale or issue abroad by residents</td>
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</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
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<tr>
<td>Sale or issue abroad by residents</td>
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<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
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<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
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<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Inward direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

- **Purchases by GCC residents are exempt from controls.**
- Bank accounts are required to purchase units. Nonresidents that do not have a bank account are not permitted to purchase such securities. Local established funds may promote units offshore if they have the required approvals in the foreign jurisdiction.
- **The issuance of shares of some mutual funds is permitted.** A foreign fund may be promoted in the UAE after the fund is registered with the SCA. Funds that are registered for promotion must also select an SCA approved local promoter to market the units.
- **It is permitted for residents to purchase from outside the UAE (reverse solicitation).**

At least 51% of the equity of companies other than foreign company
branches must be held by Emirati citizens. Citizens of GCC countries may hold (1) up to 75% of the equity of companies in the industrial, agricultural, fisheries, and construction sectors and (2) up to 100% of the equity of companies in the hotel industry. GCC citizens may also engage in wholesale and retail trade activities; if they engage in such activity as a company, they are subject to the company law. In free zones, foreign ownership is permitted up to 100%.

| Controls on liquidation of direct investment | No. |
| Controls on real estate transactions | Yes. |
| Purchase abroad by residents | No. |
| Purchase locally by nonresidents | Yes. |
| A system of freehold properties allows nonresidents to purchase and sell real estate, subject to each Emirate’s specific rules. |
| Sale locally by nonresidents | No. |
| Controls on personal capital transactions | No. |
| Loans | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Gifts, endowments, inheritances, and legacies | No. |
| By residents to nonresidents | No. |
| To residents from nonresidents | No. |
| Settlement of debts abroad by immigrants | No. |
| Transfer of assets | No. |
| Transfer abroad by emigrants | No. |
| Transfer into the country by immigrants | No. |
| Transfer of gambling and prize earnings | No. |

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes. Classification of loans and their provisions follow international prudential standards to ensure realistic depiction of the financial positions of banks and other financial institutions.

Borrowing abroad Yes.

Maintenance of accounts abroad Yes.

Lending to nonresidents (financial or commercial credits) Yes. Banks operating in the UAE must maintain special deposits with the UAECB equal to 30% of their dirham placements with, or loans to, nonresident banks, if these transactions have a remaining maturity of one year or less. Such deposits do not earn interest.

Lending locally in foreign exchange Yes.

Purchase of locally issued securities denominated in foreign exchange Yes.
Differential treatment of deposit accounts in foreign exchange

**Reserve requirements**
No. Reserve requirements are assessed as 1% on all time deposits and 14% on all demand and call deposits. Effective April 5, 2020, in light of COVID-19, the latter was temporary reduced to 7%. There is no distinction in terms of the currency of the deposit.

**Liquid asset requirements**
Yes. Banks which are to be assessed according to the liquidity coverage ratio (LCR) are required to hold eligible liquid assets in the currency of the net outflow subject to materiality restraints.

**Interest rate controls**
No.

**Credit controls**
No.

Differential treatment of deposit accounts held by nonresidents

**Reserve requirements**
No.

**Liquid asset requirements**
No.

**Interest rate controls**
No.

**Credit controls**
No.

Investment regulations
Yes.

**Abroad by banks**
Yes. Banks may not invest more than 25% of their capital in shares or bonds issued by commercial companies. Debt securities of domestic sovereigns and foreign governments with a first-class credit rating are exempt from such limits.

**In banks by nonresidents**
Yes. The acquisition of a significant shareholding by nonresidents of shares of national banks requires the UAECB approval.

Open foreign exchange position limits

**On resident assets and liabilities**
No.

**On nonresident assets and liabilities**
No.

**Provisions specific to institutional investors**
Yes. According to the Financial Regulations for Insurance and Takaful Companies the following limits apply: (1) The maximum limit for aggregate exposure in equity instruments of listed and unlisted companies within the UAE is 30%, and the sub-limit for exposure to a single counterparty is 10%; (2) The maximum limit for aggregate exposure in government securities/instruments issued by the UAE and/or by one of the Emirates in the UAE is 100%, and the sub-limit for exposure to a single counterparty is 25%; (3) The maximum limit for aggregate exposure in loans secured by life policies (excluding unit-linked funds’ related policies) issued by the company is 30%. No sub-limit for exposure to a single counterparty in loans secured by life policies (excluding unit-linked funds’ related policies) issued by the company; (4) The maximum limit for aggregate exposure in derivatives or complex financial instruments to be used for hedging purposes only is 1%, and there is no sub-limit for exposure to a single counterparty; (5) The maximum limit for aggregate exposure in secured loans, deposits with nonbanks, debentures, bonds, and other debt instruments, which are rated strong or very strong by reputed and independent rating agency, is 30%, and the sub-limit for exposure to a single counterparty is 20%; (6) The maximum limit for aggregate exposure in other invested assets is 10%; and (7) The
maximum limit for aggregate exposure in real estate sector is 30%. Strong and very strong rating by an independent agency for investments inside or outside the UAE refers to ratings equivalent to or better than the following weighted average ratings for each asset class portfolio: “A” by Standard & Poor’s (S&P), Fitch, A.M. Best, or “A2” by Moody’s. The limits apply to total invested assets. The limits on aggregate exposure differentiate between investment abroad and at home pursuant to Article 3 of the Financial Regulations for Insurance Companies.

| Limits (max.) on securities issued by nonresidents | Yes. | Pursuant to Article 3 of the Financial Regulations for Insurance Companies, the maximum limit for aggregate exposure in government securities/instruments issued by A-rated countries is 80%, and the sub-limit for exposure to a single counterparty is 25%, and the maximum limit for aggregate exposure in equity instruments of listed and unlisted companies outside the UAE is 20%, and the sub-limit for exposure to a single counterparty is 10%. |
| Limits (max.) on investment portfolio held abroad | Yes. | Requirement on domiciling of investments (Article 6): Insurance companies are permitted to hold, for the purpose of investment, assets of its insurance fund for the UAE policies in a foreign jurisdiction with a sovereign rating, which is better or at least equivalent to the sovereign rating of the UAE. Total invested assets held outside the UAE may not exceed 50% of the total invested assets or 100% of the total technical provisions for policies outside the UAE only (excluding unit-linked funds), whichever is greater. The maximum limit for aggregate exposure in equity instruments of listed and unlisted companies outside the UAE is 20%, and the sub-limit for exposure to a single counterparty is 10%. |
| Limits (min.) on investment portfolio held locally | Yes. | Insurance companies must at all times invest inside the UAE the assets required to match the technical provisions, for policies inside the UAE only. The minimum limit and the maximum exposure to a single counterparty for aggregate exposure in cash and deposits with banks in the UAE (for example, current account, demand deposits, term deposits, notice deposits, certificates of deposit, etc.) are 5% and 50%, respectively. |
| Currency-matching regulations on assets/liabilities composition | Yes. | Insurance companies adhere to the International Financial Regulations Standards regarding currency-matching. The Financial Regulations for Insurance and Takaful Companies in Section 1 (Regulations Pertinent to the Basis of Investing the Rights of the Policyholders), Article 1 (General Requirements for Investments) states that (1) for the purpose of matching of assets and liabilities, the assets held by an insurance company to cover its technical provisions and all other long-term insurance liabilities must: (a) have characteristics of safety, yield, and marketability which are appropriate to the type of business carried on by the company; and (b) be diversified and adequately spread. (2) The assets must be of a sufficient amount, and of an appropriate currency and maturity, to ensure that the cash inflows from those assets will meet the expected cash outflows from the company’s insurance liabilities as they become due. The International Financial Regulations Standards 17 Insurance Contracts was issued on May 18, 2017, and is set to enter into force on January 1, 2021. |

Pension funds | n.a. |
Limits (max.) on securities issued by nonresidents | n.a. |
Limits (max.) on investment portfolio held abroad | n.a. |
| Limits (min.) on investment portfolio held locally | n.a. |
| Currency-matching regulations on assets/liabilities composition | n.a. |
| Investment firms and collective investment funds | Yes. |

There are no limits on investments by investment firms. There are different limits that are applied on investments by mutual funds including: (1) The Public Open-ended Mutual Fund. (2) The Public Close-ended Mutual Fund. (3) The Real Estate Investment Fund. (4) The Venture Capital Fund. (5) The Cash Investment Fund. The regulations for collective investment schemes are in-depth and cover detailed requirements. Applications for the registration of foreign and domestic mutual funds (collective investment schemes (CISs)) are sent to the Emirates SCA for review and approval, which will grant or deny application within a 30-day period. Licenses are renewable on an annual basis. Mutual funds established in the UAE are subject to the SCA jurisdiction and are required to prepare a detailed prospectus which must be approved by the SCA and which must include information on the management, the company’s board of directors, capital requirements, internal governance of the fund, investment policy, the manner in which the CIS units are issued and redeemed, subscription rights, redemption, rights of shareholders, method of evaluating fund assets and net asset value (NAV), safe custody rules, policy and limits and controls of borrowing or funding as well as the funds’ investments guidelines and scope of investment. The regulations also ensure that provisions for certain types of mutual funds including master funds, feeder funds (a public mutual fund affiliated to an umbrella fund excluded from investing in tradable securities and some other investments as determined by the SCA, with approximately 85% of their assets invested in the units of a public master fund or public foreign fund), umbrella funds, and fund of funds. Master funds and feeder funds must satisfy the conditions for licensing. Management companies are required to obtain licenses from the SCA to establish and run mutual funds or CISs. Management companies are obliged to meet and adhere to the following standards: (1) regulate the management of the fund as well as management of administrative services; (2) legally represent the fund before third parties; (3) manage risks; (4) ensure the separation of client assets and correct custody; (5) appoint an SCA approved safe custodian; (6) assess and value assets, calculate NAV of units, distribute profits as well as abide by all disclosure requirements; and (7) execute sale and purchase transaction in the markets using the principle of “best execution” and maintaining strict fiduciary duty/responsibilities for their clients.

| Limits (max.) on securities issued by nonresidents | Yes. |
| Limits (max.) on investment portfolio held abroad | Yes. |

There are different maximum limits on the portion of the investment portfolio held abroad; the limits depend on the type of mutual fund. For Public Close-Ended Mutual Fund, the management company must invest the funds in accordance with the following investment policy guidelines: (1) the ratio of investment in securities issued by one entity may not exceed 10% of the net value of the funds’ assets or 10% of the issued capital; (2) the ratio of investment in unlisted securities may not exceed 10% of the fund’s NAV; (3) the ratio of investment may not exceed 20% of the fund’s NAV in securities listed in a foreign market, provided such a market is subject to a peer regulator comparable to the SCA; and (4) investment in financial derivatives may not exceed 1% of the fund’s NAV.
policy guidelines: (1) the ratio of investment in securities issued by one entity may not exceed 10% of the net value of the funds’ assets or 10% of the issued capital; (2) the ratio of investment in unlisted securities may not exceed 10% of the fund’s NAV; (3) the ratio of investment may not exceed 20% of the fund’s NAV in securities listed in a foreign market, provided such a market is subject to a peer regulator comparable to the SCA; and (4) investment in financial derivatives may not exceed 1% of the fund’s NAV.

<table>
<thead>
<tr>
<th>Policy Guidelines</th>
<th>Details</th>
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<tbody>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes. The minimum limits on the portion of investment portfolios held locally vary according to the type of mutual fund.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No. There are no currency-matching regulations on asset/liability composition.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

**Arrangements for Payments and Receipts**

- **Prescription of currency requirements**
  - 08/29/2020 The prohibition on settlements with Israel was abolished.

**Imports and Import Payments**

- **Import licenses and other nontariff measures**
  - 08/29/2020 The prohibition on imports from Israel was lifted.

**Provisions Specific to the Financial Sector**

- **Provisions specific to commercial banks and other credit institutions**
  - **Differential treatment of deposit accounts in foreign exchange**
    - 04/05/2020 The reserve requirement on all demand and call deposits was temporarily reduced to 7% from 14% in light of COVID-19.
**UNITED KINGDOM**
*(Position as of June 30, 2020)*

**Status under IMF Articles of Agreement**

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
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</thead>
<tbody>
<tr>
<td>Article XIV</td>
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</tbody>
</table>

**Exchange Measures**

| Restrictions and/or multiple currency practices | No. |
| Exchange measures imposed for security reasons | Yes. |
| In accordance with IMF Executive Board Decision No. 144-(52/51) | Yes. |

The United Kingdom maintains certain financial sanctions that are put in place by the UN, EU, or UK for the preservation of national and international security. The details of each sanction’s regime with financial provisions can be found on the website of the Office of Financial Sanctions Implementation (OFSI).

The list of sanctioned individuals and entities can be found on the OFSI consolidated list.

| Other security restrictions | Yes. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exchange Arrangement**

| Currency | Yes. |
| Other legal tender | No. |

**Exchange rate structure**

| Unitary | Yes. |
| Dual | |
| Multiple | |

**Classification**

| No separate legal tender | |
| Currency board | |
| Conventional peg | |
| Stabilized arrangement | |
Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement

Floating

Free floating Yes. The de jure and de facto exchange rate arrangements are free floating. The exchange rate of the pound sterling is determined on the basis of supply and demand in the foreign exchange market. The Bank of England (BOE) has a separate pool of foreign exchange reserves, which it uses at its discretion to intervene in support of its monetary policy objectives. A monthly press release issued by Her Majesty’s Treasury (HMT) reports HMT and BOE intervention. There were no foreign exchange interventions during 2019.

Official exchange rate Yes. The BOE calculates indicative exchange rates on a daily basis and publishes these on its website. These are not official rates. Exchange rates are determined as middle spot rates prevailing in the market at a given point in time. Separately, the BOE provides exchange rates to the IMF for SDR calculations and these rates are published daily by the IMF on their website.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework Yes.

Target setting body Yes.

Government Yes. The BOE’s monetary policy objective is to deliver price stability—low inflation—and, subject to that, to support the government’s economic objectives including those for growth and employment. Price stability is defined by the government’s inflation target of 2%. The remit recognizes the role of price stability in achieving economic stability more generally, and in providing the right conditions for sustainable growth in output and employment. The government’s inflation target is announced each year by the Chancellor of the Exchequer in the Annual Budget statement.

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank
**Inflation target**  
Yes.

**Target number**  
Yes.

**Point target**  
Yes. The BOE pursues an explicit inflation target set by HMT—currently 2% on the CPI measure.

**Target with tolerance band**

**Band/Range**

**Target measure**  
Yes. The inflation target of 2% is expressed in terms of an annual rate of inflation based on the CPI. The remit is not to achieve the lowest possible inflation rate. Inflation below the target of 2% is judged to be just as bad as inflation above the target. The inflation target is therefore symmetrical.

**CPI**  
Yes.

**Core inflation**

**Target horizon**  
Yes. A target of 2% does not mean that inflation will be held at this rate constantly. That would be neither possible nor desirable. Interest rates would be changing all the time, and by large amounts, causing unnecessary uncertainty and volatility in the economy. Even then it would not be possible to keep inflation at 2% in each and every month. Instead, the Monetary Policy Committee’s (MPC’s) aim is to set interest rates so that inflation can be brought back to target within a reasonable time period without creating undue instability in the economy.

**Operating target (policy rate)**  
Yes. The 1998 BOE Act made the BOE independent to set interest rates. The BOE is accountable to parliament and the wider public. The legislation provides that if, in extreme circumstances, the national interest demands it, the government has the power to give instructions to the BOE on interest rates for a limited period. The BOE seeks to meet the inflation target by setting an interest rate. The level of interest rates is decided by a special committee—the MPC. The MPC consists of nine members—five from the BOE and four external members appointed by the chancellor. It is chaired by the governor of the BOE. Decisions are made by a vote of the committee on a one-person one-vote basis. The MPC meets over three days eight times a year. The format of the meetings follows the recommendations of the Warsh Review and is set out in the BOE and Financial Services Act 2016. At the first meeting, normally held the Thursday prior to the MPC decision, the members discuss their views on how to interpret the most recent economic data. At the MPC’s second meeting—the first of the two policy meetings, normally held the following Monday—the MPC members debate on what the appropriate stance of the policy should be. The MPC’s final meeting—its second policy meeting—is normally held the Wednesday. Following further discussion on the appropriate stance of monetary policy, the governor puts to the meeting the policy which he believes will command a majority and members of the MPC vote. Any member in a minority is asked to say what level of interest rates he or she would have preferred. The decision is published at 12:00 noon the Thursday.

**Policy rate**  
Yes. As of December 31, 2019, the official BOE rate was 0.75%.

**Target corridor band**  
n.a.

**Other**  
n.a.
Accountability

Yes.

Open letter

Yes. Each year the Chancellor of the Exchequer writes a letter to the governor confirming the inflation target and the BOE’s remit for monetary policy. If the target is missed by more than 1 percentage point on either side, that is, if the annual rate of CPI inflation is more than 3% or less than 1%, the governor of the BOE must write an open letter to the chancellor explaining the reason why inflation has increased or fallen to such an extent and what the BOE proposes to do to ensure inflation comes back to the target.

Parliamentary hearings

Yes. Four times a year, typically when the BOE publishes its Inflation Report, it also attends a public meeting with the House of Commons Treasury Committee.

Other

n.a.

Transparency

Yes.

Publication of votes

Yes. The minutes of the MPC meetings publish the votes of the individual members of the Committee.

Publication of minutes

Yes. The MPC is committed to the greatest possible degree of transparency around its decision-making. The minutes of the MPC meetings are published simultaneously with the interest rate decision. They also record the votes of the individual members of the Committee. The minutes give a full account of the policy discussion, including differences of view.

Publication of inflation forecasts

Yes. In addition to the MPC minutes, the BOE publishes its Inflation Report every quarter. This report gives an analysis of the UK economy and the factors influencing policy decisions. The Inflation Report also includes the MPC’s latest forecasts for inflation and output growth.

Other monetary framework

Exchange tax

No.

Exchange subsidy

No.

Foreign exchange market

Yes. Participants may freely determine their exchange rates and commissions in their transactions with clients.

Spot exchange market

Yes. Foreign exchange bureaus engaged only in spot foreign exchange transactions are not subject to licensing or regulation by the BOE as CB, the Prudential Regulation Authority as prudential regulator, or the Financial Conduct Authority (FCA) as financial conduct regulator.

Spot contracts which meet the criteria in Article 10(2) of Commission Delegated Regulation (EU) No. 2017/565 are specifically excluded from the scope of financial instruments for the purposes of Markets in Financial Instruments Directive (MiFID II), so that firms only doing business in relation to such contracts are not subject to MiFID II-based authorization requirements.

However, businesses that conduct spot foreign exchange transactions may engage in other activities that require FCA authorization. In addition, some firms may be subject to the separate authorization and registration obligations of the Payment Services Regulations 2017. Also, many foreign exchange bureaus that do not engage in activities that require FCA authorization must register with Her Majesty’s Revenue and Customs (HMRC) under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, which require foreign exchange bureaus (as well as money transmitters and check cashers) to investigate customers as part of customer due diligence.
Banks and investment firms engaged in foreign exchange services connected with the provision of investment services are subject to certain conduct and other obligations for foreign exchange services pursuant to the MiFID II.

**Operated by the central bank**  No.

**Foreign exchange standing facility**  No.

**Allocation**  No.

**Auction**  No.

**Fixing**  No.

**Interbank market**  Yes. The market is not formally regulated; participants are encouraged to adhere to the foreign exchange Global Code which is a voluntary code of conduct. Although the foreign exchange Global Code has no direct statutory underpinning, noncompliance (depending on the circumstances, seriousness, frequency, and duration of the incidents) may raise issues, such as the integrity or competence of a market firm, relevant to the firm’s authorization requirements under the Financial Services and Markets Act of 2000 and the FCA’s Principles for Businesses.

The FCA has recognized the foreign exchange Global Code under its process for recognizing industry codes for unregulated financial markets and activities which set proper standards of market conduct. This means that behavior that is in line with the foreign exchange Global Code will tend to indicate that a person subject to the FCA’s Senior Managers and Certification Regime (SM&CR) is meeting their obligation to observe proper standards of market conduct under the FCA Principles for Business.

The majority of the interbank market is made up of the 30 largest banks; however, hundreds of banks participate given the many small entities that are active. The BOE did not conduct foreign exchange intervention during 2019.

**Over the counter**  Yes. Trading in wholesale interbank spot foreign exchange is facilitated by a multivenued direct and intermediated market structure. A large number of trading platforms attract liquidity from wholesale institutions authorized by the Prudential Regulation Authority and the FCA. In recent years, high-frequency traders have taken a more active role in the market.

**Brokerage**  Yes. The interbank market actively trades via brokers. Brokerage firms offer voice and electronic execution and provide multiclient trading venues.

**Market making**  Yes. Many participants are market makers in the foreign exchange markets.

**Forward exchange market**  Yes. The forward exchange market for contracts under Commission Delegated Regulation (EU) No. 2017/565 of April 25, 2016, is considered to be connected to a payment transaction is not formally regulated, as regards there being an authorization requirement. The BOE participates in the forward foreign exchange market for reserves management and customer banking.

**Official cover of forward operations**  No.

**References to legal instruments and hyperlinks**

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements**  No.
Controls on the use of domestic currency

For current transactions and payments
No.

For capital transactions
No.

Transactions in capital and money market instruments
No.

Transactions in derivatives and other instruments
No.

Credit operations
No.

Use of foreign exchange among residents
No.

Payments arrangements
Yes.

Bilateral payments arrangements
No.

Operative
No.

Inoperative
No.

Regional arrangements
Yes.

Effective January 31, 2020, the UK left the EU, and the transition period after Brexit ends on December 31, 2020.

Clearing agreements
No.

Barter agreements and open accounts
No.

Administration of control
No.

Payments arrears
No.

Official
No.

Private
No.

Controls on trade in gold (coins and/or bullion)
Yes.

On domestic ownership and/or trade
Yes.

Gold bullion and coins are not subject to control. Section 10 of the 1971 Coinage Act provides, among other things, that no person may, except under the authority of a license granted by the Treasury, melt down or break up any metal coin in use in the United Kingdom or that was once in use but ceased to be so after May 16, 1969. There is a gold market in London in which gold bars are traded freely.

On external trade
Yes.

The exportation of gold in manufactured form more than 50 years old and valued at £41,018 or more for each item or set of matching items requires a license from the Department for Digital, Culture, Media and Sport.

Controls on exports and imports of banknotes
No.

On exports
No.

Domestic currency
No.

People who are either entering the United Kingdom from a non-EU country or traveling from the United Kingdom to a non-EU country and carrying €10,000 or more (or the equivalent in other currencies) are required to declare the cash to HMRC at the place of their departure from, or arrival in, the United Kingdom.

Foreign currency
No.

People who are either entering the United Kingdom from a non-EU country or traveling from the United Kingdom to a non-EU country and carrying €10,000 or more (or the equivalent in other currencies)
are required to declare the cash to HMRC at the place of their departure from, or arrival in, the United Kingdom.

On imports

Domestic currency

No. People who are either entering the United Kingdom from a non-EU country or traveling from the United Kingdom to a non-EU country and carrying €10,000 or more (or the equivalent in other currencies) are required to declare the cash to HMRC at the place of their departure from, or arrival in, the United Kingdom.

Foreign currency

No. People who are either entering the United Kingdom from a non-EU country or traveling from the United Kingdom to a non-EU country and carrying €10,000 or more (or the equivalent in other currencies) are required to declare the cash to HMRC at the place of their departure from, or arrival in, the United Kingdom.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Yes.

Held domestically

Yes.

Approval required

No.

Held abroad

Yes.

Approval required

No.

Accounts in domestic currency held abroad

Yes.

Accounts in domestic currency convertible into foreign currency

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

Yes.

Approval required

No.

Domestic currency accounts

Yes.

Convertible into foreign currency

Yes.

Approval required

No.

Blocked accounts

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

No.

Financing requirements for imports

No.

Minimum financing requirements

No.

Advance payment requirements

No.
### Advance Import Deposits
- No.

### Documentation Requirements for Release of Foreign Exchange for Imports
- No.

### Domiciliation Requirements
- No.

### Preshipment Inspection
- No.

### Letters of Credit
- No.

### Import Licenses Used as Exchange Licenses
- No.

### Other
- No.

### Import Licenses and Other Nontariff Measures
- Yes.

- **Positive List**
  - No.

- **Negative List**
  - Yes. Import restrictions are in effect for public safety reasons and to satisfy international obligations. There is an import ban on a range of goods from the Islamic Republic of Iran, Libya, North Korea, Russian Federation, Somalia, Iraq, and Syria as a result of sanctions.

- **Open General Licenses**
  - Yes. Most imports are admitted to the United Kingdom under an OGL.

- **Licenses with Quotas**
  - No.

### Other Nontariff Measures
- Yes. Imports of cereals and cereal products, beef and veal, mutton and lamb, poultry meat, and dairy products other than butter and cheese are subject to minimum import prices enforced through autonomously imposed variable import levies. Imports of many other agricultural, horticultural, and livestock products are subject to EU regulations. Imports of rough diamonds are permitted only if accompanied by a Kimberley Process certificate that has been validated by the exporting government and if secured within a tamper-resistant container with the original seals intact. The importation of antipersonnel mines is subject to a ban. Licensing requirements apply to imports of firearms and ammunition, nuclear materials from outside the EU, certain torture equipment, endangered species (CITES), drug precursors, waste shipment, harvested timber, ozone-depleting substances, and civil explosives.

### Import Taxes and/or Tariffs
- Yes. During the Brexit transition period, the UK continues to apply the EU’s CET. From January 2021, the UK will apply the UK Global Tariff. The MFN tariff applies to all imports not eligible for preferential access (for example, via an FTA).

### Taxes Collected through the Exchange System
- No.

### State Import Monopoly
- No.

### References to Legal Instruments and Hyperlinks
- No.

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Exports and Export Proceeds

#### Repatriation Requirements
- No.

#### Surrender Requirements
- No.

- **Surrender to the Central Bank**
  - No.

- **Surrender to Authorized Dealers**
  - No.
Financing requirements  
No.

Documentation requirements  
No.

Letters of credit  
No.

Guarantees  
No.

Domiciliation  
No.

Preshipment inspection  
No.

Other  
No.

Export licenses  
Yes.

Without quotas  
Yes.  
Exports of rough diamonds are permitted only if accompanied by a validated Kimberley Process certificate and if secured within a tamper-resistant container with the original seals intact (EC Directive No. 2368/2002).

With quotas  
No.

Export taxes  
No.

Collected through the exchange system  
No.

Other export taxes  
No.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers  
No.

Trade-related payments  
No.

Prior approval  
No.

Quantitative limits  
No.

Indicative limits/bona fide test  
No.

Investment-related payments  
No.

Prior approval  
No.

Quantitative limits  
No.

Indicative limits/bona fide test  
No.

Payments for travel  
No.

Prior approval  
No.

Quantitative limits  
No.

Indicative limits/bona fide test  
No.

Personal payments  
No.

Prior approval  
No.
<table>
<thead>
<tr>
<th>Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Proceeds from Invisible Transactions and Current Transfers

- **Repatriation requirements**: No.
- **Surrender requirements**: No.
  - **Surrender to the central bank**: No.
  - **Surrender to authorized dealers**: No.
- **Restrictions on use of funds**: No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

- **Controls on capital transactions**: Yes.
  - **Repatriation requirements**: No.
  - **Surrender requirements**: No.
    - **Surrender to the central bank**: No.
    - **Surrender to authorized dealers**: No.
  - **Controls on capital and money market instruments**: Yes.
    - **On capital market securities**: Yes.
    - **Shares or other securities of a participating nature**: Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Allowance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes</td>
<td>Laws on inward direct investment and establishment apply.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Financial credits</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Under the Enterprise Act of 2002, ministers have certain powers to intervene in mergers that raise specified public interest considerations. To date, four considerations have been specified: national security, plurality of the media, and financial stability, and, effective June 23, 2020, maintaining in the UK the capability to combat and to mitigate the effects of public health emergencies. Under Section 58 of the Enterprise Act, ministers may add considerations with parliamentary approval. Use of the intervention powers means the competition authorities must consider the public interest issue identified by the minister in addition to competition issues raised by the merger. Ministers are bound by the findings of the competition authorities on the competition issues raised by the case, but decide whether a merger should be cleared, cleared subject to conditions, or blocked on the grounds of the specified public interest consideration. There are statutory timetables for considering a case and reaching decisions. In addition, controls apply to the following: (1) non-EU investment in EU-based airlines is capped at 49% to ensure that the controlling stake remains within the EU; exceptions are allowed but require a signed agreement between the EU and the non-EU country; (2) investment in certain broadcasting licenses (including, in particular, commercial television, teletext, and radio licenses) other than by nationals of, or enterprises originating in, EU member countries; (3) acquisition of UK flag vessels, except through an enterprise incorporated in the United Kingdom; and (4) to the extent that under EC Directive No. 85/611, a depository of a UCITS must have its registered office either in the same EU country as that of the enterprise or be established in the EU country if its registered office is in another EU country. Restrictions apply to operations between residents of the Channel Islands and nonresidents: (1) Acquisition in Alderney of real property by non-EU nationals and enterprises from non-EU countries requires authorization unless the investor is forming or investing in a landowning company. (2) Ownership in Sark of tenements is reserved for British nationals. Purchases of real estate in Jersey depend on economic and social needs tests or acquisition through the purchase of shares in a property holding company.
### Controls on personal capital transactions

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Loans

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Gifts, endowments, inheritances, and legacies

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Settlement of debts abroad by immigrants

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Transfer of assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Transfer of gambling and prize earnings

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No.</td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Provisions Specific to the Financial Sector

#### Provisions specific to commercial banks and other credit institutions

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

#### Borrowing abroad

<table>
<thead>
<tr>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

#### Maintenance of accounts abroad

<table>
<thead>
<tr>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

#### Lending to nonresidents (financial or commercial credits)

<table>
<thead>
<tr>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

#### Lending locally in foreign exchange

<table>
<thead>
<tr>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

#### Purchase of locally issued securities denominated in foreign exchange

<table>
<thead>
<tr>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
</tr>
</tbody>
</table>

#### Differential treatment of deposit accounts in foreign exchange

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
</tbody>
</table>

#### Differential treatment of deposit accounts held by nonresidents

<table>
<thead>
<tr>
<th>Category</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Category</td>
<td>Requirement</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>No.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Net spot liabilities in foreign currencies</strong></td>
<td></td>
</tr>
<tr>
<td>form part of a bank’s liabilities subject to a non-interest-bearing deposit requirement with the BOE. The required deposit is based on the average of reported eligible liabilities over a six-month period in excess of the equivalent of £600 million. This rule applies to building societies as well as to banks.</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>If the sum of an institution’s overall net foreign exchange position and its net gold position exceeds a 2% threshold of own funds, the institution must calculate an own funds requirement for foreign exchange risk by multiplying the net open position by 8%. This requirement is applied to all firms and is reported via Common Reporting.</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>If the sum of an institution’s overall net foreign exchange position and its net gold position exceeds a 2% threshold of own funds, the institution must calculate an own funds requirement for foreign exchange risk by multiplying the net open position by 8%. This requirement is applied to all firms and is reported via Common Reporting.</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes.</td>
</tr>
<tr>
<td>UK insurers are subject to Solvency II, and are therefore subject to risk-based capital requirements to cover the risk of loss of own funds over a one-year period to the 99.5% confidence level. In addition to capital requirements, firms must ensure that their investments are consistent with the Prudent Person Principle, a qualitative set of risk management requirements.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
<tr>
<td>UK insurers are subject to Solvency II, and are therefore subject to capital requirements and the Prudent Person Principle. The most relevant requirement of the Prudent Person Principle in this case is the requirement that assets backing technical provisions (insurance liabilities) are invested in a manner appropriate to the nature and duration of the liabilities.</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>No.</td>
</tr>
<tr>
<td>The United Kingdom uses the Prudent Person Principle: there are no explicit quantitative restrictions on pension funds’ investments. Firms that manage personal or stakeholder pensions are subject to FCA authorization and Prudential Regulation Authority Handbook requirements.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
</tbody>
</table>

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Investment firms and collective investment funds

Yes. There are no explicit limits on the amount of assets an investment firm may hold in the form of foreign exchange products or that must be held locally. However, investment firms subject to Capital Requirements Directive (EU) No. 2013/36 and Capital Requirements Regulation No. 575/2013 (together known as Capital Requirements Directive IV), including firms executing client orders, managing portfolios, and dealing on their own behalf, are subject to risk requirements comprising foreign exchange components and own funds requirements relating to foreign exchange.

Authorized retail investment funds (UCITS and non-UCITS retail schemes) are subject to limits on investment in certain types of financial instruments pursuant to Chapter 5 of the FCA COLL sourcebook and, for UCITS schemes, the UCITS Directive. There are also investment restrictions under the UK’s qualified investor scheme regime pursuant to Chapter 8 of the FCA COLL sourcebook, and at an EU level, for money market funds subject to the requirements of Money Market Funds Regulation, European long-term investment funds under the European long-term investment funds (ELTIF) Regulation, European venture capital funds under the European venture capital funds (EuVECA) Regulation and European social entrepreneurship funds under the European social entrepreneurship fund (EuSEF) Regulation. As regards other collective investment funds, there are generally no regulatory limits on their investments in securities issued by nonresidents, investment portfolios held abroad, and asset and liability composition. A collective investment fund may also impose its own limits according to its prospectus and investment objectives, and managers of alternative investment funds may be subject to the requirements of Alternative Investment Fund Managers Directive (EU) No. 2011/61.

| Limits (max.) on securities issued by nonresidents | No. |
| Limits (max.) on investment portfolio held abroad | No. |
| Limits (min.) on investment portfolio held locally | No. |
| Currency-matching regulations on assets/liabilities composition | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

Changes during 2019 and 2020

Arrangements for Payments and Receipts

Payments arrangements

Regional arrangements

01/31/2020 The UK left the EU, and the transition period after Brexit ends on December 31, 2020.

Imports and Import Payments

Import licenses and other nontariff measures

Licenses with quotas

05/15/2020 The prior surveillance regime for steel was discontinued.

Capital Transactions

Controls on capital transactions

Controls on direct investment
Under the Enterprise Act of 2002, ministers have certain powers to intervene in mergers that raise specified public interest considerations. On this date, a fourth consideration was added: maintaining in the UK the capability to combat and to mitigate the effects of public health emergencies.
Status under IMF Articles of Agreement

Date of membership: December 27, 1945.

Article VIII: Yes. Date of acceptance: December 10, 1946.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): Yes.

The United States maintains certain restrictions on payments and transfers for current international transactions to respond to threats to its national security, foreign policy, or economy. The Department of the Treasury (Treasury) administers economic sanctions programs having such restrictions with respect to Cuba and its nationals; the Islamic Republic of Iran; the Democratic People’s Republic of Korea; Libya; Syria; Yemen; the Crimea region of Ukraine; certain persons contributing to the situation in Ukraine; Burundi; certain persons contributing to the situation in Venezuela, as well as certain transactions with respect to that country; certain persons contributing to the situation in Nicaragua; certain persons undermining democratic processes or institutions in Belarus and Zimbabwe; certain persons undermining the sovereignty of Lebanon or its democratic processes and institutions; certain persons contributing to the conflicts in the Democratic Republic of the Congo, Somalia, and the Central African Republic; certain persons with respect to South Sudan; certain persons with respect to Darfur; certain persons who threaten international stabilization efforts in the Western Balkans, including certain persons indicted by the International Criminal Tribunal for the Former Yugoslavia; the former Iraqi regime of Saddam Hussein, its senior officials, and their family members; certain persons who threaten stabilization efforts in Iraq; governments supporting terrorism; foreign terrorist organizations; designated global terrorists; certain foreign financial institutions for engaging in certain activities in support of Hizballah; certain persons subject to sanctions with respect to Iran, North Korea, and Russia pursuant to the Countering America’s Adversaries Through Sanctions Act (CAATSA); designated proliferators of weapons of mass destruction (WMD); significant transnational criminal organizations; designated narcotics traffickers; certain persons responsible for the detention, abuse, or death of Sergei Magnitsky and certain persons responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights in Russia; persons engaged in certain significant, malicious cyber-enabled activities; certain persons engaged in serious human rights abuse or corruption; certain persons engaged in foreign interference in US elections; certain persons contributing to the situation in and in relation to Syria; certain persons subject to sanctions pursuant to the Protecting Europe’s Energy Security Act; certain persons associated with the International Criminal Court; and certain persons contributing to the...
situation in Hong Kong. Treasury also prohibits the provisions of financing for, and other dealings in new debt of longer than 14-day maturity (Directive 1) or 30-day maturity (Directive 3) or 60-day maturity (Directive 2) or new equity (Directive 1) of, persons identified on the Sectoral Sanctions Identification List (SSI List); and prohibits US banks from participating in the primary market for non-ruble-denominated bonds issued by the Russian sovereign or lending non-ruble-denominated funds to the Russian sovereign effective August 29, 2019 (Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (CBW Act) Directive 1). Restrictions on transactions imposed by Treasury are specified under the following: (1) the Cuban Assets Control Regulations, 31 Code of Federal Regulations (CFR) part 515; (2) the Iranian Assets Control Regulations, 31 CFR 515.535, the Iranian Transactions and Sanctions Regulations, 31 CFR part 560, the Iranian Financial Sanctions Regulations, 31 CFR part 561, and the Iranian Human Rights Abuses Sanctions Regulations, 31 CFR part 562 and Executive Orders 13606 (April 22, 2012), 13608 (May 1, 2012), and Subtitle D of Title XII of Public Law No. 112-239, Executive Order 13846 (August 6, 2018), Executive Order 13871 (May 8, 2019, Executive Order 13876 (June 24, 2019), and Executive Order 13902 (January 10, 2020); (3) the Darfur Sanctions Regulations, 31 CFR part 546; (4) the Syrian Sanctions Regulations, 31 CFR part 542, the Caesar Syria Civilian Protection Act of 2019, Public Law No. 116-92, and Executive Order 13894 (October 17, 2019); (5) the Zimbabwe Sanctions Regulations, 31 CFR part 541; (6) the Belarus Sanctions Regulations, 31 CFR part 548 and Executive Order 13405 (June 20, 2006); (7) the Western Balkans Stabilization Regulations, 31 CFR part 588 and Executive Orders 13219 (June 26, 2001) and 13304 (May 23, 2003); (8) the Foreign Interference in US Elections Sanctions Regulations, 31 CFR part 579 and Executive Order 13848 (September 12, 2018); (9) the Terrorism List Government Sanctions Regulations, 31 CFR part 596; (10) the Foreign Terrorist Organizations Sanctions Regulations, 31 CFR part 597; (11) the Global Terrorism Sanctions Regulations, 31 CFR part 594; (12) the WMD Proliferators Sanctions Regulations, 31 CFR part 544; (13) the Narcotics Trafficking Sanctions Regulations, 31 CFR part 536; (14) the Foreign Narcotics Kingpin Sanctions Regulations, 31 CFR part 598; (15) the Democratic Republic of the Congo Sanctions Regulations, 31 CFR part 547 and Executive Order 13671 (July 8, 2014); (16) the Iraq Stabilization and Insurgency Sanctions Regulations, 31 CFR part 576; (17) the Lebanon Sanctions Regulations, 31 CFR part 549; (18) the North Korea Sanctions Regulations, 31 CFR part 510 (April 10, 2020); (19) the Libyan Sanctions Regulations, 31 CFR part 570 and Executive Order 13726; (20) the Yemen Sanctions Regulations, 31 CFR part 552 and Executive Order 13611 (May 16, 2012); (21) the Somalia Sanctions Regulations, 31 CFR part 551 and Executive Order 13620 (July 20, 2012); (22) the Transnational Criminal Organizations Sanctions Regulations, 31 CFR part 590; (23) the Sergei Magnitsky Rule of Law Accountability Act of 2012, Public Law No. 112-208; (24) the South Sudan Sanctions Regulations, 31 CFR part 558; (25) the Central African Republic Sanctions Regulations, 31 CFR part 553; (26) the Ukraine-Related Sanctions Regulations, 31 CFR part 589; (27) the Cyber-Related Sanctions Regulations, 31 CFR part 578 and Executive Orders 13757 (December 28, 2016) and 13694 (April 1, 2015); (28) Executive Order 31712, Blocking Property of Certain Persons Contributing to the Situation in Burundi; (29) the Hizballah Financial Sanctions Regulations, 31 CFR part 566; (30) the Venezuela Sanctions Regulations, 31 CFR part 591 and Executive Orders 13692 (March 8, 2015), 13808 (August 24, 2017), 13827
Treasury administers measures imposed against sanctions targets, including the assets of many individuals, entities, and some governments are blocked, and most transactions with them are prohibited, pursuant to the above-listed sanctions, including, for example, specified foreign persons and foreign persons determined to have committed or to pose a significant risk of committing acts of terrorism that threaten national security, foreign policy, the US economy, or the security of US nationals; persons owned or controlled by, or acting for or on behalf of, terrorists or their supporters; persons providing assistance or financial, material, or technological support for, or financial or other services to or in support of, terrorists or acts of terrorism; and persons otherwise associated with any of the foregoing persons. Certain funds and other properties blocked under these sanctions programs will remain blocked until provisions are made to address claims or encumbrances with respect to such funds and property. Treasury also (1) prohibits imports and exports of rough diamonds that are not controlled through the Kimberley Process Certification Scheme (under the Rough Diamonds Control Regulations, 31 CFR part 592) and (2) prohibits imports from certain entities that proliferate nuclear, biological, or chemical weapons, under the WMD Trade Control Regulations, 31 CFR part 539. The United States has introduced the following measures on payments and transfers for current international transactions: Executive Order 13599, Blocking Property of the Government of Iran and Iranian Financial Institutions; Iranian Financial Sanctions Regulations, 31 CFR part 561; Executive Order 13606, Blocking the Property and Suspending Entry into the United States of Certain Persons with Respect to Grave Human Rights Abuses by the Governments of Iran and Syria via Information Technology; Executive Order 13608, Prohibiting Certain Transactions with and Suspending Entry into the United States of Foreign Sanctions Evaders with Respect to Iran and Syria; Executive Order 13660, Blocking Property of Certain Persons Contributing to the Situation in Ukraine; Executive Order 13661, Blocking Property of Additional Persons Contributing to the Situation in Ukraine; Executive Order 13662, Blocking Property of Additional Persons Contributing to the Situation in Ukraine; Executive Order 13664, Blocking Property of Certain Persons with Respect to South Sudan; Executive Order 13667, Blocking Property of Certain Persons Contributing to the Conflict in the Central African Republic; Executive Order 13668, Ending Immunities Granted to the Development Fund for Iraq and Certain Other Iraqi Property and Interests in Property Pursuant to Executive Order 13303, as amended; Executive Order 13685, Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to the Crimea Region of Ukraine; Executive Order 13851 of November 27, 2018, Blocking Property of Certain Persons Contributing to the Situation in Nicaragua; Executive Order 13692, Blocking Property and Suspending Entry of Certain Persons Contributing to the
Situation in Venezuela; Executive Order 13808, Imposing Additional Sanctions with Respect to the Situation in Venezuela; Executive Order 13827, Taking Additional Steps to Address the Situation in Venezuela; Executive Order 13835, Prohibiting Certain Additional Transactions with Respect to Venezuela; Executive Order 13850, Blocking Property of Additional Persons Contributing to the Situation in Venezuela; Executive Order 13857, Taking Additional Steps to Address the National Emergency with Respect to Venezuela; Executive Order 13884, Blocking Property of the Government of Venezuela; Executive Order 13570, Prohibiting Certain Transactions with Respect to the Democratic People’s Republic of Korea; Executive Order 13712, Blocking Property of Certain Persons Contributing to the Situation in Burundi; Executive Order 13716, Revoking Executive Orders 13574, 13590, 13622, and 13645 with Respect to Iran, Amending Executive Order 13628 and Providing Implementation Authorities Authorizing the Implementation of Certain Statutory Sanctions Outside the Scope of US Commitments under the Joint Comprehensive Plan of Action of July 14, 2015; Executive Order 13722, Blocking Property of the Government of North Korea and the Workers’ Party of Korea and Prohibiting Certain Transactions with Respect to the Democratic People’s Republic of Korea; Executive Order 13810, Imposing Additional Sanctions with Respect to North Korea; Executive Order 13818, Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption; and Executive Order 13848 of September 12, 2018, Imposing Certain Sanctions in the Event of Foreign Interference in a United States Election; Executive Order 13894 of October 14, 2019, Blocking Property and Suspending Entry of Certain Persons Contributing to the Situation in Syria; Executive Order 13902 of January 10, 2020, Imposing Sanctions with Respect to Additional Sectors of Iran; Executive Order 13928 of June 11, 2020, Blocking Property of Certain Persons Associated with the International Criminal Court; Executive Order 13936 of July 14, 2020, on Hong Kong Normalization.

Effective September 10, 2019, Executive Order 13886 was issued to consolidate and enhance sanctions to combat acts of terrorism and threats of terrorism by foreign terrorists, providing for ongoing authorities to target terrorists and terrorist organizations. It also terminated the national emergency in Executive Order 12947 and revoked that Order, thereby eliminating the authority specific to “foreign terrorists that disrupt the Middle East peace process.”

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency

Yes. The currency of the United States is the US dollar.

Other legal tender

No.

Exchange rate structure

Unitary Yes.

Dual

Multiple

Classification
The de jure and de facto exchange rate arrangements are free floating; the exchange rate of the US dollar is determined freely in the foreign exchange market. Foreign exchange interventions are not formally ruled out in the United States, but they are rarely used. The secretary of the Treasury is responsible for the formulation and implementation of international monetary and financial policy, including foreign exchange market intervention policy. The Federal Reserve (Fed) has separate legal authority to engage in foreign exchange operations, which are conducted in close and continuous consultation and cooperation with the Treasury to ensure consistency with US international monetary and financial policy. The Treasury and the Fed have closely coordinated their foreign exchange operations since early 1962, when the Fed commenced such operations at the request of the Treasury. Operations are conducted through the Federal Reserve Bank of New York, as fiscal agent of the United States and as the operating arm of the Federal Reserve System. Interventions are announced when they occur and the size of the interventions is reported in the Treasury and Federal Reserve Foreign Exchange Operations quarterly bulletin. US authorities last intervened in the foreign exchange market in March 2011, following the earthquake in Japan, in a coordinated G7 effort to sell Japanese yen. The United States did not intervene in the foreign exchange market during 2019. The Federal Reserve Bank of New York publishes quarterly reports on Treasury and Federal Reserve foreign exchange operations.

The United States neither computes nor publishes an official or reference exchange rate.
Monetary policy aims at maintaining the long-term growth of the monetary and credit aggregates commensurate with the economy’s long-term potential to increase production, so as to promote maximum employment, stable prices, and moderate long-term interest rates. On January 25, 2012, the Federal Open Market Committee announced that inflation at the rate of 2%, as measured by the annual change in the price index for personal consumption
expenditures, is most consistent over the longer term with the Fed’s statutory mandate. In setting monetary policy, the Federal Open Market Committee will seek to mitigate deviations in inflation from its longer-term goal and deviations in employment from the Federal Open Market Committee’s assessment of its maximum level.

Exchange tax  No.
Exchange subsidy  No.
Foreign exchange market  Yes.  
ADs may freely determine their exchange rates and commissions in transactions with their clients.
Spot exchange market  Yes.  
There are no licensing requirements to deal in foreign exchange. In addition, there are no restrictions on the types of foreign exchange transactions institutions or individuals may engage in or the types of foreign accounts they may have. There are, however, various reporting requirements.
Operated by the central bank  No.
Foreign exchange standing facility  No.
Allocation  No.
Auction  No.
Fixing  No.
Interbank market  Yes.  
There are no limits on the bid-ask spreads and commissions of market participants. The Fed’s participation in the interbank market is not limited, but it does not regularly intervene in the foreign exchange market.
Over the counter  Yes.  
The foreign exchange market in the United States operates primarily over the counter. The key participants are the large money center banks, investment and insurance firms, branches and subsidiaries of foreign banks, brokerage firms, and principal trading firms. Some of these participants serve as market makers. A fraction of total foreign exchange trading takes place on futures and options exchanges; most trading takes place through direct dealing, on electronic trading systems using either multibank dealing or single-bank proprietary platforms, or through electronic brokerage systems.
Brokerage  Yes.  
Some market participants are brokerage firms.
Market making  Yes.  
Some market participants are market makers.
Forward exchange market  Yes.  
The Fed does not participate in the foreign exchange derivatives market.
Official cover of forward operations  No.
References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  No.
Controls on the use of domestic currency  No.
For current transactions and payments  No.
For capital transactions  No.
Transactions in capital and money market  No.
instruments
Transactions in derivatives and other instruments No.
Credit operations No.

Use of foreign exchange among residents No.

Payments arrangements No.
Bilateral payments arrangements No.
Operative No.
Inoperative No.

Regional arrangements No.
Clearing agreements No.
Barter agreements and open accounts No.

Administration of control No.

Payments arrears No.
Official No.
Private No.

Controls on trade in gold (coins and/or bullion) No.
US persons (including all persons in the United States) are prohibited from exporting, withdrawing from, or importing into the United States gold or silver coins or bullion in which any individual, entity, or government subject to sanctions listed in Chapter II, above, has an interest.

On domestic ownership and/or trade No.

On external trade No.
No controls are imposed, except for individuals, entities, or governments subject to one of the above-mentioned sanctions.

Controls on exports and imports of banknotes No.

On exports No.

Domestic currency No.
Individuals leaving or entering the United States with more than the equivalent of US$10,000 in domestic or foreign currency, traveler's checks, money orders, or negotiable bearer securities must declare these to customs at the point of exit or entry. US persons (including all persons within the United States) are prohibited from exporting, withdrawing from, or importing into the United States gold or silver coins or bullion, currency, or securities in which any individual, entity, or government to which one of the above-mentioned sanctions applies has an interest.

Foreign currency No.
Individuals leaving or entering the United States with more than the equivalent of US$10,000 in domestic or foreign currency, traveler's checks, money orders, or negotiable bearer securities must declare these to customs at the point of exit or entry. US persons (including all persons within the United States) are prohibited from exporting, withdrawing from, or importing into the United States gold or silver coins or bullion, currency, or securities in which any individual, entity, or government to which one of the above-mentioned sanctions applies has an interest.

On imports No.
## Domestic currency

Individuals leaving or entering the United States with more than the equivalent of US$10,000 in domestic or foreign currency, traveler’s checks, money orders, or negotiable bearer securities must declare these to customs at the point of exit or entry. US persons (including all persons within the United States) are prohibited from exporting, withdrawing from, or importing into the United States gold or silver coins or bullion, currency, or securities in which any individual, entity, or government to which one of the above-mentioned sanctions applies has an interest.

## Foreign currency

Individuals leaving or entering the United States with more than the equivalent of US$10,000 in domestic or foreign currency, traveler’s checks, money orders, or negotiable bearer securities must declare these to customs at the point of exit or entry. US persons (including all persons within the United States) are prohibited from exporting, withdrawing from, or importing into the United States gold or silver coins or bullion, currency, or securities in which any individual, entity, or government to which one of the above-mentioned sanctions applies has an interest.

### References to legal instruments and hyperlinks

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## Resident Accounts

### Foreign exchange accounts permitted

Yes.

### Held domestically

Yes. Accounts are treated like those in domestic currency. Balances may be transferred to and from other countries freely.

### Approval required

No.

### Held abroad

Yes. Balances may be transferred to and from other countries freely.

### Approval required

No.

### Accounts in domestic currency held abroad

Yes.

### Accounts in domestic currency convertible into foreign currency

Yes.

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

## Nonresident Accounts

### Foreign exchange accounts permitted

Yes.

### Approval required

No.

### Domestic currency accounts

Yes.

### Convertible into foreign currency

Yes.

### Approval required

No.

### Blocked accounts

Yes. The accounts of the following are blocked: Syria, Democratic People’s Republic of Korea (March 15, 2016), and the Islamic Republic of Iran; the Workers’ Party of Korea (March 15, 2016); Iranian financial institutions; certain individuals and entities whose property and interests in property are blocked under the measures imposed for national security, foreign policy, or for economic reasons with respect to Belarus, property of persons contributing to the situation in Burundi was blocked, the Central African Republic, the
Democratic Republic of the Congo, Côte d’Ivoire, Darfur, Iran, Iraq, Democratic People’s Republic of Korea, Lebanon, Libya, Myanmar, Somalia, South Sudan, Syria, Ukraine, Yemen, Zimbabwe, Burundi; WMD proliferators and their associates; designated global terrorists; foreign terrorist organizations, designated narcotics traffickers, significant transnational criminal organizations, certain persons who threaten international stabilization efforts in the Western Balkans, and certain persons determined to be responsible for the detention, abuse, or death of Sergei Magnitsky and certain persons responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights in Russia; certain persons engaged in serious human rights abuse or corruption; persons engaged in certain significant malicious cyber-enabled activities; certain persons engaged in foreign interference in US elections; certain persons contributing to the situation in and in relation to Syria; certain persons engaged in International Criminal Court investigations (effective June 11, 2020); and certain persons contributing to the situation in Hong Kong (effective July 14, 2020). Certain accounts are blocked pursuant to sanctions against the government of Libya, but prospective transactions with Libya and the government of Libya are not prohibited. In addition, the accounts of the government of Cuba and Cuban nationals are blocked.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

- **Foreign exchange budget**: No.
- **Financing requirements for imports**: No.
- **Minimum financing requirements**: No.
- **Advance payment requirements**: No.
- **Advance import deposits**: No.
- **Documentation requirements for release of foreign exchange for imports**: No.
- **Domiciliation requirements**: No.
- **Preshipment inspection**: No.
- **Letters of credit**: No.
- **Import licenses used as exchange licenses**: No.
- **Other**: No.
- **Import licenses and other nontariff measures**: Yes.
  - **Positive list**: No.
  - **Negative list**: Yes.

The Islamic Republic of Iran, Democratic People’s Republic of Korea, and the Crimea region of Ukraine; petroleum or petroleum products of Syrian origin; and charcoal of Somali origin are prohibited unless specifically authorized by the US government. The importation of rough diamonds is prohibited unless controlled by the Kimberley Process Certification Scheme. Previously, from October 7, 2016, sanctions that restricted certain imports from Myanmar ended. In addition, the importation of most good and services...
<table>
<thead>
<tr>
<th><strong>Open general licenses</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Licenses with quotas</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Other nontariff measures</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Import taxes and/or tariffs</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Taxes collected through the exchange system</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>State import monopoly</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Exports and Export Proceeds**

| **Repatriation requirements** | No. |
| **Surrender requirements** | No. |
| **Surrender to the central bank** | No. |
| **Surrender to authorized dealers** | No. |
| **Financing requirements** | No. |
| **Documentation requirements** | No. |
| **Letters of credit** | No. |
| **Guarantees** | No. |
| **Domiciliation** | No. |
| **Preshipment inspection** | No. |
| **Other** | No. |
| **Export licenses** | Yes. |

The Department of Commerce controls exports and reexports of dual-use products, technology, and software for reasons of national security, foreign policy, nonproliferation, and short supply. Except for shipment to US territories and possessions, which are treated as part of the United States, most exports outside the United States are subject to the Export Administration Regulations and subject to originating in Cuba is prohibited.

With certain exceptions, general licenses authorize among other things: (1) the importation of goods or services into the United States for the conduct of official business by missions of the Islamic Republic of Iran to international organizations in the United States and the Iranian Interests Section of the Embassy of Pakistan in the United States and (2) the importation of foodstuffs and carpets into the United States from Iran. There are also broad exemptions for the importation of informational materials. This is not an exhaustive list of general licenses available under these sanctions programs, and many of these general licenses are subject to various conditions and restrictions that must be satisfied to comply with the terms of the license. The general licenses can either be found in the regulations referred to in Section II.B.1 above and/or on this website within the individual sanctions programs www.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx.
varying license requirements. The Department of Commerce’s Bureau of Industry and Security (BIS) administers and enforces the Export Administration Regulations. Several agencies of the US government maintain export controls on products other than those subject to the Export Administration Regulations. For example, the Treasury and, in certain circumstances, the Department of Commerce prohibit exports of most goods, services, and technology to sanctioned countries and regions, individuals, and entities, and certain exports to sanctioned countries require specific licenses that are issued on a case-by-case basis, pursuant to established policies and procedures. Likewise, the Department of Agriculture controls exports of livestock and dairy and poultry items. The exportation of rough diamonds is prohibited unless controlled by the Kimberley Process Certification Scheme.

Without quotas

Yes.

In accordance with 22 U.S.C. 2778-2780 of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (22 CFR parts 120–130), the Directorate of Defense Trade Controls in the Department of State is charged with controlling exports and temporary imports of defense articles and defense services covered by the United States Munitions List (USML) in the International Traffic in Arms Regulations. Generally, ammunition for military use may be exported only under a license issued by the Directorate of Defense Trade Controls. The Department of Commerce administers controls on exports of crime-control items, detection equipment, and related technologies to most countries that depend on these commodities.

With quotas

No.

Export taxes

No.

Collected through the exchange system

No.

Other export taxes

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

No.

Trade-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Investment-related payments

No.

Prior approval

No.

Quantitative limits

No.

Indicative limits/bona fide test

No.

Payments for travel

No.

Prior approval

No.

Quantitative limits

No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
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<tbody>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
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<tr>
<td>Prior approval</td>
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<tr>
<td>Quantitative limits</td>
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</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
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<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
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</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

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**Proceeds from Invisible Transactions and Current Transfers**

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<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td><em>Surrender to the central bank</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Surrender to authorized dealers</em></td>
<td>No.</td>
</tr>
</tbody>
</table>

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**Capital Transactions**

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<td>Controls on capital transactions</td>
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<tr>
<td>Repatriation requirements</td>
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</tr>
<tr>
<td><em>Surrender requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Surrender to the central bank</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Surrender to authorized dealers</em></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td><strong>On capital market securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes. Laws on inward direct investment apply to purchases in the United States by nonresidents. The controls apply only to purchases by nonresidents of securities that may be restricted by laws on inward direct investment and on establishment in the nuclear energy, maritime, communications, air and land transport, and shipping industries. There are some restrictions specific to state legislative jurisdiction in the banking, securities, and insurance sectors.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes. Offers and sales of securities in the United States or to US residents must be registered with the Securities and Exchange Commission (SEC) under the Securities Act of 1933 and/or the Securities Exchange Act of 1934 or subject to a valid exemption from registration.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>No. Offers and sales of securities outside the United States by residents generally are not required to be registered under the Securities Act of 1933 if covered by Regulation S or other exemption from such registration as applicable.</td>
</tr>
<tr>
<td>Bonds or other debt securities</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes. Offers and sales of securities in the United States or to US residents must be registered with the SEC under the Securities Act of 1933 and/or the Securities Exchange Act of 1934 or subject to a valid exemption. Controls apply to the use of a small-issue exemption by nonresident issuers.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
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</tr>
<tr>
<td><strong>On money market instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
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</tr>
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<td><strong>Purchase abroad by residents</strong></td>
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<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
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</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes. Public offers made in the United States by foreign investment companies are prohibited under the Investment Company Act, unless the SEC issues an order to permit such foreign investment companies</td>
</tr>
</tbody>
</table>
to make a public offer. To issue such an order, the SEC must find that by reason of special circumstances or arrangements, it is both legally and practically feasible to enforce the provisions of the Investment Company Act of 1940 against the foreign investment company, and that the issuance of the order is otherwise consistent with the public interest and the protection of investors.

<table>
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<tr>
<th>Purchase abroad by residents</th>
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<td></td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
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<tr>
<td><strong>Offers and sales of securities in the United States must be registered under the Securities Act of 1933 and/or the Securities Exchange Act of 1934 or subject to a valid exemption.</strong></td>
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<tr>
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<td></td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>The Johnson Act prohibits, with certain exceptions, persons within the United States from dealing in financial obligations or extending loans to foreign governments that have defaulted on payments of their obligations to the US government. The act’s prohibitions do not apply to foreign governments that are members of both the IMF and the World Bank.</strong></td>
<td></td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Offers and sales of securities in the United States must be registered under the Securities Act of 1933 or subject to a valid exemption from registration pursuant to the Securities Act.</strong></td>
<td></td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Offers and sales of securities in the United States must be registered under the Securities Act of 1933 or subject to a valid exemption from registration pursuant to the Securities Act.</strong></td>
<td></td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td>Outward direct investment</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls apply to investment transactions with or involving Cuba and Cuban nationals; the Islamic Republic of Iran; certain persons with respect to Democratic People’s Republic of Korea; the Libyan Investment Authority and its subsidiaries and certain persons contributing to the situation in Libya; certain persons and entities with respect to Somalia; Syria; the Crimea region of Ukraine; certain</strong></td>
<td></td>
</tr>
</tbody>
</table>
persons contributing to the situation in Ukraine; persons who commit, threaten to commit, or support terrorism; certain persons who threaten international stabilization efforts in the Western Balkans, including certain persons indicted by the International Criminal Tribunal for the Former Yugoslavia; certain persons undermining democratic processes or institutions in Belarus and Zimbabwe; certain persons contributing to the conflict in Burundi and the Democratic Republic of the Congo, Darfur, and the Central African Republic; certain persons with respect to South Sudan; the former Iraqi regime of Saddam Hussein, its senior officials, and their family members; certain persons who threaten stabilization efforts in Iraq; certain persons who undermine the sovereignty of Lebanon or its democratic processes and institutions; certain persons in connection with the national emergencies with respect to Syria and the situation in and in relation to Syria; proliferators of WMD and their associates; significant transnational criminal organizations; designated narcotics traffickers; certain persons who have committed grave human rights abuses against the people of Iran and Syria; certain persons who aim to evade US economic and financial sanctions with respect to Iran and Syria; certain persons who have engaged in acts that directly or indirectly threaten the peace, security, or stability of Yemen; certain persons determined responsible for the detention, abuse, or death of Sergei Magnitsky; certain persons responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights in Russia; certain persons engaged in human rights abuse or corruption; persons engaged in certain significant, malicious cyber-enabled activities; certain persons engaged in foreign interference in US elections; certain persons engaged in International Criminal Court investigations (effective June 11, 2020); certain persons contributing to the situation in Hong Kong (effective July 14, 2020).

Inward direct investment

Yes.

Controls apply to investments that may be restricted by laws on inward direct investment and on establishments in (1) atomic/nuclear energy; (2) broadcasting (radio and television), common carrier, aeronautical en route, or aeronautical fixed radio station licenses in accordance with 47 US Code Section 310, except as authorized under 47 US Code Section 310(b)(4); (3) air transport; (4) coastal and domestic shipping (including dredging and salvaging in coastal waters and transporting offshore supplies from a point within the United States to an offshore drilling rig or platform on the continental shelf); (5) ocean thermal energy, hydroelectric power, geothermal steam, or related resources on federal lands; mining on federal lands, the outer continental shelf, or the deep seabed; fishing in the “exclusive economic zone”; and deepwater ports, except through a company incorporated in the United States; (6) branches of foreign insurance companies, to the extent that they are not permitted to provide surety bonds for US government contracts. Investments involving ownership interest in banks are subject to federal and state banking laws and regulations. Controls apply to investment transactions with Cuba and Cuban nationals; Executive Order 13722, Blocking Property of the Government of North Korea and the Workers’ Party of Korea and Prohibiting Certain Transactions with Respect to Democratic People’s Republic of Korea, was issued; the Islamic Republic of Iran; certain persons with respect to the Democratic People’s Republic of Korea; Libya; Somalia; Syria; the Crimea region of Ukraine; Executive Order 31712, Blocking Property of Persons Contributing to the Situation in Burundi, was issued for certain persons contributing to the situation there and Ukraine; persons who commit, threaten to commit, or support terrorism; foreign terrorists who disrupt the Middle East peace
controls on liquidation of direct investment: No.
Controls on real estate transactions: Yes.

*Purchase abroad by residents*: No.

*Purchase locally by nonresidents*: Yes.

*Sale locally by nonresidents*: No.

Controls on personal capital transactions: No.

*Loans*

- By residents to nonresidents: No.
- To residents from nonresidents: No.

*Gifts, endowments, inheritances, and legacies*

- By residents to nonresidents: No.
- To residents from nonresidents: No.

*Settlement of debts abroad by residents*: No.

Ownership of agricultural land by foreign nationals or by corporations in which foreign owners have an interest of at least 10% or substantial control must be reported to the Department of Agriculture. Certain states in the United States impose various controls on foreign nationals’ purchases of land within their borders.
<table>
<thead>
<tr>
<th>provisions</th>
<th>status</th>
</tr>
</thead>
<tbody>
<tr>
<td>immigrants</td>
<td></td>
</tr>
<tr>
<td><em>Transfer of assets</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Transfer abroad by emigrants</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Transfer into the country by immigrants</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Transfer of gambling and prize earnings</em></td>
<td>No.</td>
</tr>
<tr>
<td><strong>References to legal instruments and hyperlinks</strong></td>
<td></td>
</tr>
<tr>
<td>This information can be found at the AREAER ONLINE database:</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
<td></td>
</tr>
</tbody>
</table>

### Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>provisions</th>
<th>status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisions specific to commercial banks and other credit institutions</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td><em>Reserve requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Liquid asset requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Interest rate controls</em></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><em>Reserve requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Liquid asset requirements</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>Interest rate controls</em></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Credit controls</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>No.</td>
</tr>
<tr>
<td><em>Abroad by banks</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>In banks by nonresidents</em></td>
<td>No.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>No.</td>
</tr>
<tr>
<td>The foreign currency positions of banks, whether overall or with respect</td>
<td></td>
</tr>
<tr>
<td>to individual currencies, are not subject to quantitative limits, but</td>
<td></td>
</tr>
<tr>
<td>banks are subject to prudential oversight. In addition, large foreign</td>
<td></td>
</tr>
<tr>
<td>exchange market participants are required to report their holdings of</td>
<td></td>
</tr>
<tr>
<td>five major foreign currencies and US dollars weekly, monthly, or quarterly.</td>
<td></td>
</tr>
<tr>
<td><em>On resident assets and liabilities</em></td>
<td>No.</td>
</tr>
<tr>
<td><em>On nonresident assets and liabilities</em></td>
<td>No.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Pension funds</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Most private sector US-based pension plans are subject to the ERISA of 1974. Except with respect to securities issued by a plan’s sponsor (or an affiliate) and real estate leased to a sponsor (or an affiliate), ERISA does not impose quantitative limits on the percent of plan assets that may be invested in particular types of assets. Instead, ERISA establishes a set of general principles (for example, prudence and diversification) that plan fiduciaries must observe in making and holding plan investments. ERISA also forbids any fiduciary from maintaining the indicia of ownership of any assets of a plan outside the jurisdiction of the courts of the United States, except as authorized by regulations issued by the secretary of labor.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes.</td>
</tr>
<tr>
<td>As is the case with domestic securities, foreign securities must have a “ready market” or their value is deducted in full when computing a broker-dealer’s regulatory “net capital.” Securities that are listed on many major foreign securities exchanges are considered to have a ready market. In addition, securities that have a ready market are subject to haircut deductions that vary depending on the type of security. To account for currency risk, an additional haircut charge is required for securities denominated in a foreign currency. However, broker-dealers generally may reduce or eliminate the additional currency risk haircut charge by holding an offsetting position denominated in the same currency. See Securities Exchange Act Rule No. 15c3-1, 17 CFR § 240.15c3-1. In addition, broker-dealers holding balances of foreign currency are subject to certain haircut deductions to account for currency risk. Broker-dealers apply a lower haircut for certain major foreign currencies and securities denominated in those currencies, and a higher haircut for other foreign currencies and securities denominated in those foreign currencies. See Securities Exchange Act Rule No. 15c3-1, 17 CFR § 240.15c3-1. A broker-dealer may pledge certain foreign sovereign debt and foreign currencies as collateral when borrowing fully-paid securities from a customer. A certain amount of additional collateralization is required when the securities or currency that is pledged differs from the securities that are borrowed. See Securities Exchange Act Release No. 47683 (April 16, 2003). For purposes of this response, the term “broker-dealer” includes any entity registered with the US SEC as a broker or dealer.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Although broker-dealers are not subject to a quantitative limit on the</td>
<td></td>
</tr>
</tbody>
</table>
number or value of securities issued by nonresidents, foreign securities must have a “ready market” to have value for broker-dealer regulatory “net capital” purposes, as described above. See also response to Question XII.B.3.

| Limits (max.) on investment portfolio held abroad | Yes. | Broker-dealers that hold securities abroad generally must have the foreign locations approved by the Commission. See Exchange Act Rule No. 15c3-3(c), 17 CFR § 240.15c3-1(e). |
| Limits (min.) on investment portfolio held locally | No. | See response to Question XII.B.3. |
| Currency-matching regulations on assets/liabilities composition | Yes. | To account for currency risk, an additional net capital charge is required for securities denominated in a foreign currency. However, broker-dealers generally may reduce or eliminate the additional currency risk haircut charge by holding an offsetting position denominated in the same currency. See Securities Exchange Act Rule No. 15c3-1, 17 CFR § 240.15c3-1. In addition, broker-dealers holding balances of foreign currency are subject to certain haircut deductions to account for currency risk. Broker-dealers apply a lower haircut for certain major foreign currencies and securities denominated in those currencies and a higher haircut for other foreign currencies and securities denominated in those foreign currencies. See Securities Exchange Act Rule No. 15c3-1, 17 CFR § 240.15c3-1. |

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Measures

Exchange measures imposed for security reasons

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/25/2019</td>
<td>Venezuela Executive Order 13857 entered into force.</td>
</tr>
<tr>
<td>07/26/2019</td>
<td>Mali Executive Order 13882 entered into force.</td>
</tr>
<tr>
<td>08/05/2019</td>
<td>Venezuela Executive Order 13884 entered into force.</td>
</tr>
<tr>
<td>09/10/2019</td>
<td>Executive Order 13886 was issued to consolidate and enhance sanctions to combat acts of terrorism and threats of terrorism by foreign terrorists, providing for ongoing authorities to target terrorists and terrorist organizations. It also terminated the national emergency in Executive Order 12947 and revoked that Order, thereby eliminating the authority specific to “foreign terrorists that disrupt the Middle East peace process.”</td>
</tr>
<tr>
<td>06/11/2020</td>
<td>International Criminal Court-related Executive Order 13928 was issued.</td>
</tr>
<tr>
<td>07/14/2020</td>
<td>Executive Order 13936 in relation to the situation in Hong Kong was issued.</td>
</tr>
</tbody>
</table>

Nonresident Accounts

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/11/2020</td>
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</tr>
<tr>
<td>07/14/2020</td>
<td>Executive Order 13936 in relation to the situation in Hong Kong was issued.</td>
</tr>
</tbody>
</table>
Capital Transactions

Controls on capital transactions

Controls on direct investment

Outward direct investment

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/11/2020</td>
<td>International Criminal Court-related Executive Order 13928 was issued.</td>
</tr>
<tr>
<td>07/14/2020</td>
<td>Executive Order 13936 in relation to the situation in Hong Kong was issued.</td>
</tr>
</tbody>
</table>

Inward direct investment

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<tr>
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<th>Event Description</th>
</tr>
</thead>
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<td>06/11/2020</td>
<td>International Criminal Court-related Executive Order 13928 was issued.</td>
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<tr>
<td>07/14/2020</td>
<td>Executive Order 13936 in relation to the situation in Hong Kong was issued.</td>
</tr>
</tbody>
</table>
URUGUAY

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>December 27, 1945.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Date of acceptance:</td>
<td>May 02, 1980.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange Measures

- **Restrictions and/or multiple currency practices**: No.
- **Exchange measures imposed for security reasons**: Yes.
  - Under Article 17 of Law No. 17,835 of September 23, 2004, on Strengthening the Control and Prevention of Money Laundering and Terrorism Financing, financial intermediation institutions are required to inform the Central Bank of Uruguay’s (CBU’s) financial intelligence unit of assets linked to (1) persons identified as terrorists or as belonging to terrorist organizations on the relevant lists prepared by the UN and (2) persons declared terrorists by final decision of a national or foreign court of law. In addition, Article 6 authorizes the financial intelligence unit to prevent all transactions giving rise to reasonable suspicion of a link with criminal organizations related to money laundering, as described in Article 17, from being carried out for a period of 72 hours. The law further provides that the financial intelligence unit’s decision must be communicated immediately to the criminal courts, which will determine whether the assets should be frozen without notice.

- **Other security restrictions**: No.

Exchange Arrangement

- **Currency**: Yes. The currency of Uruguay is the Uruguayan peso.
- **Other legal tender**: No.

Exchange rate structure

- **Unitary**: Yes. There are no multiple exchange rates. There is only one wholesale foreign exchange market.
- **Dual**: No.
- **Multiple**: No.

Classification

- **No separate legal tender**: Yes.
- **Currency board**: No.
- **Conventional peg**: No.
Conventional peg  
Stabilized arrangement  
Crawling peg  
Crawl-like arrangement  
Pegged exchange rate within horizontal bands  
Other managed arrangement

<table>
<thead>
<tr>
<th>Float</th>
<th>Yes.</th>
<th>The de jure and de facto exchange rate arrangements are floating. The exchange rate of the peso is determined on the basis of supply and demand, although the CBU reserves the right to intervene to cushion abrupt changes in a concentrated market of few transactions. The intervention currency is the US dollar. The CB periodically intervenes in the exchange market to smooth excess exchange rate volatility without affecting its fundamentals-driven trends. During 2019, the peso depreciated again against the US dollar, affected by new specific episodes of the crisis in Argentina in various moments of the year. The CBU publishes information on intervention on its website.</th>
</tr>
</thead>
</table>

Free floating

<table>
<thead>
<tr>
<th>Official exchange rate</th>
<th>No.</th>
<th>The exchange rate is freely determined by the market. The end-of-day official exchange rate is the weighted average of all spot operations undertaken in the interbank market (BEVSA, Bolsa Electrónica de Valores del Uruguay S.A., Electronic Stock Exchange).</th>
</tr>
</thead>
</table>

Monetary policy framework

<table>
<thead>
<tr>
<th>Exchange rate anchor</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td></td>
</tr>
<tr>
<td>Composite</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monetary aggregate target</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Inflation-targeting framework</th>
<th>Yes.</th>
<th>The inflation-targeting framework entered into force in 2005</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Target setting body</th>
<th>Yes.</th>
<th>The Monetary Policy Committee (COPOM in Spanish) consists of the three Board of Directors as members and three other senior officers appointed by the Board according to their specific tasks in the monetary policy. The Committee serves the following functions: (1) provides advice to the Board for determining monetary policy</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Government</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Bank</td>
<td></td>
</tr>
<tr>
<td>Monetary Policy Committee</td>
<td></td>
</tr>
<tr>
<td>Central Bank Board</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

| Government and Central Bank | Yes. |  |
The COPOM meets after the Macroeconomic Coordination Committee (CCM in Spanish), which is composed by the Minister of Economy and Finance, two officials appointed by him, and the three members of the Board of Directors of the CBU. The roles of this Committee are: (1) to share information related to the CB’s responsibilities and the economic policy in general; (2) to establish the price stability target and the exchange rate regime undertaken by the CBU.

**Inflation target**

- **Yes.**

**Target number**

- **Yes.**

**Point target**

**Target with tolerance band**

- **Yes.** The inflation target band at the 24-month horizon is 3%–7%, with a specific target given by the center of the band at 5%.

**Band/Range**

- **Yes.**

**Target measure**

- **Yes.**

**CPI**

- **Yes.** One of the main targets of the CB is price stability, to preserve the currency value—the purchasing power of the Uruguayan peso. To achieve this, our institution implements an inflation-targeting regime through which it undertakes to make every necessary effort to keep inflation and inflation expectations within the target range established by the CCM.

**Core inflation**

- **Yes.** The target horizon is 2 years (24 months).

**Operating target (policy rate)**

- **Yes.**

**Policy rate**

- **n.a.**

**Target corridor band**

- **n.a.**

**Other**

- **Yes.** Since June 2013, the CBU has used the trajectory of monetary aggregate M1-plus (M1+)—which is the sum of the issuance of money held by the public, demand deposits, and savings of the public in the banking system—as a monetary policy reference indicator. The CBU has started setting reference ranges for M1+ year-over-year (y-o-y) quarterly growth for the quarter ahead. The M1+ data are published monthly on the CBU website. The last quarterly COPOM (July 2020) sets a reference range for expanded M1 of 7% -10% for the third quarter of 2020.

**Accountability**

- **n.a.**

**Open letter**

- **n.a.**

**Parliamentary hearings**

- **n.a.**

**Other**

- **n.a.**

**Transparency**

- **Yes.**

**Publication of votes**

- **n.a.**

**Publication of minutes**

- **n.a.**
Publication of inflation forecasts | Yes. | The Monetary Policy Report is published four times a year, in compliance with Article 42 of the Organic Charter. It includes an evaluation of the macroeconomic context, an inflation analysis, the fundamentals and aims of the Monetary Policy, as well as an assessment on monetary management according to the targets established. The forecast values of inflation are not explicitly published.

Other monetary framework

Exchange tax | No. |
Exchange subsidy | No. |
Foreign exchange market | Yes. | The peso is freely traded, primarily on the Electronic Securities Exchange of Uruguay (Bolsa Electrónica de Valores del Uruguay S.A., BEVSA), although there is also an OTC market through exchange brokers. Formal exchanges in the foreign currency market must accept offers to buy or sell foreign currency with a minimum price fluctuation of Ur$0.01 (US$0.01) of a preexisting offer, if the counterparty is dealing in pesos. Authorized intermediaries may freely determine the bid-ask spread and exchange commissions with their customers (Circular No. 2095).

Spot exchange market | Yes. | Institutions authorized to operate in the foreign exchange market are banks, finance houses, foreign financial institutions, financial intermediation cooperatives, financial services firms, and exchange houses. Eleven banks (including 2 state-owned), one finance house, one foreign financial institution, one financial intermediation cooperative, 22 financial services firms, and 52 exchange houses operate in the market. These institutions are supervised by the Superintendency of Financial Services. Exchange houses and financial service firms may deal with the CB by phone, maintain accounts abroad, and make foreign currency payments and transfers on behalf of their clients.

Operated by the central bank | No. |
Foreign exchange standing facility | No. |
Allocation | No. |
Auction | No. |
Fixing | No. |

Interbank market | Yes. | Sixteen authorized institutions (including 11 banks) may trade among themselves at freely determined rates through the BEVSA and may operate in the OTC market through dealers. Banks and provident savings fund administrators (administradoras de fondos de ahorro previo) are the primary interbank market participants. They determine the daily closing exchange rate, defined as a weighted average of the day’s foreign exchange transactions, on the basis of their operations. The CBU grants the licenses. The minimum bid-ask spread is Ur$0.01. There are no limits on commissions, and each institution manages them independently. Generally, the CBU does not intervene in the spot foreign exchange market. But when it does, it intervenes directly with market participants at their quoted levels or proposes its own quotes. Authorized institutions are allowed to trade among themselves under the regulatory framework established by the CBU and BEVSA.

Over the counter | Yes. | The market operates over the counter.
<table>
<thead>
<tr>
<th>Brokerage</th>
<th>Yes.</th>
<th>Participants may also operate in the OTC market, through brokers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market making</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>Yes.</td>
<td>The CBU established a market for forward purchases and sales of US dollars. The CBU resumed operations on the US dollar forward market on November 3, 2009, operating with foreign exchange forwards and being the main counterparty in all operations. In December 2010, it began operating with foreign exchange futures. These are standardized daily settlement contracts. Currently, the CBU trades futures and forwards (with and without delivery). Interbank swap operations have not yet been implemented. On December 3, 2018, the regulation authorized specialized investors to participate in the foreign exchange market. These are large enterprises whose business activity necessitates the use of hedging instruments. In addition, there are two formal venues for forward exchange market trading (BEVSA and UFEX), which employ the central counterparty method.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Arrangements for Payments and Receipts

| Prescription of currency requirements   | Yes.   | All balances cleared through the multilateral clearing system are settled in US dollars. |
| Controls on the use of domestic currency | No.    |                                                               |
| For current transactions and payments   | No.    |                                                               |
| For capital transactions                | No.    |                                                               |
| Transactions in capital and money market instruments | No.    |                                                               |
| Transactions in derivatives and other instruments | No.    |                                                               |
| Credit operations                       | No.    |                                                               |
| Use of foreign exchange among residents | No.    | Transactions between residents may be paid in foreign exchange. |
| Payments arrangements                   | Yes.   |                                                               |
| Bilateral payments arrangements         | Yes.   |                                                               |
| Operative                               | No.    |                                                               |
| Inoperative                             | Yes.   | A bilateral payments arrangement with Cuba is inoperative. |
| Regional arrangements                   | Yes.   | Payments between Uruguay and the other LAIA countries may be made through reciprocal accounts maintained with CBs participating in the LAIA multilateral clearing system. |
| Clearing agreements                     | Yes.   |                                                               |
| Barter agreements and open accounts     | No.    |                                                               |
| Administration of control               | Yes.   | Operations are carried out through banks and financial institutions authorized by the CBU. |
| Payments arrears                        | No.    |                                                               |
| Official                                | No.    |                                                               |
Private No.

Controls on trade in gold (coins and/or bullion) No.
On domestic ownership and/or trade No.
Residents and nonresidents may freely purchase, hold, and sell gold with fineness 0.9 or higher.
On external trade No.
Residents may freely import and export gold with fineness 0.9 or higher. Gold for industrial use is subject to the general policy on exports, imports, and trade in goods.

Controls on exports and imports of banknotes No.
On exports No.
Domestic currency No.
Foreign currency No.
On imports No.
Domestic currency No.
Foreign currency No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted Yes.
Held domestically Yes.
These accounts operate in the same way as domestic currency accounts. Balances may be transferred abroad freely.
Approval required No.
Held abroad Yes.
There are no restrictions on transfers of funds to Uruguay.
Approval required No.
Accounts in domestic currency held abroad Yes.
These accounts are not common, because the Uruguayan peso is rarely used abroad.
Accounts in domestic currency convertible into foreign currency Yes.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted Yes.
Approval required No.
Domestic currency accounts Yes.
Convertible into foreign currency Yes.
Approval required No.
Blocked accounts No.
References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
**Imports and Import Payments**

- **Foreign exchange budget**: No.
- **Financing requirements for imports**: No.
- **Minimum financing requirements**: No.
- **Advance payment requirements**: No.
- **Advance import deposits**: No.
- **Documentation requirements for release of foreign exchange for imports**: No.
- **Domiciliation requirements**: No.
- **Preshipment inspection**: No.
- **Letters of credit**: No.
- **Import licenses used as exchange licenses**: No.
- **Other**: No.
- **Import licenses and other nontariff measures**: Yes.
  - **Positive list**: No.
  - **Negative list**: Yes. The National Customs Office maintains a negative list.
  - **Open general licenses**: Yes. Imports are subject to registration, which is generally valid for 180 days; goods must be cleared through customs during that period.
  - **Licenses with quotas**: No.
  - **Other nontariff measures**: No.
- **Import taxes and/or tariffs**: Yes.
  - **Taxes collected through the exchange system**: No.
  - **State import monopoly**: Yes. Imports of oil and oil products are subject to a state monopoly.
- **Other nontariff measures**: No.

**Export taxes and/or tariffs**: Yes. In the MERCOSUR CET system, there are 11 tariffs. The maximum rate is 15%. Uruguay imposes a 2% tariff on imports of capital goods, computers, and telecommunications equipment and up to an 18% tariff on certain imports from Argentina.

**Repatriation requirements**: No.
- **Surrender requirements**: No.
  - **Surrender to the central bank**: No.
  - **Surrender to authorized dealers**: No.
- **Financing requirements**: No.
- **Documentation requirements**: No.

**Exports and Export Proceeds**

- **Repatriation requirements**: No.
- **Surrender requirements**: No.
  - **Surrender to the central bank**: No.
  - **Surrender to authorized dealers**: No.
- **Financing requirements**: No.
- **Documentation requirements**: No.
Letters of credit | No.
---|---
Guarantees | No.
Domiciliation | No.
Preshipment inspection | No.
Other | No.
Export licenses | Yes.
Without quotas | Yes. Occasionally, and for special reasons (for example, stock situation, protection, health considerations), certain exports are prohibited or are subject to special requirements.
With quotas | No.
Export taxes | Yes.
Collected through the exchange system | No.
Other export taxes | Yes. Exports of cured, pickled, and wet blue hides are subject to a 5% tax.
References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

| Controls on these transfers | No.
---|---
Trade-related payments | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Investment-related payments | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Payments for travel | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Personal payments | No.
Prior approval | No.
Quantitative limits | No.
Indicative limits/bona fide test | No.
Foreign workers' wages | No.
Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Credit card use abroad No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

Other payments No.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Restrictions on use of funds No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions No.

Repatriation requirements No.

Surrender requirements No.

Surrender to the central bank No.

Surrender to authorized dealers No.

Controls on capital and money market instruments No.

The securities market and all participants, stock exchanges, other markets involved in the trading of publicly offered securities and other securities, and the issuers of publicly offered securities are subject to the Securities Market Law, regulations issued by the executive branch, and the general regulations and special instructions issued by the CBU Superintendency of Financial Services. Under Law No. 18,401, the CBU’s authority to regulate, supervise, and impose penalties under Law No. 16,749 of May 30, 1996, concerning the Securities Market, is not limited by the exercise of powers granted to stock exchanges. Law No. 18,627 was enacted in 2009 to

(1) ensure transparent and efficient operations; (2) adequately inform
and protect investors; (3) rebuild the confidence essential to the market’s development; and (4) promote the securities market. The law represents a shift from market self-regulation under the former law to a regulatory focus in which the Superintendency of Financial Services plays a more significant role.

**On capital market securities**
- Shares or other securities of a participating nature
  - Purchase locally by nonresidents: No.
  - Sale or issue locally by nonresidents: No.
  - Purchase abroad by residents: No.
  - Sale or issue abroad by residents: No.
- Bonds or other debt securities
  - Purchase locally by nonresidents: No.
  - Sale or issue locally by nonresidents: No.
  - Purchase abroad by residents: No.
  - Sale or issue abroad by residents: No.

**On money market instruments**
- Purchase locally by nonresidents: No.
- Sale or issue locally by nonresidents: No.
- Purchase abroad by residents: No.
- Sale or issue abroad by residents: No.

**On collective investment securities**
- Purchase locally by nonresidents: No.
- Sale or issue locally by nonresidents: No.
- Purchase abroad by residents: No.
- Sale or issue abroad by residents: No.

**Controls on derivatives and other instruments**
- Purchase locally by nonresidents: No.
- Sale or issue locally by nonresidents: No.

There are no restrictions on derivatives transactions.
- Purchase abroad by residents: No.
- Sale or issue abroad by residents: No.

**Controls on credit operations**
- Commercial credits: No.
- By residents to nonresidents: No.
<table>
<thead>
<tr>
<th>Category</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on liquidation of direct investment</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on real estate transactions</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Controls on personal capital transactions</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Transfer of gambling and prize earnings**                               | No.    |

Transfers take place through banks, domestic and foreign financial institutions, financial intermediation cooperatives, financial services companies, and money transfer firms, but not exchange houses (which could do so prior to the implementing regulations of the CBU charter). Certain exchange houses that regularly transfer funds on a professional basis applied for financial services company status, which entails additional supervisory and regulatory requirements.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).
Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions specific to commercial banks and other credit institutions</td>
<td>Yes.</td>
</tr>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

**Reserve requirements**: Reserve requirements for deposit accounts in foreign currency differ according to depositor status (resident or nonresident), the term of the deposit, and the type of financial entity (see below).

Minimum reserve requirements for liabilities in pesos and in indexed units for banks, financial intermediation cooperatives, and finance houses are 22% (Circular No. 2284), 11%, 7%, and 5% for liabilities maturing in less than 30 days, 30–90 days, 91–180 days, and 181 to less than 367 days, respectively (Circular No. 2284).

For retail banks and retail financial intermediation cooperatives, the corresponding percentages are 18% (Circular No. 2252), 11%, 7%, and 5% for liabilities maturing in less than 30 days, 30–90 days, 91–180 days, and 181 to less than 367 days, respectively (Circular No. 2284). The percentages apply to the daily balances (weekends and holidays included) of the corresponding liabilities (Circular No. 2153, Circular No. 2224, Circular No. 2252, and Circular No. 2284).

The reserve requirements for banks, financial intermediation cooperatives, and exchange houses on foreign currency liabilities to residents are 28% for terms of up to 180 days and 20% for longer terms (Circular No. 2252 and Circular No. 2224).

For retail banks and retail financial intermediation cooperatives on foreign currency liabilities to residents the corresponding percentages are 12% for terms of up to 180 days and 7% for longer terms (Circular No. 2252 and Circular No. 2224).

Minimum reserve requirements for foreign currency liabilities to nonresidents are 28% (Circular No. 2252 and Circular No. 2224), calculated net of foreign assets in the currency in question.

Beginning in September 2013, following the issuance of Circular No. 2153, the minimum reserve requirements are computed contemporaneously and consist only of coins, banknotes, and demand deposits in the CBU. Term deposits are no longer accepted.

The reserve in indexed units applies to liabilities of all maturities, including on demand. The reserve position is calculated by currency, according to the currency of the liability. The reserve position in pesos, foreign currency, and indexed units is based on the daily average for the month in question, including weekends and holidays.

The domestic currency and the indexed unit are considered jointly. In the case of indexed units, liabilities are converted to pesos by multiplying by the value of each day. According to Communication No. 2016/074 and Circular No. 2230, the minimum reserve requirement in domestic currency earns interest at 5% per annum; the minimum reserve requirement in US dollars earns interest at 0.15% per annum, and for currencies other than the US dollar, it is calculated as the Monetary Policy Rate minus 0.25% per annum. No interest is earned on required reserves in indexed units.

**Liquid asset requirements**: In 2017, liquid assets requirements have been replaced by the
liquidity coverage ratio requirement (LCR). The liquidity coverage ratio must be at least 80% in local currency and 100% in foreign currency and in total. A surplus in foreign currency can be computed to fund a deficit in local currency, providing the latter does not exceed 20%.

Interest rate controls No.
Credit controls No.
Differential treatment of deposit accounts held by nonresidents Yes.
Reserve requirements Yes. The reserve requirements on foreign currency liabilities to residents are 28% for terms of up to 180 days and 20% for longer terms. The minimum reserve requirement for foreign currency liabilities to nonresidents is 28% (Circular No. 2252 and Circular No. 2224), calculated net of foreign assets in the currency in question.

Liquid asset requirements No.
Interest rate controls No.
Credit controls No.
Investment regulations No.
Abroad by banks No.
In banks by nonresidents No.
Open foreign exchange position limits Yes. Banks, finance houses, and financial intermediation cooperatives may not have asset or liability positions in foreign currency that exceed 150% of their net assets, minus operating fixed assets. The asset or liability position is the difference between assets—excluding operating fixed assets, given that they are not computed within assets—and liabilities. Part of the assets and liabilities in question consist of operations to be settled (basically OTC derivatives). The foreign currency position arising from these derivatives may not exceed the 150% limit. The foreign currency position arising from other assets and liabilities may not exceed 170% of the net assets, minus operating fixed assets. Operating fixed assets are claims more than two years overdue that have not been provisioned, investments in companies other than portfolio investment companies, assets constituting the category of property, plant and equipment, and intangible assets.

On resident assets and liabilities Yes. The limits on foreign currency positions do not distinguish between assets and liabilities based on residence.
On nonresident assets and liabilities Yes. The limits on foreign currency positions do not distinguish between assets and liabilities based on residence.
Provisions specific to institutional investors Yes.
Insurance companies Yes.
Limits (max.) on securities issued by nonresidents Yes. Investment in foreign securities rated at least “international investment grade” by internationally recognized risk rating agencies and supervised by the appropriate authority in the country of origin may not exceed 30% of the minimum capital requirement and the nonpension obligations to be covered.
Limits (max.) on investment portfolio held abroad Yes. Investment in foreign securities rated at least “international investment grade” by internationally recognized risk rating agencies and supervised by the appropriate authority in the country of origin may not exceed 30% of the minimum capital requirement and the
nonpension obligations to be covered.

No minimums are expressly established by the current laws and regulations. However, of the maximum for investment in foreign securities, set at 30%, at least 70% must be held locally.

Insurance companies must match assets with liabilities in each currency. Nonpension obligations derived from insurance and reinsurance contracts payable in foreign currency, or in currency with a readjustment clause, must be covered by investments in the same currencies, with the same readjustment clauses or, failing that, in other currencies authorized by the Superintendency of Financial Services.

For foreign currency, the same-day buy and sell ceiling for pension funds is 0.4% of assets or the equivalent of US$8 million. However, if 0.4% of assets is less than US$4 million, pension funds may trade up to that amount daily. Trading the same instrument on the same day is limited to 1.5% of the pension fund assets for the previous day. Pension funds are subdivided into accumulation funds and retirement funds, depending on the age of the contributor. Accumulation funds may invest up to 75% in government securities and 15% in instruments issued by multilateral institutions or foreign governments with high credit ratings. The maximum investment in foreign currency for accumulation funds is 35% of the total. In the case of retirement funds, these percentages are 90%, 20%, and 20%, respectively.

Private pension funds are prohibited from investing in securities issued abroad other than fixed-income securities issued by multilateral lending institutions or highly rated sovereign countries, subject to a limit of 15% of the total value of their assets.

Private pension funds may hold up to 75% of total assets in government and CB securities. Pension funds may maintain up to 35% of their assets in foreign currency. There are other limits applicable, for instance, on types of issuers and instruments.

Pension funds may not be leveraged.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

No significant changes occurred in the exchange and trade system.
UZBEKISTAN

(Position as of September 30, 2020)

Status under IMF Articles of Agreement

Date of membership: September 21, 1992.


Article XIV

Exchange Measures

Restrictions and/or multiple currency practices: No.

Exchange measures imposed for security reasons: Yes.

In accordance with IMF Executive Board Decision No. 144-(52/51): No.

Other security restrictions: Yes.

Pursuant to Article 12 of the Law of the Republic of Uzbekistan on Foreign Exchange Regulation, restrictions on exchange transaction may be established for combating the legalization of the proceeds of crime and financing of terrorism.

Pursuant to the Regulation on the Rules for Suspending Operations, Freezing Funds or Other Property, Providing Access to Frozen Property, and Renewal of Operations of Persons on the List of Persons Participating in or Suspected of Participating in Terrorist Activities or the Proliferation of Weapons of Mass Destruction No. 2833 of October 11, 2016, for an individual or legal entity that participates in or is suspected of participating in terrorist activities included on the List, the organization that performs operations involving funds or other property must suspend them immediately and without prior notice, with the exception of operations involving the crediting of funds to the account of the individual or legal entity, and must freeze the funds.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency: Yes. The currency of Uzbekistan is the Uzbek sum.

Other legal tender: No.

Exchange rate structure

Unitary: Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board
The de jure exchange rate arrangement of Uzbekistan is floating. The exchange rate is determined based on supply and demand for foreign currency on Uzbekistan’s currency exchange. The CBU is a direct buyer of monetary gold produced in Uzbekistan, acting as supplier in the foreign exchange market in amounts equivalent to the volume of gold purchased from producers. The CBU also intervenes in the foreign exchange market to smooth out undue short-term volatility. Foreign exchange sales by the CBU in the foreign exchange market are not directed at affecting fundamental trend of the exchange rate and are driven exclusively by the aim of sterilizing additional liquidity from the CBU purchases of monetary gold. The sum–US dollar exchange rate is used as an operational benchmark, because the vast majority of the country’s trading operations are carried out in US dollars. The de facto exchange rate arrangement is classified as crawl-like. Data on the CBU interventions are published on the CBU website in quarterly “Survey of the Domestic Exchange Market” publications.

The official exchange rate of sum against the US dollar and the euro is determined by the CBU once a week as the weighted average exchange rate in trading sessions on the Currency Exchange for the previous week, and it remains in effect until the exchange rate is determined in the following week. Exchange rates of currencies not traded on the currency exchange are calculated using the cross rate with respect to the US dollar on the basis of the rate at the close of the previous trading day from the Reuters (or Bloomberg) system. Starting June 1, 2018, in the event that a change in the exchange rate based on the results of trading in the currency exchange with respect to the CBU exchange rate exceeds 2%, the CBU sets a new exchange rate for foreign currencies. The new CBU exchange rate will be equal to the rate based on the results of trading in the currency exchange on the day of a sharp change in the exchange rate of the foreign currency.

The CBU exchange rate is used for accounting purposes, statistical and other reporting on foreign exchange operations, and calculating customs and other mandatory payments within the Republic of Uzbekistan.

**Monetary policy framework**

- Exchange rate anchor
  - U.S. dollar
  - Euro
  - Composite
Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework    Yes.  In the medium term, there will be a gradual transition to an inflation-
targeting regime. In accordance with the Decree of the President of November 18, 2019, No. UP-5877, the Central Bank of the Republic of Uzbekistan was instructed to ensure a phased transfer of monetary policy mechanisms to the inflation targeting regime before 2023. At present, the monetary policy regime can be characterized as transitional, which covers the 2017–2023 period.

Monetary policy decisions are made on the basis of forecasting and policy analysis systems (FPAS).

Until recently, the goal of the CBU was to ensure the stability of the national currency. Starting with 2018, the CBU oriented its monetary policy on the stability of prices in the economy. The ultimate goal is to slow the inflation rate on the basis of the CPI and to maintain it at the sustainably low level of 5% by 2023 through the implementation of monetary policy under an inflation-targeting regime.

In the transition to the inflation targeting regime, monetary policy is determined by deviations in intermediate inflation forecasts from the short-term and medium-term targets, using the new operational mechanism to achieve the operational goal – management of short-term interest rates in the money market through a system of instruments introduced specifically for that purpose:
- the CB’s key rate and a symmetrical interest rate corridor of 2 percentage points (1 percentage point up and down from the CB’s key rate, which is at the center of the corridor);
- the CB’s key operations with a term of two weeks at the CB rate (repo/swap operations to provide needed liquidity for banks, and deposit auctions to mop up excess liquidity);
- continuous operations with a term of 1 day, forming the upper and lower bounds of the interest corridor.

The CPI is the basis for measuring a targeted inflation indicator. The CPI is calculated by the State Committee on Statistics based on IMF standards (using fixed weights for all types of goods and services) according to the results of the observation of prices and rates. A representative sample of 510 types of goods and services is included in observations. Of those, 170 are foodstuffs, 250 are nonfoods, and 90 are services. In calculating CPIs, a modified Laspeyres formula with annual fixed weights is used. The structure of consumer spending based on household survey data is used as weights for calculating the indices.

The CBU is accountable to the Republic of Uzbekistan Oliy Majlis Senate that considers the annual report and the auditor’s conclusion. Annually, before the beginning of the reporting year, the CBU submits “Basic Guidelines of Monetary Policy” to the Oliy Majlis Senate.

| Exchange tax | No. |
| Exchange subsidy | No. |
| Foreign exchange market | Yes. |

The foreign exchange market consists of: (1) the Republic of Uzbekistan Currency Exchange, where participants on trading sessions are commercial banks and the CBU; (2) the interbank foreign exchange market; (3) operations involving the purchase and sale of foreign currency between banks and their customers, which are performed directly at banks; and (4) cash foreign exchange operations through exchange bureaus of commercial banks. Commercial banks’ operations with foreign currency are performed on the basis of a banking license. Banks are allowed to determine...
freely their bid/ask spread and foreign exchange commissions with their clients.

Along with foreign exchange transactions on the Currency Exchange, commercial banks (31 banks as of August 17, 2020) may perform foreign exchange transactions with each other (interbank foreign exchange market) and with clients by mutual agreement. Foreign exchange transactions with individuals are performed through banks and their foreign exchange bureaus.

Banks’ exchange bureaus buy cash foreign exchange from individual residents and nonresidents and sell it to individual nonresidents and, effective August 20, 2019, to individual residents. (Previously, the sale of foreign exchange to resident individuals was performed in cashless form through crediting their international bank cards.) There are no private exchange bureaus. All exchange bureaus operate under commercial banks. Their operation is limited to the purchase and sale of and transactions related to cash foreign currency, such as exchanging damaged banknotes and providing change. Direct transactions are not performed between the CBU and exchange bureaus. There are 1,201 exchange bureaus (as of August 17, 2020). In addition, there are 748 automatic currency exchange machines in operation (as of August 17, 2020).

**Operated by the central bank** Yes.

**Foreign exchange standing facility** No.

**Allocation** No.

**Auction** No.

**Fixing** Yes.

The organization and performance of trading in the Currency Exchange are regulated by internal documents of the Exchange. All banks may participate in trading sessions on the Currency Exchange. Before trading hours, banks place bids for the purchase and sale of foreign currency, which make up the total demand and supply on the Currency Exchange. The exchange rate set at the preceding interbank trading session serves as the starting exchange rate of a foreign currency to the national currency, sum. If the total supply of a foreign currency at the start of the trading session exceeds the total demand for it, the exchange operator lowers the exchange rate of the foreign currency to the sum. If the total supply of a foreign currency is less than the total demand for it, the exchange operator raises the exchange rate of the foreign currency to the sum. The minimum increment of change in the exchange rate of a foreign currency to the sum is 0.01 of a sum. A successive change in the exchange rate is made after the dealers have entered additional bids into the trading system to buy or sell foreign exchange at the last exchange rate announced by the exchange operator. Based on the difference between supply and demand, the exchange operator, with the consent of the trading session’s participants, may increase or decrease the increment of change in the exchange rate. If the sign of the difference between supply and demand changes on the receipt of a further additional bid to buy or sell, the last submitted bid is satisfied in an amount necessary to accomplish a fixing. A fixed exchange rate for a foreign currency to the national currency, the sum, is set for current trading when a balance is reached between supply and demand for that foreign currency. In such cases, the exchange operator announces a fixing and declares an end to the trading session. The uniform exchange rate of the foreign currency to the sum, established by the fixing, is used for all the transactions concluded during the trading session. Transactions are performed in US dollars and in
Interbank market  Yes.  As of August 15, 2020, there were 31 commercial banks. All banks may participate in interbank trading sessions on the Currency Exchange. Transactions in the interbank trading sessions of the Currency Exchange are performed in US dollars and in euros on a spot basis at the exchange rate determined in trading. Uzbekistan Currency Exchange is responsible for trading and settlement. Before trading hours, banks place bids for the purchase and sale of foreign currency (including on behalf of their clients), which make up the total demand and supply in interbank trading sessions on the Currency Exchange. The CBU intervenes in interbank trading sessions on the Currency Exchange to smooth out undue short-term volatility. Being a direct supplier of monetary gold produced in Uzbekistan, the CBU acts as supplier in the foreign exchange in amounts equivalent to the volume of gold purchased from producers. The exchange rate in interbank trading sessions is established through fixing and is applied to all transactions concluded during the trading session. Banks buy and sell foreign exchange traded in interbank trading sessions on the Currency Exchange for their clients at the exchange rate set in interbank trading sessions on the Currency Exchange, plus/minus a margin that usually does not exceed 1%. In addition to the Currency Exchange, there is also a smaller-volume foreign exchange market in Uzbekistan when commercial banks may perform transactions with each other. Banks have been allowed to determine freely their bid/ask spread and commissions with their clients.

Over the counter  Yes.  The OTC domestic foreign exchange market includes the purchase and sale of foreign currency between banks of the Republic of Uzbekistan and also with customers directly at commercial banks.

Brokerage  No.

Market making  No.

Forward exchange market  Yes.  Banks perform OTC swap transactions with clients. Swap transactions between banks and between the CBU and banks must be performed through the trading system of the Uzbekistan Currency Exchange.

Official cover of forward operations  n.a.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.  International transactions are made in domestic currency and foreign exchange. All payments in Uzbekistan are made in the domestic currency, the sum, except for cases specified by law.

Controls on the use of domestic currency  No.

For current transactions and payments  No.  Both domestic and foreign currency may be used for these transactions. Import transactions may be performed in the domestic currency with funds credited to correspondent accounts of foreign banks. Nonresidents’ foreign trade transactions may be performed in the domestic currency in commodity exchange trading with funds credited in the domestic currency to the accounts of brokers or
For capital transactions | No. |
---|---|
Transactions in capital and money market instruments | No. |
Transactions in derivatives and other instruments | No. |
Credit operations | No. |
Use of foreign exchange among residents | Yes. |

nonresident legal entities opened in Uzbekistan’s banks.

The domestic and foreign currency may be used for these transactions.

The domestic and foreign currency may be used for these transactions.

The domestic and foreign currency may be used for these transactions.

The domestic and foreign currency may be used for these transactions.

The use of foreign currency for settlements and payments between residents is allowed in cases specified by law.

Effective October 23, 2019, the Law of the Republic of Uzbekistan on Foreign Exchange Regulation, No. ZRU-573 of October 22, 2019, provides for an updated list of transactions that are permitted between residents in foreign exchange. Thus, transactions in foreign exchange between residents are permitted when performing:

- transactions involving settlements in duty-free stores, as well as settlements when goods are sold and services provided to passengers en route in conveyances during international travel;
- transactions between brokers (agents) and clients (principals) when brokers (agents) provide services involving the execution and performance of agreements with nonresidents for transfer of goods, performance of work, provision of services, or transfer of information or intellectual property, exclusive rights to the latter, including transactions involving the refunding of monetary amounts (or other property) to clients (principals);
- transactions stipulating settlements and transfers of funds in foreign currency, arriving from abroad from sales of freight forwarding services, to the accounts of freight forwarding companies based on executed agreements;
- transactions involving payment and compensation for the expenses of individuals related to official travel outside the Republic of Uzbekistan, and transactions involving the refunding of unspent advances issued for official travel;
- transactions stipulating settlements and transfers of funds to diplomatic missions and consular institutions of the Republic of Uzbekistan, as well as permanent missions of the Republic of Uzbekistan, at interstate or intergovernmental organizations;
- transfers by individual residents, on non-commercial transactions from accounts in banks of the Republic of Uzbekistan, to accounts of other individual residents in banks of the Republic of Uzbekistan;
- transactions involving settlements between transportation organizations and individuals located outside the Republic of Uzbekistan, as well as branches, representative offices, and other subunits of legal entities, pursuant to contracts of carriage for passenger transport;
- transactions between brokers (agents) and clients (principals), in which the brokers (agents) provide services involving the execution and performance of agreements under which obligations are to be fulfilled subsequent to clearing, where the ultimate buyer or seller is a nonresident;
- transactions involving the use of foreign exchange assets as security for the performance of an obligation, as well as the recovery of such assets;
- transactions involving the depositing and refunding of foreign exchange assets to the authorized fund (authorized capital) of legal entities;
- transactions involving the provision of banking services;
- transactions involving charitable activities;
- transactions involving the receipt of foreign exchange assets through inheritance.
Foreign exchange transactions between residents that are not stipulated above is prohibited.

Effective September 1, 2020, according to the Rules for the Performance of Foreign Exchange Transactions, also the following transactions may be performed between residents in foreign currency on the territory of the Republic of Uzbekistan: the acceptance of foreign exchange cash in the cases referred to in paragraph 45 of the Rules; payments of funds on the basis of court orders.

<table>
<thead>
<tr>
<th>Payments arrangements</th>
<th>No.</th>
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<tbody>
<tr>
<td>Bilateral payments arrangements</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Operative</strong></td>
<td>No.</td>
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<tr>
<td><strong>Inoperative</strong></td>
<td>No.</td>
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<tr>
<td>Regional arrangements</td>
<td>No.</td>
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<tr>
<td>Clearing agreements</td>
<td>No.</td>
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<tr>
<td>Barter agreements and open accounts</td>
<td>No.</td>
</tr>
<tr>
<td><strong>Administration of control</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The foreign exchange oversight authorities are the CBU, the MOF, the State Tax Committee, and the State Customs Committee and the Accounting Office.

Effective October 23, 2019, according to the Law of the Republic of Uzbekistan on Foreign Exchange Regulation, No. ZRU-573 of October 22, 2019, the foreign exchange oversight authorities are obliged to oversight foreign exchange transactions performed by residents and nonresidents in the Republic of Uzbekistan in terms of compliance of these operations with the legislation of the Republic of Uzbekistan.

The foreign exchange oversight authorities, within their powers, are entitled to:
- verify residents’ and nonresidents’ compliance with foreign exchange regulation laws;
- verify the completeness and accuracy of accounting and reporting on foreign exchange transactions of residents and nonresidents, per established procedure;
- request documents and information related to the conduct of foreign exchange transactions;
- establish a procedure for submitting reports on foreign exchange transactions;
- present demands to remedy discovered violations and take other actions, which shall be binding on all residents and nonresidents within the Republic of Uzbekistan.

The foreign exchange oversight authorities may require submission only of those documents that are directly related to the foreign exchange transaction being conducted.

The CBU oversees foreign exchange transactions conducted by banks of the Republic of Uzbekistan.

The obligations of foreign exchange oversight bodies are specified in regulatory legal acts governing their activities.

Pursuant to Article 4 of the Law on the State Tax Service of August 29, 1997, one of the main tasks of state tax service authorities is to oversee compliance with law in the performance of foreign exchange and export–import transactions by legal entities and individuals.
The foreign exchange oversight authorities are the CBU, the MOF, the State Tax Committee, and the State Customs Committee and the Accounting Office. Effective October 23, 2019, according to the Law of the Republic of Uzbekistan on Foreign Exchange Regulation, No. ZRU-573 of October 22, 2019, the foreign exchange oversight authorities are obliged to oversight foreign exchange transactions performed by residents and nonresidents in the Republic of Uzbekistan in terms of compliance of these operations with the legislation of the Republic of Uzbekistan.

The foreign exchange oversight authorities, within their powers, are entitled to:

- verify residents’ and nonresidents’ compliance with foreign exchange regulation laws;
- verify the completeness and accuracy of accounting and reporting on foreign exchange transactions of residents and nonresidents, per established procedure;
- request documents and information related to the conduct of foreign exchange transactions;
- establish a procedure for submitting reports on foreign exchange transactions;
- present demands to remedy discovered violations and take other actions, which shall be binding on all residents and nonresidents within the Republic of Uzbekistan.

The foreign exchange oversight authorities may require submission only of those documents that are directly related to the foreign exchange transaction being conducted.

The CBU oversees foreign exchange transactions conducted by banks of the Republic of Uzbekistan. The obligations of foreign exchange oversight bodies are specified in regulatory legal acts governing their activities.

Pursuant to Article 4 of the Law on the State Tax Service of August 29, 1997, one of the main tasks of state tax service authorities is to oversee compliance with law in the performance of foreign exchange and export–import transactions by legal entities and individuals.

Precious metals are acquired by jewelry makers licensed by the State Assay Office under the Republic of Uzbekistan Ministry of Finance to produce jewelry and other articles made of precious metals and gemstones. Since November 2018, the CBU has arranged for the sale and repurchase of CB coins made of precious metals.

Effective March 1, 2019, industrial producers, as well as legal entities and individual entrepreneurs engaged in the production of jewelry and other articles made of precious metals and gemstones, may purchase precious metals in exchange trading.

Effective May 18, 2019, commercial banks and jewelry makers were granted the right to buy gold from producers, as well as to sell purchased precious metals to other jewelry makers.

Effective June 30, 2020, commercial banks perform the sale and purchase of standard ingots made of precious metals in the Republic of Uzbekistan and put into circulation by the CBU.

Transactions in monetary gold are performed exclusively by the CBU.

Effective October 23, 2019, resident and nonresident individuals may export cash in domestic and foreign currency in an amount not exceeding the equivalent of 100,000,000 UZS (previously 50 times the minimum wage). Export of larger amounts should be carried out in accordance with the procedure determined by the Cabinet of Ministers of the Republic of Uzbekistan (previously larger amounts required CBU permission).

Resident and nonresident legal entities are not permitted to export cash in domestic and foreign currency, with the exception of the CBU. The export of cash in domestic and foreign currency is performed by commercial banks with CBU permission.

Effective September 1, 2020, currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer. Cash in amounts equal to or not exceeding the equivalent of 70,000,000 sum may also be declared if the individual wishes to do so.

Effective September 1, 2020, the export by individuals of cash outside the Republic of Uzbekistan in amounts in excess of the equivalent of 100,000,000 sum is allowed in the following cases:

1. For travel by individuals for the purpose of health treatment.
2. For study abroad at educational institutions approved in accordance with the procedure established by the Ministry of Education and Science of the Republic of Uzbekistan.
3. For travel by business parties to countries with which there are no bilateral agreements in this matter.
4. For employment or instructing activities abroad.
5. For other reasons.
by residents – for members of government delegations sent on official business to foreign states in accordance with an order by the Cabinet of Ministers;

by nonresidents – on the basis of a passenger customs declaration, up to the amount of funds imported into the Republic of Uzbekistan, and also by prizewinners or participants in international competitions (contests, Olympiads) organized in the country following the established procedure, on the basis of documents confirming the legal origin of the funds.

The export of cash foreign exchange by resident and nonresident legal entities is not permitted, except by the CBU. The export of cash in domestic and foreign currency is performed by commercial banks with CBU permission.

Effective October 23, 2019, resident and nonresident individuals may export cash in domestic and foreign currency in an amount not exceeding the equivalent of 100,000,000 UZS. Export of larger amounts should be carried out in accordance with the procedure determined by the Cabinet of Ministers of the Republic of Uzbekistan. (Previously, the export of cash foreign exchange by individuals within an amount equivalent to US$5,000 could be performed without any permission. The completion of customs declaration in case of export by an individual (resident or nonresident) of cash foreign exchange up to the equivalent of US$2,000 was not required. In the case of the export by an individual of cash foreign exchange in excess of an amount equivalent to US$2,000, the total amount of exported cash foreign exchange was declared in writing. Export of an amount more than US$5,000 was carried out as follows: by residents – with the permission of regional offices of the CBU; by nonresidents – based on the customs declaration completed at the time of entry of the Uzbekistan, where the amount of cash foreign exchange is not less than the amount to be exported. In case of export of foreign exchange cash in excess of the established amount by nonresidents who are prizewinners or participants in competitions, contests, and Olympiads organized in Uzbekistan, the basis for the export of foreign exchange cash was a document confirming the legality of receipt of the foreign exchange cash.)

Effective September 1, 2020, currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer.

Cash in amounts equal to or not exceeding the equivalent of 70,000,000 sum may also be declared if the individual wishes to do so.

Effective September 1, 2020, the export by individuals of cash outside the Republic of Uzbekistan in amounts in excess of the equivalent of 100,000,000 sum is allowed in the following cases:

by residents – for members of government delegations sent on official business to foreign states in accordance with an order by the Cabinet of Ministers;

by nonresidents – on the basis of a passenger customs declaration, up to the amount of funds imported into the Republic of Uzbekistan, and also by prizewinners or participants in international competitions (contests, Olympiads) organized in the country following the established procedure, on the basis of documents confirming the legal origin of the funds.

In this case, foreign exchange cash may be exported outside the Republic of Uzbekistan up to the balance remaining after foreign
exchange cash imported by nonresident individuals on the basis of a passenger customs declaration completed on entry into the Republic of Uzbekistan has been used in accordance with the requirements of legal acts within the country.

On imports  
Yes.

Domestic currency  
Yes.  
Effective October 23, 2019, resident and nonresident individuals may import cash in domestic and foreign currency without restrictions. (Previously, it was permitted in an amount not exceeding 50 times the minimum wage.)

Resident and nonresident legal entities are not permitted to import cash in domestic and foreign currency, with the exception of the CBU. The import of cash in domestic and foreign currency is performed by commercial banks with CBU permission.

Effective September 1, 2020, currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer.  
Cash in amounts equal to or not exceeding the equivalent of 70,000,000 sum may also be declared if the individual wishes to do so.

Foreign currency  
Yes.  
Resident and nonresident individuals are permitted to import cash in domestic and foreign currency without restriction.

Effective September 1, 2020, currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer.  
Cash in amounts equal to or not exceeding the equivalent of 70,000,000 sum may also be declared if the individual wishes to do so.

(Previously, the completion of customs declaration in case of import by an individual (resident or nonresident) of cash foreign exchange up to the equivalent of US$2,000 was not required. If an individual import into the Republic of Uzbekistan cash foreign exchange is in excess of the equivalent of US$2,000, the entire amount of the imported cash foreign exchange was declared in writing.)

Resident and nonresident legal entities are not permitted to import cash in domestic and foreign, with the exception of the CBU. The import of cash in domestic and foreign currency is performed by commercial banks with CBU permission.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts  
Yes.

Residents are allowed to open accounts in foreign currency in banks of the Republic of Uzbekistan. Amounts deposited in foreign exchange accounts by legal entities, as well as funds received through domestic and international foreign exchange transactions, may be transferred within the country through domestic foreign
exchange transactions, abroad for the payments associated with current international transactions, for the performance of transactions involving the movement of capital following the procedure established by the legislation, as well as may be paid out in cash for business travel expenses.

Funds received by individuals are deposited to their accounts without restriction, taking into consideration the requirements of the legislation, and they are also used by them independently, including use in cash form.

Effective October 23, 2019, funds deposited to accounts of individuals in foreign currency may be transferred abroad to the accounts of individuals in an amount not exceeding the equivalent of 100,000,000 UZS (previously US$5,000) at one time.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
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<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Effective October 23, 2019, resident individuals have the right to open accounts and deposit accounts in foreign exchange in banks abroad. (Previously, resident individuals were allowed to have bank accounts abroad during their stay or activity abroad. Afterward, the accounts had to be closed, and the balances transferred to Uzbekistan.)

The opening and use of accounts abroad by diplomatic or other representative offices abroad of the Republic of Uzbekistan, as well as representative offices abroad of Republic of Uzbekistan organizations, that perform no business or other commercial activities are allowed for the period of their stay or activity abroad. On the completion of their stay or activity abroad, their accounts should be closed, and the balances on the accounts should be transferred to the Republic of Uzbekistan.

Resident legal entities are allowed to open and use accounts abroad on the basis of decisions of the President of the Republic of Uzbekistan or the government of the Republic of Uzbekistan or international treaties of the Republic of Uzbekistan that stipulate the opening and purposes of use of accounts in the Republic of Uzbekistan currency or foreign currency in banks abroad.

Effective October 23, 2019, there is no requirement for resident legal entities also to obtain the CBU permit to open an account abroad. (Previously, resident legal entities could open and hold bank accounts abroad for the purpose and duration specified in the application for the CBU permit.)

Effective October 23, 2019, after opening accounts abroad, resident legal entities are obliged to notify the tax authorities and the CBU, through the commercial bank servicing their main demand deposit account, about opening (closing) accounts and changes in account data, as well as about balances and turnover on those accounts, on a quarterly basis, no later than the 25th of the month after the end of the reporting quarter. (Previously, resident legal entities had to submit information on debits and credits of funds on the bank accounts on a monthly basis to the commercial bank of Uzbekistan servicing the applicant and to the tax authorities.)

Banks may hold correspondent and other bank accounts with foreign banks for international remittances and placement of deposits without the CBU permission.
Effective October 23, 2019, there is no requirement for resident legal entities to obtain the CBU permit to open an account abroad.

(Previously, resident legal entities could open and hold bank accounts abroad for the purpose and duration specified in the application for the CBU permit.)

Resident legal entities are allowed to open and use accounts abroad on the basis of decisions of the President of the Republic of Uzbekistan or the government of the Republic of Uzbekistan or international treaties of the Republic of Uzbekistan that stipulate the opening and purposes of use of accounts in the Republic of Uzbekistan currency or foreign currency in banks abroad.

Effective October 23, 2019, after opening accounts abroad, resident legal entities are obliged to notify the tax authorities and the CBU, through the commercial bank servicing their main demand deposit account, about opening (closing) accounts and changes in account data, as well as about balances and turnover on those accounts, on a quarterly basis, no later than the 25th of the month after the end of the reporting quarter. (Previously, resident legal entities had to submit information on debits and credits of funds on the bank accounts on a monthly basis to the commercial bank of Uzbekistan servicing the applicant and to state tax service authorities serving the location where state registration of the applicant was performed.)

Banks may hold correspondent and other bank accounts with foreign banks for international remittances and placement of deposits without the CBU permission.

Legal entities may convert funds in their accounts to foreign exchange through their commercial banks by purchasing funds for use for current international transactions. For the purchase of foreign exchange, enterprises and entities that are commercial banks’ customers must submit to their banks:

(1) an application for conversion following the form approved by the bank and containing the name of the enterprise, the amount and currency, the purchase or sale exchange rate, and the purpose for the purchase of foreign currency; and

(2) a document that serves as the grounds for the foreign currency transaction.

The sale of foreign exchange to individuals is performed without restriction and without submission of supporting documents, with the exception of the submission of a document identifying the individual (passport). Effective August 20, 2019, the sale of foreign exchange to
resident individuals is also carried out in cash. (Previously, the purchased foreign exchange had to be credited to individuals’ bank cards.) No document identifying the individual is required for the sale to him or her of cash foreign exchange in an amount equal to or under the equivalent of US$100.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Nonresidents may open and use bank accounts in Republic of Uzbekistan banks in foreign exchange and Republic of Uzbekistan currency.

For nonresident legal entities to open and use bank accounts in the Republic of Uzbekistan, there is a mandatory requirement that they carry out activities in the Republic of Uzbekistan.

The CBU Rules for the Performance of Foreign Exchange Transactions in the Republic of Uzbekistan, effective September 1, 2020, provide for the following with respect to the foreign exchange accounts of nonresidents opened in banks of the Republic of Uzbekistan:

The following may be posted to the accounts of diplomatic and other official representative offices and international organizations and their branches that enjoy immunity and diplomatic privileges, and the representative offices of foreign organizations in the Republic of Uzbekistan not engaged in business or other commercial activities:

1. Consular fees received within the territory of the Republic of Uzbekistan;
2. Funds transferred from abroad from the account of a nonresident that has created a representative office;
3. Dividends, income from investment activity in the Republic of Uzbekistan of a nonresident legal entity that has created a representative office, as well as other funds received lawfully;
4. Funds acquired in the domestic foreign exchange market;
5. Foreign exchange cash imported from abroad on the basis of a passenger customs declaration (with the exception of cases in which completion of a declaration is not required);
6. Foreign exchange cash sent from abroad to an account holder in postal parcels.

Funds from these accounts may be used on instructions from the account holder:
1. For transfer abroad to the account of a nonresident that has created a representative office;
2. For the performance of transfers abroad of a noncommercial nature;
3. For the payment of commercial banks’ transaction fees in foreign currency, for the payment of expenses associated with employees’ business travel outside the Republic of Uzbekistan (including payment in cash form);
4. For sale through commercial banks within the territory of the Republic of Uzbekistan.

The following may be posted to accounts in foreign currency held by nonresident permanent establishments:
1. Funds transferred from a foreign account of a nonresident that has created a permanent establishment;
(2) dividends, income from investment activity in the Republic of Uzbekistan of a nonresident legal entity that has created a permanent establishment, and other funds received lawfully;
(3) funds acquired in the domestic foreign exchange market;
(4) transfers related to current international operations.

Funds from these accounts may be used on instructions from the account holder:
(1) for transfer to the account of a foreign legal entity that has created a permanent establishment;
(2) for the payment of commercial banks’ transaction fees in foreign currency, for the payment of expenses associated with employees’ business travel outside the Republic of Uzbekistan (including payment in cash form);
(3) for sale in the domestic foreign exchange market;
(4) for current international operations.

The following may be posted to the foreign currency accounts of nonresident legal entities participating in open electronic trading on commodity exchanges and purchasing (selling) shares of companies in organized trading:
(1) funds transferred from foreign accounts of a nonresident trading participant;
(2) funds acquired in the domestic foreign exchange market;
(3) funds received from the sale of goods on commodity exchanges and/or shares in organized trading.

Funds posted to these accounts may be used on instructions from the account holder:
(1) for sale in the domestic foreign exchange market;
(2) for the purchase of goods on commodity exchanges and shares in organized trading;
(3) for transfer to foreign accounts of a nonresident trading participant.

The following may be posted to the foreign currency accounts of nonresident individuals:
(1) foreign exchange cash imported from abroad on the basis of a passenger customs declaration (with the exception of cases in which completion of a declaration is not required);
(2) transfers of a noncommercial nature;
(3) funds acquired in the domestic foreign exchange market;
(4) funds obtained lawfully, on presentation of the relevant supporting documents.

Funds on these accounts may be used on instructions from the account holder:
(1) for transfers of a noncommercial nature;
(2) for sale in the domestic foreign exchange market;
(3) for the withdrawal of foreign exchange cash;
(4) for transfer to his own accounts opened at foreign banks.

The CBU Rules for the Performance of Foreign Exchange Transactions in the Republic of Uzbekistan replaced the Procedures for Maintenance by Commercial Banks of Accounts in Foreign Exchange (Reg. No. 511 of September 5, 1998) that provided the following on nonresident accounts in foreign exchange:

Nonresident individuals could open accounts in foreign exchange in commercial banks in the Republic of Uzbekistan and use foreign
exchange funds in such accounts independently pursuant to law. The following could be credited to the accounts of nonresident individuals:

(1) foreign exchange transferred from abroad in the name of the account owner and also from the owner’s accounts opened in other Republic of Uzbekistan banks;
(2) foreign exchange payable by commercial banks:
- according to payment documents in foreign exchange sent from abroad in the name of an account owner;
- according to payment document in foreign exchange and bank cards imported from abroad;
- according to registered payment documents in foreign exchange presented to a bank that do not have endorsements executed in the Republic of Uzbekistan;
(3) cash foreign exchange:
- imported from abroad by an account owner and registered by a customs authority on import into the Republic of Uzbekistan, or sent by registered mail to the address of a commercial bank for an account owner;
- not registered by customs on import into the Republic of Uzbekistan if completion of a customs declaration if not required;
- sent from abroad to the address of an account owner by mail;
- received and issued through international money transfer systems on the basis of supporting documents;
- withdrawn from bank payment cards of an account owner on the basis of an automated teller machine (terminal) check;
- lawfully received in the Republic of Uzbekistan on the presentation of the relevant supporting documents;
- withdrawn from a bank account on the basis of supporting documents;
(4) interest in foreign exchange;
(5) other amounts transferred or received in cash under current law and Republic of Uzbekistan Central Bank regulatory acts.

Amounts held in the accounts of nonresident individuals could, on an account owner’s orders, be:

(1) transferred to the account owner’s other accounts with other Republic of Uzbekistan banks or abroad in the bank’s customary form (bank transfer, check, etc.);
(2) paid out in cash foreign exchange (payment documents in foreign exchange), including for export abroad. In this connection, permission for the export of foreign exchange was issued in an amount determined pursuant to current regulatory acts;
(3) paid out or transferred within the republic in sum at the current exchange rate for the purchase of foreign exchange as of the transaction date;
(4) used for the payment of commercial banks’ transaction fees;
(5) transferred to the account holder’s other accounts opened at other banks of the Republic of Uzbekistan, and also used for other purposes pursuant to current law and regulatory acts of the Republic of Uzbekistan Central Bank.

Foreign exchange accounts for nonresident legal entities were opened for foreign diplomatic and other official representative offices, and international organizations and their branches that enjoy immunity and diplomatic privileges, and the representative offices of foreign organizations in the Republic of Uzbekistan not engaged in business or other commercial activities.

The following could be credited to those accounts:
(1) foreign exchange transferred from abroad in the name of an account owner and also from an account owner’s accounts with other Republic of Uzbekistan banks;
(2) foreign exchange payable by commercial banks:
   - in accordance with payment documents in foreign exchange sent from abroad in the name of an account owner;
   - in accordance with payment documents in foreign exchange and bank cards imported from abroad by an account owner;
   - in accordance with registered payment documents in foreign exchange presented to a bank that lack endorsements executed in the Republic of Uzbekistan;
(3) cash foreign exchange:
   - imported from abroad by an account owner and registered by a customs authority on import into the Republic of Uzbekistan, or sent by registered mail to the address of a commercial bank or account owner;
   - not registered by customs on import into the Republic of Uzbekistan if the completion of a customs declaration is not required;
   - sent from abroad to the address of an account owner by mail;
(4) effective March 25, 2019, dividends and other income from investment activity in the Republic of Uzbekistan of a nonresident legal entity that created a representative office (amendments of February 16, 2019, No. 511-12).
(5) other amounts transferred or received in cash form under current law and regulatory acts of the Republic of Uzbekistan Central Bank.

Amounts held in those accounts could, on an account owner’s orders, be:
(1) transferred abroad in a bank’s customary form (bank transfer, LC, check, etc.);
(2) used for the payment of a bank’s foreign exchange transaction fees, payment of expenses associated with employees’ business travel outside the Republic of Uzbekistan (including in cash form);
(3) paid or transferred within the republic in sum at the current exchange rate for the purchase of foreign exchange as of the transaction date;
(4) transferred to an account owner’s other accounts opened in other Republic of Uzbekistan banks, and used for other purposes pursuant to current law.

Foreign exchange funds of nonresidents engaged in activity in the Republic of Uzbekistan through a permanent establishment were kept in foreign exchange accounts with commercial banks in the Republic of Uzbekistan and used by them pursuant to law.
The following could be credited to those accounts:
- foreign exchange transferred from abroad from the account of the nonresident that has established the permanent establishment;
- foreign exchange transferred from accounts of the permanent establishment opened in other Republic of Uzbekistan banks;
- foreign exchange purchased in the domestic foreign exchange market;
- effective March 25, 2019, dividends and other income from investment activity in the Republic of Uzbekistan by a nonresident legal entity that has created a permanent establishment (amendments of February 16, 2019, No. 511-12).
 Funds in those accounts could, on an account owner’s orders, be:
- used for sale through commercial banks in the Republic of Uzbekistan;
- used for the payment of expenses associated with employee business travel outside the Republic of Uzbekistan (including in
Foreign exchange funds of the following nonresident legal entities could also be kept in accounts opened with commercial banks in the Republic of Uzbekistan:
- nonresident legal entities participating in open electronic trading on commodity exchanges and
- effective March 25, 2019, nonresident legal entities purchasing (selling) shares of companies in organized trading.

The following could be credited to those accounts:
- foreign exchange purchased in the internal foreign exchange market;
- foreign exchange transferred by an exchange broker on the basis of a brokerage agreement; and
- effective March 25, 2019, funds received from the purchase (sale) of shares in organized trading (amendments of February 16, 2019, No. 511-12).

Funds held in those accounts could, on an account owner’s orders, be transferred to an account owner’s other accounts opened in banks in the Republic of Uzbekistan or outside the Republic of Uzbekistan.

Approval required No.

Domestic currency accounts Yes.

Nonresidents may open and use bank accounts in banks of the Republic of Uzbekistan in foreign exchange and Republic of Uzbekistan currency.

For nonresident legal entities to open and use bank accounts in the Republic of Uzbekistan, there is a mandatory requirement that they carry out activities in the Republic of Uzbekistan.

The CBU Rules for the Performance of Foreign Exchange Transactions in the Republic of Uzbekistan, effective September 1, 2020, retain the right of nonresidents to deposit funds obtained lawfully to their domestic currency accounts opened at banks of the Republic of Uzbekistan and to use these funds independently in accordance with the requirements of the legislation.

These Rules replaced the Procedures for Maintenance Commercial Banks of Nonresidents’ Accounts in the Republic of Uzbekistan Domestic Currency (the CBU Reg. No. 510 of October 22, 1998) that provided the following on nonresident accounts in domestic currency:

Accounts of nonresident individuals in domestic currency were opened for foreign citizens temporarily located in the Republic of Uzbekistan. The following funds in domestic currency could be credited to those accounts:
- funds imported by them into the Republic of Uzbekistan in accordance with the procedures established by law,
- funds acquired at exchange bureaus for foreign exchange in accordance with current procedures, and
- other amounts lawfully obtained in the Republic of Uzbekistan.

Funds in domestic currency may be spent for payment of a
nonresident individual’s current expenses during the time of his or her sojourn in the republic.

Accounts in domestic currency for nonresident legal entities were opened for:
- foreign diplomatic and other official representative offices,
- international organizations and their branches that enjoy diplomatic immunity and privileges,
- the representative offices of foreign organizations in the Republic of Uzbekistan that are not engaged in business or other commercial activities;
- participants in open electronic trading on commodity exchanges;
- those performing the purchase (sale) of company shares in organized trading (effective March 25, 2019);
- those doing business in the Republic of Uzbekistan through a permanent establishment.

The following could be credited to the accounts of nonresident legal entities in domestic currency:
- proceeds from the sale of foreign exchange in the domestic foreign exchange market in accordance with procedures established by law;
- amounts of consular fees and other amounts lawfully obtained in the Republic of Uzbekistan;
- amounts received from the loro accounts of foreign banks in the Republic of Uzbekistan commercial banks from a parent enterprise abroad;
- amounts received in the form of donations and financial assistance;
- funds received from the sale of product in open electronic trading of commodities exchange;
- effective March 25, 2019, dividends and other income from investment activity in the Republic of Uzbekistan by a nonresident legal entity that has created a representative office or a permanent establishment (amendments of February 16, 2019, No. 510-5);
- effective March 25, 2019, funds received from the purchase (sale) of shares in organized trading (amendments of February 16, 2019, No. 510-5);
- in other cases specified by the Republic of Uzbekistan Central Bank.

Funds from nonresidents’ accounts in domestic currency could, on an account owner’s orders, be used for payment of current expenses for their maintenance in the Republic of Uzbekistan (including rent; payment for utilities and other like services; the acquisition of goods and materials for supporting current activities; payment of rent for telecommunications channels; payment for the sending and delivery of cargo, mail, and periodicals; payment of wages and other employee compensation under employment contracts; employee business travel expenses; transfers of insurance premiums for mandatory and voluntary types of insurance; payment for treatment of employees in the event of accidents and illness), and for other purposes pursuant to current law.

Cash in domestic currency could be obtained from the account of a nonresident legal entity within the limits required for the payment of wages and other employee compensation under employment contracts, payment for employee business travel expenses, and for other purposes in accordance with the procedures established for resident legal entities. The limit on a nonresident’s cash is established by the servicing commercial bank in agreement with the account owner. A nonresident’s representative offices and branches
had to comply with the procedures for performing cash transactions established for Republic of Uzbekistan residents.

Convertible into foreign currency  Yes.  Domestic currency accounts of nonresidents at commercial banks of the Republic of Uzbekistan are convertible into foreign currency. Effective March 25, 2019, the Procedures for Maintenance by Commercial Banks of Nonresidents’ Accounts in the Republic of Uzbekistan Domestic Currency (Reg. No. 510 of October 22, 1998) were amended and provided that for the purchase/sale of companies’ shares in organized trading, nonresident legal entities may open accounts in the Republic of Uzbekistan commercial banks and perform the purchase/sale of foreign exchange.

Effective September 1, 2020, the Procedures were replaced with the CBU Rules for the Performance of Foreign Exchange Transactions in the Republic of Uzbekistan.

Approval required  No.

Blocked accounts  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget  No.

Financing requirements for imports  Yes.

Minimum financing requirements  No.

Advance payment requirements  Yes.  The time period for the import into the republic and clearance of goods under the “release for free circulation” regime, performance of work and provision of services, or reimbursement of the money paid in advance under import contracts must not exceed:
- under contracts entered into in the context of projects implemented pursuant to decisions of the Republic of Uzbekistan President and Council of Ministers, or in the event of the approval of contracts by a Management Committee in the context of implementing production sharing agreements – the time periods established in import contracts;
- under other import contracts – 180 calendar days from the day of payment.

Advance import deposits  No.

Documentation requirements for release of foreign exchange for imports  Yes.  To purchase foreign currency, businesses and organizations that are clients of banks must present an application and a contract (agreement) with a foreign partner.

Domiciliation requirements  Yes.  The performance of clearing settlements for export–import operations between Republic of Uzbekistan enterprises, organizations and other entities, on the one hand, and foreign partners, on the other, through firms’ accounts in foreign banks is prohibited. Payment for imported goods must be made from an enterprise’s account in an Uzbekistan bank of which it is a customer.

At the same time, in the event of a decision by the President or government, or an international agreement, accounts may be opened at foreign banks by residents and used exclusively for the purposes provided for by decisions of the President or government, or the terms of an international agreement.

Preshipment inspection  No.  Preshipment inspection of goods imported into the Republic of
Uzbekistan is performed on a voluntary basis.

Uzbekistan is performed on a voluntary basis.

Import licenses used as exchange licenses

No.

Import licenses and other nontariff measures

Yes.

Imports of weapons and military equipment and special components for their production, precious metals and stones, and instruments and equipment that use uranium and other radioactive substances require licenses from the Republic of Uzbekistan Cabinet of Ministers’ Information and Analytical Department for the Development of Foreign Trade Activity and the Export Potential of Sectors of the Economy and Territories of the Republic, issued on the basis of acts of the Republic of Uzbekistan President or Decisions of the Republic of Uzbekistan Cabinet of Ministers. The expert review and registration of import contracts, as well as the expert review of tender documents and terms of reference, are performed by the Center for the Comprehensive Expert Review of Projects and Import Contracts under the Republic of Uzbekistan Ministry of Economic Development and Poverty Reduction.

Positive list

No.

Negative list

Yes.

Pursuant to Republic of Uzbekistan Presidential Decree No. UP-5286 of December 15, 2017, “On Additional Measures to Promote Exports and Ensure the Competitiveness of Domestic Goods in External Markets,” imports of the following are prohibited: (1) printed matter, manuscripts, engravings, drawings, photographs, photographic film, negatives, movies, video or audio products, phonograph records, and audio materials intended to undermine the government or social order; violate territorial integrity, political independence, or sovereignty; or promote war, terrorism, violence, national exclusivity, religious hatred, or racism; and (2) pornographic materials.

Pursuant to Resolution No. 531 of the Cabinet of Ministers of December 14, 2006, it is prohibited to import used motor vehicles in categories M2, M3, and N2 and new motor vehicles in these categories with gasoline and diesel engines whose emission levels do not meet Euro-2 and Euro-3 environmental standards, except special-purpose motor vehicles that correspond to TNVED (goods nomenclature for foreign economic activity) codes 8703 and 8705.

Pursuant to Resolution of the Cabinet of Ministers No. 213 of May 15, 1998, the importation of ethyl alcohol into the customs territory of the Republic of Uzbekistan by all means of transport, with the exception of transit, is prohibited.

Effective September 1, 2019, pursuant to Presidential Decree No. PP-4422 of August 22, 2019, a ban was imposed on imports of used generator equipment, step-down transformers, electric motors, and energy-consuming equipment with an energy efficiency rating of D.

Open general licenses

No.

Licenses with quotas

No.

Other nontariff measures

Yes.

Pursuant to the Republic of Uzbekistan Presidential Resolution No. PP-3512 of February 6, 2018, “On Measures to Further Regularize the Movement of Goods by Individuals Across the Customs Border,” limits for duty-free imports of goods into the republic by an individual are set at: US$2,000 (two thousand) – when the customs border is crossed through Republic of Uzbekistan international airports; US$1,000 (one thousand) – when the customs border is
crossed at rail and inland waterway crossings on the Republic of Uzbekistan state border, and US$300 (three hundred) – when the customs border is crossed at highway (pedestrian) crossings on the Republic of Uzbekistan state border; US$1,000 (one thousand) within one calendar quarter – for goods received to the address of an individual in international courier shipments; and US$100 (one hundred) – for goods received to the address of an individual in international postal shipments.

For certain consumer goods, certificates of safety and quality are required. Certification is performed by the Uzbekistan’s Agency of Standardization, Metrology and Certification (Uzbekstandart).

In addition, certain goods are subject to hygiene certification (a sanitary-epidemiological finding). Furthermore, certain goods subject to control that cross the state border of the Republic of Uzbekistan must undergo a mandatory state veterinary inspection.

Import taxes and/or tariffs

Import customs duty rates are approved in Resolution No. PP-3818 of June 29, 2018.
Ad valorem customs duty rates are applied at seven levels: 0%, 5%, 10%, 20%, 30%, 40%, and 70% of the customs value.
Tariff concessions in the form of exemptions from the customs duty are granted for a number of goods as provided for in Article 297 of the Customs Code.

Pursuant to international agreements of the Republic of Uzbekistan, customs duties are not applied to goods (Article 300 of the Customs Code): (1) originating and imported into the customs territory from countries that are part of a free trade zone with the Republic of Uzbekistan or with which the Republic of Uzbekistan has established a free trade arrangement; (2) originating from Uzbekistan and exported from its customs territory to countries that are part of a free trade zone with Uzbekistan or with which Uzbekistan has established a free trade arrangement.

Customs duties are applied at the rates established by the customs tariff to goods originating from countries to which Uzbekistan has granted MFN status in terms of trade and economic relations, regardless of the country from which the goods are shipped and the exporter.

With regard to goods originating from countries to which MFN status in terms of trade and economic relations has not been granted, or the country of origin of which has not been determined, customs duty rates are doubled.

For goods imported into the customs territory and originating from developing countries, and from least developed countries, a national system of preferences granted by Uzbekistan may be established in accordance with the law.

Pursuant to Cabinet of Ministers Resolution No. 204 of April 30, 1999, on Rates for Customs Fees, customs fees for the customs processing of goods imported into the Republic of Uzbekistan are charged at the rate of 0.2% of the customs value, but not less than US$25 and not more than US$3,000. Pursuant to Article 299 of the Customs Code, a range of goods are exempted from the payment of customs fees for customs processing.

Pursuant to the Tax Code of the Republic of Uzbekistan, all goods imported into Uzbekistan are subject, effective October 1, 2019, to a 15% VAT (previously 20%), with certain exceptions as provided for in Article 246 of the Tax Code.

Effective January 1, 2020, an excise tax at a rate of 5–50%
(previously from 5% to 200%) is levied on excisable goods imported into Uzbekistan (Presidential Resolution No. PP-3818 of June 29, 2018), with exceptions provided for in Article 284 of the Tax Code.

Exemptions from customs duties may be granted in accordance with individual decisions of the President of the Republic of Uzbekistan.

Pursuant to Article 238 of the Republic of Uzbekistan Tax Code, turnover on the sale of goods (services) whose place of sale is the Republic of Uzbekistan is considered subject to the VAT.

In accordance with Article 255 of the Republic of Uzbekistan Tax Code, when goods (services) are sold by foreigners not registered with the tax authorities as taxpayers, and the place of sale is the territory of the Republic of Uzbekistan, the tax base is defined by tax agents as the sum of proceeds from the sale of these goods (services), taking into account excise taxes (for excisable goods) and tax.

Taxes collected through the exchange system No.

State import monopoly No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

In accordance with the Law of the Republic of Uzbekistan on Foreign Exchange Regulation, No. ZRU-573 of October 22, 2019, repatriation of assets in foreign trade transactions constitutes a partial or complete fulfillment of a nonresident’s obligations by means of the following:

- receipt of money or goods (performance of work, rendering of services) against nonresident’s obligations;
- termination of a nonresident’s obligation via set-off;
- termination of an obligation that existed between the parties via a different obligation between the same parties that calls for a different subject or method of performance;
- receipt of insurance payout.

In the event of a resident’s assignment to another resident of a right of claim against a nonresident, the responsibility to ensure the fulfillment of repatriation of assets moves to the resident that received the right of claim. A resident (nonresident) is obliged to ensure repatriation of assets in foreign trade transactions.

The Republic of Uzbekistan has procedures according to which:

(1) effective May 15, 2020, the time period for the receipt of proceeds or the re-import of goods under export operations must not exceed 180 days from the date a freight customs declaration is prepared under the “export” customs regime – for goods, and from the date an acceptance certificate is signed for work performed – for services (work).

(Previously, the period for the receipt of proceeds or reimportation of goods (work and services) in export transactions must not exceed:
- 180 days from the day of the actual export of goods exported by resident founders to the address of entities abroad (trading houses, trading offices, subsidiaries, company stores, dealer networks, and consignment warehouses), or export by business entities that are members of the Republic of Uzbekistan Chamber of Commerce and Industry to the address of the Chamber’s trade investment houses;
and
- 120 days from the actual export of goods, work and services for all other exporters.)

(2) in the event of force majeure circumstances, the time period for the receipt of proceeds in foreign exchange is extended for the duration of the force majeure circumstances, as confirmed by the competent state authority where the force majeure circumstances occurred;

(3) exporters that are responsible for a delay in the receipt of proceeds in foreign exchange from abroad, and importers that have not arranged for the import into the republic and clearance of goods under the “release for free circulation” regime, the performance of work and provision of services for more than 30 banking days (60 banking days for small business entities and business sole proprietors), after the end of the established period, pay a fine to the republic budget:
- in the equivalent of 10% of the amount of the foreign exchange that has not been received or goods that have not been cleared under the “release for free circulation” regime (work not performed, services not provided) – in the case of a delay of up to 180 days above the established time period;
- in the equivalent of an additional 20% of the amount of the foreign exchange that has not been received or goods that have not been cleared under the “release for free circulation” regime (work not performed, services not provided) – in the case of a delay of from 180 to 365 days above the established time period;
- in the equivalent of an additional 70% of the amount of the foreign exchange that has not been received or goods that have not been cleared under the “release for free circulation” regime (work not performed, services not provided) – in the case of a delay of more than 365 days above the established time period.

Effective August 1, 2020, economic entities are not subject to fines for past-due accounts receivable on foreign trade operations in the following cases:
on the amount of assets repatriated in full or in part in accordance with the requirements of the Republic of Uzbekistan Law on Foreign Exchange Regulation under contracts referred to in the request for imposition of a fine;
if the time periods for the delivery of equipment and/or components have been established in the terms of import contracts for the delivery of equipment and/or components at more than 180 calendar days, depending on their technical characteristics and specific features;
on presentation of a certificate of the destruction or confiscation of goods exported in the name of a foreign enterprise and found to be invalid in the transport and storage process for reasons beyond the control of the exporter and foreign enterprise, or confiscated by the importing government agency under customs control of the customs authority of the country in which the goods are located;
repeated fines for the same arrears and the current volume of exports and imports of goods (work, services).

The collection of fines in excess of 20% of the sum of current assets of a resident legal entity of the Republic of Uzbekistan as of the last reporting date may be performed by means of monthly payments over a period of six months from the date a decision is made to collect the amount due.
<table>
<thead>
<tr>
<th><strong>Surrender to the central bank</strong></th>
<th>No.</th>
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<tr>
<td><strong>Surrender to authorized dealers</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Financing requirements</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Business entities may export goods, work and services, excluding raw commodities, for foreign currency, without advance payment, opening of an LC, securing of a bank guarantee, or the existence of an insurance policy protecting export contracts against political and commercial risk. The conditions of this subparagraph do not apply to exports of fruits and vegetables performed by individual entrepreneurs. The raw commodities include cotton fiber, cotton yarn, cotton lint, crude oil, gas condensate, petroleum products, natural gas, electric power, precious metals, nonferrous metals, rolled nonferrous metals, nonferrous metal scrap and by-products, ferrous metals, rolled ferrous metals, and ferrous metal scrap and by-products.</td>
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<tr>
<td><strong>Documentation requirements</strong></td>
<td>Yes.</td>
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<tr>
<td><strong>Letters of credit</strong></td>
<td>No.</td>
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<tr>
<td><strong>Guarantees</strong></td>
<td>No.</td>
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<tr>
<td><strong>Domiciliation</strong></td>
<td>Yes.</td>
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<tr>
<td>The performance of clearing settlements for export–import operations of Republic of Uzbekistan enterprises and entities with foreign partners through firms’ accounts in foreign banks is prohibited. All funds in foreign exchange obtained from enterprises’ business activities must be credited to their accounts in foreign exchange in commercial banks in the Republic of Uzbekistan. Enterprises are liable for the timely and complete receipt in their accounts of proceeds for shipped goods and services provided. Enterprises’ crediting of foreign exchange proceeds to accounts opened in foreign banks without authorization of the Republic of Uzbekistan Central Bank is classified as concealment. At the same time, in the event of a decision by the President or government, or an international agreement, accounts may be opened at foreign banks by residents and used exclusively for the purposes provided for by decisions of the President or government, or the terms of an international agreement.</td>
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<tr>
<td><strong>Preshipment inspection</strong></td>
<td>No.</td>
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<tr>
<td><strong>Other</strong></td>
<td>No.</td>
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<tr>
<td><strong>Export licenses</strong></td>
<td>Yes.</td>
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<tr>
<td>Exports of antiques (of significant artistic, historical, scientific, or other cultural value), grain, bread and bakery products, flour and hulled grains, livestock and poultry, meat and edible meat products, sugar, vegetable oil, hides, metal waste and scrap, nonferrous metals, silkworm cocoons, raw silk, and silk waste are prohibited.</td>
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<tr>
<td><strong>Without quotas</strong></td>
<td>Yes.</td>
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<tr>
<td>The Ministry of Investment and Foreign Trade registers contracts for exports of goods and services, except exchange contracts, entered on the basis of government decisions or intergovernmental agreements and for exports of (1) weapons and military equipment and components for their production; (2) precious metals, alloys, and articles thereof; ore concentrates, scrap, and by-products of precious stones and articles thereof; by-products, powder, and recovered precious stones, pearl and pearl products, and amber and amber products; (3) uranium and other radioactive substances, articles thereof, and by-products of radioactive substances; (4) instruments and equipment that use radioactive substances; (5) nonferrous metals,</td>
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</table>
rolled nonferrous metals, and nonferrous metal scrap and by-products; (6) rolled ferrous metals, scrap, and ferrous metal by-products; (7) crude oil and natural gas; and (8) cotton fiber and cotton lint.

Exports of the following goods are subject to licensing by the Ministry of Investment and Foreign Trade: (1) weapons and military equipment and special components for their manufacture; (2) precious metals, alloys, and articles thereof; ores, concentrates, scrap, and waste; precious natural stones and articles thereof; waste, powders, and recovered material from precious natural stones; pearls and articles thereof; and amber and articles thereof; (3) uranium and other radioactive materials, articles thereof, and radioactive waste; and (4) instruments and equipment that use radioactive materials.

Exports of listed animals and plants require permission of the State Conservation Committee.

Professional activities abroad by Uzbek citizens require permission from the Ministry of Labor and Social Protection of the Population. Exports of works of art require permission from the Ministry of Culture and Sports Affairs.

With quotas No.

Export taxes No.

Collected through the exchange system No.

Other export taxes No.

References to legal instruments and hyperlinks This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Controls on these transfers Yes. Anti-Money Laundering and Combating the Financing of Terrorism regulations apply to money transfers.

Trade-related payments Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Trade-related payments may not exceed the amount on the trade contract.

Investment-related payments Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Payments in the form of interest and other revenues, including with respect to bank deposits, credits, and leasing, as well as in the form of net income from other investments, are allowed without any limits.

Payments for travel Yes.

Prior approval No.

Quantitative limits No.

Indicative limits/bona fide test Yes. Per diem and lodging expense norms apply to business travel allowances of state entities. Depending on the country, the amounts of the allowances may range from US$25 per diem to US$100 per
Personal payments | Yes.  
---|---  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | Yes.  

Banks must notify the tax authorities of payments exceeding US$10,000 a year.

Effective October 23, 2019, transfers from a personal account to a personal account abroad are allowed up to 100,000,000 UZS (previously US$5,000) at one time without any limit on the number of transactions.

Foreign workers’ wages | Yes.  
---|---  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | Yes.  

Wages paid in foreign exchange to nonresidents may be remitted to their accounts abroad.

Credit card use abroad | No.  
---|---  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | No.  

Wage transfers are performed on the basis of supporting documents presented to a bank.

Other payments | Yes.  
---|---  
Prior approval | No.  
Quantitative limits | No.  
Indicative limits/bona fide test | Yes.  

Remittances of a noncommercial nature are performed on the basis of corroborating documents presented to a bank.

References to legal instruments and hyperlinks  
This information can be found at the AREAER ONLINE database:  
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Proceeds from Invisible Transactions and Current Transfers**

Repatriation requirements | Yes.  
---|---  

In accordance with the Law of the Republic of Uzbekistan on Foreign Exchange Regulation, No. ZRU-573 of October 22, 2019, repatriation of assets in foreign trade transactions constitutes a partial or complete fulfillment of a nonresident’s obligations by means of the following:  
(1) receipt of money or goods (performance of work, rendering of services) against nonresident’s obligations;  
(2) termination of a nonresident’s obligation via set-off;  
(3) termination of an obligation that existed between the parties via a different obligation between the same parties that calls for a different subject or method of performance;  
(4) receipt of insurance payout.  
In the event of a resident’s assignment to another resident of a right of claim against a nonresident, the responsibility to ensure the fulfillment of repatriation of assets moves to the resident that...
received the right of claim. A resident (nonresident) is obliged to ensure repatriation of assets in foreign trade transactions.

Effective August 1, 2020, the period for the receipt of proceeds or reimportation of goods in export transactions must not exceed:
- 180 days from the date a freight customs declaration is prepared under the “export” customs regime – for goods, and from the date an acceptance certificate is signed for work performed – for services (work).

(Previously, the period for the receipt of proceeds or reimportation of goods (work and services) in export transactions had to not exceed:
- 180 days from the day of the actual export of goods exported by Republic of Uzbekistan resident founders to the address of entities abroad (trading houses, trading offices, subsidiaries, company stores, dealer networks, and consignment warehouses), or export by business entities that are members of the Republic of Uzbekistan Chamber of Commerce and Industry to the address of the Chamber’s trade investment houses; and
- 120 days from the actual export of goods, work and services for all other exporters.)

The time period for the receipt of foreign exchange proceeds in the event of force majeure circumstances is extended for the duration of the force majeure circumstances, as confirmed by a competent authority of the country in which they occurred.

<table>
<thead>
<tr>
<th>Surrender requirements</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Capital Transactions**

Foreign exchange transactions in connection with loans from nonresidents guaranteed by the Government of the Republic of Uzbekistan must be registered for accounting purposes with the MOF.

Other foreign exchange transactions associated with the movement of capital that are not guaranteed by the government are subject to banks’ accounting regulations and they are reported to the CBU.

Credits not guaranteed by the Government of Uzbekistan are subject to CBU registration based on a notification procedure.

The following residents’ transactions involving the placement of capital abroad are permitted if there are relevant decisions of the President or Cabinet of Ministers of the Republic of Uzbekistan, or international agreements of Republic of Uzbekistan:
- investment activity in an amount in excess of US$10,000 through the transfer of funds by residents to accounts abroad as a contribution to the authorized capital of foreign companies or for replenishment of working assets of their own foreign subsidiaries;
- providing loans in the form of cash and goods (services), or leasing operations;
- transfer of funds to deposits at foreign banks, and also for the purchase of real property abroad.
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on capital and money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>On capital market securities</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Effective November 5, 2019, it is established that individuals and legal entities or persons acting together, including nonresidents, are obliged to obtain the prior permission of the CBU before acquiring, directly or indirectly, a stake that will constitute 5% or more in the authorized capital of a bank as a result of one or several transactions. (Previously, no threshold was established and the permission was required regardless of the size of the acquired share.) The need to obtain the prior permission of the CBU for the acquisition by nonresidents of shares of resident banks above the established threshold is not a form of control of the capital movement. Pursuant to the Law on Banks and Banking:

- the total share of nonresidents – individuals and legal entities that are not international financial institutions, foreign banks and other credit organizations, should not exceed 50% of the authorized capital of the bank;

- the following may not be direct or indirect holders of bank shares: nonresident individuals who live in a state or a territory that offers preferential tax treatment and/or does not stipulate the disclosure of the identity of the ultimate beneficial owners and the provision of information in the course of financial transactions, as well as legal entities whose participants (shareholders), the ultimate beneficial owners are registered in such a state or territory.

### Sale or issue locally by nonresidents

Yes.

The Regulation on Quotas and the Procedure for the Admission and Circulation of Securities, approved by Cabinet of Ministers Resolution No. 239 of August 20, 2014, establishes quotas and the procedure for allowing the placement and circulation of securities issued by nonresidents in Uzbekistan. Item 4 of the Regulation establishes the conditions for allowing the placement and circulation of securities issued by nonresidents in Uzbekistan. According to Item 5 of the Regulation, securities issued by nonresidents may be placed in Uzbekistan in an amount that does not exceed 25% of the total volume of issued securities of the same kind (category or type), through the issuing of an Uzbek Depository Receipt (UDR) representing the given securities. UDRs are subject to state registration by the authorized government agency.

### Purchase abroad by residents

Yes.

The placement of assets by legal entities outside Uzbekistan is governed by foreign exchange regulation law. The procedure for the acquisition of securities in foreign currency by residents is established by the Agency for Development of the Capital Market, together with the CBU. The acquisition of securities by institutional investors is performed within the limits established by law. The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that investment activities above US$10,000 by transferring the funds by residents on accounts abroad to directly invest in share capital of foreign companies, or to add operational funds to own foreign subsidiaries are permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan.

### Sale or issue abroad by residents

Yes.

Pursuant to the Regulation on Quotas and the Procedure for the Admission and Circulation of Securities, approved by Cabinet of Ministers Resolution No. 239 of August 20, 2014, securities issued by a resident may be placed and traded outside Uzbekistan in an amount that does not exceed 25% of the total volume of issued securities of the same kind (category or type), unless otherwise established by the laws of the Republic of Uzbekistan; the placement and circulation of securities issued by a resident outside Uzbekistan are carried out according to the laws of the respective country on
securities of foreign issuers, unless otherwise established by international agreements of the Republic of Uzbekistan; securities issued by a resident are placed and traded outside Uzbekistan in the form of depositary receipts issued by a foreign depositary, in accordance with the laws of the country in which their placement and circulation are allowed.

The Republic of Uzbekistan Law on the Securities Market (No. ZRU-387 of June 4, 2015), the Law on Joint-Stock Companies and Protection of Shareholders’ Rights (No. ZRU-370 of May 7, 2014), and the Regulations on the Issuing of Securities and State Registration of Issuable Securities (Reg. No. 2000 of August 30, 2009) establish the conditions for the issuing and procedures for the state registration of corporate and infrastructure bonds. According to Article 6 of the Law on the Securities Market of June 4, 2015, corporate bonds are issued in observance of the following conditions: within the limits of the issuer’s equity capital as of the date the decision is made to issue the bonds; if the amount of corporate bonds exceeds the issuer’s equity capital, the issuer is required to provide security for the excess amount; by issuers that have posted positive profitability, solvency, financial stability, and liquidity indicators for the past year; presence of an audit opinion on the financial statements for the last year before the bond issue; with the participation of commercial banks performing the functions of payment agents when issuers pay funds because of investors. Infrastructure bonds are issued in observance of the following conditions:

within the limits of the issuer’s equity capital as of the date the decision is made to issue the bonds; if the amount of corporate bonds exceeds the issuer’s equity capital, the issuer is required to provide security for the excess amount; presence of an audit opinion on the financial statements for the last year before the bond issue; funds from the placement of infrastructure bonds are used for the financing of a project provided for in a decision of the President of the Republic of Uzbekistan or the Republic of Uzbekistan Cabinet of Ministers.

Companies in which the state holds a stake of 50% or more, as well as state-owned enterprises, issue bonds with the consent of the Republic of Uzbekistan Ministry of Finance. Additional conditions for issuing corporate and infrastructure bonds are established by the authorized government agency for regulation of the securities market.

In addition, Article 30 of the Law on Joint-Stock Companies and Protection of Shareholders’ Rights states that a company has the right to issue and place corporate bonds and other securities in accordance with the legislation and its charter. A company’s corporate bonds may be securities that are convertible into the company’s shares.

A company issues corporate bonds, including those that are convertible into shares, on the basis of a decision by a general shareholders’ meeting or the company’s supervisory board, if the company’s supervisory board has the right to make such a decision in accordance with the company’s charter or a decision by a general shareholders’ meeting.

In the event that a company issues corporate bonds that are convertible into shares on the basis of a decision by the company’s supervisory board, such a decision must be adopted unanimously by all of the board members.

Pursuant to Article 53 of the Law on the Securities Market of June 4, 2015, the issuing of corporate bonds prior to the formation of the
issuer’s statutory capital is prohibited (with the exception of cases involving the formation of commercial banks’ statutory capital), and it is also prohibited to issue bonds for the purpose of replenishing statutory capital or covering losses related to the issuer’s financial and commercial activities; after a bond issue has been registered, the issuer may not make changes to a decision to issue bonds with regard to the rights under the bonds as established in the decision.

**Purchase locally by nonresidents**

No. Pursuant to Items 13 and 14 of the Regulation on the Procedure for the Circulation of Securities in Foreign Currency in the Republic of Uzbekistan, the Acquisition of Securities in Foreign Currency by Residents, and the Acquisition by Nonresidents of Securities Issued by Residents (Reg. No. 1692 of June 22, 2007), nonresidents may purchase for domestic and foreign currency any securities admitted for circulation in Uzbekistan, unless their terms of issue prohibit nonresidents from holding these securities. A minimum holding period requirement is not regulated by the law.

**Sale or issue locally by nonresidents**

Yes. The Regulation on Quotas and the Procedure for the Admission and Circulation of Securities, approved by Cabinet of Ministers Resolution No. 239 of August 20, 2014, establishes quotas and the procedure for allowing the placement and circulation of securities issued by nonresidents in Uzbekistan. Item 4 of the Regulation establishes the conditions for allowing the placement and circulation of securities issued by nonresidents in Uzbekistan. According to Item 5 of the Regulation, securities issued by nonresidents may be placed in Uzbekistan in an amount that does not exceed 25% of the total volume of issued securities of the same kind (category or type), through the issuing of a UDR representing the given securities. UDRs are subject to state registration by the authorized government agency.

**Purchase abroad by residents**

Yes. The legislation on foreign exchange regulation governs the placement of assets by legal entities outside Uzbekistan. The procedure for the acquisition of securities in foreign currency by residents is established by the Agency for Development of the Capital Market, together with the CBU. The acquisition of securities by institutional investors is performed within the limits established by law.

**Sale or issue abroad by residents**

Yes. Pursuant to the Regulation on Quotas and the Procedure for the Admission and Circulation of Securities, approved by Cabinet of Ministers Resolution No. 239 of August 20, 2014: securities issued by a resident may be placed and traded outside Uzbekistan in an amount that does not exceed 25% of the total volume of issued securities of the same kind (category or type), unless otherwise established by the laws of the Republic of Uzbekistan; the placement and circulation of securities issued by a resident outside Uzbekistan are carried out according to the laws of the respective country on securities of foreign issuers, unless otherwise established by international agreements of the Republic of Uzbekistan; securities issued by a resident are placed and traded outside Uzbekistan in the form of depositary receipts issued by a foreign depositary, in accordance with the laws of the country in which their placement and circulation are allowed.

**On money market instruments**

Yes. Resident commercial banks and other legal entities may hold certificates of deposit. Resident legal entities may be dealers in the short-term government bond market and may hold bonds. Medium-term government treasury bonds are placed among resident commercial banks and legal entities and may be used for collateralization of loans and for repo and reverse repo transactions (transactions of purchase and sale of securities with buyback).
Sale or issue locally by nonresidents: Yes.

Purchase abroad by residents: Yes.

Sale or issue abroad by residents: Yes.

**On collective investment securities**

Yes. The Republic of Uzbekistan Law on Investment and Mutual Funds of August 26, 2015 (No. ZRU-392 of August 25, 2015), and the Regulation on Investment Funds, approved by the Cabinet of Ministers Resolution of September 25, 1998, establish procedures governing the activities of investment and mutual funds that stipulate that they must be managed by licensed management companies (investment fund fiduciary managers).

The recording of titles to securities issued and belonging to investment funds is handled by the Central Depository, unless otherwise established by law.

The registration of a mutual fund is performed by the Central Securities Depository through the recording of investment shares after the mutual fund has been entered in the Uniform Registry of Mutual Funds.

Purchase locally by nonresidents: Yes. Nonresidents may purchase for domestic and foreign currency any securities admitted for circulation in Uzbekistan, unless their terms of issue prohibit nonresidents from holding these securities.

Sale or issue locally by nonresidents: Yes. The Regulation on Quotas and the Procedure for the Admission and Circulation of Securities, approved by Cabinet of Ministers Resolution No. 239 of August 20, 2014, establishes quotas and the procedure for allowing the placement and circulation of securities issued by nonresidents in Uzbekistan. Item 4 of the Regulation establishes the conditions for allowing the placement and circulation of securities issued by nonresidents in Uzbekistan. According to Item 5 of the Regulation, securities issued by nonresidents may be placed in Uzbekistan in an amount that does not exceed 25% of the total volume of issued securities of the same kind (category or type), through the issuing of a UDR representing the given securities. UDRs are subject to state registration by the authorized government agency.

Purchase abroad by residents: Yes. The legislation on foreign exchange regulation governs the placement of assets by legal entities outside Uzbekistan.

The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that investment activities above US$10,000 by transferring the funds by residents on accounts abroad to directly invest in share capital of foreign companies, or to add operational funds to own foreign subsidiaries are permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan.

Sale or issue abroad by residents: Yes. Pursuant to the Regulation on Quotas and the Procedure for the Admission and Circulation of Securities, approved by Cabinet of Ministers Resolution No. 239 of August 20, 2014: securities issued by a resident may be placed and traded outside Uzbekistan in an amount that does not exceed 25% of the total volume of issued securities of the same kind (category or type), unless otherwise established by the laws of the Republic of Uzbekistan; the placement and circulation of securities issued by a resident outside Uzbekistan are carried out according to the laws of the respective country on securities of foreign issuers, unless otherwise established by international agreements of the Republic of Uzbekistan; securities issued by a resident are placed and traded outside Uzbekistan in the
form of depositary receipts issued by a foreign depositary, in accordance with the laws of the country in which their placement and circulation are allowed.

The Republic of Uzbekistan Law on the Securities Market of June 4, 2015, defines “derivative securities,” “securities futures,” and “options.” Article 7 of the Law establishes the following conditions for issuing stock options: the conditions for issuing stock options may establish restrictions on their circulation; a joint-stock company does not have the right to place stock options if the volume of declared shares of the given company is less than the volume of shares that may be acquired under the stock options; the volume of shares of a certain type that may be acquired under stock options may not exceed 5% of the shares of the given type that have been placed as of the date the documents are filed for the state registration of the stock option issue; the placement of stock options is possible after a joint-stock company’s statutory capital has been paid in fully on its establishment. In addition, the Procedure for the Issuing and Circulation of Derivative Securities, registered with the Ministry of Justice on April 2, 1997, under No. 320, governs the procedure for the issuing and circulation of derivative securities within Uzbekistan.

Pursuant to Items 13 and 14 of the Regulation on the Procedure for the Circulation of Securities in Foreign Currency in the Republic of Uzbekistan, the Acquisition of Securities in Foreign Currency by Residents, and the Acquisition by Nonresidents of Securities Issued by Residents (Reg. No. 1692 of June 22, 2007), nonresidents may purchase for domestic and foreign currency any securities admitted for circulation in Uzbekistan, unless their terms of issue prohibit nonresidents from holding these securities.

Pursuant to Article 15 of the Law No. ZRU-387 of June 3, 2015, on the Securities Market, securities are admitted for placement and circulation within the Republic of Uzbekistan following their state registration, unless otherwise established by law. The Republic of Uzbekistan Cabinet of Ministers establishes quotas and the procedure for the admission of securities issued by nonresidents for placement and circulation within the territory of the Republic of Uzbekistan.

Agreements and guarantees pertaining to government external borrowing must be registered with the MOF; agreements not guaranteed by the government must be registered with the CBU.

The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that providing loans in the form of credit, cash, goods (services) or leasing operations by residents to nonresidents is permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan.

These must be registered by banks for accounting purposes. Transactions in connection with loans from nonresidents guaranteed by the government must be registered for accounting purposes with the MOF.

Credits not guaranteed by the government are subject to CBU.
registration based on a notification procedure for statistical purposes; it is not a permitting procedure because the CBU is notified that a transaction has been performed.

<table>
<thead>
<tr>
<th><strong>Financial credits</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that providing loans in the form of credit or cash by residents to nonresidents is permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan.

<table>
<thead>
<tr>
<th><strong>Guarantees, sureties, and financial backup facilities</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Yes.</td>
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These must be registered by banks for accounting purposes. Transactions in connection with loans from nonresidents guaranteed by the government must be registered for accounting purposes with the MOF.

Credits not guaranteed by the government are subject to CBU registration based on a notification procedure for statistical purposes; it is not a permitting procedure because the CBU is notified that a transaction has been performed.

<table>
<thead>
<tr>
<th><strong>Controls on direct investment</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Founders establish entities abroad by a decision of a founder’s governing authority whose competence includes, under constituent documents, the decision to establish entities abroad. The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that investment activities above US$10,000 by transferring the funds by residents on accounts abroad to directly invest in share capital of foreign companies, or to add operational funds to own foreign subsidiaries are permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan.

Pursuant to the Law on Foreign Exchange Regulation, there are no restrictions on the attraction of FDIs into Uzbekistan and the repatriation of them, or on the exercise of rights acquired in connection with making direct foreign investments. Investors may establish foreign investment enterprises (FIEs), a form of direct investment, by registering with the Ministry of Justice and its regional offices. A firm may acquire FIE status as follows: (1) It must have at least US$50,000 (SUM 400 mil.) in statutory capital. (2) One participant must be a foreign legal entity or individual. (3) At least 15% of its statutory capital must be foreign investment.

Nonresidents must obtain the prior permission of the CBU for the acquisition of the securities of resident banks above the established threshold. Effective November 5, 2019, it is established that individuals and legal entities or persons acting together, including nonresidents, are obliged to obtain the prior permission of the CBU before acquiring, directly or indirectly, a stake that will constitute 5% or more in the authorized capital of a bank as a result of one or several transactions. (Previously, no threshold was established and the permission was required regardless of the size of the acquired share.) The need to obtain the prior permission of the CBU for the acquisition by nonresidents of shares of resident banks is not a form of control of the movement of capital.

Pursuant to the Law on Banks and Banking:
- the total share of nonresidents—individuals and legal entities that are not international financial institutions, foreign banks and other credit organizations, should not exceed 50% of the authorized capital of the bank;
- the following may not be direct or indirect holders of bank shares: nonresident individuals who live in a state or a territory that offers preferential tax treatment and/or does not stipulate the disclosure of the identity of the ultimate beneficial owners and the provision of information in the course of financial transactions, as well as legal entities whose participants (shareholders), the ultimate beneficial owners are registered in such a state or territory.

| Controls on liquidation of direct investment | No. | Pursuant to the Law on Foreign Exchange Regulation, there are no restrictions on the attraction to Uzbekistan of FDIs or their repatriation or the exercise of rights acquired in connection with the execution of FDIs. The Ministry of Justice and its regional offices oversee FIEs’ compliance with their statutory obligations and the procedures for their registration and liquidation. |

| Controls on real estate transactions | Yes. |

| Purchase abroad by residents | Yes. | The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that transferring of funds by residents to nonresidents for the purpose of purchasing real estate is permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan. |

| Purchase locally by nonresidents | Yes. | The procedures for nonresidents’ acquisition of real estate within Uzbekistan are established by the Cabinet of Ministers. Residence permit is required for acquisition of real estate by nonresidents (with the exception of diplomats and international organizations’ staff accredited in Uzbekistan). |

| Sale locally by nonresidents | No. | The procedures for nonresidents’ sale of real estate within Uzbekistan are established by the cabinet of ministers. |

| Controls on personal capital transactions | Yes. |

| Loans | Yes. | Indicative limits/bona fide test within the framework of the Anti-Money Laundering and Combating the Financing of Terrorism legislation apply. |

| By residents to nonresidents | Yes. | The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that providing loans in the form of credit, cash, goods (services) or leasing operations by residents to nonresidents is permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan. |

| To residents from nonresidents | No. | Loans not guaranteed by the Republic of Uzbekistan Government must be registered with the CBU through a notification procedure for statistical purposes; this is not a permitting procedure because the CBU is notified of the fact that a transaction has been performed. |

| Gifts, endowments, inheritances, and legacies | Yes. | Indicative limits/bona fide test within the framework of the Anti-Money Laundering and Combating the Financing of Terrorism legislation apply. |

| By residents to nonresidents | Yes. |

| To residents from nonresidents | Yes. |

| Settlement of debts abroad by immigrants | n.r. |

| Transfer of assets | No. |
Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

- Commercial banks’ operations with foreign currency are performed on the basis of a banking license.
- The CBU registers agreements on external borrowing not guaranteed by the government in accordance with the Law on External Borrowing, Law on Foreign Exchange Regulation, and Regulations on the Procedures for Performing Certain Foreign Exchange Operations Associated with the Movement of Capital, registered under No. 2536 of December 17, 2013, based on a notification procedure for statistical purposes; it is not a permitting procedure because the CBU is notified that a transaction has been performed.

Borrowing abroad

- Yes.

Maintenance of accounts abroad

- No.

Banks may hold correspondent and other bank accounts with foreign banks for international remittances and placement of deposits without the CBU permission.

Lending to nonresidents (financial or commercial credits)

- Yes.

The CBU Resolution No. 31/2 of November 11, 2017, clarified (formalizing the current practice) that providing loans in the form of credit, cash, goods (services) or leasing operations by residents to nonresidents is permitted if there are the relevant decisions of President, Cabinet of Ministers of the Republic of Uzbekistan, or international treaties of Republic of Uzbekistan.

Lending locally in foreign exchange

- Yes.

Lending is permitted to (1) refinance foreign lines of credit and (2) for investment projects.

Purchase of locally issued securities denominated in foreign exchange

- Yes.

Securities issued in Uzbekistan must be denominated in domestic currency.

Differential treatment of deposit accounts in foreign exchange

- Yes.

Required reserves for liabilities in domestic and foreign currencies are formed through the transfer of funds to a reserve account at the CBU in the domestic currency. No interest is paid on required reserves.

During the time that required reserves are held in reserve accounts at the CBU, they may be used in accordance with an averaging ratio, taking into account reserve requirement standards.

Effective July 1, 2019, mandatory reserve requirement norms are as follows:

1. For deposit obligations of banks in national currency:
   - 4% for term deposits of more than 2 years;
   - 4% for term deposits between 1 and 2 years;
   - 4% for demand deposits and other deposits (of less than 1 year).

2. For deposit obligations of banks in foreign currency:
   - 14% for term deposits of more than 2 years;
   - 14% for term deposits between 1 and 2 years;
   - 14% for demand deposits and other deposits (of less than 1 year).

Previously, mandatory reserve requirement norms were as follows:
(1) For the deposit obligations of banks in national currency:
from individuals and legal entities:
- term deposits more than 2 years – 0%;
- term deposits more than a year until 2 years – 2%;
- demand and other deposits (less than a year) – 4%.
(2) For the deposit obligations of banks in foreign currency
from individuals and legal entities:
- term deposits more than 2 years – 0%;
- term deposits more than a year until 2 years – 7%;
- demand and other deposits (less than a year) – 14%.

Liquid asset requirements Yes.
The LCR came into effect as of January 1, 2016, and is, by
definition, the ratio of highly liquid assets to the net outflow in the
next 30 days.
LCR must not be less than 100%.
The following transition period was stipulated: from January 1, 2016,
a minimum LCR of 80%; from January 1, 2017, LCR of 90%; and
from January 1, 2018, LCR of no less than 100%.
Effective September 1, 2019, LCR must be differentiated by
currency and should be no less than 100%:
in all currencies;
in domestic currency;
in foreign currency (total for all foreign currencies).

On June 1, 2020, the ratio of liquid assets to total assets was
introduced and must not be less than 10%. However, this ratio is not
differentiated by currency.

Interest rate controls No.
Credit controls n.r.
Differential treatment of deposit accounts held by nonresidents n.r.
Reserve requirements No.
Liquid asset requirements No.
Interest rate controls No.
Credit controls n.r.
Investment regulations Yes.
Abroad by banks Yes.
In banks by nonresidents Yes.
Pursuant to the Basel Committee’s Core Principles for Effective
Banking Supervision, requirements have been established to obtain
prior CBU permission to purchase shares of resident banks by
nonresidents above the established threshold.
Effective November 5, 2019, it is established that individuals and
legal entities or persons acting together, including nonresidents, are
obliged to obtain the prior permission of the CBU before acquiring,
directly or indirectly, a stake that will constitute 5% or more in the
authorized capital of a bank as a result of one or several transactions.
(Previously, no threshold was established and the permission was
required regardless of the size of the acquired share.) The need to
obtain the prior permission of the CBU for the acquisition by
nonresidents of shares of resident banks is not a form of control of
the movement of capital.
Pursuant to the Law on Banks and Banking:
- the total share of nonresidents – individuals and legal entities that
are not international financial institutions, foreign banks and other credit organizations, should not exceed 50% of the authorized capital of the bank;
- the following may not be direct or indirect holders of bank shares: nonresident individuals who live in a state or a territory that offers preferential tax treatment and/or does not stipulate the disclosure of the identity of the ultimate beneficial owners and the provision of information in the course of financial transactions, as well as legal entities whose participants (shareholders), the ultimate beneficial owners are registered in such a state or territory.

Open foreign exchange position limits  Yes.  Effective August 24, 2019, the limits were revised and the open foreign exchange position for each individual type of foreign currency at the end of each business day may not exceed 10% (previously 5%) of a bank’s regulatory capital. The aggregate open foreign exchange position at the end of each business day for all short (long) foreign exchange positions and the overall aggregate position may not exceed 15% (previously 10%) of a bank’s regulatory capital.

On resident assets and liabilities  Yes.  Effective August 24, 2019, the limits were revised and the open foreign exchange position for each individual type of foreign currency at the end of each business day may not exceed 10% (previously 5%) of a bank’s regulatory capital. The aggregate open foreign exchange position at the end of each business day for all short (long) foreign exchange positions and the overall aggregate position may not exceed 15% (previously 10%) of a bank’s regulatory capital.

On nonresident assets and liabilities  Yes.  Effective August 24, 2019, the limits were revised and the open foreign exchange position for each individual type of foreign currency at the end of each business day may not exceed 10% (previously 5%) of a bank’s regulatory capital. The aggregate open foreign exchange position at the end of each business day for all short (long) foreign exchange positions and the overall aggregate position may not exceed 15% (previously 10%) of a bank’s regulatory capital.

Provisions specific to institutional investors  Yes.  Institutional investors in the securities market are investment funds, insurers, and commercial banks.

Insurance companies  Yes.  Institutional investors may purchase securities in the amounts established by the legislation.

Limits (max.) on securities issued by nonresidents  No.

Limits (max.) on investment portfolio held abroad  No.

Limits (min.) on investment portfolio held locally  No.

Currency-matching regulations on assets/liabilities composition  Yes.  Insurance reserves apply for each type (class) of insurance and in the currency in which the liability (insurance amount) is payable according to the insurance agreement. In cases when insurance reserves are set in foreign currency, assets are paid in the same currency as the insurance reserves or in a foreign currency.

Pension funds  Yes.  Institutional investors may purchase securities in the amounts established by the legislation.

Limits (max.) on securities issued by nonresidents  n.a.

Limits (max.) on investment portfolio held abroad  n.a.

Limits (min.) on investment portfolio held locally  n.a.
The Republic of Uzbekistan Law on Investment and Mutual Funds of August 26, 2015 (No. ZRU-392 of August 25, 2015), and the Regulation on Investment Funds, approved by the Cabinet of Ministers Resolution of September 25, 1998, establish procedures governing the activities of investment and mutual funds that stipulate that they must be managed by licensed management companies (investment fund fiduciary managers). Investment funds are legal entities in the form of open joint-stock companies that issue shares for the purpose of placing investors’ resources in securities and other assets in accordance with the law and in bank accounts and deposits. Investment funds may not be converted to other types of legal entities.

Pursuant to Article 13 of the Republic of Uzbekistan Law on Investment and Mutual Funds of August 26, 2015, an investment fund does not have the right: to operate without a license; to issue corporate and infrastructure bonds, or preferred shares; to invest more than 10% of the investment fund’s net assets in the securities of a single issuer or in the shares of a limited liability company; to attract loans and/or borrowed funds if the aggregate amount of debt to be repaid will exceed 15% of the value of the investment fund’s net assets as of the date the credit and/or loan agreement is signed (and the duration of the credit and/or loan may not exceed three months); to serve as a surety, or to pledge property or property rights; to make investments in securities and shares of commercial companies whose organizational-legal form imposes additional liability on their partners; to make investments in securities issued by a fiduciary manager or by auditing firms, or to acquire stakes in their statutory capital; to acquire and hold shares of other investment funds; to enter into transactions not related to investment activity, or to acquire options or futures; to make investments in a total amount that exceeds 10% of the fund’s net assets (other than investments in securities).

According to Article 17 of the Law, the monetary assets of a mutual fund may not be: invested in the securities of a single issuer or in shares of a limited liability company in an amount that exceeds 10% of the fund’s investment assets; invested in securities and shares of commercial companies whose organizational-legal form imposes additional liability on their partners; invested in securities issued by a fiduciary manager or by auditing firms, or used to acquire stakes in their statutory capital; used for purposes not related to investment activity; invested in a total amount that exceeds 10% of the fund’s investment assets (other than investments in securities).

Pursuant to Article 15 of the Law on the Securities Market of June 3, 2015, the issuance and circulation of securities in Uzbekistan are subject to registration, unless the legislation provides otherwise. The cabinet of ministers establishes quotas and the procedure for circulation in Uzbekistan of securities issued by nonresidents. The quotas and procedures are the same as for capital market securities.

Investment funds may not invest in securities of enterprises that have not been registered by the government or that conduct their business principally outside Uzbekistan.

Investment funds may not (1) acquire the common stock of any joint-stock company if the acquisition leads to ownership of more than 10% of the stock by entities affiliated with the investment fund; (2) invest more than 10% of their net assets in the securities of a single issuer or in the stakes (participation shares) of a limited liability company.
company established on the basis of a privatized enterprise, with the exception of government securities; or (3) exchange stocks issued by the fund for stocks of joint-stock companies established in the process of denationalization (privatization) in an amount exceeding 5% of the net assets of the investment fund.

Pursuant to Article 13 of the Republic of Uzbekistan Law on Investment and Mutual Funds of August 26, 2015, an investment fund does not have the right: to serve as a surety, or to pledge property or property rights; to make investments in securities and shares of commercial companies whose organizational-legal form imposes additional liability on their partners; to make investments in securities issued by a fiduciary manager or by auditing firms, or to acquire stakes in their statutory capital; to acquire and hold shares of other investment funds; to enter into transactions not related to investment activity, or to acquire options or futures; to make investments in a total amount that exceeds 10% of the fund’s net assets (other than investments in securities).

According to Article 17 of the Law, the monetary assets of a mutual fund may not be: invested in the securities of a single issuer or in shares of a limited liability company in an amount that exceeds 10% of the fund’s investment assets; invested in securities and shares of commercial companies whose organizational-legal form imposes additional liability on their partners; invested in securities issued by a fiduciary manager or by auditing firms, or used to acquire stakes in their statutory capital; used for purposes not related to investment activity; invested in a total amount that exceeds 10% of the fund’s investment assets (other than investments in securities).

Currency-matching regulations on assets/liabilities composition

Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Exchange Arrangement

Foreign exchange market

Spot exchange market 08/20/2019

Banks’ exchange bureaus were allowed to sell foreign exchange in cash to individual residents. Previously, the sale of foreign exchange to resident individuals was performed in cashless form through crediting their international bank cards.

Arrangements for Payments and Receipts

Prescription of currency requirements

Use of foreign exchange among residents 10/23/2019

The Law of the Republic of Uzbekistan on Foreign Exchange Regulation, No. ZRU-573 of October 22, 2019, provides for an updated list of transactions that are permitted between residents in foreign exchange.

09/01/2020

According to the Rules for the Performance of Foreign Exchange Transactions, also the following transactions may be performed between residents in foreign currency on the territory of the Republic of Uzbekistan: the acceptance of foreign exchange cash in the cases referred to in paragraph 45 of the Rules; payments of funds on the basis of court orders.

Administration of control

10/23/2019

According to the Law of the Republic of Uzbekistan on Foreign Exchange Regulation, No. ZRU-573 of October 22, 2019, the foreign exchange oversight authorities are obliged to oversee foreign exchange transactions performed by residents and nonresidents in the
Republic of Uzbekistan in terms of compliance of these operations with the legislation of the Republic of Uzbekistan. The foreign exchange oversight authorities, within their powers, are entitled to:

- verify residents’ and nonresidents’ compliance with foreign exchange regulation laws;
- verify the completeness and accuracy of accounting and reporting on foreign exchange transactions of residents and nonresidents, per established procedure;
- request documents and information related to the conduct of foreign exchange transactions;
- establish a procedure for submitting reports on foreign exchange transactions;
- present demands to remedy discovered violations and take other actions, which shall be binding on all residents and nonresidents within the Republic of Uzbekistan.

The foreign exchange oversight authorities may require submission only of those documents that are directly related to the foreign exchange transaction being conducted. The CBU oversees foreign exchange transactions conducted by banks of the Republic of Uzbekistan.

### Controls on trade in gold (coins and/or bullion)

**On domestic ownership and/or trade**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/01/2019</td>
<td>Industrial producers, as well as legal entities and individual entrepreneurs engaged in the production of jewelry and other articles made of precious metals and gemstones, may purchase precious metals in exchange trading.</td>
</tr>
<tr>
<td>05/18/2019</td>
<td>Commercial banks and jewelry makers were granted the right to buy gold from producers, as well as to sell purchased precious metals to other jewelry makers.</td>
</tr>
<tr>
<td>06/30/2020</td>
<td>Commercial banks perform the sale and purchase of standard ingots made of precious metals in the Republic of Uzbekistan and put into circulation by the Central Bank of Uzbekistan.</td>
</tr>
</tbody>
</table>

### Controls on exports and imports of banknotes

**On exports**

**Domestic currency**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/23/2019</td>
<td>Resident and nonresident individuals may export cash in domestic and foreign currency in an amount not exceeding the equivalent of 100,000,000 UZS (previously 50 times the minimum wage). Export of larger amounts should be carried out in accordance with the procedure determined by the Cabinet of Ministers of the Republic of Uzbekistan (previously larger amounts required Central Bank of Uzbekistan permission).</td>
</tr>
<tr>
<td>09/01/2020</td>
<td>The export by individuals of cash outside the Republic of Uzbekistan in amounts in excess of the equivalent of 100,000,000 sum is allowed in the following cases: by residents – for members of government delegations sent on official business to foreign states in accordance with an order by the Cabinet of Ministers; by nonresidents – on the basis of a passenger customs declaration, up to the amount of funds imported into the Republic of Uzbekistan, and also by prizewinners or participants in international competitions (contests, Olympiads) organized in the country following the established procedure, on the basis of documents confirming the legal origin of the funds.</td>
</tr>
<tr>
<td>09/01/2020</td>
<td>Currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer. Cash in amounts equal to or not exceeding the equivalent of...</td>
</tr>
</tbody>
</table>
Resident and nonresident individuals may export cash in domestic and foreign currency in an amount not exceeding the equivalent of 100,000,000 UZS. Export of larger amounts should be carried out in accordance with the procedure determined by the Cabinet of Ministers of the Republic of Uzbekistan. (Previously, the export of cash foreign exchange by individuals within an amount equivalent to US$5,000 could be performed without any permission. The completion of customs declaration in case of export by an individual (resident or nonresident) of cash foreign exchange up to the equivalent of US$2,000 was not required. In the case of the export by an individual of cash foreign exchange in excess of an amount equivalent to US$2,000, the total amount of exported cash foreign exchange was declared in writing. Export of an amount more than US$5,000 was carried out as follows: by residents – with the permission of regional offices of the CBU; by nonresidents – based on the customs declaration completed at the time of entry of the Uzbekistan, where the amount of cash foreign exchange is not less than the amount to be exported. In case of export of foreign exchange cash in excess of the established amount by nonresidents who are prizewinners or participants in competitions, contests, and Olympiads organized in Uzbekistan, the basis for the export of foreign exchange cash was a document confirming the legality of receipt of the foreign exchange cash.)

The export by individuals of cash outside the Republic of Uzbekistan in amounts in excess of the equivalent of 100,000,000 sum is allowed in the following cases:

by residents – for members of government delegations sent on official business to foreign states in accordance with an order by the Cabinet of Ministers;
by nonresidents – on the basis of a passenger customs declaration, up to the amount of funds imported into the Republic of Uzbekistan, and also by prizewinners or participants in international competitions (contests, Olympiads) organized in the country following the established procedure, on the basis of documents confirming the legal origin of the funds.

In this case, foreign exchange cash may be exported outside the Republic of Uzbekistan up to the balance remaining after foreign exchange cash imported by nonresident individuals on the basis of a passenger customs declaration completed on entry into the Republic of Uzbekistan has been used in accordance with the requirements of legal acts within the country.

Currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer. Cash in amounts equal to or not exceeding the equivalent of 70,000,000 sum may also be declared if the individual wishes to do so.

Resident and nonresident individuals may import cash in domestic and foreign currency without restrictions. (Previously, it was permitted in an amount not exceeding 50 times the minimum wage.)

Currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer. Cash in amounts equal to or not exceeding the equivalent of
Foreign currency

70,000,000 sum may also be declared if the individual wishes to do so.
Currency of the Republic of Uzbekistan in cash and/or foreign currency in cash imported and exported by individuals in amounts in excess of the equivalent of 70,000,000 sum is subject to customs control through its declaration and presentation to a customs officer. Cash in amounts equal to or not exceeding the equivalent of 70,000,000 sum may also be declared if the individual wishes to do so. (Previously, the completion of customs declaration in case of import by an individual (resident or nonresident) of cash foreign exchange up to the equivalent of US$2,000 was not required. If an individual import into the Republic of Uzbekistan cash foreign exchange is in excess of the equivalent of US$2,000, the entire amount of the imported cash foreign exchange was declared in writing.)

Resident Accounts

Foreign exchange accounts permitted

Funds deposited to accounts of individuals in foreign currency may be transferred abroad to the accounts of individuals in an amount not exceeding the equivalent of 100,000,000 UZS (previously US$5,000) at one time.

Held domestically

10/23/2019
There is no requirement for resident legal entities also to obtain the Central Bank of Uzbekistan (CBU) permit to open an account abroad. (Previously, resident legal entities could open and hold bank accounts abroad for the purpose and duration specified in the application for the CBU permit.)

10/23/2019
After opening accounts abroad, resident legal entities are obliged to notify the tax authorities and the Central Bank of Uzbekistan, through the commercial bank servicing their main demand deposit account, about opening (closing) accounts and changes in account data, as well as about balances and turnover on those accounts, on a quarterly basis, no later than the 25th of the month after the end of the reporting quarter. (Previously, resident legal entities had to submit information on debits and credits of funds on the bank accounts on a monthly basis to the commercial bank of Uzbekistan servicing the applicant and to the tax authorities.)

Held abroad

10/23/2019
Resident individuals have the right to open accounts and deposit accounts in foreign exchange in banks abroad. (Previously, resident individuals were allowed to have bank accounts abroad during their stay or activity abroad. Afterward, the accounts had to be closed, and the balances transferred to Uzbekistan.)

Approval required

10/23/2019
There is no requirement for resident legal entities to obtain the Central Bank of Uzbekistan (CBU) permit to open an account abroad. (Previously, resident legal entities could open and hold bank accounts abroad for the purpose and duration specified in the application for the CBU permit.)

Accounts in domestic currency held abroad

10/23/2019
There is no requirement for resident legal entities to obtain the Central Bank of Uzbekistan (CBU) permit to open an account abroad. (Previously, resident legal entities may open and hold bank accounts abroad for the purpose and duration specified in the application for the CBU permit.)

10/23/2019
After opening accounts abroad, resident legal entities are obliged to notify the tax authorities and the Central Bank of Uzbekistan, through the commercial bank servicing their main demand deposit account, about opening (closing) accounts and changes in account data, as well as about balances and turnover on those accounts, on a quarterly basis, no later than the 25th of the month after the end of the
reporting quarter. (Previously, resident legal entities had to submit information on debits and credits of funds on the bank accounts on a monthly basis to the commercial bank of Uzbekistan servicing the applicant and to state tax service authorities serving the location where state registration of the applicant was performed.)

The sale of foreign exchange to resident individuals is also carried out in cash. (Previously, the purchased foreign exchange had to be credited to individuals’ bank cards.) No document identifying the individual is required for the sale to him or her of cash foreign exchange in an amount equal to or under the equivalent of US$100.

**Nonresident Accounts**

- **Accounts in domestic currency convertible into foreign currency**
  - 08/20/2019
  - The sale of foreign exchange to resident individuals is also carried out in cash. (Previously, the purchased foreign exchange had to be credited to individuals’ bank cards.) No document identifying the individual is required for the sale to him or her of cash foreign exchange in an amount equal to or under the equivalent of US$100.

- **Foreign exchange accounts permitted**
  - 03/25/2019
  - The Procedures for Maintenance by Commercial Banks of Accounts in Foreign Exchange (Reg. No. 511 of September 5, 1998) were amended and provide the following with regard to foreign exchange accounts of nonresident legal entity that have created a permanent establishment:
    - dividends and other income from investment activity in the Republic of Uzbekistan of such nonresident legal entities may be credited to their accounts;
    - balances from those accounts may be transferred to accounts outside the Republic of Uzbekistan.

  - 03/25/2019
  - Nonresident legal entities purchasing (selling) shares of companies in organized trading were allowed to open foreign exchange accounts with commercial banks in the Republic of Uzbekistan and deposit on them funds received from the purchase (sale) of shares in organized trading.

  - 03/25/2019
  - The Procedures for Maintenance by Commercial Banks of Accounts in Foreign Exchange (Reg. No. 511 of September 5, 1998) were amended and provide that dividends and other income from investment activity in the Republic of Uzbekistan of a nonresident legal entity that created a representative office may be credited to the accounts of such legal entities.

- **Domestic currency accounts**
  - 03/25/2019
  - Nonresident legal entities purchasing (selling) shares of companies in organized trading were allowed to open domestic currency accounts with commercial banks in the Republic of Uzbekistan and deposit on them funds received from the purchase (sale) of shares in organized trading.

  - 03/25/2019
  - The Procedures for Commercial Banks’ Maintenance of Nonresidents’ Accounts in the Republic of Uzbekistan Domestic Currency (Central Bank of Uzbekistan Reg. No. 510 of October 22, 1998) were amended and provide that dividends and other income from investment activity in the Republic of Uzbekistan by a nonresident legal entity that has created a representative office or a permanent establishment may be credited to their accounts in domestic currency.

  - 09/01/2020
  - The Central Bank of Uzbekistan Rules for the Performance of Foreign Exchange Transactions in the Republic of Uzbekistan replaced the Procedures for Maintenance by Commercial Banks of Accounts in Foreign Exchange (Reg. No. 511 of September 5, 1998). The Rules retain the right of nonresidents to deposit funds obtained lawfully to their domestic currency accounts opened at banks of the Republic of Uzbekistan and to use these funds independently in accordance with the requirements of the legislation.
Convertible into foreign currency 03/25/2019

The Procedures for Maintenance by Commercial Banks of Nonresidents’ Accounts in the Republic of Uzbekistan Domestic Currency (Reg. No. 510 of October 22, 1998) were amended and provided that nonresident legal entities performing the purchase/sale of companies’ shares in organized trading may open accounts in domestic currency in the Republic of Uzbekistan commercial banks and perform the purchase/sale of foreign exchange.

09/01/2020


**Imports and Import Payments**

Import licenses and other nontariff measures

- **Negative list**

09/01/2019

Pursuant to Presidential Decree No. PP-4422 of August 22, 2019, a ban was imposed on imports of used generator equipment, step-down transformers, electric motors, and energy-consuming equipment with an energy efficiency rating of D.

**Import taxes and/or tariffs**

10/01/2019

Pursuant to the Tax Code of the Republic of Uzbekistan, all goods imported into Uzbekistan are subject to a 15% VAT (previously 20%), with certain exceptions as provided for in Article 246 of the Tax Code.

01/01/2020

An excise tax at a rate of 5–50% (previously from 5% to 200%) is levied on excisable goods imported into Uzbekistan (Presidential Resolution No. PP-3818 of June 29, 2018), with exceptions provided for in Article 284 of the Tax Code.

**Exports and Export Proceeds**

Repatriation requirements

05/15/2020

The time period for the receipt of proceeds or the re-import of goods under export operations must not exceed 180 days from the date a freight customs declaration is prepared under the “export” customs regime – for goods, and from the date an acceptance certificate is signed for work performed – for services (work). (Previously, the period for the receipt of proceeds or reimportation of goods (work and services) in export transactions must not exceed: - 180 days from the day of the actual export of goods exported by resident founders to the address of entities abroad (trading houses, trading offices, subsidiaries, company stores, dealer networks, and consignment warehouses), or export by business entities that are members of the Republic of Uzbekistan Chamber of Commerce and Industry to the address of the Chamber’s trade investment houses; and - 120 days from the actual export of goods, work and services for all other exporters.)

08/01/2020

Economic entities are not subject to fines for past-due accounts receivable on foreign trade operations in the following cases: on the amount of assets repatriated in full or in part in accordance with the requirements of the Republic of Uzbekistan Law on Foreign Exchange Regulation under contracts referred to in the request for imposition of a fine; if the time periods for the delivery of equipment and/or components have been established in the terms of import contracts for the delivery of equipment and/or components at more than 180 calendar days, depending on their technical characteristics and specific features; on presentation of a certificate of the destruction or confiscation of goods exported in the name of a foreign enterprise and found to be invalid in the transport and storage process for reasons beyond the
control of the exporter and foreign enterprise, or confiscated by the importing government agency under customs control of the customs authority of the country in which the goods are located; repeated fines for the same arrears and the current volume of exports and imports of goods (work, services).

The collection of fines in excess of 20% of the sum of current assets of a resident legal entity of the Republic of Uzbekistan as of the last reporting date may be performed by means of monthly payments over a period of six months from the date a decision is made to collect the amount due.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**

**Personal payments**

*Indicative limits/bona fide test* 10/23/2019

Transfers from a personal account to a personal account abroad are allowed up to 100,000,000 UZS (previously US$5,000) at one time without any limit on the number of transactions.

**Proceeds from Invisible Transactions and Current Transfers**

**Repatriation requirements** 08/01/2020

The period for the receipt of proceeds or reimportation of goods in export transactions must not exceed:

- 180 days from the date a freight customs declaration is prepared under the “export” customs regime – for goods, and from the date an acceptance certificate is signed for work performed – for services (work).

(Previously, the period for the receipt of proceeds or reimportation of goods (work and services) in export transactions had to not exceed:

- 180 days from the day of the actual export of goods exported by Republic of Uzbekistan resident founders to the address of entities abroad (trading houses, trading offices, subsidiaries, company stores, dealer networks, and consignment warehouses), or export by business entities that are members of the Republic of Uzbekistan Chamber of Commerce and Industry to the address of the Chamber’s trade investment houses; and

- 120 days from the actual export of goods, work and services for all other exporters.)

**Capital Transactions**

**Controls on capital transactions**

**Controls on capital and money market instruments** 01/25/2019


The Agency’s main tasks are:

- implementation of a common state policy in the formation, development, and regulation of the securities market and corporate governance;
- protection of the rights and lawful interests of investors performing...
transactions with securities as well as securities’ holders;  
oversight of compliance with the legislation on the securities market  
and the legislation on joint-stock companies and protection of  
shareholders’ rights;  
keeping investors and the public informed of the development status  
of the domestic capital market and its professional participants;  
facilitating the introduction of new types of financial instruments to  
allow for the attraction of the necessary resources for the financing of  
investment projects;  
licensing of stock exchanges and professional participants in the  
securities market;  
effective cooperation with foreign and international institutions in the  
development and regulation of the capital market.

Shares or other securities of a  
participating nature  
Purchase locally by nonresidents  

11/05/2019  
It is established that individuals and legal entities or persons acting  
together, including nonresidents, are obliged to obtain the prior  
permission of the Central Bank of Uzbekistan before acquiring,  
directly or indirectly, a stake that will constitute 5% or more in the  
funded capital of a bank as a result of one or several transactions.  
(Previously, no threshold was established and the permission was  
required regardless of the size of the acquired share.)

Controls on direct investment  
Inward direct investment  

11/05/2019  
It is established that individuals and legal entities or persons acting  
together, including nonresidents, are obliged to obtain the prior  
permission of the Central Bank of Uzbekistan before acquiring,  
directly or indirectly, a stake that will constitute 5% or more in the  
funded capital of a bank as a result of one or several transactions.  
(Previously, no threshold was established and the permission was  
required regardless of the size of the acquired share.)

Provisions Specific to the Financial Sector

Provisions specific to  
commercial banks and other  
credit institutions  
Differential treatment of deposit  
accounts in foreign exchange  
Reserve requirements  

07/01/2019  
Mandatory reserve requirement norms were increased for term  
deposits and mandatory reserve requirement norms for all deposits  
become as follows:  
(1) For deposit obligations of banks in national currency:  
from individuals and legal entities – 4% for demand deposits, term  
deposits, and other deposits.  
(2) For deposit obligations of banks in foreign currency:  
from individuals and legal entities – 14% for demand deposits, term  
deposits, and other deposits.

Liquid asset requirements  
09/01/2019  
The LCR must be differentiated by currency and should be no less  
than 100%:  
in all currencies;  
in domestic currency;  
in foreign currency (total for all foreign currencies).

Investment regulations  
In banks by nonresidents  

11/05/2019  
It is established that individuals and legal entities or persons acting  
together, including nonresidents, are obliged to obtain the prior  
permission of the Central Bank of Uzbekistan before acquiring,  
directly or indirectly, a stake that will constitute 5% or more in the  
funded capital of a bank as a result of one or several transactions.  
(Previously, no threshold was established and the permission was  
required regardless of the size of the acquired share.)
Open foreign exchange position limits

08/24/2019

The limits were revised and the open foreign exchange position for each individual type of foreign currency at the end of each business day may not exceed 10% (previously 5%) of a bank’s regulatory capital. The aggregate open foreign exchange position at the end of each business day for all short (long) foreign exchange positions and the overall aggregate position may not exceed 15% (previously 10%) of a bank’s regulatory capital.

On resident assets and liabilities

08/24/2019

The limits were revised and the open foreign exchange position for each individual type of foreign currency at the end of each business day may not exceed 10% (previously 5%) of a bank’s regulatory capital. The aggregate open foreign exchange position at the end of each business day for all short (long) foreign exchange positions and the overall aggregate position may not exceed 15% (previously 10%) of a bank’s regulatory capital.

On nonresident assets and liabilities

08/24/2019

The limits were revised and the open foreign exchange position for each individual type of foreign currency at the end of each business day may not exceed 10% (previously 5%) of a bank’s regulatory capital. The aggregate open foreign exchange position at the end of each business day for all short (long) foreign exchange positions and the overall aggregate position may not exceed 15% (previously 10%) of a bank’s regulatory capital.
VANUATU

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership
September 28, 1981.

Article VIII
Yes. Date of acceptance: December 11, 1982.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices
No.

Exchange measures imposed for security reasons
No.

In accordance with IMF Executive Board Decision No. 144-(52/51)
No.

Other security restrictions
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database:
http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency
Yes. The currency of Vanuatu is the Vanuatu vatu.

Other legal tender
No.

Exchange rate structure

Unitary
Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal bands

Other managed arrangement
Yes.

Since 1988, Vanuatu has officially maintained an adjustable peg exchange rate arrangement. Currently, the exchange rate of the vatu is linked to a transaction-weighted (trade and tourism receipts) basket of currencies whose weights and composition are not publicly disclosed and are adjusted periodically. The de facto exchange rate
arrangement is classified as other managed, because the composite weights are not disclosed and cannot be confirmed, and, in practice, the vatu has been more volatile against a composite than the 2% band typical of stabilized or pegged arrangements.

Floating
Free floating

**Official exchange rate**

Yes. The Reserve Bank of Vanuatu (RBV) quotes vatu rates daily against the US dollar and other major currencies.

**Monetary policy framework**

Exchange rate anchor

*U.S. dollar*

*Euro*

*Composite*

*Other*

Monetary aggregate target

Inflation-targeting framework

**Target setting body**

Government

Central Bank

*Monetary Policy Committee*

*Central Bank Board*

*Other*

Government and Central Bank

**Inflation target**

Target number

*Point target*

*Target with tolerance band*

*Band/Range*

Target measure

*CPI*

*Core inflation*

Target horizon

**Operating target (policy rate)**

Policy rate

Target corridor band
### Accountability

- Open letter
- Parliamentary hearings

### Transparency

- Publication of votes
- Publication of minutes
- Publication of inflation forecasts

<table>
<thead>
<tr>
<th>Other monetary framework</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange tax</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Exchange subsidy</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Foreign exchange market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Spot exchange market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Operated by the central bank</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Foreign exchange standing facility</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Allocation</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Auction</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Fixing</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Interbank market</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Over the counter</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Brokerage</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Market making</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Forward exchange market</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

The main objectives of monetary policy are (1) low and stable inflation and (2) a sufficient level of official foreign exchange reserves. Specifically, the RBV aims for CPI inflation in the 0%–4% range and aims to maintain foreign reserve cover of at least four months of imports. The RBV achieves these objectives by pegging the vatu to an undisclosed basket of currencies, targeting excess reserves in the banking system through its open market operations, and periodically adjusting its rediscount rate and the statutory reserve requirement in line with economic and financial conditions.

Commercial banks may freely trade within a band set by the RBV.

Foreign exchange bureaus may operate after obtaining a license from the Department of Finance (government). Such bureaus may not deal directly with the RBV. Currently, there are 3 focusing on exchange and transfer and 3 Chinese stores that include exchange in their retail activity.

The RBV has a dealing facility with the local commercial banks for the purchase and sale of US dollars and Australian dollars against the vatu.

Five commercial banks participate in the interbank foreign exchange market. There are no limits on the bid-ask spreads and commissions of market participants.

Banks operate mainly over the counter.

The RBV does not deal in the forward exchange market; however, commercial banks provide forward exchange facilities to their customers.
customers at their own expense. The RBV does not deal in derivative instruments.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements n.r.

Controls on the use of domestic currency No. There are no limitations on the use of domestic currency in international payments for current or capital transactions.

For current transactions and payments No.

For capital transactions No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents n.r.

Payments arrangements Yes.

Bilateral payments arrangements n.r.

Operative n.r.

Inoperative n.r.

Regional arrangements Yes. Vanuatu participates in the Melanesian Spearhead Group (MSG) Trade Agreement and PICTA. Vanuatu also signed PACER Plus agreement in September 2017. Australia and New Zealand have ratified it, but other signatories are working toward ratification. The PACER Plus will come into force 60 days after being ratified by an eighth signatory.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control No.

Payments arrears n.r.

Official n.r.

Private n.r.

Controls on trade in gold (coins and/or bullion) n.r.

On domestic ownership and/or trade n.r.

On external trade n.r.

Controls on exports and imports of banknotes No.

On exports No.

Domestic currency No. A person who leaves or arrives in Vanuatu with more than VT 1

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A person who leaves or arrives in Vanuatu with more than VT 1 million in cash or negotiable bearer instruments on his or her person or on his or her luggage without first having reported the fact to the Department of Customs commits an offence punishable on conviction by a fine not exceeding VT 1 million or imprisonment for 2 years or both.

### Resident Accounts

- **Foreign exchange accounts permitted**: Yes.
  - **Held domestically**: Yes.
  - **Approval required**: No.
  - **Held abroad**: Yes.
  - **Approval required**: No.

#### Accounts in domestic currency held abroad
- Yes. No restriction but depends on the bank abroad.

#### Accounts in domestic currency convertible into foreign currency
- Yes.

### Nonresident Accounts

- **Foreign exchange accounts permitted**: Yes.
  - **Approval required**: No.
  - **Domestic currency accounts**: Yes.
  - **Convertible into foreign currency**: Yes.
  - **Approval required**: No.
  - **Blocked accounts**: Yes. Depends on the risk level of the customer (AML&CTF).
Imports and Import Payments

Foreign exchange budget  No.

Financing requirements for imports  n.r.
Minimum financing requirements  n.r.
Advance payment requirements  n.r.
Advance import deposits  n.r.

Documentation requirements for release of foreign exchange for imports  Yes.
Domiciliation requirements  Yes.
Preshipment inspection  Yes.
Letters of credit  Yes.
Import licenses used as exchange licenses  n.r.
Other  Yes.  For verification purposes, all appropriate documentation must accompany requests for foreign settlement by commercial banks.

Import licenses and other nontariff measures  Yes.
Positive list  Yes.
Negative list  Yes.  The importation of frozen chicken pieces, T-shirts bearing a Vanuatu motif, firearms and ammunition, animals and plants, and transistor and telephone equipment is restricted through import-licensing arrangements. A similar restriction is applied to the importation of rice, sugar, flour, canned fish, and tobacco products. Bans are in effect for health reasons on imports of animals and animal products from Europe and the United Kingdom, as well as on imports of chicken and poultry products from Victoria and New South Wales, Australia.

Open general licenses  n.r.
Licenses with quotas  n.r.
Other nontariff measures  Yes.  The RBV has the authority to restrict import requests to the equivalent of US$100,000 an individual.

Import taxes and/or tariffs  Yes.  The import duty structure consists of eight rates, ranging from 0% to 30%, with the 30% rate applying to most goods. Most basic items are subject to a 5% duty. Approved goods imported under the MSG, PICTA, and PACER trade agreements are duty free. These goods require certificates of origin issued to exporters and importers by the member countries. Goods imported or delivered from bonded houses are also duty free. A 35% duty applies to certain imported products in the protected goods category, except for six items covered under the MSG trade agreement, to which a 40% duty applies. In addition, a 40% duty, which decreases by 2% a year, is applied to ice cream, fruit juice, meat, and soap, and duties of VT 350 and VT 315 a liter are applied to fuel and paint, respectively. As a result of free trade under the MSG trade agreement, excise tax rates have been increased and extended to additional excisable products (domestic and imported). Customs uses the harmonized system of tariffs (2007...
version). Vanuatu became a WTO member in 2012 and has agreed to bind all its tariff rates.

**Taxes collected through the exchange system**
No.

**State import monopoly**
No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

**Repatriation requirements**
No.

**Surrender requirements**
No. Exchange proceeds need not be surrendered.

- **Surrender to the central bank**
  No.

- **Surrender to authorized dealers**
  No.

**Financing requirements**
n.r.

**Documentation requirements**
n.r.

**Letters of credit**
n.r.

**Guarantees**
n.r.

**Domiciliation**
n.r.

**Preshipment inspection**
n.r.

**Other**
n.r.

**Export licenses**
Yes. The exportation of logs and flitches is banned for environmental reasons. Under special circumstances, small parcels of logs may be exported if they cannot be processed in Vanuatu. Proposals to export logs require approval of the council of ministers. Export permits – whose issuance is coordinated by the Environment Unit and the Forestry Department – are required for rare and endangered species. The exportation of sandalwood logs is banned, and sandalwood must be processed locally before exportation.

- **Without quotas**
  Yes. For conservation purposes, exports of certain products, including trochus, green snails, bêches-de-mer, mother-of-pearl, aquarium fish, crustaceans, and coconut crabs, are subject to authorization. The annual quota of bêches-de-mer that may be exported from Vanuatu is 26 tons, and they must be of a specified size. Exports of copra and cocoa take place through the Vanuatu Commodities Marketing Board. Exports of kava, a prescribed commodity under the Vanuatu Commodities Marketing Board, must be authorized by the Quarantine Office. Exports of artifacts of exceptional value, either as a result of ceremonial use or because they are more than 10 years old, are subject to authorization from the Vanuatu Cultural Center.

- **With quotas**
  No.

**Export taxes**
Yes.

- **Collected through the exchange system**
  No.

- **Other export taxes**
  Yes. There are taxes on exports of logs; unworked shells; and wood in the rough, whether stripped of bark and sapwood or roughly squared.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database:
## Payments for Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controls on these transfers</strong></td>
<td></td>
</tr>
<tr>
<td>Trade-related payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
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<td></td>
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<tr>
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<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Payments for travel</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Personal payments</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign workers' wages</td>
<td>No.</td>
</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Credit card use abroad</td>
<td>No.</td>
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<tr>
<td>Prior approval</td>
<td>No.</td>
</tr>
<tr>
<td>Quantitative limits</td>
<td>No.</td>
</tr>
<tr>
<td>Indicative limits/bona fide test</td>
<td>No.</td>
</tr>
<tr>
<td>Other payments</td>
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</tr>
<tr>
<td>Prior approval</td>
<td>No.</td>
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<td>Indicative limits/bona fide test</td>
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</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database:

http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
### Proceeds from Invisible Transactions and Current Transfers

<table>
<thead>
<tr>
<th>Repatriation requirements</th>
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</tr>
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<tbody>
<tr>
<td>Surrender requirements</td>
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</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Restrictions on use of funds</td>
<td>No.</td>
</tr>
</tbody>
</table>

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Capital Transactions

**Controls on capital transactions**

<table>
<thead>
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<th>Repatriation requirements</th>
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<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Controls on capital and money market instruments**

**On capital market securities**

| Shares or other securities of a participating nature | Yes. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |

**Purchase abroad by residents**

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>Yes.</th>
</tr>
</thead>
</table>

Limits to the investments of pension funds apply. As per the new Investment Policy Guideline (IPG), effective September 11, 2019, the maximum limit on investment portfolio assets held abroad is 30%, while the minimum limit is 20%. Previously, Section 16B of Vanuatu National Provident Fund (VNPF) Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9. In addition, Paragraph 8 of the IPG – Asset Allocation also outlines the following benchmark positions for Asset Class Offshore, effective September 11, 2019, investment in equity may be a minimum of 4% and a maximum of 20% (previously a low–high range of 5%–15% and neutral allocation of 10%).

| Sale or issue abroad by residents | No. |
| Bonds or other debt securities | Yes. |
| Purchase locally by nonresidents | No. |
| Sale or issue locally by nonresidents | No. |
| Purchase abroad by residents | Yes. |
IPG, effective September 11, 2019, the maximum limit on investment portfolio assets held abroad is 30%, while the minimum limit is 20%. Previously, Section 16B of VNPF Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
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<tr>
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<tr>
<th>Activity</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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<th>Activity</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>No.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>No.</td>
</tr>
</tbody>
</table>
By residents to nonresidents  No.
To residents from nonresidents  No.

Guarantees, sureties, and financial backup facilities
By residents to nonresidents  No.
To residents from nonresidents  No.

Controls on direct investment  No.

Outward direct investment  No.
Inward direct investment  No.

The Vanuatu Investment Promotion Authority has recommended a few amendments for the control of investment in Vanuatu; however, these have not yet been implemented. The Vanuatu Investment Promotion Authority board, however, has decided to limit the operation of land transport services and wholesale and retail business to the central business district of Port Vila.

Controls on liquidation of direct investment  No.
Controls on real estate transactions  No.

Purchase abroad by residents  No.
Purchase locally by nonresidents  No.
Sale locally by nonresidents  No.

Following the most recent Land Summit, reports have been submitted to facilitate controls on real estate transactions. However, no action has been taken yet.

Controls on personal capital transactions  No.

Loans
By residents to nonresidents  No.
To residents from nonresidents  No.

Gifts, endowments, inheritances, and legacies
By residents to nonresidents  No.
To residents from nonresidents  No.

Settlement of debts abroad by immigrants  No.
Transfer of assets  No.
Transfer abroad by emigrants  No.
Transfer into the country by immigrants  No.
Transfer of gambling and prize earnings  No.

References to legal instruments and hyperlinks
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http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes. Section 38 of the Financial Institutions Act – Restriction on Advances Exceeding 25% of Capital stipulates that a licensee may not extend an advance or credit facility to a (1) (a) person or entity (corporate or unincorporated) or (b) group of entities under the control of a particular individual, or (2) give a financial guarantee or incur a liability on behalf of (a) or (b) if it would result in the total value of the advances, credit facilities, financial guarantees, and other liabilities exceeding 25% of the value of the licensee’s eligible capital. The RBV may approve exceptions.</td>
</tr>
</tbody>
</table>

Lending locally in foreign exchange | Yes. Lending must be within 25% of eligible capital. |

Purchase of locally issued securities denominated in foreign exchange | No. |

Differential treatment of deposit accounts in foreign exchange | No. |

### Reserve requirements

| Reserve requirements | No. Statutory required deposit (SRD) is currently at 5.25%. |

### Liquid asset requirements

| Liquid asset requirements | No. Prudential Guideline 3 – Supervision of the Adequacy of Liquidity of Banks applies: banks must maintain at least 5% of liabilities in specified high-quality liquid assets at all times. Eligible assets must be held in the name of the bank. The assets must be unencumbered by any pledge or restriction on access and readily transferable and convertible to cash within two business days. |

### Interest rate controls

| Interest rate controls | No. |

### Credit controls

| Credit controls | No. Section 38 of the Financial Institutions Act – Restriction on Advances Exceeding 25% of Capital stipulates that a licensee may not extend an advance or credit facility to a (1) (a) person or entity (corporate or unincorporated) or (b) group of entities under the control of a particular individual, or (2) give a financial guarantee or incur a liability on behalf of (a) or (b) if it would result in the total value of the advances, credit facilities, financial guarantees, and other liabilities exceeding 25% of the value of the licensee’s eligible capital. The RBV may approve exceptions. |

Differential treatment of deposit accounts held by nonresidents | No. |

### Reserve requirements

| Reserve requirements | No. |

### Liquid asset requirements

| Liquid asset requirements | No. Prudential Guideline 3 – Supervision of the Adequacy of Liquidity of Banks applies: banks must maintain at least 5% of liabilities in specified high-quality liquid assets at all times. Eligible assets must be held in the name of the bank. The assets must be unencumbered by any pledge or restriction on access and readily transferable and convertible to cash within two business days. |

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| Interest rate controls | No. |

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<table>
<thead>
<tr>
<th>Provision</th>
<th>Status</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment regulations</strong></td>
<td>Yes.</td>
<td>No liability is incurred on behalf of (a) or (b) if it would result in the total value of the advances, credit facilities, financial guarantees, and other liabilities exceeding 25% of the value of the licensee’s eligible capital. The RBV may approve exceptions.</td>
</tr>
<tr>
<td><strong>Abroad by banks</strong></td>
<td>Yes.</td>
<td>Section 35 of the Financial Institutions Act – Restrictions of Shareholdings stipulates that a licensee may not for his own account acquire or hold share capital in a financial, commercial, agricultural, industrial, or other enterprise if it would result in the combined value of the shares exceeding 25%, or a higher percentage stated in writing by the RBV, of the licensee’s eligible capital.</td>
</tr>
<tr>
<td><strong>In banks by nonresidents</strong></td>
<td>Yes.</td>
<td>Section 51 of the Financial Institutions Act – Transfer of Control stipulates that a domestic licensee must obtain written RBV approval before any action that results in a person acquiring or exercising power over 20% or more of the voting stock of the licensee.</td>
</tr>
<tr>
<td><strong>Open foreign exchange position limits</strong></td>
<td>No.</td>
<td>Guidelines on foreign currency open position limits have been drafted but yet to be imposed on banks.</td>
</tr>
<tr>
<td><strong>On resident assets and liabilities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>On nonresident assets and liabilities</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions specific to institutional investors</strong></td>
<td>Yes.</td>
<td>There are restrictions for solvency purposes.</td>
</tr>
<tr>
<td><strong>Insurance companies</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
<td>Insurance Regulation No. 16 of 2006, Schedule 3, subsection 1(d), for allowable assets requires that for securities on a stock exchange approved by the regulator, the value must not exceed 70% of the quoted market value.</td>
</tr>
<tr>
<td><strong>Limits (max.) on investment portfolio held abroad</strong></td>
<td>Yes.</td>
<td>Schedule 3, 2, lists investments not considered as allowable assets for solvency purposes, unless specifically approved by RBV. As per Schedule 3 – Section 2, the following are not allowed as assets for the purpose of meeting the minimum margin of solvency unless specifically approved by RBV: (1) Investments in and advances to the insurer’s parent company or any of the insurer’s or parent’s subsidiary or associated companies; (2) Real property or mortgage on real property; (3) Securities that are not quoted on an appointed stock exchange; (4) Assets that by contract may be used to satisfy liabilities.</td>
</tr>
<tr>
<td><strong>Limits (min.) on investment portfolio held locally</strong></td>
<td>Yes.</td>
<td>Insurance Regulation Schedule 3, 1, lists investments considered as allowable assets for solvency purposes. Insurance Regulation Schedule 3, 2, lists investments not considered as allowable assets for solvency purposes, unless specifically approved by RBV. As per Schedule 1, minimum capital amounts that must be invested locally: (1) Domestic/international carrying on general insurance business – VT 30 million; (2) Life business – VT 25 million; (3) Captive insurer carrying on general insurance business – US$100,000; (4) Captive insurer carrying on life insurance business – US$200,000.</td>
</tr>
<tr>
<td><strong>Currency-matching regulations on assets/liabilities composition</strong></td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td><strong>Pension funds</strong></td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td><strong>Limits (max.) on securities issued by nonresidents</strong></td>
<td>Yes.</td>
<td>As per the new IPG, effective September 11, 2019, the maximum limits are: (1) Investments in and advances to the insurer’s parent company or any of the insurer’s or parent’s subsidiary or associated companies; (2) Real property or mortgage on real property; (3) Securities that are not quoted on an appointed stock exchange; (4) Assets that by contract may be used to satisfy liabilities.</td>
</tr>
</tbody>
</table>

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nonresidents

Limit on investment portfolio assets issued abroad is 30%, while the minimum limit is 20%.

Previously, Section 16B of VNPF Act, investment portfolio assets issued abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.

Limits (max.) on investment portfolio held abroad

Yes.

As per the new IPG, effective September 11, 2019, the maximum limit on investment portfolio assets held abroad is 30%, while the minimum limit is 20%.

Previously, Section 16B of VNPF Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.

In addition, Paragraph 8 of the IPG – Asset Allocation also outlines the following benchmark positions for Asset Class Offshore, effective September 11, 2019, investment in equity may be a minimum of 4% and a maximum of 20% (previously a low–high range of 5%–15% and neutral allocation of 10%).

Limits (min.) on investment portfolio held locally

Yes.

While there is no specific limit mentioned in the law, indirectly, effective September 11, 2019, the minimum limit on investment held locally is 70% (previously 85%).

According to Paragraph 4.10 of the IPG, “exposure to Vanuatu Government assets (including bonds, loans, and treasury notes) may not exceed 35% of members funds.” In addition, Paragraph 8 of the IPG – Asset Allocation also outlines the following benchmark positions for different asset classes:

- For asset Class Cash, a low–high range of 5%–10% and neutral allocation of 5%;
- For Asset Class Fixed interest, effective September 11, 2019, a low–high range of 10%–20% (previously low–high range of 15%–45% and neutral allocation of 45%);
- For Asset Class Loans, a low–high range of 0%–15% and neutral allocation of 10%;
- For Asset Class Equity, a low–high range of 0%–15% and neutral allocation of 5%;
- For Asset Class Property, a low–high range of 10%–40% and neutral allocation of 25%.

Currency-matching regulations on assets/liabilities composition

No.

Investment firms and collective investment funds

No.

Limits (max.) on securities issued by nonresidents

No.

Limits (max.) on investment portfolio held abroad

No.

Limits (min.) on investment portfolio held locally

No.

Currency-matching regulations on assets/liabilities composition

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Capital Transactions
Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

*Purchase abroad by residents*

09/11/2019

Investment by pension funds in equity (offshore) may be a minimum of 4% and a maximum of 20% (previously a low–high range of 5%–15% and neutral allocation of 10%).

09/11/2019

As per the new Investment Policy Guideline, the maximum limit on investment portfolio assets held abroad by pension funds is 30%, while the minimum limit is 20%. Previously, Section 16B of Vanuatu National Provident Fund (VNPF) Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.

Bonds or other debt securities

*Purchase abroad by residents*

09/11/2019

As per the new Investment Policy Guideline, the maximum limit on investment portfolio assets held abroad by pension funds is 30%, while the minimum limit is 20%. Previously, Section 16B of Vanuatu National Provident Fund (VNPF) Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.

On money market instruments

*Purchase abroad by residents*

09/11/2019

As per the new Investment Policy Guideline, the maximum limit on investment portfolio assets held abroad by pension funds is 30%, while the minimum limit is 20%. Previously, Section 16B of Vanuatu National Provident Fund (VNPF) Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.

On collective investment securities

*Purchase abroad by residents*

09/11/2019

As per the new Investment Policy Guideline, the maximum limit on investment portfolio assets held abroad by pension funds is 30%, while the minimum limit is 20%. Previously, Section 16B of Vanuatu National Provident Fund (VNPF) Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.

Provisions specific to institutional investors

Pension funds

*Limits (max.) on securities issued by nonresidents*

09/11/2019

As per the new Investment Policy Guideline, the maximum limit on investment portfolio assets issued abroad is 30%, while the minimum limit is 20%. Previously, Section 16B of Vanuatu National Provident Fund (VNPF) Act, investment portfolio assets issued abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9.
| Limits (max.) on investment portfolio held abroad | 09/11/2019 | Investment in equity (offshore) may be a minimum of 4% and a maximum of 20% (previously a low–high range of 5%–15% and neutral allocation of 10%).
| | 09/11/2019 | As per the new Investment Policy Guideline, the maximum limit on investment portfolio assets held abroad is 30%, while the minimum limit is 20%. Previously, Section 16B of Vanuatu National Provident Fund (VNPF) Act, investment portfolio assets held abroad “should not exceed 15% of the moneys belonging to the Fund or total assets” with a real rate of return of not less than 3% per annum as stated in Section 16B (3) (a)(ii) and VNPF Investment Guideline Paragraph 8.2, pg. 9. |
| Limits (min.) on investment portfolio held locally | 09/11/2019 | Asset Allocation for Asset Class Fixed interest, a low–high range of 10%–20% (previously low–high range of 15%–45% and neutral allocation of 45%).
| | 09/11/2019 | While there is no specific limit mentioned in the law, indirectly, the minimum limit on investment held locally is 70% (previously 85%). |
VENEZUELA

(Position as of May 31, 2019)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Article</th>
<th>Date of membership</th>
<th>Date of acceptance</th>
</tr>
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<tbody>
<tr>
<td>VIII</td>
<td>December 30, 1946</td>
<td>July 1, 1976</td>
</tr>
<tr>
<td>XIV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

Restrictions and/or multiple currency practices | n.a. | Information is not publicly available.

Exchange measures imposed for security reasons | Yes. |

In accordance with IMF Executive Board Decision No. 144-(52/51) | No. |


References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency | Yes. | The monetary unit of the Bolivarian Republic of Venezuela is the bolivar “soberano,” in accordance with Article 318 of the
constitution of the Bolivarian Republic of Venezuela (Special G.O. No. 5,908 of February 19, 2009) and Article 106 of the Decree with the Status, Effect and Force of Law of the Central Bank of Venezuela (Special G.O. No. 6,211 of December 30, 2015).

Other legal tender  No.

Exchange rate structure

Unitary

Dual

Multiple  Yes. Complementary Floating Market Exchange Rate (DICOM) is the single official exchange rate in Venezuela. The DICOM rate is determined through an auction system. Article 28 of the Exchange Agreement No. 39 indicates that the exchange rate to be used by public and private sectors for all settlement operations in foreign currency will be the DICOM exchange rate. The DICOM rate stood at BsF/US$5,189.56 (buying) and BsF/US$5202.57 (selling) on May 13, 2019. In addition to the official DICOM exchange rate, there is a parallel market that is widely used by the private sector and individuals. As of May 13, 2019, the parallel exchange rate stood at 5698.53 bolivars per dollar, according to DolarToday. Since March 10, 2016, the rate established as the DICOM under Exchange Rate Agreement No. 35 of March 9, 2016 (G.O. No. 40,865 of the same date). Pursuant to Article 17 of that Agreement, until the alternative foreign exchange markets provided for in Exchange Agreement No. 33 are replaced, the DICOM will be the rate referenced in Article 24 of the latter Exchange Agreement. It should also be noted that pursuant to Article 13 of the aforesaid Exchange Agreement No. 35, all foreign exchange operations not expressly stated in the Exchange Agreement (EA) will be settled through the alternative foreign exchange markets regulated by the exchange regulations at the DICOM. The transactions of sale of foreign currency for payment of consumption and advances of cash with credit cards and acquisition of cash for minors, because of trips abroad, were applied the DICOM rate of exchange in effect at the time when the transaction is made or when the cash is delivered. The sale of foreign currency from the activities of exportation to the VCB made by natural persons and private legal persons was made at the DICOM rate of exchange reduced by 0.25%.

Effective May 2, 2019, individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts. The new market has been established where private foreign exchange buyers and sellers interacted under BCV’s control. Individuals are still transacting small amounts in euros in cash in DICOM with government-owned banks. The BCV continues publishing the DICOM rate daily, resulting in two legal foreign exchange rates.

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement

Crawling peg
The de jure exchange rate is a conventional peg against the US dollar. The DICOM is the single official exchange rate in Venezuela. The DICOM rate is determined through an auction system. Article 28 of the Exchange Agreement No. 39 indicates that the exchange rate to be used by public and private sectors for all settlement operations in foreign currency will be the DICOM exchange rate. The DICOM rate stood at BsF/US$5,189.56 (buying) and BsF/US$5202.57 (selling) on May 13, 2019. In addition to the official DICOM exchange rate, there is a parallel market that is widely used by the private sector and individuals. As of May 13, 2019, the parallel exchange rate stood at 5698.53 bolivars per dollar, according to DolarToday. Article 31 of the Exchange Agreement No. 39 establishes that the conversion of foreign currency for the determination of the taxable amount of tax obligations derived from customs operations will be carried out at the DICOM exchange rate in effect on the date of the operation. Article 33 indicates that the exchange rate to be used for foreign currency conversion for the determination of the amounts to be paid because of the customs and tax penalties regimes will be the DICOM exchange rate at the date of the corresponding sanction. The tax obligations established in special laws, as well as the rates, commissions, surcharges, and public prices that have been set in the corresponding regulations in foreign currency, may be paid alternatively in the currency in which they are denominated, in their equivalent in other foreign currency in accordance with the price published for that purpose by the Central Bank of Venezuela (BCV), or in bolivars applying the DICOM in force at the date of the transaction. (Exchange Agreement No. 39, Article 34).

Effective May 2, 2019, individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts. The new market has been established where private foreign exchange buyers and sellers interacted under BCV’s control. Individuals are still transacting small amounts in euros in cash in DICOM with government-owned banks. The BCV continues publishing the DICOM rate daily. The de facto exchange rate arrangement is classified as other managed.

DICOM is the single official exchange rate in Venezuela. The DICOM rate is determined through an auction system. Article 28 of the Exchange Agreement No. 39 indicates that the exchange rate to be used by public and private sectors for all settlement operations in foreign currency will be the DICOM exchange rate. The DICOM rate stood at Bs/US$79,800 (buying) and Bs/US$80,000 (selling) on May 29, 2018. The operations of sale of foreign currencies to the BCV must be carried out at the exchange rate set forth in Article 11 of Exchange Agreement No. 39, reduced by 0.25% (Exchange Agreement No. 39, Article 28). The value of the exchange rate in bolivars resulting from the auction will be the lowest price proposed by the legal entities demanding foreign currency that is awarded, that is, the marginal value on the claims awarded to legal persons (Exchange Agreement No. 39, Article 3). All operations for settlement of foreign currencies not expressly provided for in this agreement are subject to the conditions and regulations established for the determination of the taxable amount of tax obligations derived from customs operations. (Exchange Agreement No. 39, Article 34).
Exchange Agreement will be processed through the alternative markets regulated in the exchange regulations, at the DICOM (Exchange Agreement No. 39, Article 30). Pursuant to Article 17 of that Agreement the DICOM will be the rate referenced in Article 24 of the latter Exchange Agreement. It should also be noted that pursuant to Article 13 of the aforesaid Exchange Agreement No. 35, all foreign exchange operations not expressly stated in the Exchange Agreement will be settled through the alternative foreign exchange markets regulated by the exchange regulations at the DICOM. The transactions of sale of foreign currency for payment of consumption and advances of cash with credit cards and acquisition of cash for minors, because of trips abroad, were applied the DICOM rate of exchange in effect at the time when the transaction is made or when the cash is delivered. The sale of foreign currency from the activities of exportation to the VCB made by natural persons and private legal persons was made at the DICOM rate of exchange reduced by 0.25%.

Effective May 2, 2019, as per BCV’s Resolution No. 2019-05-01 establishes that the price published daily by BCV will be the official rate as per Article 9 of Exchange Agreement No. 1: New Exchange Framework. The BCV will publish a reference rate based on the daily weighted average exchange rate of the transactions conducted by exchange operators. The reference exchange rate must apply to all foreign currency settlement operations of public and private sector banks. Foreign currency sales operations carried out by the BCV will be carried out at the reference exchange rate while foreign currency purchase operations will be at the reference rate reduced by 0.25%.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target
Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework Yes. In light of the regulatory framework for foreign exchange, monetary policy is a result of the interaction of exchange and fiscal policy and is tailored to both these policies.

Exchange tax No.

Exchange subsidy Yes. Since March 10, 2016, the concepts associated with imports of goods on the list of food and health sector products, pensions for old age, retirement, partial disability, incapacity, and survivors, and with the recovery of health, sports, culture, scientific research, and face-to-face academic activities abroad under Exchange Agreement No. 35 of March 9, 2016, are settled at the selling rate of Bs/US$10.00.

Foreign exchange market Yes.

Spot exchange market Yes. DICOM is the single official exchange rate in Venezuela. The DICOM rate is determined through an auction system. Article 28 of the Exchange Agreement No. 39 indicates that the exchange rate to be used by public and private sectors for all settlement operations in foreign currency will be the DICOM exchange rate. The DICOM rate stood at Bs/US$79,800 (buying) and Bs/US$80,000 (selling) on May 29, 2018. In addition to the official DICOM exchange rate, there is a parallel market that is widely used by the private sector and individuals. As of May 30 2018, the parallel rate stood at 1,684,848 bolivars per US dollar according to BolivarCucuta; at 1,614,820 bolivars per dollar according to AirTM; at 2,151,163 bolivars per dollar according to Cotizaciones. In comparison, DICOM was
trading at only 80,000 bolivars per dollar during the same period. Exchange Agreement No. 39 regulates three types of transactions: (1) auctions of foreign currency, conducted through the new system at the supplementary floating market exchange rate (DICOM), (2) direct sales of foreign currency, and (3) transactions involving the negotiation in local currency of securities denominated in foreign currency issued by private sector issuers. Exchange Agreement No. 39 revokes Exchange Agreement Nos. 38 and 35. Article 37 stipulates that Exchange Agreement No. 39 has precedence over any other regulation issued in the past. Individuals and legal entities who wish to sell foreign currency for an amount of €8,500 or its equivalent in any other foreign currency, or less, can sell such foreign currency directly to the authorized exchange operators (which are, essentially, universal banks incorporated or domiciled in Venezuela and authorized to act in such capacity by the exchange control governmental authorities), at the DICOM exchange rate in force and effect as of the date of such sale, without having to resort for that purpose to the auctions of foreign currency conducted through the new DICOM system (Exchange Agreement No. 39, Article 15). The authorized exchange operators must make the sale of the foreign currencies received: (1) In the case of foreign currencies acquired on the occasion of the settlement of purchase operations through bank account transfers, they must be offered in full in the Market Floating Supplementary Exchange Rate System (DICOM), at the exchange rate of acquisition, increased by 1%. If said position is not awarded, it may be acquired by the BCV. (2) In the case of foreign currency in cash, they must be sold weekly to the BCV, at the exchange rate of acquisition, increased by 1%, under the terms indicated in the instructions issued for this purpose (Exchange Agreement No. 39, Article 15). The exchange rate of reference for the sale of the securities referred to in this Chapter must be that provided for in Article 11 of this Exchange Agreement, and the exchange rate applicable for the purchase must be the same rate of exchange reduced by 0.25%, applicable to the market value of the negotiable instrument, or to the value freely agreed by the parties involved in the transaction, when the instrument has no reference value in the market (Exchange Agreement No. 39, Article 22). Foreign exchange allocated by Centro Nacional de Comercio Exterior (CENCOEX) is sold by foreign exchange dealers licensed by the BCV once CENCOEX has approved the foreign currencies in question. Trading, in domestic currency, of foreign exchange regulated by Chapter II of Exchange Agreement No. 33 of February 10, 2015, (Special G.O. No. 6,171 of the same date) is settled on the second business day following the agreement. Retail foreign exchange operations regulated by Chapter III of Exchange Agreement No. 33 of February 10, 2015, (Special G.O. No. 6,171 of the same date) are settled by foreign exchange dealers the same day. Trading, in domestic currency, of securities regulated by Chapter IV of Exchange Agreement No. 33 of February 10, 2015, (Special G.O. No. 6,171 of the same date) is settled three bank business days from the date of the agreement for value on that day.

Effective May 2, 2019, individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts. The new market has been established where private foreign exchange buyers and sellers interact under BCV’s control. Individuals are still transacting small amounts in euros in cash in DICOM with government-owned banks.

Operated by the central bank Yes.
Foreign exchange standing facility No.

Allocation Yes. Allocations of foreign exchange are authorized by CENCOEX in accordance with the availability of foreign exchange and the country’s needs.

Auction Yes. DICOM is the single official exchange rate in Venezuela. The DICOM rate is determined through an auction system. Article 28 of the Exchange Agreement No. 39 indicates that the exchange rate to be used by public and private sectors for all settlement operations in foreign currency will be the DICOM exchange rate. The DICOM system allows the sale and purchase of foreign currency (typically, euros) in exchange for local currency, through auctions of foreign currency administered, regulated, and directed by the Committee of Foreign Currency Auctions (the Committee), which is an internal specialized body within the BCV. Individuals and legal entities of the private sector can participate in the new DICOM system as offering parties (sellers) or bidding parties (purchasers) of foreign currency. On the other hand, public sector legal entities cannot participate in such system. To participate in the DICOM system, the respective person must electronically register with the system and provide certain information, make a sworn statement as to the origin and destination of the funds, hold a demand or term account denominated in foreign currency with a universal bank organized or domiciled in Venezuela and authorized to operate as such under Venezuelan banking legislation (a Local Account in Foreign Currency), and be up to date with the national tax obligations and the social security. The Committee must call auctions at least once a week and the calls must be made two banking days prior to the date of the auction. To participate in an auction of foreign currency, the bidding parties (purchasers) of foreign currency must submit their bids in terms of price and amount, and the offering parties (sellers) of foreign currency must submit their offers in terms of amount, electronically through the system, and indicate the validity term for their bids and offers (which can be no less than seven days nor greater than 30 days). The award of foreign currency starts by awarding foreign currency to the purchaser-bidders of foreign currency who have submitted bids for the highest admissible exchange rate and thereafter to the other purchaser-bidders of foreign currency based on the exchange rate submitted in their bids from the highest to the lowest exchange rate, until the point where the foreign currency offered (and, therefore, the foreign currency that can be awarded) at the respective auction is exhausted. In addition, the system is designed so that at least 10% of the foreign currency offered at each auction is awarded to individuals. The exchange rate applicable to each sale and purchase transaction of foreign currency conducted through the auctions can differ for each transaction because the same will be, for each such transaction, the exchange rate that the respective purchasing-bidding party of foreign currency, to whom the foreign currency has been awarded, submitted in its bid. The settlement of the foreign currency awarded through the auctions will be made by crediting them to a Local Account in Foreign Currency. The auctions of foreign currency are conducted on the basis of a floating exchange rate system, based on an American auction type, where the offer (sale) and demand (purchase) bids of foreign currency are technologically matched (Exchange Agreement No. 39, Article 2). The BCV publishes on its website the exchange rate resulting from every auction of foreign currency. This exchange rate will be the lowest exchange rate at which a bid for the purchase of foreign currency was submitted in the auction by a legal entity (as opposed to by an individual) and was awarded foreign currency at
the auction (which the rules refer to as the “marginal value of the awarded bids”). The exchange rate in force and effect at any given moment will be this exchange rate published by the BCV for the latest auction conducted as of the relevant moment (Exchange Agreement No. 39, Article 3). The Committee has discretion to determine the methodology for the award of the foreign currency under the new DICOM system. The DICOM system has limitations on the maximum amount of foreign currency purchases made through it. Individuals can purchase up to a maximum of €420 or its equivalent in any other foreign currency a calendar quarter. Private sector legal entities can purchase a monthly amount equal to 30% of the average monthly gross income declared for income tax purposes in the immediately preceding fiscal year, provided such amount does not exceed €340,000 or its equivalent in any other foreign currency a month. On the other hand, the said system has no limitations on the maximum amount of sales of foreign currency (Exchange Agreement No. 39, Article 9). The current exchange rate will be that of the last auction. As well as the amounts awarded of foreign currencies, the list of individuals and legal entities (who won the auction) will be published on the website of the BCV, as well as on the website www.dicom.gob.ve, of the Market Floating Complementary Exchange Rate System (DICOM), corresponding to every auction made (Exchange Agreement No. 39, Article 11). The institutions of banking, insurance and securities market sectors, as well as savings banks and funds, trust funds, companies, and reciprocal guarantee and venture capital funds may not participate in the DICOM (Exchange Agreement No. 39, Article 19). Special foreign exchange and/or securities auctions are held by CENCOEX through Sistema Complementario de Asignación de Divisas (SICAD) and are administered and managed directly by it in accordance with the provisions of Exchange Agreement No. 26 of April 3, 2014 (G.O. No. 40,391 of April 10, 2014). CENCOEX is solely responsible for regulating the terms and conditions of these special auctions. CENCOEX handles the bid selection process for each auction based on the methodology approved for this purpose by its board of directors and informs the CB so that it may determine the exchange rate applicable to the auction in question, or the implicit exchange rate generated by the bid price for the purchase and sale in bolivars of securities denominated in foreign currencies, as appropriate.

Fixing

Interbank market  No.

Over the counter  No.

Brokerage  No.

Market making  No.

Forward exchange market  No.

Official cover of forward operations  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements  Yes.  Balances under the multilateral clearing system are settled in US dollars.

Controls on the use of domestic currency  No.
### For current transactions and payments
- No.

### For capital transactions
- No.

<table>
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<th>Description</th>
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<tr>
<td>Transactions in derivatives and other instruments</td>
<td>No.</td>
</tr>
<tr>
<td>Credit operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Use of foreign exchange among residents
- Yes.

### Payments arrangements
- Yes.

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Bilateral payments arrangements</td>
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<td>Inoperative</td>
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### Regional arrangements
- Yes.

- Reciprocal Payments and Credit Agreement of the Latin American Integration Association (LAIA). Founding Treaty of the Unified Regional Payments Clearing System (SUCRE) and the implementing law approving the Founding Treaty of the Unified Regional Payments Clearing System (SUCRE).

### Clearing agreements
- Yes.

- Reciprocal Payments and Credit Agreement of the LAIA). Founding Treaty of the SUCRE and the law ratifying the Founding Treaty.

### Barter agreements and open accounts
- No.

### Administration of control
- Yes.

- The exchange rate policy is determined by the National Executive Branch together with the BCV, while execution of the policy is the exclusive responsibility of the BCV, in accordance with Article 318 of the constitution of the Bolivarian Republic of Venezuela and Articles 7(2) and (7), 21(16) and (17), 33, 34, 122, 123, and 124 of the law governing the operation of the BCV. Under the provisions of the Decree with the Status, Effect and Force of Law on the National Foreign Trade Center and the Venezuelan Foreign Trade Corporation, CENCOEX is responsible for developing and implementing the National Foreign Exchange Administration Policy, the National Export Policy, the National Import Policy, the National Foreign Investment Policy, the National Overseas Investment Policy, and the other policies established by said decree law, without prejudice to the powers assigned to the BCV in exchange matters. SICAD is under the direct control of CENCOEX, which in turn is attached to the Ministry of Popular Power responsible for finance, in accordance with the provisions of Decree No. 1,319 of October 10, 2014. In addition, CENCOEX is responsible for the coordination, administration, oversight, and establishment of the requirements, procedures, and restrictions applicable under the current foreign exchange administration regime, in accordance with the provisions of Exchange Agreement No. 25 of January 22, 2014, and the provisions of Article 4 of the Decree with the Status, Effect and Force on Law of the National Foreign Trade Center. The Decree with the Status, Effect and Force of Law on the Exchange Regime and Related Unlawful Activities establishes that the Ministry of Popular Power responsible for finance will be responsible, in coordination with the Office of the Vice-President for the Economy, for the planning, conduct, articulation, and coordination of the national economic policy, determining the foreign exchange priorities, the incentives policy, and the oversight over the arrangements administered by the
CENCOEX is required to manage, administer, supervise, and oversee the arrangements administered by the authorities responsible for the foreign exchange administration regime and necessary regulation of the procedures, requirements, and restrictions for the implementation of the Exchange Agreements via said arrangements.

<table>
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<td>Official</td>
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<tr>
<td>Private</td>
<td>No.</td>
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### Controls on trade in gold (coins and/or bullion)
Yes.

Article 31 of the Decree with the Status, Effect and Force of Organic Law Reserving Activities for the Exploration and Mining of Gold and other Strategic Minerals for the State establishes that the gold obtained in any mining activities in the national territory must be sold and delivered to the BCV. On January 11, 2017, Resolution No. 000077 issued by the Ministry of Popular Power for Ecological Mining Development, deferred the effective date of the Seventh Transitional Provision of the Organic Law Reserving Activities for the Exploration and Mining of Gold and other Strategic Minerals for the State, which enables the BCV to establish the procedures, conditions, and requirements as appropriate for the receipt, manner, and place of payment of acquisitions of gold and other strategic minerals.

### On domestic ownership and/or trade
Yes.

The BCV is the only body authorized to purchase gold in the domestic market. However, BCV has notified the Ministry of Popular Power for Ecological Mining Development that it was authorized to purchase 50% of the gold obtained from small and artisanal gold mines.

### On external trade
Yes.

Exports of gold have been suspended since September 2011, with the exception of exports by the BCV, and Decree No. 2,165 issuing the Decree with the Status, Effect and Force of Organic Law Reserving Exploration and Mining Activities for Gold and other Strategic Minerals for the State.

### Controls on exports and imports of banknotes
Yes.

### On exports
Yes.

#### Domestic currency
Yes.

Exports of Venezuelan currency are subject to the regulations established by the BCV, including the authorization to “... remove from the territory of the Bolivarian Republic of Venezuela currency representative of the bolivar.”

#### Foreign currency
Yes.

Exports of foreign currencies that are legal tender in their respective countries are subject to the regulations established by the BCV. Resolution No. 05-11-01 issued by the BCV on November 3, 2005, containing the “Regulations for the Declaration of the Import and Export of Foreign Exchange and the Export of Goods or Services.” Article 15 of the Decree with the Status, Effect and Force of Law on the Exchange Regime and Related Unlawful Activities establishes that individuals or legal entities that export or take out foreign exchange from the territory of the Bolivarian Republic of Venezuela in amounts exceeding US$10,000 or its equivalent in other currencies must declare the amount and nature of the respective operation or activity to CENCOEX in the manner that it establishes, without prejudice to the powers of the BCV in this area. Moreover, Article 19 of the same decree law establishes that operations in securities issued by the Bolivarian Republic of Venezuela that are purchased by individuals or legal entities, as well as all foreign exchange...
purchased by nonresident individuals who are in transit or who are tourists in the national territory and will remain in the country for a period of 90 consecutive days or less, are exempt from this requirement.

<table>
<thead>
<tr>
<th>On imports</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of Venezuelan currency are subject to the regulations established by the BCV, including the authorization for the entry into the territory of the Bolivarian Republic of Venezuela of currency representative of the bolivar.</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of foreign currencies that are legal tender in their respective countries are subject to the regulations established by the BCV. Resolution No. 05-11-01 issued by the BCV on November 3, 2005, containing the “Regulations for the Declaration of the Import and Export of Foreign Exchange and the Export of Goods or Services.” Article 15 of the Decree with the Status, Effect and Force of Law on the Exchange Regime and Related Unlawful Activities establishes that individuals or legal entities that export or take out foreign exchange from the territory of the Bolivarian Republic of Venezuela in amounts exceeding US$10,000 or its equivalent in other currencies must declare the amount and nature of the respective operation or activity to CENCOEX in the manner that it establishes, without prejudice to the powers of the BCV in this area. Moreover, Article 19 of the same decree law establishes that operations in securities issued by the Bolivarian Republic of Venezuela that are purchased by individuals or legal entities, as well as all foreign exchange purchased by nonresident individuals who are in transit or who are tourists in the national territory and will remain in the country for a period of 90 consecutive days or less, are exempt from this requirement.</td>
<td></td>
</tr>
</tbody>
</table>

### References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Resident Accounts

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held domestically</td>
<td>Yes.</td>
</tr>
<tr>
<td>Foreign exchange accounts may be held in the national financial system by: (1) Individuals who are of age and resident in the national territory and legal entities domiciled in the country. (2) Petróleos de Venezuela S.A. and its subsidiaries. (3) Public sector agencies and entities that have obtained the authorization of the BCV or have opened an account with the BCV. (4) Individuals who are Venezuelans with a license from the Ministry of Popular Power for petroleum and mines to engage in the activities referred to in Chapter V of the Organic Law on Gaseous Hydrocarbons.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>Yes.</td>
</tr>
<tr>
<td>In the following cases: Public sector entities require the authorization of the board of directors of the BCV (except in cases in which the foreign exchange account is held with the BCV). Resolution No. 13-07-02 of July 25, 2013, issued by the BCV and setting out provisions on the holding by the public sector of foreign currency funds in any form, establishing that said funds may be held in accounts opened for that purpose with the BCV, in universal banks in the domestic banking system, or in financial institutions abroad. Circular issued by the BCV on August 10, 2015, regulating the requirements for public sector entities subject to the measure for the centralization of foreign exchange and public banking institutions designated by said entities as banking agents for the provision of financial services on special foreign exchange accounts to be opened with the BCV, for compliance with the aforementioned measure and the execution of</td>
<td></td>
</tr>
</tbody>
</table>
financial services on the aforementioned accounts. Article 1 of Exchange Agreement No. 13 of December 3, 2009, establishes that the board of directors of the BCV may authorize private sector legal entities to hold foreign exchange accounts with the BCV.

Held abroad: Yes.

Approval required: Yes.

Public sector agencies and entities require authorization from the board of directors of the BCV under Article 18 of Exchange Agreement No. 1 of February 5, 2003; consistent with Article 11 of Exchange Agreement No. 11 of December 18, 2014, with the exception of the waivers provided under the Single Paragraph of the aforesaid Exchange Agreement No. 11; Resolution No. 13-07-02 of July 25, 2013, issued by the BCV, which establishes the rules on the holding of foreign currency funds of any kind by the public sector and provides for such funds to be maintained in accounts opened with financial institutions abroad. PDVSA may hold foreign currency funds with the approval of the Board of Directors of the BCV, along with its subsidiaries. In accordance with Article 5 of Exchange Agreement No. 9, companies created under partnership agreements signed by PDVSA under the framework of the now repealed Organic Law Reserving Industry and Trade in Hydrocarbons for the State, semipublic enterprises referred to in the Organic Law on Hydrocarbons and the Organic Law on Gaseous Hydrocarbons, and semipublic enterprises created under the provisions of the Decree with the Status, Effect and Force of Organic Law for the Development of Petrochemical Activities may, for purposes of making payments that must be made abroad, hold foreign exchange accounts abroad containing income received; such accounts are monitored by the BCV.

Accounts in domestic currency held abroad: No.

Accounts in domestic currency convertible into foreign currency: No.

References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted: Yes.

Legal entities not domiciled in the territory of the Bolivarian Republic of Venezuela that are participating in the implementation of public investment projects for the development of the national economy or the stimulation of productive capacity may hold foreign exchange accounts in the national financial system. Article 1 of Exchange Agreement No. 13 of December 3, 2009, establishes that the board of directors may authorize private sector legal entities to hold foreign exchange accounts at the BCV.

Approval required: Yes.

Approval of the BCV board of directors is required for accounts at the BCV.

Domestic currency accounts: Yes.

The Decree with the Status, Effect and Force of Law on Banking Sector Institutions makes no distinction with regard to the residency status of persons who may open accounts. Resolution No. 119.10 of March 9, 2010, issued by the banking supervisory authority establishes the documents that must be presented by foreign individuals who are not residents of Venezuela and legal entities that are not domiciled in Venezuela for the purpose of opening accounts.

Convertible into foreign currency: No.

Approval required: No.

Blocked accounts: Yes.

These mechanisms apply only in cases of preventive judicial
measures, court decisions, and procedures relating to investigations of illegal activities.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Imports and Import Payments

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>Yes. The BCV sells foreign exchange to finance imports in the amounts authorized by CENCOEX, subject to availability and the policy established by the National Executive Branch.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>Yes.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>n.a.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>n.a.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>Yes. Under the provisions of Article 26 of Exchange Agreement No. 1 of February 5, 2003, the purchase of foreign exchange by individuals or legal entities for imports of goods and services is limited and subject to the requirements and conditions established by CENCOEX. The prior authorization of CENCOEX is required for the purchase of foreign exchange, subject to compliance with the provisions of Ordinance No. 119 of September 24, 2013, which establishes the relevant requirements and procedure for the authorization of the purchase of foreign exchange intended for imports. Decree No. 6,168 of June 17, 2008, establishes temporary guidelines to streamline the procedures for obtaining authorization for the purchase of foreign exchange (AAD) and authorization for payments in foreign exchange (ALD) intended for imports of capital goods, inputs, and raw materials by companies in Venezuela’s manufacturing and processing sectors. Resolution No. 3,276 issued by the then Ministry of Popular Power for Economy and Finance establishes the said guidelines and updates the list of goods that benefit from the streamlined procedures for obtaining the AADs and ALDs, which may not exceed US $50,000. Ordinance No. 121 of October 30, 2013, corrected for material error by the Official Notice of November 19, 2013, regulates the requirements and procedure for obtaining the AAD and ALD intended for imports of capital goods, inputs, and raw materials indicated by Resolution of the Ministry of Popular Power for Economy and Finance under Decree No. 6,168 of June 17, 2008. As well, applications for authorization to purchase foreign exchange referred to in the said ordinance may be made up to a maximum amount of US$50,000 or its equivalent in other currencies for each customs import operation, as understood in the terms indicated in the said ordinance. Commission for Foreign Exchange Administration (CADIVI) Ordinance No. 063 of November 30, 2004, establishes the regime for obtaining authorizations for the purchase of foreign exchange (AADs) for the payment, inter alia, of imports of non-tangible goods. Joint Resolution Nos. DM/3240, DM/044, DM/077, DM/063, DM/086, DM/073, and DM/024 issued by the Ministries of Popular Power for Planning and Finance; Trade; Basic Industries and Mining; Agriculture and Land; Health; Energy and Oil; Science, Technology and Intermediate Industries; and Food establish the lists of goods that do not require a Certificate of Insufficient Production or Certificate of No National Production (CIP) or (CNP) and the goods that do require such certificates for purposes of AAD. Under Decree No. 1,192 of August 25, 2014, CENCOEX is responsible for the centralized issuance, modification, granting, and revocation of</td>
</tr>
</tbody>
</table>
Import Licenses, Certificates of No National Production (CNP) and 
Certificates of Insufficient Production (CIP); authorization may be 
granted only with the prior approval of the Executive Vice-President. 

Domiciliation requirements

Yes.

CADIVI Ordinance No. 119 of September 24, 2013, establishes the 
requirements and procedure for the authorization of the purchase of 
foreign exchange for imports. Under Resolution No. 13-07-01 of July 
2, 2013, issued by the BCV and containing the “General Rules of the 
Complementary Foreign Exchange Administration System: (SICAD), 
" only individuals and legal entities residing or domiciled in the 
national territory, respectively, may submit bids for the purchase of 
foreign exchange or securities denominated in foreign currencies 
through SICAD. In accordance with the provisions of Exchange 
Agreement No. 33 of February 10, 2015, only persons holding 
accounts in the national financial system, as referred to in Exchange 
Agreement No. 20 of June 14, 2012, and its regulations, may bid for 
foreign exchange or securities on the high-value or securities 
markets. Similarly, requests for foreign exchange via retail foreign 
exchange operations may be made only by resident individuals.

Preshipment inspection

No.

Letters of credit

Yes. Other payment instruments are also admissible.

Import licenses used as exchange 
llicenses

Yes. The import of some products may be subject to restrictive licensing.

Other

Yes. Joint Resolution Nos. DM/3240, DM/044, DM/077, DM/063, 
DM/086, DM/073, and DM/024 issued by the Ministries of Popular 
Power for Planning and Finance; Trade; Basic Industries and Mining; 
Agriculture and Land; Health; Energy and Oil; Science, Technology 
and Intermediate Industries; and Food establish the lists of goods for 
which a CIP or a CNP is not required (List No. 1) and goods 
requiring such certificates (List No. 2). Under Decree No. 1,192 of 
August 25, 2014, CENCOEX is responsible for the centralized 
issuance, modification, granting, and revocation of Import Licenses, 
CNP, and CIP; authorization may be granted only with the prior 
approval of the Executive Vice-President.

Import licenses and other nontariff 
measures

Yes. Some imports are subject to licensing for environmental, health, or 
security reasons. Other imports paid for with foreign exchange 
granted by CENCOEX are subject to prior certification that the 
goods are not produced locally or are produced locally in insufficient 
quantities.

Positive list

Yes. Joint Resolution Nos. DM/3240, DM/044, DM/077, DM/063, 
DM/086, DM/073, and DM/024 issued by the Ministries of Popular 
Power for Planning and Finance; Trade; Basic Industries and Mining; 
Agriculture and Land; Health; Energy and Oil; Science, Technology 
and Intermediate Industries; and Food establish, in the lists 
mentioned therein, the goods for which a CIP or CNP is not required 
and the goods requiring such certificates for purposes of the issuance 
of the AAD. Under Decree No. 1,192 of August 25, 2014, 
CENCOEX is responsible for the centralized issuance, modification, 
granting, and revocation of Import Licenses, CNP, and CIP; 
authorization may be granted only with the prior approval of the 
Executive Vice-President.

Negative list

Yes. The importation of goods produced locally is prohibited, as is the 
importation of used motor vehicles, except for some pickup-style 
vehicles indicated in items 8703 and 8704 of Joint Resolution Nos. 
DM/3240, DM/044, DM/077, DM/063, DM/086, DM/073, and 
DM/024 issued by the Ministries of Popular Power for Planning and 
Finance; Trade; Basic Industries and Mining; Agriculture and Land; 
Health; Energy and Oil; Science, Technology and Intermediate
Industries; and Food, which establish, in the lists mentioned therein, the goods that do not require a CIP or a CNP, as well as the goods that do require such certificates for purposes of the issuance of the AAD.

Open general licenses  No.

License with quotas  Yes. A number of agricultural products are subject to tariff barriers and quotas.

Other nontariff measures  Yes. See comment in subsection D of this section.

Import taxes and/or tariffs  Yes. There are four basic ad valorem tariff rates on manufactured goods (5%, 10%, 15%, and 20%). The tariffs on imported components for vehicles are 35% for passenger cars; 15% for freight and commercial vehicles, except for vehicles weighing less than 4,500 kilograms, such as pickup trucks, for which the rate is 35%; and 3% for vehicle components. The industrial free zone of Paraguana and the free port of Margarita Island enjoy a special customs regime that includes exemption from customs tariffs. Numerous trade agreements have been signed, ranging from agreements with partial coverage to free trade agreements and integration agreements. There is a customs handling fee of 1%. The conversion of the foreign currency for the determination of the taxable base of the tributary obligations derived from the customs operations is carried out at the exchange rate of complementary floating market. The same exchange rate applies for the determination of the amounts to be paid for services rendered by auxiliaries of the Customs and Tax Administration and other related services, in force on the date of the settlement of the obligation (Exchange Agreement No. 39, Article 31).

Taxes collected through the exchange system  No.

State import monopoly  No.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elpibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements  Yes. In accordance with the provisions of Exchange Agreement No. 27 of March 10, 2014, individuals or private legal entities involved in the export of goods and services must sell 40% of their foreign exchange proceeds from their export activities to the BCV via foreign exchange dealers. They may retain and manage the remaining 60% of the foreign exchange from their exports to cover expenses incurred in connection with their export activities, to carry out sales transactions through SICAD II, or to be held in accounts maintained by the exporter in Venezuela in accordance with Article 2 of Exchange Agreement No. 20. Public sector exporters must sell all the foreign exchange received to the BCV unless they obtain authorization to hold foreign exchange accounts.

Surrender requirements  Yes.

Surrender to the central bank  Yes. In accordance with the provisions of Article 125 of the Decree with the Status, Effect and Force of Law on the Central Bank of Venezuela and Exchange Agreement No. 9, under which the foreign exchange obtained from the export of gaseous and other hydrocarbons must be sold to the BCV. In accordance with the provisions of Exchange Agreement No. 34 of October 3, 2003, the Foreign Trade Bank (Banco de Comercio Exterior—BANCOEX) receives the payments made to its borrowers for their exports, retains the appropriate amounts for debt repayment, and sells the surplus...
Private individuals and legal entities, dedicated to the export of goods and services, may freely retain and manage up to 80% of the income they receive in foreign currency, because of the exports made, to meet expenses, payments, and any other expenses that must be carried out during their activities, including those necessary for the fulfillment of tax obligations in accordance with the regulations governing the matter. The rest of the currencies must be sold at the official exchange rate to the BCV. These sales must take place within five banking days of the end of the period established under the terms of payment of the applicable trade relationship or contract, which may not exceed 180 days.

**Surrender to authorized dealers**  Yes. The sale of foreign exchange to the BCV takes place via authorized foreign exchange dealers.

**Financing requirements**  No.

**Documentation requirements**  Yes. Authorization primarily requires submission of proof of payment of taxes and social security contributions, clearance certificates from government entities, ex ante and ex post notification of the exports, and other documents related to the commercial transaction.

**Letters of credit**  No.

**Guarantees**  Yes.

**Domiciliation**  Yes. Domiciliation is required for exports meeting certain financing criteria.

**Preshipment inspection**  Yes.

**Other**  Yes. Declaration of the Export of Foreign Exchange when the export of coins, banknotes, and bank checks denominated in foreign exchange exceeds the amount of US$10,000 or its equivalent in any other currency. BCV Resolution No. 05-11-01 of November 3, 2005, and BCV Circular No. GOC/DLOC-083 of December 14, 2007.

**Export licenses**  Yes.

**Without quotas**  Yes.

**With quotas**  No.

**Export taxes**  No.

**Collected through the exchange system**  No.

**Other export taxes**  No.

**References to legal instruments and hyperlinks**  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

### Payments for Invisible Transactions and Current Transfers

**Controls on these transfers**  Yes. Access to foreign exchange for these purposes may take place via the allocation made by the National Foreign Trade Center (CENCOEX) and participation in SICAD and the alternative foreign exchange markets regulated by Exchange Agreement No. 33 and as provided in Exchange Rate Agreement No. 35, until these markets are replaced pursuant to Article 17 of the latter Agreement. CENCOEX: The purchase of foreign exchange by individuals and legal entities to cover consumption expenditures connected with travel abroad and cash advances on credit cards during trips abroad will be limited to
the payment instruments and amounts indicated by CENCOEX and subject to the requirements and conditions that it establishes. SICAD: Resident individuals or legal entities duly invited by CENCOEX may participate in this system to purchase foreign exchange for the purposes indicated in the invitation in question. Markets regulated by Exchange Agreement Nos. 33 and 35: entities authorized to participate under the exchange regulations for the development of such markets in high-value cash, securities, or retail operations. Transfers between foreign exchange accounts opened in the National Financial System and from accounts opened abroad will be subject to the provisions of Exchange Agreement No. 20 of June 14, 2012, and Resolution No. 13-03-01 of March 21, 2013, and the regulations issued by the Office of the Superintendent of Banking Sector Institutions.

| Prior approval | Yes. |
| Quantitative limits | Yes. |
| Indicative limits/bona fide test | Yes. |
| Investment-related payments | Yes. |

Purchases of foreign exchange by individuals and legal entities for payments related to investments will be subject to the relevant requirements and conditions established by CENCOEX based on the nature of the operation for which the foreign exchange is requested and the provisions of the Decree with the Status, Effect and Force of Law on Foreign Investment. Foreign investment must remain in Venezuelan territory for a minimum of five years from the date on which registration was granted. Individuals or legal entities that import or bring foreign exchange into Venezuela in amounts exceeding US$10,000 or its equivalent in other currencies must declare the amount and nature of the respective operation or activity to CENCOEX without prejudice to the powers of the BCV in this area.

| Prior approval | Yes. |
| Quantitative limits | No. |
| Indicative limits/bona fide test | Yes. |
| Payments for travel | Yes. |

Approval by CENCOEX is required when the foreign exchange is purchased via the administered foreign exchange mechanisms.

Access to foreign exchange for these purposes may take place via the allocation made by the National Foreign Trade Center (CENCOEX) and participation in SICAD and the markets regulated by Exchange Agreement No. 33, until they are replaced pursuant to Article 17 of Exchange Rate Agreement No. 35. CENCOEX: The purchase of foreign exchange by individuals and legal entities to cover consumption expenditures connected with travel abroad and cash advances on credit cards during foreign travel will be limited to the payment instruments and amounts indicated by CENCOEX and subject to the requirements and conditions that it establishes. SICAD: Resident individuals or legal entities duly invited by CENCOEX may participate in this system to purchase foreign exchange for the purposes indicated in the invitation in question. Markets regulated under Exchange Agreement No. 33: Any person may purchase foreign exchange on the high-value cash, securities, and retail markets indicated in Exchange Agreement No. 33, until they are replaced pursuant to Article 17 of Exchange Rate Agreement No. 35, regardless of the use to which the foreign exchange will be put, as long as it is lawful and complies with the requirements set out in the regulations governing said participation.

| Prior approval | Yes. |

Prior approval is required for settlement and assumes prior
compliance by the requester with the requirements and approval from the foreign exchange administration.

**Quantitative limits**
Yes. Quantitative limits apply only with respect to the allocation via CENCOEX under the terms of Administrative Ordinance No. 011 (G.O. No. 40,636 of April 9, 2015).

**Indicative limits/bona fide test**
Yes.

**Personal payments**
Yes. Access to foreign exchange for these purposes may take place via the allocation made by the National Foreign Trade Center (CENCOEX) and participation in SICAD and the alternative foreign exchange markets. CENCOEX: The purchase of foreign exchange by individuals for personal payments will be limited to the payment instruments and amounts indicated by CENCOEX and subject to the requirements and conditions that it establishes. SICAD: Resident individuals duly invited by CENCOEX may participate in this system to purchase foreign exchange for the purposes indicated in the invitation in question. Markets regulated under Exchange Agreement No. 33: Any person may purchase foreign exchange on the high-value cash, securities, and retail markets indicated in Exchange Agreement No. 33, until they are replaced pursuant to Article 17 of Exchange Rate Agreement No. 35, regardless of the use to which the foreign exchange will be put, as long as it is lawful and complies with the requirements set out in the regulations governing said participation.

**Prior approval**
Yes.

**Quantitative limits**
Yes.

**Indicative limits/bona fide test**
Yes.

**Foreign workers' wages**
Yes. Decree with the Status, Effect and Force of Organic Law on Labor and Workers. CADIVI Ordinance No. 097 of June 11, 2009, establishing the requirements for the purchase of foreign exchange by diplomatic representations and duly accredited foreign officials. Access to foreign exchange for these purposes may take place via participation in the alternative foreign exchange markets regulated by Exchange Agreement No. 33: Any person may purchase foreign exchange on the high-value cash, securities, and retail markets indicated in Exchange Agreement No. 33, until they are replaced pursuant to Article 17 of Exchange Rate Agreement No. 35, regardless of the use to which the foreign exchange will be put, as long as it is lawful and complies with the requirements set out in the regulations governing said participation.

**Prior approval**
n.r.

**Quantitative limits**
n.r.

**Indicative limits/bona fide test**
n.r.

**Credit card use abroad**
Yes. Access to foreign exchange via credit cards takes place via the allocation made by CENCOEX, subject to compliance with the requirements and conditions established by it.

**Prior approval**
Yes. The use of cards abroad requires the approval of the National Foreign Trade Center (CENCOEX).

**Quantitative limits**
Yes. The use of credit cards abroad is subject to the amount of foreign exchange allocated by CENCOEX in accordance with the exchange regulations and refers to operations for the consumption of goods and services using credit cards by means of electronic operations with suppliers abroad.
Indicative limits/bona fide test
Yes.

Other payments
Yes. The purchase of foreign exchange is limited to the payment instruments and amounts indicated by CENCOEX and subject to the requirements and conditions it establishes.

Prior approval
Yes.

Quantitative limits
n.r.

Indicative limits/bona fide test
Yes.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
Yes.

Surrender requirements
Yes.

Surrender to the central bank
Yes. Private individuals and legal entities, dedicated to the export of goods and services, may freely retain and manage up to 80% of the income they receive in foreign currency, because of the exports made, to meet expenses, payments, and any other expenses that must be carried out during their activities, including those necessary for the fulfillment of tax obligations in accordance with the regulations governing the matter. The rest of the currencies must be sold at the official exchange rate to the BCV. As well, all foreign exchange entering Venezuela for purposes other than those indicated above must be sold at the official exchange rate to the BCV via authorized banks and financial institutions. The providers of the following tourist services: accommodation, transport, travel agencies, and tours, as well as duty-free shops, are authorized to retain and manage up to 60% of the foreign exchange they receive from those services and must sell the remainder to the BCV.

Surrender to authorized dealers
Yes. The sale of foreign exchange to the BCV must take place via authorized exchange dealers.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes. Access to foreign exchange for capital transactions is subject to prior approval by CENCOEX.

Repatriation requirements
Yes.

Surrender requirements
Yes.

Surrender to the central bank
Yes. All foreign exchange entering Venezuela must be sold at the official exchange rate to the BCV via authorized banks and financial institutions.

Surrender to authorized dealers
Yes. The sale of foreign exchange to the BCV must take place via authorized exchange dealers.

Controls on capital and money market instruments
Yes. BCV Resolution No. 11-02-01 of February 10, 2011, establishing that the primary placement, in domestic currency, of securities denominated in foreign currencies issued by or to be issued by the Republic, its decentralized entities or any other entity may take place only via the BCV’s “System for the Primary Placement of Securities Denominated in Foreign Currencies (SICOTME).” The trading in
securities denominated in foreign currencies is executed via the foreign exchange markets provided for that purpose (that is, SICAD, new currency exchange mechanism known as SIMADI or marginal currency system) and under the terms and conditions set out in the exchange regulations.

<table>
<thead>
<tr>
<th>On capital market securities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares or other securities of a participating nature</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Any individual or private sector legal entity, whether or not resident or domiciled in the national territory, may sell securities denominated in foreign currencies via SICAD, as long as they comply with the requirements established by CENCOEX for such operations.

Decree No. 1,438 with the Status, Effect and Force of Law on Foreign Investments of November 17, 2014.

Foreign investors are authorized to purchase corporate stock on the Caracas Stock Exchange but must declare such purchases to CENCOEX in accordance with Decree No. 1,438 with the Status, Effect and Force of Law on Foreign Investments of November 17, 2014.

The Office of the National Superintendent of Securities may authorize public offerings of securities in the national territory by persons domiciled in Venezuela or the rest of the world or by international organizations, foreign governments and institutions, and any other like persons and register the securities offered in the National Securities Registry.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Private debt securities or bonds may be issued or sold abroad with the approval of the Office of the National Superintendent of Securities. Likewise, public debt securities may be sold abroad and loans extended in accordance with the Decree with the Status, Effect and Force of Law on the Central Bank of Venezuela and the Law regulating the National Banking Sector, which do not require authorization from the above-mentioned Superintendent’s office.

<table>
<thead>
<tr>
<th>Bonds or other debt securities</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Any individual or private sector legal entity, whether or not resident or domiciled in the national territory, may sell debt securities denominated in foreign currencies via SICAD, as long as they comply with the requirements established by CENCOEX for such operations. Under Exchange Agreement No. 33 of February 10, 2015, any person may purchase or sell debt securities denominated in foreign currencies. In doing so, they must comply with the relevant rules issued by the BCV, as well as the relevant regulations issued by the supervisory authorities for the banking and securities sectors.

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Private debt securities or bonds may be issued or sold abroad with the prior approval of the Office of the National Superintendent of Securities. Public debt securities may also be sold abroad, as well as credit instruments issued in accordance with the Decree with the Status, Effect and Force of Law on the Central Bank of Venezuela and the Law on the National Banking Sector. The authorization of the Office of the National Superintendent of Securities is not required.

<table>
<thead>
<tr>
<th>On money market instruments</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Financial institutions registered to participate in the market may conduct transactions in public debt instruments.
<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>On collective investment securities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on derivatives and other instruments</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Sale or issue locally by nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale or issue abroad by residents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on credit operations</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Commercial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Financial credits</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Guarantees, sureties, and financial backup facilities</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct investment</strong></td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Approval from the Office of the National Superintendent of Securities is required.

Approval from the Office of the National Superintendent of Securities is required. Trade in financial derivatives in Venezuela is in the very early stages.

There are no restrictions on the type of credit that may be contracted by residents with external lenders. In practice, however, only credits for production financing are recognized.

There are no restrictions on the type of credit that may be contracted by residents of Venezuela with external lenders. In practice, however, only credits for production financing are recognized.

Foreign individuals or legal entities that bring foreign exchange into Venezuela for purposes of direct investment and investments in financial assets must register them with the Office of the Superintendent of Foreign Investments (Superintendencia de Inversiones Extranjeras—SIEX) to have the right to export the profits and interest. Foreign investment must remain in Venezuelan territory for a minimum of five years from the date on which
registration was granted. Individuals or legal entities that import or bring foreign exchange into Venezuela in amounts exceeding US $10,000.00 or its equivalent in other currencies must declare the amount and nature of the respective operation or activity to CENCOEX without prejudice to the powers of the BCV in this area.

Controls on real estate transactions  Yes.

*Purchase abroad by residents*  No. Real estate may be acquired abroad by residents using their own foreign exchange positions.

*Purchase locally by nonresidents*  Yes. Controls related to the prevention of money laundering and the financing of terrorism are in effect.

*Sale locally by nonresidents*  Yes. Controls related to the prevention of money laundering and the financing of terrorism are in effect.

Controls on personal capital transactions  Yes. Decree No. 2167 of December 29, 2015, issuing the Decree with the Status, Effect and Force of Law on the Exchange Regime and Related Unlawful Activities. Controls related to the prevention of money laundering and the financing of terrorism are in effect.

*Loans*  Yes.

By residents to nonresidents  Yes.

To residents from nonresidents  Yes.

*Gifts, endowments, inheritances, and legacies*  Yes.

By residents to nonresidents  Yes.

To residents from nonresidents  Yes.

*Settlement of debts abroad by immigrants*  No.

*Transfer of assets*  Yes.

Transfer abroad by emigrants  Yes. CADIVI Ordinance No. 019, which establishes the administration, requirements, and procedure for the purchase of foreign exchange to be sent to retirees and pensioners resident abroad.

Transfer into the country by immigrants  Yes. CADIVI Ordinance No. 123, which establishes the requirements and procedure for the AAD intended for remittances to family members resident abroad.


*References to legal instruments and hyperlinks*  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Provisions Specific to the Financial Sector**

*Provisions specific to commercial banks and other credit institutions*  Yes. Decree with the Status, Effect and Force of Law on Banking Sector Institutions, published in G.O. No. 40,557 of December 8, 2014. In accordance with the provisions of Article 1 of Exchange Agreement No. 10, “Universal banks, commercial banks and savings and loan associations governed by the General Law on Banks and Other Financial Institutions, the operation of which has been authorized by the Office of the Superintendent of Banks and Other Financial Institutions as of February 5, 2003, may purchase foreign exchange directly from the BCV, one time only, for purposes of maintaining liquidity in foreign currencies to cover activities associated with external transactions allowed under the Foreign Exchange Administration Regime in effect. The amount may not exceed the limits established in the resolution issued by the BCV, based on the
Regulations on the Foreign Exchange Positions of Financial Institutions. Mandatory credit portfolios for the following sectors: (1) housing: Decree with the Status, Effect and Force of Law on the Housing Lending Regime (G.O. No. 39,945 of June 15, 2012) and Decree with the Status, Effect and Force of Organic Law on the Land and Housing Emergency (G.O. No. 39,626 of March 1, 2011); (2) agriculture: Decree with the Status, Effect and Force of Law on Credit for the Agricultural Sector (Special G.O. No. 5,890 of July 31, 2012); (3) microcredit: Decree with the Status, Effect and Force of Law on Banking Sector Institutions (G.O. No. 40,557 of December 8, 2014); (4) manufacturing: Decree with the Status, Effect and Force of Law on Credit for the Manufacturing Sector (G.O. No. 39,904 of April 17, 2012); and (7) tourism: Decree with the Status, Effect and Force of Law on Tourism Investments and Credit for the Tourism Sector (Special G.O. No. 6,153 of November 18, 2014). Preferential lending interest rates: (1) housing: Decree with the Status, Effect and Force of Law on the Housing Lending Regime (G.O. No. 39,945 of June 15, 2012) and Law for the Partial Amendment of the Special Law for the Protection of Housing Mortgage Debtors (G.O. No. 38,756 of August 28, 2007); (2) agriculture: Decree with the Status, Effect and Force of Law on Credit for the Agricultural Sector (Special G.O. No. 5,890 of July 31, 2012) and Decree with the Status, Effect and Force of Law for Attention to the Agricultural Sector (G.O. No. 39,945 of June 15, 2012); (3) tourism: Decree with the Status, Effect and Force of Law on Tourism Investments and Credit for the Tourism Sector (Special G.O. No. 6,153 of November 18, 2014); (4) microcredit: Law on the Creation, Stimulation, Promotion and Development of the Microfinance System (G.O. No. 37,164 of March 22, 2001); (5) cottage industries: Law for Artisanal Development and Creation (Special G.O. No. 6,184 of June 30, 2015); and (6) manufacturing: Decree with the Status, Effect and Force of Law on Credit for the Manufacturing Sector (G.O. No. 39,904 of April 17, 2012).

### Table

<table>
<thead>
<tr>
<th>Activity</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Maintenance of accounts abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>No.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>Yes.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

- **Borrowing abroad**: No. Banks may maintain accounts abroad for their regular operations.
- **Maintenance of accounts abroad**: No. Banks may maintain accounts abroad for their regular operations.
- **Lending to nonresidents (financial or commercial credits)**: No. The regulations establish rules for the credits and types of credit, terms and requirements, and the processes to be followed. Articles 58 and 62 of the Decree with the Status, Effect and Force of Law on Banking Sector Institutions (G.O. No. 40,557 of December 8, 2014).
- **Lending locally in foreign exchange**: Yes. The financial sector grants loans only in domestic currency, except for the export promotion loans granted by public banking institutions under the provisions of Exchange Agreement No. 4 of October 3, 2003, and Article 5 of Exchange Agreement No. 34 of August 30, 2016.
- **Purchase of locally issued securities denominated in foreign exchange**: Yes. Individuals and legal entities can sell and purchase foreign currency indirectly from any other individual or legal entity (except for the persons indicated below, as regards the purchase of foreign currency) through the negotiation in bolívares of securities denominated in foreign currency issued by any private sector issuer, whether domestic or foreign, which is listed in a regulated market and is subject to public offering. The only exception to the above broad base of participants is that institutions from the banking, insurance and securities market sectors, savings funds, trusts, and reciprocal guarantee and venture capital entities and funds, cannot participate in those transactions as purchasers (indirectly) of foreign currency.
- **Differential treatment of deposit accounts in foreign exchange**: Yes. Exchange Agreement No. 20 of June 3, 2012, allows the holding of funds in foreign currencies in national financial system banks.
Exchange Agreement No. 31 allows the opening of foreign exchange accounts in microfinance banks. BCV Resolution No. 12-09-01 of September 6, 2012, Article 2, sole paragraph, and Articles 8 and 10 of which were amended by BCV Resolution No. 13-02-01 of February 8, 2013, partially amended by BCV Resolution No. 13-03-01 of March 22, 2013, on “Foreign Exchange Accounts in the National Financial System,” which establishes that individuals who are of age and resident in the national territory and legal entities domiciled in Venezuela may hold funds in foreign exchange in sight or term accounts in universal banks. BCV Resolution No. 14-08-01 of August 21, 2014, which repeals Article 7 of Resolution No. 12-09-01 of September 6, 2012, and Article 1 of which establishes the possibility for the board of directors of the BCV to grant exceptions to the requirement for authorized banks that receive deposits in foreign exchange to credit said deposits to the BCV, within the framework of its exchange policy implementation strategy. BCV Official Notice of July 30, 2013, containing the Regulations for the Opening of accounts with universal banks authorized to receive foreign exchange deposits in accordance with the provisions of Exchange Agreement No. 20.

Reserve requirements

Yes.

Article 6 of BCV Resolution No. 14-03-02 established that the reserve requirement for foreign exchange operations must be established in legal tender (bolívares); however, the calculation, reporting, and monitoring of the reserve requirement for foreign exchange operations will take place separately from the reserve requirements for operations in domestic currency. As well, Articles 13 and 15 establish that a minimum reserve requirement of 21.5% applies to these operations. Article 1 of BCV Resolution No. 14-08-01 of August 21, 2014, establishes the possibility for the board of directors of the BCV to grant exceptions to the requirement for authorized banks that receive foreign exchange deposits to credit said deposits to the BCV within the framework of its exchange policy implementation strategy. Article 55 of the Decree with the Status, Effect and Force of Law on the BCV provides that the portion of the reserve requirement deposited with the BCV may be interest-bearing for monetary and financial policy reasons under the relevant terms and conditions established by the board of directors of the BCV.

Liquid asset requirements

No.

Interest rate controls

Yes.

BCV Resolution No. 12-09-01 containing the “Regulations governing foreign exchange accounts in the National Financial System.”

Credit controls

No.

Differential treatment of deposit accounts held by nonresidents

No.

There is no differential treatment in the banking legislation. However, Exchange Agreement No. 20 of June 14, 2012, establishes that in the case of legal entities not domiciled in Venezuela, only those that are involved in the implementation of strategic public investment projects for the development of the national economy and the stimulation of productive capacity may hold foreign currency funds in the national financial system.

Reserve requirements

No.

Liquid asset requirements

No.

Interest rate controls

No.

Credit controls

No.

Investment regulations

Yes.
<table>
<thead>
<tr>
<th>Category</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abroad by banks</td>
<td>Yes</td>
<td>Article 24 of the Decree with the Status, Effect and Force of Law on Banking System Institutions provides that the opening of branches abroad or the acquisition of shares and equity in the capital of foreign banking institutions by Venezuelan banking institutions requires the prior approval of the Office of the Superintendent of Banking Sector Institutions.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes</td>
<td>Article 23 of the Decree with the Status, Effect and Force of Law on Banking System Institutions provides that the participation of foreign investment in domestic banking may be carried out by means of: (1) the acquisition of shares in existing banking institutions; (2) the establishment of banking institutions owned by foreign banks or investors; and (3) the establishment of branches of foreign banking institutions.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Pension funds</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
<td></td>
</tr>
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<td></td>
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<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Investment firms and collective investment funds</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>Yes</td>
<td>The issuance of securities by nonresidents must be approved by the Office of the National Superintendent of Securities.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
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<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

Changes during 2019 and 2020
## Exchange Arrangement

<table>
<thead>
<tr>
<th>Exchange rate structure</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>05/02/2019</td>
<td>Individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts. The new market has been established where private foreign exchange buyers and sellers interacted under Banco Central de Venezuela’s (BCV’s) control. Individuals are still transacting small amounts in euros in cash in Complementary Floating Market Exchange Rate (DICOM) with government-owned banks. The BCV continues publishing the DICOM rate daily, resulting in two legal foreign exchange rates.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other managed arrangement</td>
<td>05/02/2019</td>
<td>Individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts. The new resolution has been established where private foreign exchange buyers and sellers interacted under Banco Central de Venezuela’s (BCV’s) control. Individuals are still transacting small amounts in euros in cash in Complementary Floating Market Exchange Rate (DICOM) with government-owned banks. The BCV continues publishing the DICOM rate daily, resulting in two legal foreign exchange rates.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Official exchange rate</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>05/02/2019</td>
<td>The price published daily by Banco Central de Venezuela (BCV) will be the official rate as per Article 9 of Exchange Agreement No. 1: New Exchange Framework. The BCV will publish a reference rate based on the daily weighted average exchange rate of the transactions conducted by exchange operators. The reference exchange rate must apply to all foreign currency settlement operations of public and private sector banks. Foreign currency sales operations carried out by the BCV will be carried out at the reference exchange rate while foreign currency purchase operations will be at the reference rate reduced by 0.25%.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign exchange market</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spot exchange market</td>
<td>05/02/2019</td>
<td>Individuals and private companies can buy and sell foreign currency through local commercial banks and exchange houses with no constraints on prices or amounts. The new market has been established where private foreign exchange buyers and sellers interact under Banco Central de Venezuela’s control. Individuals are still transacting small amounts in euros in cash in Complementary Floating Market Exchange Rate with government-owned banks.</td>
</tr>
</tbody>
</table>
VIETNAM

(Position as of August 31, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 21, 1956.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: November 8, 2005.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

Exchange Measures

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>Yes.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Vietnam maintains certain exchange restrictions for the preservation of national and international security. These restrictions are imposed on financial transactions, and measures have been implemented to freeze accounts belonging to individuals and entities associated with terrorism in accordance with (1) UNSC resolutions and (2) the list of current organizations associated with terrorism maintained by the US Secretary of State.

Other security restrictions | Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Vietnam is the Vietnamese dong.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

Exchange rate structure

| Unitary | Yes. |
| Dual    |       |
| Multiple|       |

Classification

<table>
<thead>
<tr>
<th>No separate legal tender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency board</td>
</tr>
<tr>
<td>Conventional peg</td>
</tr>
</tbody>
</table>

Stabilized arrangement | Yes. Clause 2, Article 15 of Decree No. 70/2014/ND-CP of July 17, 2014, states that: (1) The official exchange rate is determined based on demand and supply in the foreign exchange market under State Bank of Vietnam (SBV) regulations. The SBV regulates the exchange rate by deploying monetary policy instruments and intervening in the foreign exchange market. (2) The de jure exchange rate arrangement is managed floating and is determined by the SBV based on a currency basket of countries with trade, financing, and investment |
relationships with Vietnam, consistent with macroeconomic targets of each period. Decision No. 2730/QD-NHNN specifies that the central exchange rate is announced daily, based on reference of the interbank-weighted exchange rate, exchange rate developments in global markets of some currencies that are of Vietnam’s major investment, credit, and trading partners, monetary and macroeconomic balances, and monetary policy targets. The dong–US dollar exchange rate might fluctuate around the average interbank foreign currency market exchange rate announced by the SBV within a daily transaction band of ±3%. In 2019, the dong remained stabilized within a 2% band against the US dollar. The de facto exchange rate arrangement is classified as a stabilized arrangement.

Crawling peg
Crawl-like arrangement
Pegged exchange rate within horizontal bands
Other managed arrangement
Floating
Free floating

Official exchange rate

Yes. Decision No. 2730/QD-NHNN stipulates that the SBV announces the central dong–US dollar exchange rate on its website on daily basis. Decision No. 1636/QD-NHNN specifies that the dong–US dollar exchange rate may fluctuate around the average interbank foreign currency market exchange rate within a daily transaction band of ±3%.

Monetary policy framework

Exchange rate anchor
Yes.
U.S. dollar
Euro
Composite
Yes. The de jure exchange rate arrangement (Clause 2, Article 15 of Decree No. 70/2014/ND-CP of July 17, 2014, effective September 5, 2014) is a managed floating system and is determined by the SBV based on a currency basket of countries with trade, financing, and investment relationships with Vietnam, consistent with macroeconomic targets of each period. The dong–US dollar exchange rate may fluctuate around the average interbank foreign currency market exchange rate within a daily transaction band of ±3%.

Other
Monetary aggregate target
Inflation-targeting framework
Target setting body
Government
Central Bank
Monetary Policy Committee
Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI

Core inflation

Target horizon

Operating target (policy rate)

Policy rate

Target corridor band

Other

Accountability

Open letter

Parliamentary hearings

Other

Transparency

Publication of votes

Publication of minutes

Publication of inflation forecasts

Other monetary framework

Exchange tax No.

Exchange subsidy No.

Foreign exchange market Yes. The exchange rate band applies only to dong–US dollar transactions. Credit institutions (CIs) may set their own rates in transactions for all foreign currencies, except US dollars. ADs may freely set their exchange rates in transactions with their clients within the dong–US dollar band.

Spot exchange market Yes. As of December 31, 2019, there were 120 CIs and foreign bank branches authorized by the SBV to provide foreign exchange services, including four state-owned commercial banks and joint-stock commercial banks in majority state ownership, including...
Agribank, Vietinbank, Vietcombank, and Bank for Investment and Development of Vietnam (BIDV); 31 joint-stock commercial banks, 3 joint-venture banks, 9 banks that are 100% foreign owned, and 49 foreign bank branches. Foreign exchange bureaus operate as agents for CIs. There were 688 such bureaus licensed by SBV branches in cities and provinces as of December 31, 2019. These bureaus may not conduct foreign exchange transactions directly with the SBV. They may use dong to buy foreign exchange from individuals, but may not sell foreign exchange to individuals for dong (except bureaus located at international border gates in isolated areas).

Operated by the central bank No.
Foreign exchange standing facility No.
Allocation No.
Auction No.
Fixing No.

Interbank market Yes.

The CIs must have permission and register with the SBV to become members of the foreign exchange interbank market as follows: They must be credit organizations and/or foreign bank branches (1) permitted under the Law on Credit Organizations; (2) licensed by the SBV for the operation, business, and provision of foreign exchange services in Vietnam’s foreign exchange market; and (3) have the necessary systems to carry out foreign exchange transactions, such as the Reuters Dealing System or other means approved by the SBV from time to time.

Currently, 70 CIs and foreign bank branches are members of the foreign exchange interbank market. The SBV grants the license. The limit on the bid-ask spread is the SBV trading band (±3%). The CB intervenes directly with market participants at their quoted rates set by the CB from time to time.

Over the counter No.
Brokerage No.
Market making No.
Forward exchange market Yes.

There has been no regulation on market maker. The SBV intervenes directly with interbank market participants.

The SBV permits authorized CIs to enter into dong and foreign currency forward and swap transactions with minimum maturities of 3–365 working days since the transaction day. The maturities of forward and swap transactions of foreign currencies are negotiated between authorized CIs and their customers. The dong–US dollar forward rate is based on (1) the spot rate on the day the contract is signed; (2) the difference between the spot refinancing rate announced by the SBV and the Federal Funds Target Rate (announced by the Federal Reserve); and (3) the maturity of the contract. Authorized CIs may not purchase options from economic entities or other organizations and individuals. Nonresidents are allowed to enter into spot transactions with authorized CIs only, as stipulated in Paragraph 4, Article 4, Circular No. 15/2015/TN-NHNN of October 2, 2015.

Official cover of forward operations No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription of currency requirements</td>
<td>Yes.</td>
<td>---</td>
</tr>
<tr>
<td>Controls on the use of domestic currency</td>
<td>Yes.</td>
<td>---</td>
</tr>
<tr>
<td>For current transactions and payments</td>
<td>No.</td>
<td>---</td>
</tr>
<tr>
<td>For capital transactions</td>
<td>Yes.</td>
<td>---</td>
</tr>
<tr>
<td>Transactions in capital and money market instruments</td>
<td>No.</td>
<td>---</td>
</tr>
<tr>
<td>Transactions in derivatives and other instruments</td>
<td>Yes.</td>
<td>---</td>
</tr>
<tr>
<td>Credit operations</td>
<td>Yes.</td>
<td>---</td>
</tr>
<tr>
<td>Use of foreign exchange among residents</td>
<td>Yes.</td>
<td>---</td>
</tr>
</tbody>
</table>

Implementation of Provisions Restricting the Use of Foreign Exchange within the Territory of Vietnam specifies the following cases when foreign exchange may be used in Vietnam: (1) Customs offices, public security (police) offices, border-guard forces offices, and other government agencies at border points and in bonded (customs) warehouses may list in and collect in foreign exchange or cash foreign currency from nonresidents various types of taxes, entry and exit visa fees, fees for services and other types of fees, and charges in accordance with the law. (2) Banks, nonbank CIs, and foreign bank branches authorized to conduct foreign exchange business and provide foreign exchange services (hereinafter referred to as authorized CIs) may transact, make payments, list, advertise, quote, set prices, and record prices in contracts and agreements in foreign exchange within the scope of their foreign exchange business and provision of foreign exchange services authorized by the SBV in accordance with the law. (3) Other institutions authorized to provide foreign exchange services may transact and list prices in foreign currency within the scope of their permitted foreign exchange services. (4) Resident legal entities may transfer capital internally by foreign currency transfers—for example, between the account of such an organization and accounts of its subsidiaries that are not legal entities and vice versa. (5) Residents may contribute foreign currency capital to implement a foreign investment project in Vietnam. (6) Residents may perform contracts entrusting imports or exports in accordance with the following provisions: (a) Resident importers may record prices in import authorization contracts in foreign currency and receive payment in foreign currency from the import entrusting party. (b) Resident exporters may record prices in export authorization contracts in foreign currency and make payments in foreign currency to the export entrusting party. (7) Residents who are domestic or foreign contractors are permitted the following: (a) With respect to foreign expenses for a tender package via international tendering in accordance with the Law on Tendering, tenderers may submit their tenders in foreign currency and receive payment in foreign currency from the investor or head contractor to make payments and disbursements and remit money overseas. (b) With respect to implementation of tender packages in accordance with the Law on Petroleum, tenderers may submit their tenders in foreign currency and receive payment in foreign currency from the investor or head contractor to make payments and disbursements and remit money overseas. (8) Resident insurance enterprises are permitted as follows: (a) They may quote, set, and record prices of insurance services in contracts in foreign currency and receive payment in foreign currency from insurance purchasers in the case of goods and services for which offshore reinsurance must be purchased. (b) If losses arise that are covered by offshore reinsurance, resident organizations purchasing insurance may receive...
the amount of insurance indemnity in foreign currency from the foreign reinsurer via the domestic insurance enterprise to make payment of expenses for remedying the loss offshore. (9) Resident organizations conducting business in duty-free goods may list prices of goods in foreign currency and receive payment in foreign currency or cash for the supply of goods. Foreign currency used in transactions at duty-free shops must be handled in accordance with the Law on the Business of Sales of Duty-Free Goods. (10) Resident organizations providing services in separated areas at international border gates or organizations conducting business in bonded warehouses may list, quote, fix prices, and record prices in contracts in foreign currency and receive payment in foreign currency or cash for the supply of goods and services. (11) Resident organizations acting as agents for foreign transportation firms on the basis of agency contracts signed between the two parties are permitted (a) to represent the foreign transportation firm in quoting, setting, and recording prices in contracts in foreign currency with respect to international freight charges. Payment must be made in dong; (b) to make payment in foreign currency on behalf of a foreign transportation firm of the purchase price of goods and services at international seaports and at separate areas of international airports; and (c) to make payment in foreign currency cash on behalf of a foreign shipping firm of salaries, bonuses, and allowances to nonresidents when so delegated with authority by a foreign shipping firm. (12) Resident export processing enterprises are permitted (a) to record prices in contracts in foreign currency and to make payment in foreign currency when purchasing goods from the domestic market to produce, process, recycle, or assemble export goods or export them, except for prohibited export goods. Domestic enterprises may quote and set prices in foreign currency and receive payment in foreign currency when selling goods to export processing enterprises; and (b) to quote, set, and record prices in contracts in foreign currency and to make and receive payments in foreign currency with respect to other export processing enterprises. (13) Resident organizations conducting business in the aviation transport, hotel, and tourism sectors may list and advertise prices of goods and services in dong and the equivalent in foreign currency on websites and in specialized publications (excluding menus and service price lists) in foreign languages. (14) Residents and nonresident organizations may agree to pay salaries, bonuses, and allowances in labor contracts in foreign currency or cash to nonresidents and residents who are foreigners working for such organizations. (15) Nonresident diplomatic offices and consulates may list in foreign currency and collect fees for entry and exit visas and other types of fees and charges in foreign currency or cash. (16) Nonresidents are permitted (a) to send foreign currency to other nonresidents; (b) to record prices in contracts in foreign currency and to make payments for the exportation of goods and services in foreign currency to residents. Residents may quote and set prices in foreign currency and receive payment in foreign currency when they supply goods and services to nonresidents; and (c) the nonresident can deposit via transferring foreign exchange to participate in auctioning to buy the shares at initial public offering and disinvestment of the state-owned enterprise approved by the Prime Minister (effective May 13, 2019). (17) For cases related to national security and defense, oil, and other necessary cases, entities may be able to use foreign exchange within Vietnam’s Territory subject to the consideration and approval of the SBV in written form based on the real situation and necessity of each case.

Payments arrangements Yes.
Bilateral payments arrangements: Yes. 

Operative: Yes. Vietnam maintains bilateral payments arrangements with Belarus, Cambodia, China, Lao P.D.R., and Russia.

Inoperative: No.

Regional arrangements: No.

Clearing agreements: No.

Barter agreements and open accounts: Yes.

Administration of control: Yes. Exchange controls are administered by the SBV.

Payments arrears: No.

Official: No.

Private: No.

Controls on trade in gold (coins and/or bullion): Yes.

On domestic ownership and/or trade: Yes. The legal ownership of gold by organizations and individuals is acknowledged and protected by law.

As of May 31, 2019, 21 CIs and 16 enterprises with a total of 2,413 retailers were licensed by the SBV to trade gold bars. The daily gold positions of CIs are calculated on the basis of gold-bar spot transaction volume, including off-balance-sheet transactions. The gold position does not include the balance generated from gold trading transactions to settle the gold balance from transactions before the effective date of the circular, such as gold deposits and loans, gold conversion to dong, and gold kept for clients etc. The gold position may not be more than 2% of a CI’s equity, and CIs may not maintain a negative gold position.

CIs and enterprises may not trade in gold bars without a license. The SBV purchases and sells gold bars to authorized CIs and enterprises based on monetary policy objectives in each period.

On external trade: Yes. The SBV issues licenses for the importation and exportation of gold materials for producing jewelry. According to Decree No. 122/2016/ND-CP of September 1, 2016, on Preferential Export and Import Taxes, List of Goods and Absolute, Blended and Out-Of-Tariff Quota Export Taxes (Decree No. 122) and Decree No. 125/2017/ND-CP of November 16, 2017, amending Decree No. 122, tax rates of 0% and 2% are applied on the import and export of gold materials, respectively.

The special preferential import tax rate for gold in the Vietnam-Chile Free Trade Agreement is 1% and for other Free Trade Agreements is 0%.

Preferential export tax rate for gold in Decree No. 57/2019/ND-CP dated June 26, 2019, on export tariffs and special preferential import tariffs for the implementation of the Comprehensive Partnership Agreement and Trans-Pacific Progress for the period of 2019–2022 came into effect June 26, 2019, and the Free Trade Agreement between Vietnam and the European Union took effect August 1, 2020, is 2%.

Gold raw materials of the SBV are exempt from import and export tax according to Decision No. 08/2014/QD-TTg dated January 22, 2014.

Provisions of Decree No. 57/2020/ND-CP of May 25, 2020, amending and supplementing Decree No. 122/2016/ND-CP of...
September 01, 2016, on the export tariff, the preferential import tariff, the list of goods and absolute tax rates, mixed taxes, and non-quota import duties came into effect July 1, 2020.

| Controls on exports and imports of banknotes | Yes. |
| On exports | Yes. |
| Domestic currency | Yes. |
| Foreign currency | Yes. |

On imports

Domestic currency

Foreign currency

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

Held domestically

Resident organizations may maintain foreign exchange accounts at authorized banks to conduct the following credit transactions: (1) receipt of foreign currency transfers from abroad; (2) receipt of foreign currency transfers from accounts of nonresident organizations at domestic authorized banks as payment for export goods and services; (3) return of unused cash advances denominated in foreign currencies withdrawn by organizations for staff overseas mission to authorized banks where the withdrawal was made; and (4) receipt of foreign currency from eligible local resources; and the following debit transactions: (1) sale of foreign currency to authorized CIs; (2) transfers and payments for current and capital account transactions under the legal provisions on foreign exchange management; (3) payments for conversion to other foreign currencies under the SBV’s regulations; (4) payments for foreign-currency-denominated instruments; (5) payment of foreign currency in cash for individuals who travel on business missions abroad; (6) account transfers or withdrawals in foreign currency to pay for salaries, bonuses, and allowances of nonresidents and foreign resident individuals; (7) payments to permissible domestic foreign currency transactions as specified by the SBV; and (8) account transfers to pay for other eligible transactions as defined by the SBV’s law.

Resident individuals may maintain foreign exchange accounts at authorized banks to conduct the following credit transactions: (1) receipt of foreign currency transfers from abroad; (2) receipt of foreign currency transfers from accounts of nonresident organizations at domestic authorized banks as payment for export goods and services; (3) receipt of foreign currency in cash from abroad. Placement of foreign currency proceeds in bank accounts must be based on presentation of customs certification as regulated by the Law on Foreign Exchange Management; (4) receipt of foreign currencies from domestic eligible sources; and the following debit transactions: (1) receipt of foreign currency transfers from abroad; (2) receipt of foreign currency transfers from accounts of nonresident organizations at domestic authorized banks as payment for export goods and services; (3) return of unused cash advances denominated in foreign currencies withdrawn by organizations for staff overseas mission to authorized banks where the withdrawal was made; and (4) receipt of foreign currency from eligible local resources; and the following debit transactions: (1) sale of foreign currency to authorized CIs; (2) transfers and payments for current and capital account transactions under the legal provisions on foreign exchange management; (3) payments for conversion to other foreign currencies under the SBV’s regulations; (4) payments for foreign-currency-denominated instruments; (5) payment of foreign currency in cash for individuals who travel on business missions abroad; (6) account transfers or withdrawals in foreign currency to pay for salaries, bonuses, and allowances of nonresidents and foreign resident individuals; (7) payments to permissible domestic foreign currency transactions as specified by the SBV; and (8) account transfers to pay for other eligible transactions as defined by the SBV’s law.

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transactions: (1) sale of foreign currency to authorized CIs; (2) transfers and payments for current and capital account transactions under the legal provisions on foreign exchange management; (3) payments for conversion to other foreign currencies under the SBV regulations; (4) payments for other foreign-currency-denominated instruments; (5) transfer of personal remittances under legal provisions; (6) withdrawal of foreign currency in cash; (7) overseas transfers for foreign residents; (8) transfer to saving accounts at authorized banks for Vietnamese citizens; and (9) transfers and payments for eligible domestic transactions in foreign currency under SBV regulations on using foreign currencies in Vietnam.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
| Resident organizations may open and use foreign exchange accounts overseas. These organizations include (1) authorized CIs for operations in foreign exchange abroad; (2) economic organizations with branches and representative offices abroad or that need an account to receive foreign loans or fulfill commitments and contracts with a foreign partner; and (3) state agencies, military forces, political organizations, sociopolitical organizations, socio-politico-professional organizations, social funds, and charity funds operating in Vietnam that want to open foreign currency accounts abroad to receive foreign aid, financial assistance, or other cases as authorized by the relevant Vietnamese authority.

<table>
<thead>
<tr>
<th>Approval required</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Foreign exchange accounts of economic organizations held abroad (with branches and representative offices abroad or that need an account to receive foreign loans or fulfill commitments and contracts with a foreign partner) and state agencies, military forces, political organizations, sociopolitical organizations, socio-politico-professional organizations, social funds, charity funds operating in Vietnam that want to open foreign currency accounts abroad to receive foreign aid, financial assistance, or other cases as authorized by Vietnamese relevant authority need SBV approval.

<table>
<thead>
<tr>
<th>Accounts in domestic currency held abroad</th>
<th>n.r.</th>
</tr>
</thead>
</table>
| There is no regulation in current law governing the opening of an overseas VND account.

<table>
<thead>
<tr>
<th>Accounts in domestic currency convertible into foreign currency</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| Resident foreign individuals may have convertible domestic currency accounts.

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
</table>

**Nonresident Accounts**

<table>
<thead>
<tr>
<th>Foreign exchange accounts permitted</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonresident organizations may maintain foreign exchange accounts at authorized banks to conduct the following credit transactions: (1) receipt of foreign currency transfers from abroad; (2) receipt of foreign currency transfers from domestic foreign currency accounts of other nonresidents; (3) return of unused cash advances denominated in foreign currencies withdrawn by organizations for staff overseas business trip to authorized banks where the withdrawal was made; and (4) receipt of foreign currency from legitimate domestic sources; and the following debit transactions: (1) sale of foreign currency to authorized CIs; (2) transfers and payments for current and capital account transactions under the legal provisions on foreign exchange management; (3) payments in other foreign currencies under the SBV’s regulations; (4) payments for foreign-currency-denominated payment instruments; (5) withdrawal of foreign currency cash for missions abroad; (6) account transfers or withdrawals of foreign currency cash to pay for salaries and bonuses to resident and nonresident foreign individuals; (7) transfers overseas or to foreign currency accounts of other nonresidents; (8) payments</td>
<td></td>
</tr>
</tbody>
</table>
to residents for goods and services; and (9) account transfers to pay for other eligible transactions as defined by the SBV’s law on using foreign exchange in Vietnam. Nonresident individuals may maintain foreign exchange accounts at authorized banks to conduct the following credit transactions: (1) receipt of foreign currency transfers from abroad; (2) receipt of foreign currency cash from abroad. Placement of foreign currency proceeds in bank accounts must be based on presentation of customs certification as regulated by the Law on Foreign Exchange Management; (3) receipt of foreign currency transfers from accounts of nonresidents; (4) receipt of foreign currencies from domestic legal sources; and the following debit transactions: (1) sale of foreign currency to authorized CIs; (2) transfers and payments for current and capital account transactions under the legal provisions on foreign exchange management; (3) payments in other foreign currencies under the SBV regulations; (4) payments for foreign-currency-denominated instruments; (5) remittances for gifts and awards under legal provisions; (6) withdrawal of foreign currency in cash; (7) transfers overseas or to foreign currency accounts of other nonresidents; and (8) transfers and payments for eligible domestic transactions in foreign currency under SBV regulations on using foreign currencies in Vietnam.

Approval required  No.

Domestic currency accounts  Yes. Nonresident organizations, individuals, and foreign residents may open dong accounts to conduct the following credit transactions: (1) from sale of foreign currency to authorized CIs; (2) from other eligible sources in Vietnam; and the following debit transactions: (1) payments or withdrawals of dong in cash for expenditures in Vietnam; (2) transfers or payments for current and capital transactions as defined by applicable regulations on foreign exchange management; (3) transfers of personal remittances in line with legal provisions (for nonresident and foreign resident individuals); (4) payment to buy foreign currency at authorized CIs to transfer abroad; and (5) payment for other purposes authorized by law. Nonresident investors must open an indirect investment dong account with an authorized CI.

Convertible into foreign currency  Yes.

Approval required  No.

Blocked accounts  Yes. Accounts may be blocked only under the order of authorized Vietnamese agencies.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget  Yes. The budget is indicative only and not binding.

Financing requirements for imports  No.

Minimum financing requirements  No.

Advance payment requirements  No.

Advance import deposits  No.

Documentation requirements for release of foreign exchange for imports  Yes.

Domiciliation requirements  No.
### VIETNAM

<table>
<thead>
<tr>
<th>Topic</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
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<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>Yes.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Taxes collected through the exchange system</td>
<td>No.</td>
</tr>
<tr>
<td>State import monopoly</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
</tr>
<tr>
<td>Repatriation requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
</tbody>
</table>

Importers are required to submit relevant documents (such as contracts and licenses) to commercial banks for import payments. Importers are required to submit relevant documents (such as contracts and licenses) to commercial banks for import payments. Domestic firms may import goods as permitted under commercial law. Trading by foreign-owned firms may be carried out only in accordance with the firm’s registered business activity. Imports of certain products are controlled by other ministries for health, safety, and moral purposes.

Imports of the following goods are prohibited: (1) weapons, ammunition, explosives, and other military equipment; (2) nonmedical drugs and toxic chemicals; (3) reactionary and/or pornographic materials; (4) fireworks and children’s toys that are harmful to personality, education, social order, or safety; (5) cigarettes (excluding limited quantities imported during personal travel); and (6) most used consumer goods as well as most used vehicles, including bicycles and motorcycles, used vehicle parts, and some types of passenger vehicles.

The Ministry of Industry and Trade (MOIT) may impose ad hoc temporary quantity controls. Several goods imports require an import license from the MOIT and related ministries. There are some additional nontariff measures.

Effective January 1, 2020, to July 9, 2020, there are 36 preferential import tax rates according to the provisions of Decree No. 125/2017/ND-CP. Effective July 10, 2020, there are 32 preferential import tax rates; the highest preferential import tax rate of 135% applies to the import of cigars and cigarettes.

This information can be found at the AREAER ONLINE database: [http://www.elibrary-areaer.imf.org/Pages/Reports.aspx](http://www.elibrary-areaer.imf.org/Pages/Reports.aspx).

### Exports and Export Proceeds

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Repatriation requirements</td>
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</tr>
<tr>
<td>All receipts originating from</td>
<td></td>
</tr>
<tr>
<td>current transactions by</td>
<td></td>
</tr>
<tr>
<td>resident entities</td>
<td></td>
</tr>
<tr>
<td>must be repatriated immediately.</td>
<td></td>
</tr>
<tr>
<td>Surrender requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Surrender to authorized dealers</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
</tbody>
</table>
The following exports are prohibited: (1) weapons, ammunition, explosives, and other military equipment; (2) antiques; (3) nonmedical drugs and toxic chemicals; (4) timber and timber products from natural forests; (5) wild and/or rare native animals and rare aquatic breeds; (6) certain plants; and (7) cipher machinery and cipher software.

An export levy of 2% is imposed on raw gold exports, jewelry items, and art objects containing more than 95% of gold.

Provisions of Decree No. 57/2020/ND-CP of May 25, 2020, amending and supplementing Decree No. 122/2016/ND-CP of September 01, 2016, on the export tariff, the preferential import tariff, the list of goods and absolute tax rates, mixed taxes, and non-quota import duties came into effect July 1, 2020.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Payments for Invisible Transactions and Current Transfers

Payments for invisible transactions related to authorized imports are not restricted. Foreign firms may buy foreign currency from commercial banks to pay for their current and other permitted transactions.

There are no limits on loan interest payments. Interest payments must be made in accordance with the terms of the loan contract.
### Personal payments
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: No.

### Foreign workers' wages
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: No.

### Credit card use abroad
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: No.

### Other payments
- Prior approval: No.
- Quantitative limits: No.
- Indicative limits/bona fide test: No.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

#### Proceeds from Invisible Transactions and Current Transfers

| Repatriation requirements | Yes. | All proceeds originating from current transactions by resident entities must be repatriated immediately. |
| Surrender requirements | No. |
| Surrender to the central bank | No. |
| Surrender to authorized dealers | No. |

### Capital Transactions

| Repatriation requirements | Yes. | There is no provision for the timeline of profits and earnings repatriation. The capital, profits, and earnings from foreign direct/indirect investment must be repatriated via foreign exchange accounts at authorized CIs. Residents other than CIs with a license for foreign direct/indirect investment may open accounts to transfer capital abroad and transfer legal capital, profits, and earnings from indirect investment abroad to Vietnam under SBV regulations. |
| Surrender requirements | No. |
Surrender to the central bank  No.
Surrender to authorized dealers  No.
Controls on capital and money market instruments  Yes.  Controls apply to all transactions in capital and money market instruments and in collective investment securities.
On capital market securities  Yes.
Shares or other securities of a participating nature  Yes.
Purchase locally by nonresidents  Yes.

In case of an international treaty, to which Vietnam is a contracting party, the foreign ownership provisions of the international treaty apply (Article 6, International Treaty Law). In case of public companies doing business or investment in which the Law on Investment and relevant laws prescribe foreign ownership limit (FOL), the provisions of that law apply. For public companies operating in conditional business lines and trades applicable to foreign investors, with no specific provision on FOL in place, the maximum FOL is 49%. In cases where a public company has various businesses with different corresponding FOLs, the applicable FOL should not exceed the lowest one applied to that company’s licensed business, unless otherwise provided in international treaties. For the banking sector, the maximum FOL is 30% of the charter capital of any Vietnamese commercial bank. For public companies not covered by the above-mentioned cases, the FOL is not limited, unless otherwise provided in the charter of the company (Article 77, Securities Law 2006).

Foreign organizations and individuals must open a portfolio investment capital account in dong to sell or purchase listed securities on the stock exchange. Payments for and receipts from securities transactions must take place through these accounts. Supplemental regulations are introduced on direct and inward portfolio investment in Vietnam and Vietnam’s outward portfolio investment. Regarding foreign portfolio investment in Vietnam, the ordinance stipulates the responsibility of foreign investors regarding the use of dong accounts for portfolio investment, supplements guidance on the use of nonresident foreign investors’ legitimate income, and prescribes SBV authority to issue regulations on capital transfer transactions.

Foreign indirect investment in Vietnam must continue to be executed in dong through an account at a licensed bank in Vietnam. Foreign investors must register with, and receive a trading code from, the Vietnam Securities Depository (VSD) through depository members prior to investing in the Vietnam stock market.

Sale or issue locally by nonresidents  Yes.

Foreign investors must register with, and receive a trading code from, the VSD through depository members prior to investing in the Vietnam stock market. Foreign organizations and individuals must open a securities trading account denominated in dong to sell or issue listed securities on the stock exchange. All payments for and receipts from securities transactions must be effected through these accounts.

Shares denominated in dong may be issued only in Vietnam. Circular No. 40/2015/TT-NHNN of December 31, 2015, regulates the opening and using of securities issuance account denominated in dong of nonresident organizations in Vietnam. Article 62 of Government Decree No. 58/2012/ND-CP on public offerings of securities of foreign institutions stipulates that foreign institutions are eligible for listing issued securities on Vietnam’s Stock Exchanges, subject to specific requirements.

Purchase abroad by residents  Yes.

Resident individuals and entities may invest abroad in shares, subject
to the requirements set by the SBV. CIs may conduct offshore indirect investment, subject to the legal regulations on investment and the SBV law. Residents other than CIs, after receiving a license for offshore indirect investment, may open an account to transfer capital overseas and transfer legal capital, profits, and earnings from indirect investment abroad to Vietnam under SBV regulations.

Article 1, Decree No. 135/2015/ND-CP of December 31, 2015, regulates the offshore indirect investment in the form of purchase and sale of securities, other valuable papers or via overseas securities investment funds or other intermediary financial institutions. Supplemental regulations are introduced on outward portfolio investment. Regarding outward portfolio investment, the ordinance supplements regulations to establish a transparent legal basis for such investment. The SBV provides guidance on the use of accounts, transfers of investment capital overseas, and transfers of the original capital and profits from outward portfolio investment activities to Vietnam.

Sale or issue abroad by residents: Yes.

Decree No. 58/2012/ND-CP stipulates detailed conditions on the public offering of securities abroad by resident enterprises and guidance on documents related to public offering of securities abroad. In particular, Article 29 regulates the conditions for security offerings as the basis for offerings of depository certificates overseas; Article 30 stipulates the registration of security offerings overseas. Chapter VII, Circular No. 162/2015/TT-BTC also gives detailed guidance on security issuance of Vietnamese enterprises overseas (Article 28 on Public Offering of Securities; Law on Securities).

As stipulated in Article 10, Decree No. 70/2014/ND-CP Guiding the Implementation of Ordinance on Foreign Exchange and Amended Ordinance on Foreign Exchange, and Article 6, Circular No. 39/2015/TT-NHNN on Opening Foreign Exchange-Denominated Capital Account for Securities Issue Abroad by Resident, resident organizations issuing or selling foreign-currency-denominated securities abroad are required to open a securities issuance account in foreign currency at an authorized CI. All payments and receipts related to the issuance of securities must be effected through this account. When a resident institution is permitted to issue foreign currency securities abroad, it must do so under the guidance of the SBV (for example, on the use of foreign exchange accounts at authorized CIs for payments and receipts in connection with securities issued). This does not imply that the SBV is authorized to grant licenses for issuance of securities abroad. The issuance of securities by resident institutions must comply with the Securities Law and other relevant laws.

Circular No. 39/2015/TT-NHNN of December 31, 2015, provides detailed guidance on the opening and using of overseas securities issuance account denominated in foreign currency of resident organizations. Securities issuer must open a securities trading account denominated in foreign currency at an eligible CI prior to each public offering of securities.

As stipulated in Section 3, Article 6 of Law on Securities and Article 28 of Circular No. 212/2012/TT-BTC of December 5, 2012, guiding the establishment, organization, and operations of fund management companies, Vietnamese fund management companies are allowed to mobilized capital to register to fund establishment as per host country’s law and regulations.

Bonds or other debt securities: Yes.

Purchase locally by nonresidents: Yes.

Foreign investors can invest in government, government guaranteed, local government, and corporate bonds without limitation, unless otherwise provided by relevant laws of issuing organizations.
is no requirement about minimum holding period for such bonds. Foreign organizations and individuals must open a portfolio investment capital account denominated in dong to sell or purchase listed securities on the stock exchange. All payments for and receipts from securities transactions must be effected through these accounts. Prior to any investment activities in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members.

Supplemental regulations introduced on direct and inward portfolio investment in Vietnam stipulate the responsibility of foreign investors on the use of dong accounts for portfolio investment activities; supplement guidance on the use of nonresident foreign investors’ legitimate income; and prescribe SBV authority regarding legitimate capital transfer transactions related to portfolio investment activities.

### Sale or issue locally by nonresidents

Yes.

Conditions for foreign organizations’ securities listing on Vietnam Stock Exchanges are as follows:

1. Foreign organizations’ securities offered through initial public offering in Vietnam must be placed in accordance with the Vietnamese Law on Securities.
2. The number of securities registered for listing is equivalent to the number of securities eligible for sale in Vietnam.
3. The listing requirements in Article 53 or Article 54 of this Decree must be satisfied.
4. A commitment must be made to fully implement the legal obligations and liabilities of listing companies under Vietnamese law.
5. Consultation must be received from a securities company established and operating in Vietnam on securities listing.
6. Vietnamese regulations on foreign exchange management must be followed.

Prior to taking investment activities in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members.

After receiving a permit to issue securities in Vietnam, nonresident organizations must open securities trading account denominated in dong at authorized CIs to sell or issue listed securities on the stock exchange. All transactions related to security issuance in Vietnam must be conducted via this account. Nonresidents must comply with regulations in the Law on Securities and other related regulations on issuing securities by nonresidents in Vietnam.

Decree No. 58/2012/ND-CP of the government stipulates the requirements of issuing bonds denominated in Vietnamese dong by international financial institutions.

### Purchase abroad by residents

Yes.

Resident individuals and entities may invest abroad in securities, subject to the requirements set by the SBV. CIs may conduct offshore indirect investment, subject to the legal regulations on investment and the SBV law. Residents other than CIs, after receiving a license for indirect investment abroad, may open an account to transfer capital overseas and transfer legal capital, profits, and earnings from indirect investment abroad to Vietnam under the SBV regulations.

Supplemental regulations are introduced on outward investment.

Regarding outward portfolio investment, the ordinance supplements regulations to establish a transparent legal basis for such investment. The SBV provides guidance on the use of accounts, transfers of investment capital overseas, and transfers of the original capital and profits from outward portfolio investment activities to Vietnam.

### Sale or issue abroad by residents

Yes.

Resident organizations that issue or sell foreign-currency-denominated securities abroad must open a securities issuance account in foreign currency at an authorized CI prior to each public
offering, and payments and receipts must be effected through this account. Companies and government-owned commercial banks must receive approval from the appropriate authority and the SBV, respectively, before issuing international or foreign bonds that are not guaranteed by the government and must follow guidelines and restrictions in SBV Circular No. 17/2013/TN-HNN of July 16, 2013, and Government Decree No. 163/2018/ND-CP on Companies’ Issuance of International Bonds.

Decree No. 58/2012/ND-CP stipulates detailed conditions on the public offering of securities abroad by resident enterprises and guidance on documents related to public offering of securities abroad.

Public offering of bonds in the international market must comply with Decree No. 163/2018/ND-CP (Chapter III).

**On money market instruments**

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes</td>
</tr>
<tr>
<td>Purchase abroad by residents</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Foreign organizations and individuals must open a portfolio investment capital account denominated in dong to sell or purchase listed securities on the stock exchange. All payments for and receipts from securities transactions must be effected through these accounts. Prior to any investment activities in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members.

Supplemental regulations introduced on direct and inward portfolio investment in Vietnam stipulate the responsibility of foreign investors on the use of dong accounts for portfolio investment activities; supplement guidance on the use of nonresident foreign investors’ legitimate income; and prescribe SBV authority regarding legitimate capital transfer transactions related to portfolio investment activities.

**Sale or issue locally by nonresidents**

Yes.

**Purchase locally by nonresidents**

Yes.

CIs may conduct offshore indirect investment, subject to the legal regulations on investment and the SBV law. Residents other than CIs, after receiving a license for indirect investment abroad, may open an account to transfer capital overseas and transfer legal capital, profits, and earnings from offshore indirect investment to Vietnam under the SBV regulations.

Ordinance No. 06/2013/UBTVQH13 of March 18, 2013, amending and supplementing Ordinance on Foreign Exchange No. 28/2005/PL-UBTVQH of December 13, 2005, introduced supplemental regulations on direct and inward portfolio investment in Vietnam and Vietnam’s outward investment. Regarding outward portfolio investment, the ordinance supplements regulations to establish a transparent legal basis for such investment. The SBV provides guidance on the use of accounts, transfers of investment capital overseas, and transfers of the original capital and profits from outward portfolio investment activities to Vietnam.

**Sale or issue abroad by residents**

Yes.

Resident organizations that issue or sell foreign-currency-denominated securities abroad must open a securities issuance account in foreign currency at an authorized CI, and payments and receipts must be effected through this account.

**On collective investment securities**

Yes.

According to Section 2, Article 1 of Decree No. 60/2015/ND-CP of June 26, 2015, amending and supplementing some articles of Decree No. 58/2012/ND-CP of July 20, 2012, of the Government guiding the implementation of some Articles of Laws on Securities, foreign investors may make unlimited investment in securities investment fund certificates, shares of securities investment companies,
nonvoting shares of public companies, derivatives or custody certificates, unless otherwise stipulated in the charter of the issuing organization. Foreign organizations and individuals must open a portfolio investment capital account denominated in dong to sell or purchase listed securities on the stock exchange. All payments for and receipts from securities transactions must be effected through these accounts. Prior to any investment activities in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members.

Decree No. 60/2015/ND-CP states that (1) in the sectors that Vietnam is a signatory to international commitments thereof, the foreign ownership ratios must be abided by these commitments; (2) in the sectors that there are already legislations/regulations on the foreign ownership, public companies are to follow these legislations/regulations (specific foreign ownership ratios and legislation may apply in certain sectors and professions according to Clause 2, Article 3, Decision No. 88/2009/QD-TTg, of the Prime Minister on issuing the Regulation on Capital Contribution and the Purchase of Shares of Vietnamese Enterprises by Foreign Investors, issued June 18, 2009); (3) in case of conditional businesses where there is not yet specific regulation on the foreign ownership, the maximum foreign ownership is 49%; (4) in case a state-owned company goes equitized by offering securities to the public, the foreign ownership is pursuant to the regulations on equitization; and (5) for other public companies and securities business organizations, the foreign ownership is unlimited, unless otherwise stipulated in the company charter.

Supplemental regulations are introduced on direct and inward portfolio investment in Vietnam and Vietnam’s outward investment. Regarding foreign portfolio investment in Vietnam, the ordinance stipulates the responsibility of foreign investors on the use of dong accounts for portfolio investment activities, supplements guidance on the use of nonresident foreign investors’ legitimate income, and prescribes SBV authority regarding legitimate capital transfer transactions related to portfolio investment activities. Foreign indirect investment activities in Vietnam must continue to be executed in dong through an account at a licensed bank in Vietnam. These transactions must be approved by the appropriate authority and are subject to SBV guidelines. Prior to taking investment activities in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members. Foreign organizations and individuals must open a securities trading account denominated in dong to sell or issue listed securities on the stock exchange. All payments for and receipts from securities transactions must be effected through these accounts.

Sale or issue locally by nonresidents  Yes.

Purchase abroad by residents  Yes.

These transactions are subject to approval by the SBV and/or relevant agencies. CIs may conduct offshore indirect investment, subject to the legal regulations on investment and the SBV law. Residents other than CIs, after receiving a license for indirect investment abroad, may open an account to transfer capital overseas and transfer legal capital, profits, and earnings from indirect investment abroad to Vietnam under the SBV regulations.

Supplemental regulations are introduced on direct and inward portfolio investment in Vietnam and Vietnam's outward investment. Regarding outward portfolio investment, the ordinance supplements regulations to establish a transparent legal basis for such investment. The SBV provides guidance on the use of accounts, transfers of investment capital overseas, and transfers of the original capital and profits from outward portfolio investment activities to Vietnam.
| **Sale or issue abroad by residents** | Yes. | Resident organizations that issue or sell foreign-currency-denominated securities abroad must open a securities issuance account in foreign currency at an authorized CI, and payments and receipts must be effected through this account. |
| **Controls on derivatives and other instruments** | Yes. | Foreign investors can invest in derivatives without limitations. Prior to taking investment activities in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members. In addition, foreign investors must open a derivatives trading account at trading members and depository account at the appointed clearing member, to be able to perform derivatives transactions. |
| **Purchase locally by nonresidents** | No. | Prior to investing in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members. In addition to be able to perform derivatives transactions, foreign investors must open a derivatives trading account at trading members and depository account at the appointed clearing member. After getting license to issue securities in Vietnam, nonresident institutions must open a portfolio investment capital account denominated in Vietnamese dong at an authorized CI to perform receipts and payments in Vietnamese dong from securities transactions through this account, as regulated by the SBV’s Circular No. 40/2015/TT-NHNN of December 31, 2015, on opening and use of VND-denominated account for securities issuance domestically by institutional nonresidents. |
| **Sale or issue locally by nonresidents** | Yes. | Prior to investing in Vietnam’s stock market, foreign investors must register for a trading code with VSD through depository members. In addition to be able to perform derivatives transactions, foreign investors must open a derivatives trading account at trading members and depository account at the appointed clearing member. After getting license to issue securities in Vietnam, nonresident institutions must open a portfolio investment capital account denominated in Vietnamese dong at an authorized CI to perform receipts and payments in Vietnamese dong from securities transactions through this account, as regulated by the SBV’s Circular No. 40/2015/TT-NHNN of December 31, 2015, on opening and use of VND-denominated account for securities issuance domestically by institutional nonresidents. |
| **Purchase abroad by residents** | Yes. | Resident investors can invest only in permitted instruments. Investment abroad in derivatives and other instruments by residents is not allowed. According to Article 4, Circular No. 10/2016/TT-NHNN of June 29, 2016, guiding some regulations in Decree No. 135/2015/ND-CP of December 31, 2015, on Offshore Portfolio Investment, proprietary traders and trust organizations can trade on a proprietary basis or invest on behalf of their clients in: (1) shares listed on a foreign stock exchange; (2) security investment fund certificates; and (3) bonds, T-bills, bills issued by governments and organizations rated by international rating agencies: Standard and Poor’s, Moody’s Investors Service, and Fitch Ratings. Also, as stipulated in Circular No. 10/2016/TT-NHNN (Chapter II), individual investors of Vietnamese nationality are allowed to invest in bonus shares issued abroad by bonus share issuers after receiving registration from the SBV. Revenues and payments generated from trading of bonus shares must be performed through an account open by the bonus share issuer at an eligible domestic CIs. |
| **Sale or issue abroad by residents** | Yes. | After receiving the license to issue securities denominated in foreign currencies overseas in the form of stock investment fund certificate, resident organizations must open a portfolio investment capital account denominated in foreign currencies at an authorized CI. All receipts and payments from securities transactions must be performed through this account as regulated by the SBV’s Circular No. 39/2015/TT-NHNN. |
| **Controls on credit operations** | Yes. | Enterprises are subject to annual overall external borrowing ceilings and the fulfillment of certain other conditions. |
| **Commercial credits** | Yes. | Resident CIs may extend commercial credits in accordance with SBV regulations. Lending by resident economic entities must be approved by the prime minister. Once approved, firms must open a foreign exchange account with an AD for loan disbursement and... |
To residents from nonresidents Yes.

Enterprises (including CIs) can borrow from abroad without government guarantee subject to conditions. The purposes of offshore borrowing include the restructuring of loans with lending costs not exceeding the cost of the current offshore loan. Medium- and long-term offshore borrowings without the government’s guarantee (except for deferred payment for imported goods) must be registered with the SBV. For medium- and long-term loans, firms must register the borrowing and repayment schedules with the SBV before disbursement, within 30 days of signing the loan contract. For extended loans, firms must register loans within 30 days of signing an extension contract for short-term loans whose total period, including the extension, exceeds one year. Firms' external borrowing must be within the government-approved annual limit and meet the SBV’s requirements. The borrowing and repayment schedules must be reported periodically to the SBV. Resident individuals must borrow and repay overseas loans based on the principle of self-borrowing and are self-liable in accordance with government regulations.

Enterprises with more than 50% state-owned charter capital receiving offshore loans without government guarantee are subject to stricter regulation. Government-owned economic groups and general corporations must be approved by line ministries and the MOF before borrowing from abroad. Commercial banks with more than 50% state-owned charter capital follow the same process and procedure of offshore loan and offshore loan adjustment registration as other kinds of enterprises do, except that commercial banks with more than 50% state-owned charter capital receiving high-value offshore loans as stipulated by 2014 Law on Enterprise must gain approval from the representative of state ownership (the SBV).

Enterprises with offshore loans with government guarantee are subject to guidance of the MOF and registration with the SBV.

Financial credits Yes.

By residents to nonresidents Yes.

Lending by resident legal entities, except CIs, is subject to permission by the prime minister. The SBV provides guidance on account opening and use, outward fund transfers, overseas debt collection, registration for lending and collection of overseas debts, and other fund transfers for overseas lending and debt collection of economic entities.

To residents from nonresidents Yes.

External borrowing of enterprises (including CIs) without government guarantee is subject to conditions. The purpose of offshore borrowing includes the restructuring of loans if the cost of the new loan does not exceed the borrowing cost of the restructured loan. Medium- and long-term offshore borrowings without the government’s guarantee (except for deferred payment for imported goods) must be registered with the SBV following Circular No. 03/2016/TN-NHNN of February 26, 2016, providing guidelines on some issues related to the foreign exchange management of borrowing and repayment of overseas loans applied to enterprises (replacing Circular No. 25/2014/TN-NHNN of September 15, 2014, and Circular No. 09/2004/TN-NHNN of December 21, 2004). Circular No. 03/2016/TN-NHNN provides guidelines on some new issues, including (but not limited to) the following:

Regulations on management principles for deferred payment for imported goods: Deferred payment for imported goods is not subject to registration requirements under foreign borrowing regulations.

Regulations on opening and using borrowing and repayment
accounts: In principle, borrowers may open borrowing and repayment accounts at an eligible bank providing account services in Vietnam. This account may only be used for the purposes of withdrawing fund, repayment of foreign loans and other money transfers related to borrowing, repaying, and guaranteeing overseas borrowings.

Enterprises may be able to make registration, registration on changing foreign loans online via the enterprises’ borrowing, and repayment of overseas loans management website.

Enterprises with more than 50% state-owned charter capital receiving offshore loans without the government’s guarantee are subject to stricter regulation under MOF Circular No. 153/2014/TT-BTC of October 20, 2014, on reviewing, investigating, and approving offshore loans of enterprises with more than 50% state-owned charter capital.

Enterprises with offshore loans with the government’s guarantee are subject to guidance of the MOF and registration with the SBV as guided by Circular No. 22/2013/TT-NHNN of September 24, 2013, on the registration and modification procedure of offshore loans and international bond issuance with the government’s guarantee.

For medium- and long-term loans, firms must register the borrowing and repayment schedules with the SBV before disbursement, within 30 days of signing the loan contract. For extended loans, firms must register loans within 30 days of signing an extension contract for short-term loans whose total period, including the extension, exceeds one year. Firms’ external borrowing must be within the government-approved annual limit and meet the SBV’s requirements. The borrowing and repayment schedules must be reported periodically to the SBV. Resident individuals must borrow and repay overseas loans based on the principle of self-borrowing and are self-liable in accordance with government regulations.

### Guarantees, sureties, and financial backup facilities

<table>
<thead>
<tr>
<th>By residents to nonresidents</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

### Controls on direct investment

<table>
<thead>
<tr>
<th>Yes.</th>
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</table>

### Outward direct investment

Outward direct investment requires an MPI permit. Firms engaged in these investments must open an account with a bank with foreign exchange authorization and register such accounts and outward investment flows with SBV branches. All related transactions must go through these accounts. Firms engaged in outward direct investment in the gas and petroleum sector that need to transfer foreign currency abroad before receiving a license for investment to study and prepare for the gas and petroleum projects under the current legal provisions on outward direct investment must register with the SBV regarding the overseas transfer of foreign currency and obtain SBV confirmation of the registration in writing before transferring foreign currency abroad.

### Inward direct investment

| Yes. |

The authority to grant foreign investment licenses in Vietnam.
depends on the scope and areas of investment. Foreign investment projects must be approved by the government, the MPI, or the Provincial People’s Committee. The types of foreign investment are regulated by the Investment Law. Foreign firms engaged in this type of investment must open a specialized capital account, and all payments for and receipts relating to FDI projects in Vietnam must take place through this account. The account is a basis for compiling statistics and monitoring capital flows related to FDI. Effective September 6, 2019, Vietnamese investors may contribute investment capital with their own foreign currency sources.

When closing an investment project, investors must inform the license-granting agency, follow liquidation procedures, and return the investment certificate. Liquidation must be completed within six months of the decision to close the project. There is no limit on the amount that may be transferred abroad.

<table>
<thead>
<tr>
<th>Controls on liquidation of direct investment</th>
<th>No.</th>
</tr>
</thead>
<tbody>
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<td></td>
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</table>

When closing an investment project, investors must inform the license-granting agency, follow liquidation procedures, and return the investment certificate. Liquidation must be completed within six months of the decision to close the project. There is no limit on the amount that may be transferred abroad.

Current regulations do not have any rules on controls over purchase abroad by residences.

Foreign investors may not own land; they must lease it from the government.

<table>
<thead>
<tr>
<th>Controls on real estate transactions</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Purchase abroad by residents</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase locally by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Sale locally by nonresidents</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Controls on personal capital transactions</th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Loans</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By residents to nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Gifts, endowments, inheritances, and legacies</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Settlement of debts abroad by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of assets</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer abroad by emigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer into the country by immigrants</td>
<td>No.</td>
</tr>
<tr>
<td>Transfer of gambling and prize earnings</td>
<td>No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>References to legal instruments and hyperlinks</th>
<th>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</th>
</tr>
</thead>
</table>

Provisions Specific to the Financial Sector

<table>
<thead>
<tr>
<th>Provisions specific to commercial banks and other credit institutions</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing abroad</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

CIIs and foreign bank branches may borrow from abroad subject to certain requirements. CIIs must register external medium- and long-term loans with the SBV after signing the contract with the overseas partners.

<table>
<thead>
<tr>
<th>Maintenance of accounts abroad</th>
<th>Yes.</th>
</tr>
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</table>

SBV approval is required.
<table>
<thead>
<tr>
<th>Feature</th>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to nonresidents (financial or commercial credits)</td>
<td>Yes.</td>
<td>CIs may grant loans to foreign enterprises established and operated abroad that have capital contributions from Vietnamese enterprises in the form of outward FDI. External lending of CIs is subject to registration by the SBV.</td>
</tr>
<tr>
<td>Lending locally in foreign exchange</td>
<td>Yes.</td>
<td>As stipulated in Article 1, Circular No. 42/2018 of December 28, 2018, amending Circular No. 24/2015/TB-NHNN of December 8, 2015, Stipulating Lending in Foreign Currency to Residents by CIs and Foreign Bank Branches, CIs and foreign bank branches are allowed to extend foreign currency lending for the following purposes: (1) Effective April 1, 2019, short-term foreign currency lending is limited only for imports required for production of exports on condition that the borrower has sufficient foreign exchange revenues to repay the debt and short-term foreign currency lending for imports of goods and services for producing goods and services for domestic purpose is no longer permitted. (2) Short-term foreign currency lending to oil and petro importers under annual import quota allocation by MOIT for import of oil and petro when the importer does not have adequate foreign exchange revenues generated from production activities to repay the debt. (3) Effective January 1, 2019, short-term foreign currency lending for meeting domestic capital needs for producing exports when the borrower has adequate foreign exchange revenues generated from export. On receipt of loan disbursements from the CIs or foreign bank branch, the borrower must sell such foreign currency proceeds to the lender through a spot foreign exchange transaction, except for loans to cover transactions that must be settled in foreign currencies as defined by applicable laws. (4) Foreign currency lending for overseas investment in projects already approved by the National Assembly and the Government and granted overseas investment certification by Ministry of Planning and Investment. Effective October 1, 2019, medium- and long-term foreign currency lending for imports of goods and services on condition that the borrower has sufficient foreign exchange revenues to repay the debt is no longer permitted.</td>
</tr>
<tr>
<td>Purchase of locally issued securities denominated in foreign exchange</td>
<td>No.</td>
<td>There are no regulations limiting CIs’ and commercial banks’ purchases of domestic securities in foreign currency.</td>
</tr>
<tr>
<td>Differential treatment of deposit accounts in foreign exchange</td>
<td>Yes.</td>
<td>As stipulated in Article 14, SBV Law 2010, reserve requirement ratios on each single type of CIs and each single type of deposit are determined by the Governor of the SBV in accordance with monetary policy objectives in each period. Article 12 – Decision No. 581 and Paragraph 1, Article 1 – Circular No. 27/2011/TB-NHNN of August 31, 2011, types of deposits used for calculation of reserve requirement ratios include: Vietnamese dong deposit: Treasury deposit. Clients’ deposit: Deposits by residents: Demand deposit; Time deposit that must be set required reserves; Special-purpose deposit. Saving deposit: Demand saving deposit; Time saving deposit that must be set required reserves; Other saving deposit. Deposits by nonresidents:</td>
</tr>
</tbody>
</table>

 Reserve requirements | Yes.   | As stipulated in Article 14, SBV Law 2010, reserve requirement ratios on each single type of CIs and each single type of deposit are determined by the Governor of the SBV in accordance with monetary policy objectives in each period. Article 12 – Decision No. 581 and Paragraph 1, Article 1 – Circular No. 27/2011/TB-NHNN of August 31, 2011, types of deposits used for calculation of reserve requirement ratios include: Vietnamese dong deposit: Treasury deposit. Clients’ deposit: Deposits by residents: Demand deposit; Time deposit that must be set required reserves; Special-purpose deposit. Saving deposit: Demand saving deposit; Time saving deposit that must be set required reserves; Other saving deposit. Deposits by nonresidents: |
Demand deposit;
Time deposit that must be set required reserves;
Proceeds from issuance of time valuable papers that must be set
required reserves.
Foreign currency deposit:
Treasury deposit.
Clients’ deposit:
Deposits by residents:
Demand deposit;
Time deposit that must be set required reserves;
Special-purpose deposit.
Saving deposit:
Demand saving deposit;
Time saving deposit that must be set required reserves.
Deposits by nonresidents:
Demand deposit;
Time deposit that must be set required reserves;
Proceeds from issuance of time valuable papers that must be set
required reserves.
Domestic CIs’ overseas deposits.
According to Article 1 – Circular No. 23/2015/TN-NHNN of
December 4, 2015, subjects of Reserve Requirements Regulations
include CIs and foreign bank branches established under Law on CIs.
According to Decision No. 1158/2018/QD-NHNN, required reserve
ratios are as follows:
(1) For people’s credit funds and microfinance institutions:
(a) Vietnamese dong deposit of all maturities: 0%;
(b) Foreign currency deposit of all maturities: 0%.
(2) For Social Policy Bank: decided by the government.
(3) For Bank for Agriculture and Rural Development and
Cooperative Bank:
(a) Vietnamese dong deposit:
(i) Demand and below 12-month term: 3%;
(ii) From 12-month term and above: 1%.
(b) Foreign currency deposit:
(i) Offshore foreign currency deposit: 1%;
(ii) Demand and below 12-month term: 7%;
(iii) From 12-month term and above: 5%.
(4) For other CIs:
(a) Vietnamese dong deposit:
(i) Demand and below 12-month term: 3%;
(ii) From 12-month term and above: 1%.
(b) Foreign currency deposit:
(i) Offshore foreign currency deposit: 1%;
(ii) Demand and below 12-month term: 8%;
(iii) From 12-month term and above: 6%.

Liquid asset requirements
Yes.
The following prudential ratios apply:
– Liquid asset ratio: This ratio is defined as total high liquid assets
over total liabilities: Commercial banks and foreign bank branches
must maintain a minimum ratio of 10%; nonbank CIs 1%; and
cooperative banks 10%.
– Current ratio: CIs must calculate and maintain the current ratio in
30 days for (1) dong as follows: (a) commercial banks: 50%; (b)
foreign bank branches: 50%; (c) nonbank CIs: 20%; and (d)
cooperative banks: 50%; and (2) for foreign currency as follows: (a)
commercial banks: 10%; (b) foreign bank branches: 5%; (c) nonbank
CIs: 5%; and (d) cooperative banks: 5%.

Interest rate controls
Yes.
The interest rate cap on US dollar deposits at CIs and foreign bank
branches is 0 per annum (p.a.) for both individual and institutional
depositors.
The interest rate cap for demand and less-than-one-month dong deposits for individual and institutional depositors (excluding CIs and foreign bank branches) is 1% a year; the interest rate cap for dong-denominated term deposits of one to below six months is 5.5% a year; People’s Credit Funds and Microfinance Institutions may apply a maximum rate of 6.0% a year for dong-denominated deposits with terms of one to below six months. The lending rate for dong-denominated short-term loans to meet capital needs of agricultural and rural development, exports, supporting industries, small and medium enterprises, and enterprises applying high technology (except for People’s Credit Funds and Microfinance Institutions) is 6.5% a year. People’s Credit Funds and Microfinance Institutions may apply the maximum dong-denominated short-term lending rate of 7.5% for such loans.

<table>
<thead>
<tr>
<th>Credit controls</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differential treatment of deposit accounts held by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Reserve requirements</td>
<td>Yes.</td>
</tr>
<tr>
<td>Liquid asset requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Interest rate controls</td>
<td>No.</td>
</tr>
<tr>
<td>Credit controls</td>
<td>No.</td>
</tr>
<tr>
<td>Investment regulations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Abroad by banks</td>
<td>Yes.</td>
</tr>
<tr>
<td>In banks by nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Open foreign exchange position limits</td>
<td>Yes.</td>
</tr>
<tr>
<td>On resident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>On nonresident assets and liabilities</td>
<td>Yes.</td>
</tr>
<tr>
<td>Provisions specific to institutional investors</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Foreign currency deposits of foreign CIs are subject to a 1% required reserve ratio. There is no difference in liquid asset requirements for deposits of nonresidents and residents.

In regard to offshore direct investment, commercial banks must comply with the provisions of the law on investment and the law on foreign exchange management applicable to offshore direct investment activities (Investment Law and guiding documents, Circular No. 12/2016/TT-NHNN). In regard to offshore indirect investment, commercial banks must meet the conditions and regulations at Decree No. 135/2015/ND-CP and Circular No. 10/2016/TT-NHNN.

Foreign investors’ shares in Vietnamese commercial banks’ charter capital are limited to: (1) 5% for a foreign individual investor; (2) 15% for a foreign institutional investor, with some exceptions; (3) 20% for a foreign strategic investor; (4) 20% for a foreign investor and its affiliates; and (5) 30% for aggregate foreign shareholding. The total foreign ownership at a Vietnamese nonbank CI is subject to legal regulations for holding companies and listed companies. In special cases, to ensure the safety of the financial system, for the restructuring of CIs in difficulty, the prime minister can allow a foreign institution, a foreign strategic investor, and all foreign investors to hold shares exceeding 15%, 20%, and 30%, respectively, of the charter capital.

The aggregate open foreign exchange position limit is 20%, but the SBV may exempt banks in special circumstances. Forward, option, and spot positions are included in the calculation of open-position limits. These regulations apply to all authorized banks.

The SBV provides guidance on account opening and use, outward fund transfers, overseas debt collection, registration for lending and collection of overseas debts, and other fund transfers related to
overseas lending and debt collection activities of economic entities. It also provides details on foreign exchange controls for offshore loans and collection of guaranteed debts from nonresidents. Borrowers must abide by the borrowing and repayment conditions agreed with the offshore lender. The borrower must register the offshore loan with the SBV.

<table>
<thead>
<tr>
<th>Insurance companies</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>n.a.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>Yes.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

Article 17 of Decree No. 135/2015/ND-CP of December 31, 2015, of the government stipulates that enterprises must register their overseas portfolio investment limits with the SBV and are obliged to do investment within registered limits after receiving certificate of registration from the SBV. Clause 1, Article 9 of the Decree stipulates that overseas portfolio investment with total amount of D 800 billion and above by enterprises with state ownership of 65% and above, other enterprises, after receiving approval from competent authority, will be decided by the prime minister. According to Clause 2, Article 9, the SBV, in coordination with relevant ministries and agencies, reports about overseas portfolio investment as stipulated in Clause 1 to the prime minister for approval. The Decree delegates the SBV to make decision on overseas portfolio investment instruments (Article 8).

Article 16, Circular No. 105/2016/TT-BTC of June 29, 2016, of MOF stipulates that total amount of portfolio investment should not, in all cases, exceed equity minus the larger number of chartered capital or payment solvency and realized outward FDI. Insurance companies are allowed to invest in authorized tools as stipulated by the SBV but should not exceed 5% of total circulated securities of a foreign institutions and should not exceed limits registered with the SBV.

According to Article 62 on investment using idle capital from insurance reserve fund, Decree No. 73/2016/ND-CP:

- Non-life-insurance companies and foreign non-life-insurance companies’ branches are allowed to invest limitlessly in treasury bonds and bills and to use up to 35% to invest in stocks, corporate bonds, fund certificates, and contribute capital in other enterprises.

- Life and health insurance companies and foreign life and health insurance companies’ branches are allowed to invest limitlessly in treasury bonds and bills and to use up to 50% to invest in stocks, corporate bonds, fund certificates, and contribute capital in other enterprises.

According to Item 8, Article 4, Circular No. 32/2013/TT-NHNN regulates that residents being insurers are allowed to make quotations, fix prices, write prices of insurance services in contracts in foreign currency or receive payments in foreign currency by transfer from the insurance-buying parties for goods and services required to purchase the reinsurance in foreign countries. Cases of arising damages for part reinsured abroad, residents being the insurance-buying organizations may be allowed to receive amounts for compensation in foreign currency by transfer from foreign reinsurers through the insurers so as to pay costs for overseas damage remedy.

<table>
<thead>
<tr>
<th>Pension funds</th>
<th>No.</th>
</tr>
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<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
</tbody>
</table>
### Limits (min.) on investment portfolio held locally
- No.

### Currency-matching regulations on assets/liabilities composition
- No.

### Investment firms and collective investment funds
- n.a.

### Limits (max.) on securities issued by nonresidents
- n.a.

### Limits (max.) on investment portfolio held abroad
- n.a.

### Limits (min.) on investment portfolio held locally
- n.a.

### Currency-matching regulations on assets/liabilities composition
- n.a.

### References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

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### Changes during 2019 and 2020

#### Arrangements for Payments and Receipts

**Prescription of currency requirements**

Use of foreign exchange among residents  
05/13/2019  
Nonresidents can deposit via transferring foreign exchange to participate in auctioning to buy the shares at initial public offering and disinvestment of the state-owned enterprise approved by the Prime Minister.

**Controls on trade in gold (coins and/or bullion)**

On external trade  
06/26/2019  
Preferential export tax rate of for gold is 2% in Decree No. 57/2019/ND-CP dated June 26, 2019, on export tariffs and special preferential import tariffs for the implementation of the Comprehensive Partnership Agreement and Trans-Pacific Progress for the period of 2019–2022.

07/01/2020  
Provisions of Decree No. 57/2020/ND-CP of May 25, 2020, amending and supplementing Decree No. 122/2016/ND-CP of September 01, 2016, on the export tariff, the preferential import tariff, the list of goods and absolute tax rates, mixed taxes, and non-quota import duties came into effect.

08/01/2020  
Preferential export tax rate for gold is 2% in Decree No. 57/2019/ND-CP dated June 26, 2019, on export tariffs and special preferential import tariffs for the implementation of the Free Trade Agreement between Vietnam and the European Union.

#### Imports and Import Payments

**Import taxes and/or tariffs**

01/01/2020  
From January 1, 2020, to July 9, 2020, there are 36 preferential import tax rates according to the provisions of Decree No. 125/2017/ND-CP.

07/10/2020  
There are 32 preferential import tax rates (previously 36); the highest preferential import tax rate of 135% applies to the import of cigars and cigarettes.

#### Exports and Export Proceeds

**Export taxes**

**Other export taxes**

07/01/2020  
Provisions of Decree No. 57/2020/ND-CP of May 25, 2020, Amending and Supplementing Decree No. 122/2016/ND-CP of September 01, 2016, on the export tariff, the preferential import tariff, the list of goods and absolute tax rates, mixed taxes, and non-
quota import duties came into effect.

## Capital Transactions

### Controls on capital transactions

### Controls on direct investment

#### Inward direct investment

09/06/2019

Vietnamese investors may contribute investment capital with their own foreign currency sources.

## Provisions Specific to the Financial Sector

### Provisions specific to commercial banks and other credit institutions

#### Lending locally in foreign exchange

01/01/2019

CIs and foreign bank branches are also allowed to extend foreign currency lending for the following purposes: Short-term foreign currency lending for meeting domestic capital needs for producing exports when the borrower has adequate foreign exchange revenues generated from export. On receipt of loan disbursements from the credit institutions or foreign bank branch, the borrower must sell such foreign currency proceeds to the lender through a spot foreign exchange transaction, except for loans to cover transactions that must be settled in foreign currencies as defined by applicable laws.

04/01/2019

Short-term foreign currency lending is limited only for imports required for production of exports on condition that the borrower has sufficient foreign exchange revenues to repay the debt and short-term foreign currency lending for imports of goods and services for producing goods and services for domestic purpose is no longer permitted.

10/01/2019

Medium- and long-term foreign currency lending for imports of goods and services on condition that the borrower has sufficient foreign exchange revenues to repay the debt is no longer permitted.
YEMEN

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

Date of membership: May 22, 1970.

Article VIII

Yes. Date of acceptance: December 10, 1996.

Article XIV

Exchange Measures

Restrictions and/or multiple currency practices No. No restrictions as reported in the latest IMF staff report as of December 31, 2019.

Exchange measures imposed for security reasons Yes. Measures have been taken to implement UNSC resolutions to freeze the assets of individuals and organizations associated with terrorism.

In accordance with IMF Executive Board Decision No. 144-(52/51) Yes. The funds of listed individuals and organizations associated with terrorism have been frozen.

Other security restrictions Yes. This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Currency Yes. The currency of Yemen is the Yemeni rial.

Other legal tender No.

Exchange rate structure

Unitary Yes.

Dual

Multiple

Classification

No separate legal tender

Currency board

Conventional peg

Stabilized arrangement Yes. The de jure exchange rate arrangement is free floating. The Central Bank of Yemen (CBY) receives most of the foreign exchange proceeds, particularly crude oil export revenues, official loans, and official development assistance. After an adjustment of 16.4% in April 2016, the official exchange rate has remained steady at about Yrls 250. The de facto exchange rate arrangement is classified as a stabilized arrangement.

Crawling peg

Crawl-like arrangement

Pegged exchange rate within horizontal
The official exchange rate is determined on each working day by reference to the market rate as quoted by banks and money changers for the US dollar against the rial. Cross-rates for the other currencies are then derived from Reuters. The official exchange rate is used for CBY transactions vis-à-vis commercial banks and the government, which include (1) settlement of installments and interest due on official foreign debt, (2) transfers of salaries and other embassy allowances abroad, (3) transfers of grants and allowances of Yemeni students on government scholarships abroad, and (4) LCs for public sector companies and government agencies and purchases and sales of foreign exchange from and to these entities. The CBY sells foreign exchange to commercial banks only for the importation of basic commodities and budget transactions related to international liabilities at the official rate.

The stated monetary anchors comprise reserve money and broad money supply (M2). An exchange rate anchor vis-à-vis the US dollar has also been used periodically to stabilize the rial.
### Target measure

- **CPI**

### Core inflation

### Target horizon

#### Operating target (policy rate)

- **Policy rate**
- **Target corridor band**

### Other

#### Accountability

- **Open letter**
- **Parliamentary hearings**

#### Transparency

- **Publication of votes**
- **Publication of minutes**
- **Publication of inflation forecasts**

### Other monetary framework

#### Exchange tax

No.

#### Exchange subsidy

No.

#### Foreign exchange market

Yes. Commercial banks may freely set their exchange rates in transactions with their clients.

- **Spot exchange market**
  Yes. There are 19 banks, including the CBY, and 556 licensed money changers (exchange bureaus) in operation. Of these, 30 are incorporated companies that exchange foreign currency and transfer money in and out of Yemen. All are licensed by the CBY. Exchange bureaus may maintain accounts abroad. Individual dealers may only purchase and sell foreign currency and traveler’s checks. Foreign exchange bureaus incorporated as companies may also accept transfers and bank drafts issued by banks operating in Yemen or abroad.

- **Operated by the central bank**
  Yes. There is no formal interbank market. The CBY is the main supplier of foreign exchange, because it receives most foreign exchange inflows and facilitates interbank transactions before an intervention (sale).

- **Foreign exchange standing facility**
  Yes. The CBY sells foreign exchange to banks to finance imports of basic commodities.

- **Allocation**
  No.

- **Auction**
  No. Foreign exchange auctions are currently suspended.

- **Fixing**
  No.

- **Interbank market**
  No. There is no formal interbank market. The CBY is the main supplier
of foreign exchange, because it receives most foreign exchange inflows and facilitates interbank transactions before an intervention (sale). Banks and money changers also obtain foreign exchange from sources other than the CBY, such as remittances and export proceeds.

Over the counter No.
Brokerage No.
Market making No.
Forward exchange market No.
Official cover of forward operations No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts

Prescription of currency requirements No.
Controls on the use of domestic currency No.
For current transactions and payments No.
For capital transactions No.
Transactions in capital and money market instruments No.
Transactions in derivatives and other instruments No.
Credit operations No.

Use of foreign exchange among residents No. Foreign currency may be used for the settlement of transactions between residents.

Payments arrangements No.
Bilateral payments arrangements No.
Operative No.
Inoperative No.
Regional arrangements No.
Clearing agreements No.
Barter agreements and open accounts No.

Administration of control Yes. Exchange control authority is vested in the CBY.

Payments arrears Yes.

Official Yes. After the 1996–2001 Paris Club agreements, official creditors had to renegotiate the terms of their loans to Yemen to conform to Paris Club conditions. Rescheduling agreements have been signed with almost all creditors. With the start of the conflict in 2014, new arrears with respect to some external creditors have accumulated. Agreements have not yet been reached with a few creditors, and there is still a payment moratorium on installments and interest due to them.

Private n.a. Information on private sector external debt is not available.
Controls on trade in gold (coins and/or bullion)

- No.

Controls on exports and imports of banknotes

- Yes.
  - Domestic currency: Yes. Exports of rial banknotes are prohibited.
  - Foreign currency: No.

Controls on imports of banknotes

- Yes.
  - Domestic currency: Yes. Imports of rial banknotes are prohibited.
  - Foreign currency: No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted

- Yes.

- Held domestically: Yes. Foreign exchange accounts held domestically are permitted, and balances may be transferred abroad freely.

- Approval required: No.

- Held abroad: Yes. Foreign exchange accounts held abroad are permitted, and balances may be transferred to Yemen freely.

- Approval required: No.

Accounts in domestic currency held abroad

- Yes.

Accounts in domestic currency convertible into foreign currency

- Yes.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted

- Yes.

- Approval required: No.

Domestic currency accounts

- Yes.

Convertible into foreign currency

- Yes.

Approval required

- No.

Blocked accounts

- Yes. There are no nonresident blocked accounts.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget

- No.
**Financing requirements for imports**
No.

Minimum financing requirements  No.
Advance payment requirements  No.
Advance import deposits  No.

**Documentation requirements for release of foreign exchange for imports**
Yes.

Domiciliation requirements  No.
Preshipment inspection  No.

Letters of credit  Yes.  
CBY Decree No. 75 of June 21, 2018, established the mechanism for issuance of LCs for the import of basic commodities (wheat, rice, sugar, milk, and cooking oil).

Import licenses used as exchange licenses  No.
Other  No.

**Import licenses and other nontariff measures**
Yes.

Positive list  No.
Negative list  Yes.  
Tariff rates range from 5% to 25%. Some imports are banned for security, health, or religious reasons. Imports of certain fruits and vegetables are subject to seasonal tariff rates. Imports from Israel are prohibited.

Open general licenses  No.
Licenses with quotas  No.
Other nontariff measures  No.

**Import taxes and/or tariffs**
Yes.  
There are three tariff rates: 5%, 10%, and 25%. The 5% tariff rate applies to most imports.

Taxes collected through the exchange system  No.

**State import monopoly**
Yes.  
Imports of petroleum products are reserved for the Yemen Petroleum Company.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Exports and Export Proceeds**

Repatriation requirements  No.
Surrender requirements  No.

**Surrender to the central bank**  No.
**Surrender to authorized dealers**  No.

**Financing requirements**  No.
**Documentation requirements**  No.
Letters of credit  No.
Guarantees  No.
Domiciliation  No.
Preshipment inspection  No.
Other  No.

**Export licenses**  Yes.  Exports are registered for statistical purposes.
Without quotas  Yes.  Exports to Israel are prohibited.
With quotas  No.

**Export taxes**  No.
Collected through the exchange system  No.
Other export taxes  No.

**References to legal instruments and hyperlinks**
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers**  No.
Trade-related payments  No.
  **Prior approval**  No.
  **Quantitative limits**  No.
  **Indicative limits/bona fide test**  No.
Investment-related payments  No.
  **Prior approval**  No.
  **Quantitative limits**  No.
  **Indicative limits/bona fide test**  No.
Payments for travel  No.
  **Prior approval**  No.
  **Quantitative limits**  No.
  **Indicative limits/bona fide test**  No.
Personal payments  No.
  **Prior approval**  No.
  **Quantitative limits**  No.
  **Indicative limits/bona fide test**  No.
Foreign workers' wages  No.
  **Prior approval**  No.
Quantitative limits
No.

Indicative limits/bona fide test
No.

Credit card use abroad
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

Other payments
No.

Prior approval
No.

Quantitative limits
No.

Indicative limits/bona fide test
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Restrictions on use of funds
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions
Yes.

Repatriation requirements
No.

Surrender requirements
No.

Surrender to the central bank
No.

Surrender to authorized dealers
No.

Controls on capital and money market instruments
No.

On capital market securities
No.

Shares or other securities of a participating nature
No.

Purchase locally by nonresidents
No.

Sale or issue locally by nonresidents
No.

Purchase abroad by residents
No.

Sale or issue abroad by residents
No.
<table>
<thead>
<tr>
<th>Section</th>
<th>Allowance</th>
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<tbody>
<tr>
<td>Bonds or other debt securities</td>
<td>No.</td>
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<tr>
<td>Purchase locally by nonresidents</td>
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</tr>
<tr>
<td>Sale or issue locally by nonresidents</td>
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</tr>
<tr>
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<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On money market instruments</td>
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</tr>
<tr>
<td>Purchase locally by nonresidents</td>
<td>No.</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
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<td>No.</td>
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<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>On collective investment securities</td>
<td>No.</td>
</tr>
<tr>
<td>Purchase locally by nonresidents</td>
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<tr>
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<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on derivatives and other instruments</td>
<td>No.</td>
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<tr>
<td>Purchase locally by nonresidents</td>
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<tr>
<td>Sale or issue locally by nonresidents</td>
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</tr>
<tr>
<td>Sale or issue abroad by residents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on credit operations</td>
<td>Yes.</td>
</tr>
<tr>
<td>Commercial credits</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
<tr>
<td>Guarantees, sureties, and financial backup facilities</td>
<td>No.</td>
</tr>
<tr>
<td>By residents to nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>No.</td>
</tr>
<tr>
<td>Controls on direct investment</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
Controls on direct investment

Outward direct investment No.

Inward direct investment Yes.

FDI is regulated by the Investment Law. Application, registration, and approval to set up a project are all handled by the General Investment Authority. The Investment Law allows all types of FDI, except exploration and extraction of oil and banking and exchange bureau activities, which are covered by other laws. The Investment Law also does not apply to import, wholesale, and retail trade.

Controls on liquidation of direct investment No.

Liquidation of direct investment is free of restrictions for approved and registered projects.

Controls on real estate transactions No.

Purchase abroad by residents No.

Purchase locally by nonresidents No.

Sale locally by nonresidents No.

Controls on personal capital transactions No.

Loans

By residents to nonresidents No.

To residents from nonresidents No.

Gifts, endowments, inheritances, and legacies

By residents to nonresidents No.

To residents from nonresidents No.

Settlement of debts abroad by immigrants No.

Transfer of assets

Transfer abroad by emigrants No.

Transfer into the country by immigrants No.

Transfer of gambling and prize earnings No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions Yes.

Borrowing abroad No.

Maintenance of accounts abroad No.

Lending to nonresidents (financial or commercial credits) No.

Lending locally in foreign exchange No.

Purchase of locally issued securities denominated in foreign exchange No.

Differential treatment of deposit accounts in foreign exchange Yes.
<table>
<thead>
<tr>
<th><strong>Reserve requirements</strong></th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The reserve requirement on foreign currency deposits is 10%, and on domestic currency deposits, 7%. Required reserves on deposits are not remunerated.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liquid asset requirements</strong></th>
<th>No.</th>
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</thead>
</table>

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<tr>
<th><strong>Interest rate controls</strong></th>
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<thead>
<tr>
<th><strong>Reserve requirements</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Liquid asset requirements</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Interest rate controls</strong></th>
<th>No.</th>
</tr>
</thead>
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<table>
<thead>
<tr>
<th><strong>Credit controls</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Investment regulations</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Abroad by banks</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>In banks by nonresidents</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Open foreign exchange position limits</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>On resident assets and liabilities</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>On nonresident assets and liabilities</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Provisions specific to institutional investors</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Insurance companies</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Limits (max.) on securities issued by nonresidents</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Limits (max.) on investment portfolio held abroad</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Limits (min.) on investment portfolio held locally</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Currency-matching regulations on assets/liabilities composition</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Pension funds</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Limits (max.) on securities issued by nonresidents</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Limits (max.) on investment portfolio held abroad</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Limits (min.) on investment portfolio held locally</strong></th>
<th>Yes.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Currency-matching regulations on assets/liabilities composition</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Investment firms and collective investment funds</strong></th>
<th>No.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Limits (max.) on securities issued by nonresidents</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>No.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

**Changes during 2019 and 2020**

No significant changes occurred in the exchange and trade system.
## ZAMBIA

*(Position as of August 31, 2020)*

### Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 23, 1965.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes. Date of acceptance: April 19, 2002.</td>
</tr>
<tr>
<td>Article XIV</td>
<td></td>
</tr>
</tbody>
</table>

### Exchange Measures

The IMF staff report for the 2019 Article IV Consultation with Zambia, states that as of August 2, 2019, Zambia maintained an exchange restriction, which is subject to IMF approval under Article VIII, arising from limitations imposed by the government on access to foreign exchange for the making of payments and transfers for current international transactions, which is evidenced by the existence of external payments arrears accumulated prior to October 4, 1985. (Country Report No. 19/263)

<table>
<thead>
<tr>
<th>Restrictions and/or multiple currency practices</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange measures imposed for security reasons</td>
<td>No.</td>
</tr>
<tr>
<td>In accordance with IMF Executive Board Decision No. 144-(52/51)</td>
<td>No.</td>
</tr>
<tr>
<td>Other security restrictions</td>
<td>No.</td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

### Exchange Arrangement

The currency of Zambia is the Zambian Kwacha.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Yes. The currency of Zambia is the Zambian Kwacha.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other legal tender</td>
<td>No.</td>
</tr>
</tbody>
</table>

**Exchange rate structure**

- **Unitary**
- **Dual**
- **Multiple**

**Classification**

- No separate legal tender
- Currency board
- Conventional peg
- Stabilized arrangement
- Crawling peg
- Crawl-like arrangement
- Pegged exchange rate within horizontal
The de jure and de facto exchange rate arrangements are classified as floating. The official exchange rate is determined in the interbank market. The Bank of Zambia (BOZ) intervenes primarily through transactions with ADs, which are registered commercial banks that meet the prescribed eligibility criteria under the Interbank Foreign Exchange Market (IFEM) Framework. The BOZ interventions are published as historical data, and its foreign exchange transactions are published in the biweekly statistics. Data on interventions are published on a biweekly basis with a 3-month lag.

In May 2019, the Kwacha depreciated by 11.26% against the US dollar following Moody’s downgrade of Zambia’s credit rating to Caa2 from Caa1 and changed the outlook to negative from stable, citing intensifying external vulnerabilities and liquidity risks as some of the reasons for the downgrade. In June 2019, Fitch also downgraded Zambia’s debt rating by two notches to “CCC”, eight steps below investment grade, citing similar reasons as Moody’s.

Another notable episode was in November 2019 when the Kwacha depreciated by 9.67% because of an elevated demand of foreign exchange for imports of petroleum products, electricity, and agricultural inputs.

The foreign exchange interbank rates are used to determine the BOZ official exchange rates: The BOZ buying rate is the simple average of the AD bid rates, and the selling rate is the simple average of the AD offer rates. The simple averages of the real-time rates collected from the ADs are published on the BOZ website as official rates. The daily official publication times on the BOZ website for 09:30 hrs, 12:30 hrs, and 15:30 hrs are simple averages of the real-time rates collected from the ADs at these respective times. Transactions between the BOZ and the market, and between the BOZ and the government use the mid-exchange (official) rate, calculated as the average of the bid and offer exchange rate quotes provided by ADs in the IFEM. Other members of the public like research institutions and academia use historical exchange rate data published on the BOZ website to conduct research work. In some instances, members of the public request for this information to facilitate awards and compensation for court cases.
In April 2012, the BOZ introduced the policy rate as a key policy instrument to signal the monetary policy stance and anchor inflation expectations. Under this framework, the BOZ manages liquidity conditions in the market so as to ensure that the interbank rate remains within the policy rate corridor, defined as ±2 percentage points around the policy rate. The policy rate corridor is ±1 percentage point around the policy rate. Government, through the Minister of Finance, sets the inflation target range. The Board of the BOZ is composed of the Governor, who is
the Chairperson, and six other Directors appointed by the Minister of Finance. The Directors are appointed from among persons with professional or academic experience in business or financial matters and who are not officials or employees of the Bank. The Secretary of the Treasury is an ex-officio member of the Board and without power to vote and does not count for a quorum.

In Zambia, the price stability objective is attained through the achievement and maintenance of inflation within the target range of 6%–8%. Bi-annual publication of the Monetary Policy Statement as required by Law. Currently, the BOZ publishes its inflation forecasts for a period of six months in its Monetary Policy Statement.

<table>
<thead>
<tr>
<th>Exchange tax</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange subsidy</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Spot exchange market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Operated by the central bank</td>
<td>No.</td>
</tr>
<tr>
<td>Foreign exchange standing facility</td>
<td>No.</td>
</tr>
<tr>
<td>Allocation</td>
<td>No.</td>
</tr>
<tr>
<td>Auction</td>
<td>No.</td>
</tr>
<tr>
<td>Fixing</td>
<td>No.</td>
</tr>
<tr>
<td>Interbank market</td>
<td>Yes.</td>
</tr>
<tr>
<td>Over the counter</td>
<td>No.</td>
</tr>
<tr>
<td>Brokerage</td>
<td>No.</td>
</tr>
<tr>
<td>Market making</td>
<td>Yes.</td>
</tr>
<tr>
<td>Forward exchange market</td>
<td>No.</td>
</tr>
<tr>
<td>Official cover of forward operations</td>
<td>No.</td>
</tr>
</tbody>
</table>

Commercial banks negotiate rates for transactions with their nonbank counterparties. For interbank transactions, commercial banks designated as ADs are obliged to provide firm two-way quotes to fellow ADs for the market lot ranging from US$0.5 million to US $1.0 million. For amounts outside the market lot, the two-way quote provided is subject to negotiation.

Eighteen commercial banks are licensed by the BOZ to trade in the IFEM. Commercial banks are the only financial institutions that may engage directly with the BOZ in buying and selling foreign exchange. Foreign exchange bureaus may operate in Zambia and are also licensed by the BOZ. As of June 30, 2020, there were 73 licensed exchange bureaus. They may transact with the public and commercial banks but may not maintain accounts abroad.

Transactions of foreign exchange bureaus are limited to the OTC sale and purchase of foreign exchange banknotes and traveler’s checks.

Foreign currency trades must take place in the IFEM: 17 ADs participate. The BOZ intervenes directly with the ADs at prevailing market rates.

ADs act as market makers to provide firm two-way quotes during business hours. Interbank trades are quoted in lots of US$0.5 million to US$1 million. The bid-ask spread may not exceed K 0.05. For amounts outside the market lot, the two-way quotes provided are subject to negotiation.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Arrangements for Payments and Receipts
Prescription of currency requirements No.

Controls on the use of domestic currency No.

For current transactions and payments No.

For capital transactions No.

Transactions in capital and money market instruments No.

Transactions in derivatives and other instruments No.

Credit operations No.

Use of foreign exchange among residents No.

Payments arrangements Yes.

Bilateral payments arrangements No.

Operative No.

Inoperative No.

Regional arrangements Yes. Zambia is a member of COMESA, the COMESA Free Trade Area, the SADC, and the SADC Free Trade Area.

Clearing agreements No.

Barter agreements and open accounts No.

Administration of control No.

Payments arrears Yes.

Official Yes. Some arrears remain following debt relief in connection with the IMF’s HIPC Initiative; these are being addressed.

Private Yes. Private arrears are largely associated with the mining sector; they arise mainly on loans from parent companies and have flexible repayment terms and periods.

Controls on trade in gold (coins and/or bullion) Yes.

On domestic ownership and/or trade No.

On external trade Yes. Imports and exports of gold in any form other than jewelry require the Ministry of Mines and Minerals Development’s approval.

Controls on exports and imports of banknotes No.

On exports No.

Domestic currency No. Amounts exceeding the equivalent of US$5,000 must be declared for statistical purposes.

Foreign currency No. Amounts exceeding the equivalent of US$5,000 must be declared for statistical purposes.

On imports No. Amounts exceeding the equivalent of US$5,000 must be declared for statistical purposes.

Domestic currency No. Amounts exceeding the equivalent of US$5,000 must be declared for statistical purposes.

Foreign currency No. Amounts exceeding the equivalent of US$5,000 must be declared for statistical purposes.

References to legal instruments and This information can be found at the AREAEER ONLINE database:
Resident Accounts

Foreign exchange accounts permitted: Yes.
Held domestically: Yes. There are no restrictions, and balances may be transferred abroad freely.
Approval required: No.
Held abroad: Yes. There are no restrictions, and balances may be transferred abroad freely.
Approval required: No.
Accounts in domestic currency held abroad: Yes. Residents may freely open and maintain accounts in domestic currency abroad.
Accounts in domestic currency convertible into foreign currency: Yes.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Nonresident Accounts

Foreign exchange accounts permitted: Yes.
Approval required: No.
Domestic currency accounts: Yes.
Convertible into foreign currency: Yes.
Approval required: No.
Blocked accounts: No.
References to legal instruments and hyperlinks: This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Imports and Import Payments

Foreign exchange budget: No.
Financing requirements for imports: No.
Minimum financing requirements: No.
Advance payment requirements: No.
Advance import deposits: No.
Documentation requirements for release of foreign exchange for imports: Yes.
Domiciliation requirements: No.
Preshipment inspection: No.
Letters of credit: Yes.
Import licenses used as exchange licenses: No.
Other: No.
**Import licenses and other nontariff measures**  
Yes. Trading in petroleum products requires a license. The license is granted by the Energy Regulation Board to all oil-marketing companies that meet set criteria pertaining to fuel extraction and importation, pricing, and storage. Other imports, except those on the negative list, do not require licenses. The Ministry of Commerce, Trade and Industry is responsible for trade arrangements.

| Positive list | No. |
| Negative list | Yes. Restrictions apply to imports of firearms, ammunition, and ivory. |
| Open general licenses | No. |
| Licenses with quotas | No. |
| Other nontariff measures | No. |

**Import taxes and/or tariffs**  
Yes. MFN tariff rates range from 0% to 25%. A number of products are subject to specific rates. Most imports from SADC (since 2012) and COMESA (since 2000) countries are duty free with the exception of goods in the exclusion list of the SADC and COMESA protocols. Some imports are exempt under the Investment Act. Imports from signatories of the COMESA Free Trade Agreement are tax exempt. Effective January 1, 2019, there is an import levy of 5% on copper and cobalt concentrates.

To mitigate the effects of COVID-19 on the economy, various tax relief measures were introduced through Statutory Instruments (SIs). Effective April 1, 2020, to September 30, 2020, the customs duty on specified medical supplies was suspended. Effective April 1, 2020, to December 31, 2020, the import duty on copper ores and concentrates of heading 2603 was suspended. Effective March 1, 2020, the excise duty on ethyl alcohol used in the production of alcohol-based sanitizer by a licensed manufacturer was suspended.

| Taxes collected through the exchange system | No. |
| State import monopoly | No. |
| References to legal instruments and hyperlinks | This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx. |

**Exports and Export Proceeds**

| Repatriation requirements | No. |
| Surrender requirements | No. |
| Surrender to the central bank | No. |
| Surrender to authorized dealers | No. |
| Financing requirements | No. |
| Documentation requirements | Yes. For statistical purposes, exports must be declared on the prescribed declaration form. |
| Letters of credit | No. |
| Guarantees | No. |
| Domiciliation | No. |
| Preshipment inspection | No. |
Declarations are required for most goods (mainly for statistical purposes), and they are handled routinely by commercial banks under authority delegated by the Ministry of Commerce, Trade and Industry. Restrictions apply to exports of firearms, ammunition, and ivory.

White maize and fertilizers may be subject to a quota if the domestic supply is short, including bans.

There is export duty on timber and maize. The export levy of 10% on exports of copper ores and concentrates was suspended effective March 4, 2020, until June 30, 2020, and was extended until September 30, 2020, effective June 1, 2020, and until December 31, 2020, effective August 17, 2020. Effective January 1, 2019, there is a 15% export duty on precious metals and gemstones, manganese ores and concentrates, and a 10% export levy on raw hides and skins. The export duty on specified precious metals was suspended effective March 30, 2020, until December 31, 2020. The export duty on precious stones was suspended effective January 1, 2020. The export duty on raw hides and skins of HS code 4103.20.00 was suspended effective April 1, 2020, until December 31, 2020.

All payments for invisible transactions, except official external-debt-service payments, may be effected through banks.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  No.
Surrender requirements  No.
  Surrender to the central bank  No.
  Surrender to authorized dealers  No.

Restrictions on use of funds  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  No.
  Repatriation requirements  No.
  Surrender requirements  No.
  Surrender to the central bank  No.
  Surrender to authorized dealers  No.
  Controls on capital and money market instruments  No.
    On capital market securities  No.
Shares or other securities of a participating nature
  
  Purchase locally by nonresidents No.
  
  Sale or issue locally by nonresidents No.
  
  Purchase abroad by residents No.
  
  Sale or issue abroad by residents No.

Bonds or other debt securities No.
  
  Purchase locally by nonresidents No.
  
  Sale or issue locally by nonresidents No.
  
  Purchase abroad by residents No.
  
  Sale or issue abroad by residents No.

On money market instruments No.
  
  Purchase locally by nonresidents No.
  
  Sale or issue locally by nonresidents No.
  
  Purchase abroad by residents No.
  
  Sale or issue abroad by residents No.

On collective investment securities No.
  
  Purchase locally by nonresidents No.
  
  Sale or issue locally by nonresidents No.
  
  Purchase abroad by residents No.
  
  Sale or issue abroad by residents No.

Controls on derivatives and other instruments No.
  
  Purchase locally by nonresidents No.
  
  Sale or issue locally by nonresidents No.
  
  Purchase abroad by residents No.
  
  Sale or issue abroad by residents No.

Controls on credit operations No.
  
  Commercial credits No. All borrowing must be registered with the BOZ for statistical purposes.
  
  By residents to nonresidents No.
  
  To residents from nonresidents No.
  
  Financial credits No.
  
  By residents to nonresidents No.
  
  To residents from nonresidents No.
<table>
<thead>
<tr>
<th><strong>Guarantees, sureties, and financial backup facilities</strong></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Outward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Inward direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on liquidation of direct investment</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on real estate transactions</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase abroad by residents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Purchase locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Sale locally by nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Controls on personal capital transactions</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Gifts, endowments, inheritances, and legacies</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>By residents to nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>To residents from nonresidents</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Settlement of debts abroad by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of assets</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer abroad by emigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer into the country by immigrants</strong></td>
<td>No.</td>
</tr>
<tr>
<td><strong>Transfer of gambling and prize earnings</strong></td>
<td>No.</td>
</tr>
</tbody>
</table>

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

| **Provisions specific to commercial banks and other credit institutions** | Yes. |
| **Borrowing abroad** | No. |
| **Maintenance of accounts abroad** | No. |
| **Lending to nonresidents (financial or commercial credits)** | Yes. |

Information on borrowing abroad must be submitted to the BOZ for statistical purposes.

Restrictions apply to the following transactions: (1) kwacha loans to nonresidents for maturities of less than one year; (2) intraday overdrafts; (3) placing kwacha as deposits or by similar means in nonresident institutions for a term of less than one year; if options are
included in such deposits, the options must be exercised within one year; (4) investment in kwacha-denominated assets issued by nonresidents, except those with a residual maturity of at least one year at the time of investment; (5) foreign exchange derivatives transactions, including but not limited to swap and forward transactions in which one currency is the kwacha, except with proof of underlying economic activity; and (6) kwacha transfers to nonresidents without underlying economic activity in Zambia. Kwacha transfers from residents to nonresidents are no longer allowed except for settlement on nonresident accounts with local financial institutions related to domestic economic activities, such as equity participation, securities transactions, foreign debt repayment in kwacha, import LCs in kwacha, goods and services purchased in Zambia, and nonresident living costs in Zambia.

Lending locally in foreign exchange  No.
Purchase of locally issued securities denominated in foreign exchange  No.
Differential treatment of deposit accounts in foreign exchange  No.
  Reserve requirements  No.
  Liquid asset requirements  No.
  Interest rate controls  No.
  Credit controls  No.
Differential treatment of deposit accounts held by nonresidents  No.
  Reserve requirements  No.
  Liquid asset requirements  No.
  Interest rate controls  No.
  Credit controls  No.
Investment regulations  No.
  Abroad by banks  No.
  In banks by nonresidents  No.
Open foreign exchange position limits  Yes.
  On resident assets and liabilities  Yes. The overnight overall foreign exchange and single-currency exposure limits are 15% and 10% of regulatory capital, respectively. The intraday overall foreign exchange and single-currency exposure limits are 30% and 20% of regulatory capital, respectively.
  On nonresident assets and liabilities  Yes. The overnight overall foreign exchange and single-currency exposure limits are 15% and 10% of regulatory capital, respectively. The intraday overall foreign exchange and single-currency exposure limits are 30% and 20% of regulatory capital, respectively.
Provisions specific to institutional investors  Yes.
  Insurance companies  No.
  Limits (max.) on securities issued by nonresidents  No.
Limits (max.) on investment portfolio held abroad  No.
Limits (min.) on investment portfolio held locally  No.
Currency-matching regulations on assets/liabilities composition  No.
Pension funds  Yes.
Limits (max.) on securities issued by nonresidents  No.
Limits (max.) on investment portfolio held abroad  Yes.  A maximum of 30% of assets may be invested abroad.
Limits (min.) on investment portfolio held locally  Yes.  The following investment limits apply:
(1) a maximum of 70% in listed equity; (2) a maximum of 30% in property; (3) a minimum of 2.5% in government securities; (4) a minimum of 5% in corporate bonds; (5) a maximum of 20% of cash and cash balances in any one bank; and (6) a minimum of 2% in collective investment funds.
Currency-matching regulations on assets/liabilities composition  No.
Investment firms and collective investment funds  No.
Limits (max.) on securities issued by nonresidents  No.
Limits (max.) on investment portfolio held abroad  No.
Limits (min.) on investment portfolio held locally  No.
Currency-matching regulations on assets/liabilities composition  No.
References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Changes during 2019 and 2020

Imports and Import Payments

Import taxes and/or tariffs

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>An import levy of 5% on copper and cobalt concentrates was introduced.</td>
</tr>
<tr>
<td>03/01/2020</td>
<td>The excise duty on ethyl alcohol used in the production of alcohol-based sanitizer by a licensed manufacturer was suspended.</td>
</tr>
<tr>
<td>04/01/2020</td>
<td>The customs duty on specified medical supplies was suspended until September 30, 2020.</td>
</tr>
<tr>
<td>04/01/2020</td>
<td>The import duty on copper ores and concentrates of heading 2603 was suspended until December 31, 2020.</td>
</tr>
</tbody>
</table>

Exports and Export Proceeds

Export taxes

Other export taxes

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2019</td>
<td>A 10% export levy on raw hides and skin was introduced.</td>
</tr>
<tr>
<td>01/01/2019</td>
<td>A 15% export duty on precious metals and gemstones, manganese ores and concentrates, was introduced.</td>
</tr>
<tr>
<td>01/01/2020</td>
<td>The export duty on precious stones was suspended.</td>
</tr>
<tr>
<td>03/04/2020</td>
<td>The export levy of 10% on exports of copper ores and concentrates was suspended until June 30, 2020.</td>
</tr>
<tr>
<td>03/30/2020</td>
<td>The export duty on specified precious metals was suspended until December 31, 2020.</td>
</tr>
</tbody>
</table>
04/01/2020  The export duty on raw hides and skins of HS code 4103.20.00 was suspended until December 31, 2020.

06/01/2020  The suspension of the export levy of 10% on exports of copper ores and concentrates was extended until September 30, 2020.

08/17/2020  The suspension of the export levy of 10% on exports of copper ores and concentrates was extended until December 31, 2020.
ZIMBABWE

(Position as of June 30, 2020)

Status under IMF Articles of Agreement

<table>
<thead>
<tr>
<th>Date of membership</th>
<th>September 29, 1980.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article VIII</td>
<td>Yes.</td>
</tr>
<tr>
<td>Article XIV</td>
<td>Date of acceptance: February 5, 1995.</td>
</tr>
</tbody>
</table>

Exchange Measures

The IMF staff report for the 2017 Article IV Consultation with Zimbabwe states that, as of June 19, 2017, the Reserve Bank of Zimbabwe (RBZ) maintained a foreign exchange priority list to direct the allocation of foreign exchange by commercial banks to certain domestic import substitution industries, exporters, and strategic imports. This measure gives rise to an exchange restriction subject to IMF approval under Article VIII, Section 2(a). Staff is also monitoring the authorities’ imposition of other measures to assess whether they give rise to any exchange restriction or MCP subject to Article VIII, Section 2(a) and Section 3. Zimbabwe has also a longstanding exchange restriction subject to IMF jurisdiction arising from unsettled balances under an inoperative bilateral payments agreement with Malaysia. (Country Report No. 17/196)

Exchange measures imposed for security reasons

No.

In accordance with IMF Executive Board Decision No. 144-(52/51)

No.

Other security restrictions

No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exchange Arrangement

Effective March 29, 2020, Notwithstanding SI No. 142 of 2019, any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds at the ruling rate on the date of payment.

Effective June 24, 2019, the currency of Zimbabwe is the Zimbabwe dollar and is the sole legal tender. All other foreign currencies will no longer be legal tender. Previously, effective February 20, 2019, the trading of Real-Time Gross Settlement (RTGS) balances and bond notes was formalized, and thus, the RTGS dollars became part of the multicurrency system. The multicurrency system included nine foreign currencies—the US dollar, South African rand, euro, pound sterling, Botswana pula, the Australian dollar, Chinese renminbi, Indian rupee, and Japanese yen. Earlier in 2016, the RBZ issued bond notes and bond coins, at parity with the US dollar, to alleviate the domestic liquidity conditions. The SI prescribed that a tender of payment of bond notes and coins issued by the RBZ was exchangeable at par value with any specified currency prescribed as legal tender in Zimbabwe and was legal tender in all transactions in...
Zimbabwe.

Effective March 29, 2020, Notwithstanding SI No. 142 of 2019, any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds (funds lawfully held or earned in foreign currency by any person) at the prevailing rate on the date of payment. Previously, effective June 24, 2019, the multi-currency system in place since 2009 was discontinued and the Zimbabwe dollar was the sole legal tender.

Exchange rate structure

<table>
<thead>
<tr>
<th>Classification</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary</td>
<td>Yes.</td>
</tr>
<tr>
<td>Dual</td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td></td>
</tr>
</tbody>
</table>

Effective February 20, 2019, Zimbabwe adopted a de jure floating exchange rate arrangement, previously a “no separate legal tender” arrangement. The RBZ denominated legally, through SI No. 33 of 2019, the existing RTGS balances, bond notes, and coins in circulation as RTGS dollars making them part of the multi-currency system in Zimbabwe. An interbank foreign exchange market was established to formalize the trading of RTGS dollar balances and bond notes with the US dollars and other currencies on a willing seller-willing buyer basis through banks and bureau de changes. This decision to establish a flexible exchange rate market was taken in consultation with government and business taking into consideration the distortions in the market caused by multi-pricing.

From February 2019, the exchange rate stabilized with one steep realignment in April 2019, followed by increased flexibility while still being managed. Accordingly, the de facto exchange rate arrangement was reclassified to other managed from floating, effective February 20, 2019.

Effective June 24, 2019, the currency of Zimbabwe is the Zimbabwe dollar and is the sole legal tender, replacing at par with the previous RTGS dollar, and the multi-currency system in place since 2009 was discontinued.

Effective June 23, 2020, the RBZ introduced a foreign exchange trading system where the RBZ regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate.
Floating
Free floating

Official exchange rate  No.  There is no official exchange rate.

Monetary policy framework

Exchange rate anchor

U.S. dollar

Euro

Composite

Other

Monetary aggregate target  Yes.  Effective February 20, 2019, the monetary policy framework is based on targeting monetary aggregates. The RBZ will use reserve money as the operational target for monetary policy. Specifically, the RBZ will target an appropriately calibrated growth in broad money (M3) of about 15% in 2019 (excluding revaluation changes), with a view to help stabilize the macroeconomic environment, support the new currency, and restore investor confidence. To achieve this, the RBZ will use base money (comprised of bond notes and coins, and RTGS dollar balances of banks with RBZ) as an operational target for monetary policy. To achieve these targets, the RBZ will use all instruments at its disposal, including interest rates, changes in the minimum reserve requirements, and open market operations (securities discount window), as needed. Previously, the monetary framework was an exchange rate anchor vis-à-vis the US dollar.

Inflation-targeting framework

Target setting body

Government

Central Bank

Monetary Policy Committee

Central Bank Board

Other

Government and Central Bank

Inflation target

Target number

Point target

Target with tolerance band

Band/Range

Target measure

CPI
Effective June 23, 2020, the RBZ introduced a foreign exchange trading system where the RBZ regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate.

Effective February 20, 2019, the existing RTGS balances, bond notes, and coins in circulation were denominated as RTGS dollars, and trading was formalized of RTGS balances and bond notes with US dollars and other currencies on a willing-buyer willing-seller basis through banks and bureaux de change. Previously, the RBZ issued bond notes and bond coins, traded at parity with the US dollar.

Foreign exchange bureaus may operate with a license from the RBZ. They may buy and sell foreign currency, receive international receipts, make international money transfers to individual natural persons, and make domestic money transfers.

There are 26 registered money transfer agents (MTAs) and 39 foreign exchange bureaux de change as of June 30, 2020.
Effective June 23, 2020, the RBZ introduced a foreign exchange trading system where the RBZ regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate.

ADs do business on the international market, either with their foreign parent banks or with unrelated counterparties. ADs also do business among themselves. There were 15 commercial banks, 1 merchant bank (under provisional judicial management of the Deposit Protection Corporation), 5 building societies, and 1 savings bank as of June 30, 2020.

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Arrangements for Payments and Receipts**

**Prescription of currency requirements** Yes. International payments may take place only through foreign exchange accounts, which may hold funds in the nine official foreign currencies.

**Controls on the use of domestic currency** No. There are no controls in the use of domestic currency.

**Use of foreign exchange among residents** Yes. Effective March 29, 2020, Notwithstanding SI No. 142 of 2019, any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds at the ruling rate on the date of payment. Previously, effective June 24, 2019, residents may not use any foreign currency for transactions in Zimbabwe. Before that residents could conduct business in any of the nine official foreign currencies.

**Payments arrangements** Yes.

**Bilateral payments arrangements** Yes.

There are arrangements with Botswana, Libya, Malawi, Malaysia, Namibia, and South Africa.
Regional arrangements  Yes.  Zimbabwe is a member of several regional economic blocks—that is, the SADC and COMESA.

Clearing agreements  Yes.  Zimbabwe is a member of the COMESA Clearing House.

Barter agreements and open accounts  No.

Administration of control  Yes.  Exchange Control is administered by the RBZ under authority delegated to it by the Ministry of Finance and Economic Development (MOFED) through the Exchange Control Act (Chapter 22:05), Exchange Control SI No. 145 of 1997 and Nos. 109 and 110 of 1996, and Exchange Control directives. The SIs are being amended to reflect the liberalization of the Exchange Control framework and are awaiting promulgation through the government gazette.

Payments arrears  No.

Official  No.

Private  No.

Controls on trade in gold (coins and/or bullion)  Yes.  No one, either as principal or agent, may deal in or possess gold unless that person is (1) the holder of a license or a permit, (2) the holder or the distributor of a registered gold mining location, or (3) an employee or an agent of (1) or (2) and is authorized to deal in or possess gold already in the lawful possession of the employer or principal. A mining commissioner may issue to any person a permit authorizing the acquisition, possession, or disposal of less than one troy ounce of gold. For larger amounts, permission must be issued by the secretary for mines. Under the Gold Trade Act, three types of licenses may be issued: gold dealing, gold recovery, and gold assaying. Gold obtained from a registered mining location must be turned over to the holder of its gold dealing license no later than the 10th day of the month, except with specific permission from the mining commissioner or the appropriate minister. Smelting of gold or articles containing gold requires a license from a district commissioner in accordance with the Secondhand Goods Act, which authorizes the possession of smelting equipment. The 2014 National Budget Statement presented by the minister of finance and economic development on December 19, 2013, states that only Fidelity Printers and Refiners (an RBZ subsidiary) may buy and export gold.

On domestic ownership and/or trade  Yes.  Exportation of unmanufactured gold is controlled and licensed by the Ministry of Mines and Mining Development and the MOFED; these controls do not apply to the RBZ. Producers and exporters must apply to the MOFED for a gold license and to Fidelity Printers and Refiners for a gold export certificate after assaying. Exporters must apply to the RBZ for authorization to export gold. The importation of gold is controlled by the Gold Trade Act. Gold producers may sell their gold for foreign currency and retain the proceeds indefinitely in their foreign exchange accounts. Fidelity Printers and Refiners is the sole buyer and exporter of gold.

Controls on exports and imports of banknotes  Yes.

On exports  Yes.

Domestic currency  No.

Foreign currency  Yes.  The limit on the amount of cash that can be exported in baggage or
on person is US$2,000 a trip. Amounts above this threshold are subject to specific approval from the RBZ. The limit applies to both individual residents and nonresidents.

On imports  No.

Domestic currency  No.

Foreign currency  No. Foreign currency and traveler’s checks may be imported without restriction but must be declared on entry to facilitate re-exportation and checks on money-laundering tendencies.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Resident Accounts

Foreign exchange accounts permitted  Yes.

Held domestically  Yes. Individuals and firms may open with an AD up to nine foreign exchange accounts denominated in US dollars, South African rand, Botswana pula, pounds sterling, euros, Chinese renminbi, Australian dollars, Japanese yen, and Indian rupees. These may be (1) individual foreign exchange accounts—the balance may be transferred abroad without restriction, including for capital account transfers; (2) general corporate foreign exchange accounts—these hold balances of locally earned foreign currency of companies, state enterprises, and public entities and may be freely transferred abroad for current account transactions. Capital account transfers require Exchange Control approval; and (3) export corporate foreign exchange accounts—these hold foreign currency earned by resident companies (including state enterprises and public entities) through exports and may be freely transferred abroad for current account transactions. Capital account transfers require Exchange Control approval. Funds may be held in these accounts indefinitely. Account holders may withdraw any amount of cash from their foreign exchange accounts. Individuals may deposit any amount with banks on a know-your-customer basis. The designation of Foreign Currency Accounts (FCAs) was changed in 2015. To reduce the administrative burden on ADs and account holders, the RBZ transformed the FCA framework that was based on Source of Funds Concept into a new FCA framework based on the Account Holder Concept. Under the new framework, the RBZ re-designated FCAs with a view to providing operational simplicity, convenience to the account holder, and reduction in costs. The FCAs were re-designated and consolidated using the Account Holder Concept into the following two categories: (1) Corporate FCAs (CFCAs) and (2) Individual FCAs (IFCAs).

Approval required  No.

Held abroad  Yes. Foreign exchange accounts held abroad require approval from the RBZ. The balances may be repatriated according to the Exchange Control approval conditions.

Approval required  Yes. Firms may open accounts with Exchange Control approval. Banks may open accounts abroad on notification to Exchange Control. Individuals do not require approval from the RBZ.

Accounts in domestic currency held abroad  No.

Accounts in domestic currency convertible into foreign currency  No.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.
## Nonresident Accounts

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange accounts permitted</td>
<td>Yes.</td>
<td>These accounts may be credited with foreign currency, payments from other nonresident accounts, and payments by residents eligible for transfer outside Zimbabwe. Nonresident transferable accounts may be debited for payments to residents, payments to other nonresident accounts, and payments abroad.</td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Domestic currency accounts</td>
<td>Yes.</td>
<td>Permitted.</td>
</tr>
<tr>
<td>Convertible into foreign currency</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Approval required</td>
<td>No.</td>
<td>No controls.</td>
</tr>
<tr>
<td>Blocked accounts</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>References to legal instruments and hyperlinks</td>
<td></td>
<td>This information can be found at the AREAER ONLINE database: <a href="http://www.elibrary-areaer.imf.org/Pages/Reports.aspx">http://www.elibrary-areaer.imf.org/Pages/Reports.aspx</a>.</td>
</tr>
</tbody>
</table>

## Imports and Import Payments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange budget</td>
<td>No.</td>
</tr>
<tr>
<td>Financing requirements for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Minimum financing requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance payment requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Advance import deposits</td>
<td>No.</td>
</tr>
<tr>
<td>Documentation requirements for release of foreign exchange for imports</td>
<td>No.</td>
</tr>
<tr>
<td>Domiciliation requirements</td>
<td>No.</td>
</tr>
<tr>
<td>Preshipment inspection</td>
<td>No.</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses used as exchange licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Other</td>
<td>No.</td>
</tr>
<tr>
<td>Import licenses and other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Positive list</td>
<td>No.</td>
</tr>
<tr>
<td>Negative list</td>
<td>No.</td>
</tr>
<tr>
<td>Open general licenses</td>
<td>No.</td>
</tr>
<tr>
<td>Licenses with quotas</td>
<td>No.</td>
</tr>
<tr>
<td>Other nontariff measures</td>
<td>Yes.</td>
</tr>
<tr>
<td>Import taxes and/or tariffs</td>
<td>Yes.</td>
</tr>
<tr>
<td>Imports of certain goods (mostly agricultural and processed food products) require a special permit issued by the Ministry of Agriculture.</td>
<td></td>
</tr>
<tr>
<td>The customs duty regime consists mainly of ad valorem duties, which range up to a maximum of 40% for luxuries, with a surtax of 25% on used motor vehicles over five years old. Generally, imports are subject to an additional tax (15%—equivalent to the VAT)</td>
<td></td>
</tr>
</tbody>
</table>
imposed on goods sold domestically). Government imports and capital goods for statutory bodies are exempt, subject to MOFED approval. Customs duties are based on US dollar or South African rand equivalent invoice valuations.

Taxes collected through the exchange system
No.

State import monopoly
No.

References to legal instruments and hyperlinks
This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Exports and Export Proceeds

Repatriation requirements
Yes. Payments for exports must be received in foreign currency transferred into Zimbabwe through the banking system, except when there are special arrangements. Goods may not be exported without permission unless the customs authorities are satisfied that payment has been received in an approved manner or will be received within 90 days of the date of shipment (or a longer period, with Exchange Control approval).

Surrender requirements
Yes.

Surrender to the central bank
Yes. Effective May 26, 2020, gold producers surrender 30% (previously 45%) to the RBZ.

Effective February 22, 2019, surrender requirement to the RBZ was set as follows: (1) Exporters in agriculture and manufacturing sectors must surrender 20%, (2) gold producers must surrender 45%, and (3) all other mineral exporters must surrender 50%.

Surrender to authorized dealers
No.

Financing requirements
No.

Documentation requirements
Yes.

Letters of credit
No.

Guarantees
No.

Domiciliation
No.

Preshipment inspection
No.

Other
Yes. Exports of diamonds and gold require documentary evidence of official valuation in the form of an assay report issued by the Minerals Marketing Corporation of Zimbabwe and Fidelity Printers and Refiners, respectively. Bona fide exporters of goods and services must be registered with the RBZ through their ADs.

Export licenses
Yes.

Without quotas
Yes. Export licenses are required for the following: (1) ore, concentrate, platinum, gold, emeralds, diamonds, and other manufactured products of chrome, copper, lithium, nickel, tin, or tungsten; (2) petroleum products; (3) jute and burlap bags; (4) road and rail tankers for liquids and semiliquids; (5) bitumen, asphalt, and tar; (6) wild animals and their products; (7) certain wood products; (8) ammonium nitrate; and (9) armaments. Export-licensing requirements are imposed for reasons of health and social welfare and to ensure an adequate domestic supply of essential products. Ministry of Agriculture export permits are required for some basic agricultural commodities, including maize, oilseeds, cheese, milk,
seeds, potatoes, citrus fruits, apples, bananas, and tomatoes.

With quotas No.

**Export taxes**

Collected through the exchange system No.

Other export taxes No.

**References to legal instruments and hyperlinks**

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

**Payments for Invisible Transactions and Current Transfers**

**Controls on these transfers** No.

Trade-related payments No.

**Prior approval** No.

**Quantitative limits** No.

**Indicative limits/bona fide test** No.

Investment-related payments No.

**Prior approval** No. Net investment income, such as dividends, profits, and capital appreciation, may be transferred without approval, irrespective of the amounts concerned.

**Quantitative limits** No. A corporation may remit by way of dividends to foreign shareholders, including dividends because of former residents of Zimbabwe, up to 100% of its net after-tax profits, provided a dividend has been declared.

**Indicative limits/bona fide test** No.

Payments for travel No.

**Prior approval** No.

**Quantitative limits** No.

**Indicative limits/bona fide test** No.

Personal payments No. Payments for medical and study expenses abroad and pensions are not restricted. The remittance of pensions of former residents is guaranteed under the constitution.

**Prior approval** No.

**Quantitative limits** No. There are no restrictions on foreign payment transactions.

**Indicative limits/bona fide test** No.

Foreign workers' wages No. Foreign workers may remit their monthly salaries without RBZ approval.

**Prior approval** No.

**Quantitative limits** No.

**Indicative limits/bona fide test** No.

Credit card use abroad No. The use of credit and debit cards to pay for invisible transactions is permitted without RBZ approval.
Prior approval  No.  There are no restrictions on the use of credit cards abroad.

Indicative limits/bona fide test  No.

Other payments  No.  Membership fees, authors’ royalties, and consultancy and legal fees are freely remittable.

Indicative limits/bona fide test  No.  There are no restrictions on foreign payment transactions.

References to legal instruments and hyperlinks

This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements  Yes.  Proceeds from exports of services such as tourism, transportation, and telecommunications must be received in foreign currency transferred into Zimbabwe through the banking system, when contractually due, except when there are special arrangements.

Surrender requirements  Yes.

Surrender to the central bank  Yes.  Effective February 22, 2019, the tourism, transportation, and telecommunications sectors must surrender 20% to the RBZ, but previously they could retain all their export proceeds in their foreign exchange accounts.

Surrender to authorized dealers  No.

Restrictions on use of funds  No.  There are no limitations on the use of receipts deposited in foreign exchange accounts.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Capital Transactions

Controls on capital transactions  Yes.  Inward transfers of capital through normal banking channels are not restricted. However, the exchange of unlisted shares between residents and nonresidents requires RBZ approval. Outward transfers of capital from general corporate and export corporate foreign exchange accounts require RBZ approval. Outward transfers from individual foreign exchange accounts are not restricted.

Repatriation requirements  Yes.  Residents may keep foreign exchange receipts in their local accounts indefinitely. There is no general deadline for repatriation of proceeds from capital transfers; the RBZ specifies a repatriation timeline for each approved case.

Surrender requirements  No.

Surrender to the central bank  No.

Surrender to authorized dealers  No.

Controls on capital and money market instruments  Yes.

On capital market securities  Yes.

Shares or other securities of a participating nature  Yes.

Purchase locally by nonresidents  Yes.  Foreign investors may trade on the Zimbabwe Stock Exchange (ZSE)
with foreign currency received through normal banking channels. Individuals may invest up to 15% in listed entities, consortiums up to 25%, and companies up to 49%. The initial investment plus capital gains and dividend income may be remitted without restriction. Foreign investors may also purchase up to 35% of primary issues of bonds and stocks. Nonresidents may not purchase bonds and stocks on the secondary market without Exchange Control approval.

| Sale or issue locally by nonresidents | No. | Nonresident investors are allowed to sell their bonds and stocks on the secondary market with Exchange Control approval. |
| Purchase abroad by residents | Yes. | Residents with corporate foreign currency balances may purchase shares abroad with Exchange Control approval; holders of unrestricted funds do not need Exchange Control approval. |
| Sale or issue abroad by residents | Yes. | These require Exchange Control approval. |

### Bonds or other debt securities
- **Purchase locally by nonresidents** Yes. Foreign investors may purchase up to 35% of bonds and stocks primary issues. Currently, there is no minimum holding period requirement for such bonds. Nonresidents may not purchase bonds and stocks on the secondary market.
- **Sale or issue locally by nonresidents** Yes. No Exchange Control approval is required for amounts up to US$5 million.
- **Purchase abroad by residents** Yes. Exchange Control approval is required.
- **Sale or issue abroad by residents** Yes. Exchange Control approval is required.

### On money market instruments
- **Purchase locally by nonresidents** No. Foreigners do not require Exchange Control approval to invest new inflows of funds in money market instruments.
- **Sale or issue locally by nonresidents** Yes. No Exchange Control approval is required for the sale of money market instruments by nonresidents.
- **Purchase abroad by residents** Yes. Exchange Control approval is required.
- **Sale or issue abroad by residents** Yes. Exchange Control approval is required.

### On collective investment securities
- **Purchase locally by nonresidents** Yes. Exchange Control approval is required.
- **Sale or issue locally by nonresidents** Yes. Exchange Control approval is required.
- **Purchase abroad by residents** Yes. Exchange Control approval is required.
- **Sale or issue abroad by residents** Yes. Exchange Control approval is required.

### Controls on derivatives and other instruments
- **Purchase locally by nonresidents** Yes. Exchange Control approval is required.
- **Sale or issue locally by nonresidents** Yes. Exchange Control approval is required.
- **Purchase abroad by residents** Yes. Exchange Control approval is required.
- **Sale or issue abroad by residents** Yes. Exchange Control approval is required.

### Controls on credit operations
- **Commercial credits** Yes. The limit on the amount that residents may borrow abroad without prior Exchange Control approval is US$20 million.
- **Purchase locally by nonresidents** Yes. Exchange Control approval is required.
- **Sale or issue locally by nonresidents** Yes. Exchange Control approval is required.
- **Purchase abroad by residents** Yes. Exchange Control approval is required.
- **Sale or issue abroad by residents** Yes. Exchange Control approval is required.
### By residents to nonresidents

<table>
<thead>
<tr>
<th>Category</th>
<th>Approval Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial credits</td>
<td>Yes.</td>
</tr>
<tr>
<td>To residents from nonresidents</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

#### Financial credits

- **By residents to nonresidents:**
  - Yes. Residents are not permitted to provide credit to nonresidents without RBZ approval.
- **To residents from nonresidents:**
  - Yes. The limit on the amount that residents may borrow abroad without prior Exchange Control approval is US$20 million.

#### Guarantees, sureties, and financial backup facilities

- **By residents to nonresidents:**
  - Yes. No Exchange Control approval required for amounts up to US$10 million.
- **To residents from nonresidents:**
  - Yes. No Exchange Control approval required for amounts up to US$10 million.

### Controls on direct investment

- **Outward direct investment:**
  - Yes. These investments require RBZ and MOFED approval on a case-by-case basis.

- **Inward direct investment:**
  - Yes. FDI proposals (greenfield) are approved by the Zimbabwe Investment Authority according to indigenization regulations, which stipulate that indigenous investors must hold at least a 51% stake in an entity. However, the Zimbabwe Investment Authority grants exemptions on a case-by-case basis. The exchange of shares of existing investments (brownfield) between residents and nonresidents requires RBZ approval.

### Controls on liquidation of direct investment

- Yes. Foreign investment, whatever the source, undertaken through normal banking channels, may be repatriated with approval from the RBZ.

### Controls on real estate transactions

- Yes. Individuals using “free funds” are not restricted. Corporate entities must obtain approval; the purchase of real estate is regarded as cross-border investment. There are no quantitative limitations.

- **Purchase locally by nonresidents:**
  - Yes. Nonresidents must register their initial investment with the RBZ to come up with a fair disinvestment valuation.

- **Sale locally by nonresidents:**
  - Yes. Prior approval required for repatriation of sale proceeds by nonresidents who did not use offshore funds to invest in immovable property.

### Controls on personal capital transactions

- **Loans:**
  - No. There are no controls on individual transactions.

- **Gifts, endowments, inheritances, and legacies:**
  - No. There is no limit in terms of value on these transactions.

- **Settlement of debts abroad by immigrants:**
  - No. There are no controls on individual transactions.

- **Transfer of assets:**
  - Yes. Prior Exchange Control approval is required.
Transfer into the country by immigrants  No.

Transfer of gambling and prize earnings  Yes.  Nonresidents’ lottery winnings may be transferred, provided the funds used in betting were transferred to Zimbabwe in foreign currency.

References to legal instruments and hyperlinks  This information can be found at the AREAER ONLINE database: http://www.elibrary-areaer.imf.org/Pages/Reports.aspx.

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions  Yes.

Borrowing abroad  Yes.  The limit on the amount that banks may borrow abroad without prior Exchange Control approval is US$20 million.

Maintenance of accounts abroad  Yes.  The maintenance of accounts abroad is subject to Exchange Control rules and regulations. To help mitigate liquidity challenges, banks are required to maintain a maximum of 5% of FCA balances in nostro accounts offshore to meet day-to-day international payment obligations.

Lending to nonresidents (financial or commercial credits)  Yes.  Lending to nonresidents is subject to Exchange Control rules and regulations and is considered on a case-by-case basis.

Lending locally in foreign exchange  No.  Under the dual pricing arrangement, there are no restrictions on local lending by banks, which must follow their prudential lending guidelines.

Purchase of locally issued securities denominated in foreign exchange  No.

Differential treatment of deposit accounts in foreign exchange  No.

Reserve requirements  No.

Liquid asset requirements  No.

Interest rate controls  No.

Credit controls  No.  There are uniform prudential lending limits under the Banking Act (Chapter 24:20) and accompanying regulations.

Differential treatment of deposit accounts held by nonresidents  No.

Reserve requirements  No.

Liquid asset requirements  No.

Interest rate controls  No.

Credit controls  No.

Investment regulations  Yes.

Abroad by banks  Yes.  Investment abroad by local banks in offshore entities is subject to Exchange Control approval.

In banks by nonresidents  Yes.  Nonresident’s acquisition of equity in local banks listed on the ZSE is subject to ZSE regulations. For banks not listed on the ZSE, Exchange Control approval is required.

Open foreign exchange position limits  No.

On resident assets and liabilities  No.

On nonresident assets and liabilities  No.
**Provisions specific to institutional investors**

<table>
<thead>
<tr>
<th>Insurance companies</th>
<th>Yes.</th>
<th>Local institutional investors require prior Exchange Control approval to invest in securities registered abroad.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits (max.) on securities issued by nonresidents</td>
<td>No.</td>
<td>No limits.</td>
</tr>
<tr>
<td>Limits (max.) on investment portfolio held abroad</td>
<td>Yes.</td>
<td>The insurance companies require prior Exchange Control approval.</td>
</tr>
<tr>
<td>Limits (min.) on investment portfolio held locally</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Currency-matching regulations on assets/liabilities composition</td>
<td>No.</td>
<td></td>
</tr>
</tbody>
</table>

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<tr>
<th>Pension funds</th>
<th>Yes.</th>
<th>They require prior Exchange Control approval to invest abroad.</th>
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<td>Limits (max.) on securities issued by nonresidents</td>
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<th>Investment firms and collective investment funds</th>
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<th></th>
</tr>
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**Changes during 2019 and 2020**

**Exchange Arrangement**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02/20/2019</td>
<td>The trading of Real-Time Gross Settlement (RTGS) balances and bond notes was formalized, and thus, the RTGS dollars became part of the multicurrency system.</td>
</tr>
<tr>
<td></td>
<td>06/24/2019</td>
<td>The currency of Zimbabwe is the Zimbabwe dollar and is the sole legal tender, and the multi-currency system in place since 2009 was discontinued.</td>
</tr>
<tr>
<td></td>
<td>03/29/2020</td>
<td>Any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds at the ruling rate on the date of payment.</td>
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<th>Other legal tender</th>
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<th>Event Description</th>
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<td>03/29/2020</td>
<td>Any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds (funds lawfully held or earned in foreign currency by any person) at the prevailing rate on the date of payment.</td>
</tr>
</tbody>
</table>

**Classification**

<table>
<thead>
<tr>
<th>Other managed arrangement</th>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td></td>
<td>02/20/2019</td>
<td>Zimbabwe adopted a de jure floating exchange rate arrangement.</td>
</tr>
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</table>
previously a “no separate legal tender” arrangement. The RBZ denominated legally, through Statutory Instrument No. 33 of 2019, the existing Real-Time Gross Settlement (RTGS) balances, bond notes, and coins in circulation as RTGS dollars making them part of the multi-currency system in Zimbabwe. An interbank foreign exchange market was established to formalize the trading of RTGS dollar balances and bond notes with the US dollars and other currencies on a willing seller-willing buyer basis through banks and bureaux de change. This decision to establish a flexible exchange rate market was taken in consultation with Government and business taking into consideration the distortions in the market caused by multi-pricing.

From February 2019, the exchange rate stabilized with one steep realignment in April 2019, followed by increased flexibility while still being managed. Accordingly, the de facto exchange rate arrangement was reclassified to other managed from floating.

The currency of Zimbabwe is the Zimbabwe dollar and is the sole legal tender, replacing at par with the previous Real-Time Gross Settlement dollar, and the multi-currency system in place since 2009 was discontinued.

The RBZ introduced a foreign exchange trading system where the RBZ regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate.

The monetary policy framework was changed from exchange rate anchor to monetary aggregate target.

The existing Real-Time Gross Settlement (RTGS) balances, bond notes, and coins in circulation were denominated as RTGS dollars, and trading was formalized of RTGS balances and bond notes with US dollars and other currencies on a willing-buyer willing-seller basis through banks and bureaux de change. Previously, the RBZ issued bond notes and bond coins, traded at parity with the US dollar.

The RBZ introduced a foreign exchange trading system where the RBZ regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate.

The RBZ introduced a foreign exchange trading system where the RBZ regularly sells a given amount of foreign exchange through a bidding process and buys foreign exchange in the intervening periods at the previous auction-determined rate. Previously, the RBZ did not provide significant foreign exchange to the economy and most foreign currency trading took place in the private market.

Residents may not use any foreign currency for transactions in Zimbabwe. Previously, residents could conduct business in any of the nine official foreign currencies.

Any person may pay for goods and services chargeable in Zimbabwe dollars, in foreign currency using his or her free funds at the ruling rate on the date of payment.
Exports and Export Proceeds

Surrender requirements

<table>
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<tr>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/22/2019</td>
<td>Surrender requirement to the RBZ was set as follows: (1) Exporters in agriculture and manufacturing sectors must surrender 20%, (2) gold producers must surrender 45%, and (3) all other mineral exporters must surrender 50%.</td>
</tr>
<tr>
<td>05/26/2020</td>
<td>Gold producers surrender 30% (previously 45%) to the RBZ.</td>
</tr>
</tbody>
</table>

Proceeds from Invisible Transactions and Current Transfers

Surrender requirements

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<tr>
<td>02/22/2019</td>
<td>The tourism, transportation, and telecommunications sectors must surrender 20% to the RBZ, but previously they could retain all their export proceeds in their foreign exchange accounts.</td>
</tr>
</tbody>
</table>